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# Senate

State of Minnesota

## S.F. No. SC4643 - Supplemental Appropriations Bill

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### Article 1 Appropriation Summary

SC4643 appropriates about \$204 million from the general fund to supplement the operations of state agencies for the remainder of the biennium. The largest general fund appropriations are for the following purposes:

Child care	\$12.3
Onetime supplemental aid to schools	\$32.2
University of Minnesota at Rochester	\$5.0
Clean Water Legacy	\$20.0

Incarcerating offenders, other than sex offenders	\$6.4
Committing sex offenders to security hospitals	\$36.3
Committing mentally ill and dangerous offenders to security hospitals	\$33.6
Providing extended treatment options for the mentally retarded	\$5.3
Quality assurance at state veterans homes	\$5.1

Significant appropriations from other funds include:

**Health Care Access Fund**

Cover medicare co-payments for dual-eligibles	\$11.5
MinnesotaCare provider rate increase	\$6.6
Health information technology	\$9.4

**Federal TANF**

Childcare provider rate increase	\$14.0
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**Article 2  
Early Childhood Education**

**Section 1** is the appropriations summary.

**Sections 2 and 3 (119A.50, subdivision 1, 119A.52)** modify the distribution of the Head Start appropriation. Language is stricken that allows the commissioner to provide additional funding to grantees for start-up costs incurred by grantees due to increased number of children served. The commissioner must notify each program of its initial allocation, how the money must be used, and the number of low income children to be served with the allocation based upon the federally funded per child rate. Each program must present a plan as required under Minnesota Statutes, section 119A.535.

**Section 4 (119A.53)** makes technical conforming changes.

**Section 5 (119A.535)** provides new Head Start application requirements. Head Start organizations must submit a plan to the commissioner for approval on a form and in the manner prescribed by the commissioner. This section lists what must be included in the plan.

**Section 6 (119A.545)** makes technical conforming changes.

**Section 7 (119B.13, subdivision 1)** modifies child care assistance rates paid to providers. The maximum rate paid for child care assistance shall be the lesser of the 75th percentile rate for like child care arrangements, or the previous year's rate in the county increased by 1.75 percent. New language requires the maximum rate paid for child care assistance be adjusted annually and may not exceed the 75th percentile rate for like-care arrangements. This section also requires the commissioner to determine the maximum rate for school age care on a half-day basis.

**Section 8 (119B.13, subdivision 3a)** allows a child care provider or child care center to be paid a 15 percent differential above the maximum rate, up to the actual provider rate, if the provider or center holds a current early childhood development credential or is accredited. This section defines credential and accreditation for both family child care providers and child care centers.

**Section 9 (121A.19)** clarifies payments for screening children between the ages of three and six.

**Section 10 (124D.02, subdivision 1)** allows the integration of early childhood education with early elementary grades, the board, and existing prekindergarten programs to demonstrate the efficacy of integrating the two learning systems.

**Section 11 (124D.129)** creates the education parents partnership. The commissioner is required to work in partnership with health care providers and community organizations to provide parent education information to parents of newborns at the time of birth. The commissioner is required to develop a Web site that promotes, at a minimum, the department Web site for information and links to resources on child development, parent education, child care, and consumer safety information.

**Sections 12 and 13 (124D.13, subdivisions 2 and 3)** expand ECFE to include "other relatives."

**Section 14 (124D.135, subdivision 1)** increases ECFE revenue from \$104 to \$120 for fiscal year 2007 and later.

**Section 15 (124D.136)** establishes the kindergarten entrance assessment initiative.

**Subdivision 1** requires the commissioner of education to establish a method for assessing the school readiness of children entering kindergarten. Over a three-year period, school sites may implement the kindergarten entrance assessment initiative starting with the schools with the highest rank under the first-grade preparedness program. The first-grade preparedness program ranks all school sites from highest to lowest based on the site's free and reduced lunch count as a percentage of fall enrollment, with the highest incidence of free and reduced lunch receiving the highest rank.

In fiscal year 2008, 30 percent of children entering kindergarten will be asked to participate, in 2009, 50 percent of children entering kindergarten will be asked to participate, and in 2010, 100 percent of children entering kindergarten will be asked to participate in the kindergarten entrance assessment initiative.

**Subdivision 2** establishes the intervention program, to provide additional instruction to children who are assessed and identified as being not yet ready for kindergarten. A school site that participates in the kindergarten entrance assessment initiative must complete the requirements of this section within the available K-12 funding sources. At the end of the kindergarten school year, the district must reassess each child who receives an intervention to evaluate the progress of the child over the kindergarten school year, and the success of the intervention strategy. The district must report the results to the commissioner.

**Subdivision 3** requires the commissioner to report annually to the senate and house committees having jurisdiction over early childhood education issues on the results of the kindergarten entrance assessment initiative, and the results of the intervention program.

**Section 16 (124D.175)** modifies the Minnesota Early Learning Foundation (MELF) by requiring MELF to evaluate the effectiveness of the voluntary NorthStar Quality Improvement and Rating System. The NorthStar Quality Improvement and Rating System must:

- (1) provide information to parents on child care and early education program quality and ratings;
- (2) set indicators to identify quality in care and early education settings;
- (3) provide funds for provider improvement grants and quality achievement grants;
- (4) require providers to incorporate the early learning standards in their curriculum and develop appropriate child assessments;
- (5) determine the effectiveness of the NorthStar Quality Improvement and Rating System in improving child outcomes and kindergarten readiness; and
- (6) align current and new state investments to improve child care and early education quality with the NorthStar Quality Improvement and Rating System framework, by providing accountability and informed parent choice.

MELF is required to report back to the legislature by January 15, 2008, on the progress being made on the NorthStar Quality Improvement and Rating System.

**Section 17 (124D.518, subdivision 4)** amends the adult basic education definition statute by modifying the definition of "first prior program year", to align with the academic year.

**Section 18 (124D.52, subdivision 1)** modifies adult basic education program requirements by requiring state-approved adult basic education programs that offer high school credit toward an adult high school diploma to meet the Adult Basic Education Standards.

**Section 19 (124D.531, subdivision 1)** amends the state total adult basic education aid by increasing the aid for 2006, 2007, and later years.

**Sections 20 to 31 (125A.27, subdivisions 3, 7, 8, 11, 15, and 18, 125A.28, 125A.29, 125A.30, 125A.32, 125A.33, and 125A.48)** amend the interagency early childhood intervention systems, by correcting cross-references and making changes to comply with federal law.

**Section 32 (245A.023)** requires family and group family child care license holders and primary caregivers to complete 12 hours of training each year.

**Section 33 (245A.14, subdivision 9a)** requires child care providers to complete at least two hours of childhood development training.

**Section 34** adds language stating that the Head Start program balance in the first year does not cancel, but is available in the second year.

**Sections 35 to 37** amend appropriations.

**Section 38** establishes an adult literacy grant program for recent immigrants to Minnesota in order to meet the English language needs of refugees and immigrants. The commissioner is required to award grants to organizations providing adult literacy services in order to help offset the additional costs due to unanticipated high enrollments of recent refugees and immigrants.

**Section 39** requires the commissioner of education, in consultation with the commissioner of human services, to contract with a qualified independent contractor to determine appropriate criteria and structure for certifying child care programs and providers based on a high quality school readiness component in the child care setting. The report is due December 15, 2006.

**Section 40** provides a new parent fee schedule for co-payments paid by parents who are using the child care assistance program.

**Section 41** establishes the legislative commission to end poverty in Minnesota by 2020.

**Section 42** establishes the Ramsey County Child care Pilot Program for teen parents.

**Section 43** amends appropriations.

**Section 44** repeals Head Start program definitions that are replaced by the changes in this article, the child care absent day statute, and the current parent fee schedule.

### **Article 3 General Education**

**Section 1 [Age Limitations; Pupils.]** clarifies the age eligibility for free public schooling to be age 21 and until at least one of the following: the first September 1 after the pupil's 21st birthday,

completion of graduation requirements, withdrawal from school for more than consecutive 21 days, or the end of the school year.

**Section 2 [Revenue Amount.]** allows the alternative compensation formula allowance to grow proportionately to the basic formula allowance in fiscal year 2008 and later.

**Section 3 [Revenue Timing.]** increases total alternative compensation revenue by an amount equal to the growth in the alternative compensation formula.

**Section 4 [People to be Served.]** clarifies the upper age limit to be that defined in section 1.

**Section 5 [Expenditures by Building.]** includes alternative teacher compensation revenue in the list of expenditures that must be reported for each building.

**Section 6 [Secondary School Programs.]** clarifies enrollment eligibility for the pupil defined in section 1.

**Section 7 [Part-time Student Fee.]** clarifies to whom the board may charge a fee to conform with the changes made in section 1.

**Section 8 [Eligible Pupils.]** clarifies eligibility for the purposes of participating in the graduation incentives program to conform to the changes made in section 1.

**Section 9 [Eligible Programs.]** clarifies eligibility for the purposes of enrolling in area learning centers to conform to the changes made in section 1.

**Section 10 [Pupil Unit.]** clarifies the upper age limit as defined in section 1 for the purposes of calculating pupil units.

**Section 11 [Definitions.]** clarifies the definition of high school to mean public and non-charter for the purposes of calculating secondary and elementary sparsity revenue.

**Section 12 [Transition Revenue.]** alters the method for calculating the prekindergarten transition revenue.

**Effective Date:** Makes the section effective for fiscal year 2007 and later.

**Section 13 [Transition for prekindergarten revenue.]** creates a definition of prekindergarten revenue.

**Effective Date:** Makes the section effective for fiscal year 2007 and later.

**Section 14 [Uses of transition for prekindergarten revenue.]** requires school districts that receive transition for prekindergarten revenue to reserve that revenue for programs serving prekindergarten students.

**Effective Date:** Makes the section effective for fiscal year 2007 and later.

**Section 15 [Basic alternative teacher compensation aid.]** converts the basic alternative teacher compensation aid from a calculation based on a percentage to one that is based on an allowance for fiscal year 2008 and later.

**Section 16 [Payment to unemployment insurance program trust fund by state and political subdivisions.]** requires that districts make a levy reduction each year and return the funds to the taxpayers in order to reduce their reserved funds for reemployment instead of using the reserved funds for future reemployment expenditures.

**Section 17 [Safe Schools Levy.]** clarifies that the proceeds of the safe schools levy be reserved prior to use and removes unnecessary language relating to the school district's levy limitations.

**Effective Date:** Makes the section effective for fiscal year 2006.

**Section 18 [Payments to School Nonoperating Funds.]** provides the commissioner with additional authorization to make advance payments of state-paid tax credits to assist districts in meeting their cash flow needs.

**Section 19 [Alternative Teacher Compensation Revenue Guarantee.]** allows districts that received alternative teacher compensation revenue for certain sites within the district in fiscal year 2005 two additional years to make the transition to a district-wide alternative teacher compensation plan.

**Section 20 [Alternative Teacher Compensation Revenue for Special School District No. 6, South St. Paul.]** qualifies Special School District No. 6, South St. Paul, for alternative teacher compensation revenue for fiscal year 2007 through fiscal year 2011 and requires the revenue generated to be used for costs associated with implementing the International Baccalaureate Pilot Program.

**Section 21 [Onetime Supplemental Aid.]** paragraph (a) provides districts with onetime supplemental aid in the amount of \$34.50 times the district's adjusted marginal cost pupil units and provides charter school's with \$15 times it's adjusted marginal cost pupil units.

**Paragraph (b)** requires that a district that receives transition for prekindergarten revenue reserve it's onetime supplemental aid for programs serving prekindergarten students.

**Paragraph (c)** allows a school district or charter school that does not receive transition for prekindergarten revenue to use it's onetime supplemental aid to reduce class sizes in grades K-6,

provide all-day kindergarten, reduce its statutory operating debt, pay for heating and fuel costs, pay for technology costs, provide prekindergarten programs, or provide limited English proficiency programs.

**Paragraph (d)** allows a district that receives transition for prekindergarten revenue to adopt a school board resolution to reallocate its funds away from prekindergarten programs and use its onetime supplemental aid according to paragraph (c).

**Paragraph (e)** allows the department to pay supplemental aid based on estimated fiscal year 2007 data and creates a fiscal year 2008 adjustment to accommodate data changes.

**Section 22 [Appropriations.]** See Spreadsheets.

**Section 23 [Repealer.]** repeals Minnesota Statutes, section 120A.20, subdivision 3 (Pupils, at least 21 years of age).

#### **Article 4 Education Excellence**

**Section 1 [Parent Defined; Residency Determined.] paragraph (e)** provides a process to determine a student's residency status if a district reasonably believes the student does not meet the district's residency requirements.

**Section 2 [Required Academic Standards.]** requires school districts to maintain their current physical education and health education requirements through the 2008-2009 school year. School districts must consult benchmarks developed by the department's quality teaching network before subsequent revisions of the local standards. The commissioner must include contributions of Minnesota American Indian tribes related to each of the academic standards during the review and revision of the standards.

**Section 3 [Rigorous course of study; waiver.]** allows a student that satisfactorily completes an advanced placement or international baccalaureate course to satisfy the appropriate academic standards.

**Section 4 [Benchmarks.]**

**Subdivision 1 [Benchmarks implement, supplement statewide academic standards.]** directs the commissioner to conduct a periodic review of the academic standards, instead of on a four-year cycle.

**Subdivision 2 [Revisions and reviews required.] paragraph (a)** directs the commissioner to embed technology and information literacy standards into the state's academic standards. Directs the commissioner to consider alignment of the standards and benchmarks with the knowledge and skills students need for college readiness and advanced work in the particular subject area.

**Paragraph (b)** directs the commissioner to review the math standards in the 2006-2007 school year and for students to complete the revised standards beginning in the 2010-2011 school year. Requires eighth grade students to complete Algebra I. Requires Algebra II for students scheduled to graduate in the 2014-2015 school year.

**Paragraph (c)** directs the commissioner to review the arts standards in the 2007-2008 school year.

**Paragraph (d)** directs the commissioner to review the science standards in the 2008-2009 school year. A student scheduled to graduate in the 2014-2015 school year must satisfactorily complete a chemistry or physics credit.

**Paragraph (e)** directs the commissioner to review the language arts standards in the 2009-2010 school year.

**Paragraph (f)** directs the commissioner to review the social studies standards in the 2010-2011 school year.

**Paragraph (g)** directs school districts and charter schools to review their local standards in health, physical education, world languages and career and technical education in a school year determined by the district or charter school.

**Effective Date:** Makes the section effective immediately.

**Section 5 [Graduation Requirements; Course Credits; Student Transfers.]** requires students graduating in the 2014-2015 school year to complete Algebra II. Requires a high school student to take one credit in either chemistry or physics, beginning in the 2011-2012 school year. Students may take an economics course taught in a district's agriculture education department. Students entering 9th grade in the 2006-2007 school year are required to complete a half-credit in physical education and health education. Directs school districts, area learning centers, and charter school to establish a process to transferring completed credit requirements.

**Effective Date:** Makes the section effective immediately.

**Section 6 [Reimbursement for Examination Fees.]** allows nonpublic high school students to be reimbursed for college-level examination program (CLEP) fees. Eliminates the requirement that a student earn a satisfactory score on one or more CLEP exam before being reimbursed.

**Section 7 [School Safety.]**

**Subdivision 1 [School Safety Advisory Council.]** establishes a 12-member school safety advisory council appointed by the commissioner.

**Subdivision 2 [Duties.]** directs the council to advise the commissioner on matters related to school safety and to make recommendations on creating a Center for School Safety.

**Subdivision 3 [Center for School Safety.]** directs the commissioner to establish the Center. The center shall:

- 1) establish a clearinghouse for information and materials concerning school safety;
- 2) provide safe school assessments;
- 3) provide training and technical assistance for staff, students, and parents;
- 4) provide services to enhance school climate;
- 5) coordinate school efforts with the broader community; and
- 6) evaluate and report on the implementation and effectiveness of the services provided by the center.

**Section 8 [Crisis Management Policy.]** requires the model crisis management policy to include school lock-downs, fire drills, and tornado drills. Schools are required to have at least five lock-down drills, five fire drills, and one tornado drill.

**Effective Date.** Makes the section effective for the 2006-2007 school year and later.

**Section 9 [Comprehensive family life and sex education programs.]**

**Subdivision 1 [Definitions.]** defines “comprehensive family life and sexuality education” as education in grades seven through 12 that includes an abstinence-first approach to delaying initiation of sexual activity and the use of protection and contraception.

**Subdivision 2 [Curriculum requirements.]** allows for a school district to independently establish their policy and curriculum. A district is required to offer age appropriate comprehensive family life and sexuality education to students in grades 7 through 12.

**Subdivision 3 [Notice and parental options.]** requires districts to establish procedures on providing parents or guardians with reasonable notice regarding the comprehensive family life and sex education program and the opportunity to inspect any educational materials. If the parent chooses not to have their child participate, the district must reasonably restrict that child’s access to the material.

**Subdivision 4 [Assistance to school districts.]** indicates that the Department of Education may establish regional training sites to provide training, technical assistance, issue management and policy development, and funding for grants for school-based programs.

**Section 10 [Licenses and Rules.]** requires teacher preparation program participants to receive instruction in historical and cultural competencies related to Minnesota American Indian tribes and their contributions to Minnesota. The Board of Teaching must adopt rules to improve the

understanding and effective instruction of and communication with Minnesota American Indian tribes in the 125 clock hours of professional development required for license renewal.

**Section 11 [Teacher and Support Personnel Qualifications.]** requires teacher preparation programs to include technology and information literacy standards in the common core of teaching knowledge. The Board of Teaching must conduct a review of all standards of effective practice for teachers beginning in the 2007-2008 school year.

**Effective Date:** Makes the section effective immediately.

**Section 12 [Requirements for American Sign Language/English Interpreters.]** permits a district to hire an interpreter/transliterator who is deaf or hard of hearing.

**Section 13 [Qualified Deaf and Hard-of-Hearing interpreters/transliterators.]** establishes the qualifications for an interpreter/transliterator who is deaf or hard of hearing.

**Section 14 [Approval Process.]** prohibits the commissioner from imposing conditions outside of those in the statute for approving or disapproving applications for alternative teacher professional pay plans.

**Section 15 [Report; Continued Funding.]** directs the commissioner to judge a participant's approved alternative teacher professional pay plan based on the participant's plan and not other criteria.

**Section 16 [Alternative Teacher Compensation Revenue for Perpich Center for Arts Education and Multidistrict Integration Collaboratives.]** permits the Perpich Center for Arts Education and multidistrict integration collaboratives to receive alternative teacher compensation revenue as if they were intermediate school districts.

**Effective Date:** Makes the section effective for revenue for fiscal year 2007.

**Section 17 [School District Consolidated Financial Statement.]** directs the commissioner to develop a consolidated financial statement format that converts Uniform Financial Accounting and Reporting Standards (UFARS) data into a more understandable format.

**Effective Date:** Makes the section effective immediately.

**Section 18 [Statement for Comparison and Correction.]** directs the commissioner to convert audited financial data into the consolidated financial statement format and publish the information on the department's Web site.

**Effective Date:** Makes the section effective for financial statements prepared in 2006 and later.

**Section 19 [Student training.]** requires that all students in grade 9 or 10 receive training in the laws and procedures of driving near school buses. Upon the request of the superintendent, the district's transportation director must certify to the superintendent that all students being transported by bus within the district have received bus safety training.

**Effective Date:** Makes the section effective July 1, 2006.

**Section 20 [Compliance by nonpublic and charter schools.]** requires that a nonpublic or charter school student transported by a public school to comply with student bus conduct and student bus discipline policies of the transporting district.

**Effective Date:** Makes the section effective July 1, 2006.

**Section 21 [Definitions.]** allows a school district to designate a school day care facility as the home of a pupil for part or all of the day for the purposes of providing transportation to and from school.

**Section 22 [District reports.]** allows a school district to report salary and fringe benefit costs for employees who work part time in transportation and part time in another area if the district maintains documentation of the employee's time spent on pupil transportation matters.

**Effective Date:** Makes the section effective for fiscal year 2006.

**Section 23 [Authorization; Notice; Limitation on Enrollment.]** requires an online learning student to give the enrolling district 45 days, instead of 30 days, notice before taking an online learning course.

**Section 24 [Online Learning Parameters.]** allows a student with disabilities to enroll in an online learning course or program without a predetermination by the student's individualized education plan (IEP) team.

**Section 25 [On-Line Learning Aid.]** updates the aid payment percentage for the online learning program.

**Section 26 [Transportation.]** clarifies that a charter school must notify the school district whether or not it will be using the transportation services of the school district in which it is located.

**Section 27 [Payment of Aids to Charter Schools.]** updates the aid payment percentages for charter schools and allows for the return of state aids if a charter school closes.

**Section 28 [General Requirements for Programs.]** establishes minimal components for programs serving Limited English Proficiency (LEP) students.

**Section 29 [Child with a Disability.]** includes blindness in the definition of child with a disability.

**Effective Date:** Makes the section effective immediately.

**Section 30 [Litigation Costs; Annual Report.]** requires a school district to make an annual report to the commissioner on the district's special education litigation costs, including attorney's fees.

**Section 31 [School bus.]** conforms the definition of a type A and type C school bus to the new national standards.

**Effective Date:** Makes the section effective January 1, 2007.

**Section 32 [Driver seat belt.]** clarifies that all school buses and Head Start buses manufactured after 1994 must have driver seat belts.

**Effective Date:** Makes the section effective July 1, 2006.

**Section 33 [National standards adopted.]** updates the reference to the "National School Transportation Specifications and Procedures" 2005 edition.

**Effective Date:** Makes the section effective January 1, 2007.

**Section 34 [Applicability.]** makes the new standards apply to school buses manufactured after December 31, 2006.

**Effective Date:** Makes the section effective January 1, 2007.

**Section 35 [Electrical system; battery.]** increases the minimum amperage of school bus generators and alternators to 130 amperes.

**Effective Date:** Makes the section effective January 1, 2007.

**Section 36 [Seat and crash barriers.]** requires school bus seats to have a minimum mounting height of 15 inches and a seat back height of at least 20 inches above the seating reference point.

**Effective Date:** Makes the section effective January 1, 2007.

**Section 37 [Training.]** allows a school bus driver, after completing the bus driver training competencies, to receive at least eight hours of school bus in-service training as an alternative to being assessed for bus driver competencies.

**Effective Date:** Makes the section effective July 1, 2006.

**Section 38 [Annual evaluation and license verification.]** clarifies that by June 30 of each year the district shall provide in-service training and verify the validity of employee drivers' licenses. Limits the fees charged to members of a nonprofit bus drivers' trade association for accessing certain

drivers' license information to not more than the fees charged to school districts for the same information.

**Effective Date:** Makes the section effective July 1, 2006.

**Section 39 [Fire Drill In School; Doors and Exits.]** clarifies that nonpublic schools and educational institutions not subject to crisis management policies to have at least one fire drill each month during the school year.

**Effective Date:** Makes the section effective for the 2006-2007 school year and later.

**Section 40 [Persons Mandated to Report.]** directs an agency that receives a report under the maltreatment of minors law to immediately notify a responsible agency if the initial agency determines that it is not responsible for investigating the report.

**Section 41 [Department of Education Responsible for Assessing or Investigating Reports of Maltreatment.]** establishes the Department of Education as the agency responsible for investigating maltreatment allegations in schools unless the alleged maltreatment occurred in a program or facility licensed by the commissioner of human services.

**Section 42 [Local Welfare Agency, Department of Human Services, or Department of Health.]** establishes the county local welfare agency as the agency responsible for investigating allegations of maltreatment that are not the responsibility of another agency.

**Section 43 [Examination Fees; Teacher Training and Support Programs.]** provides flexibility in administering the Advanced Placement/International Baccalaureate programs so unused teacher training funding may be used for exam fees.

**Effective Date:** Makes the section effective immediately.

**Section 44 [Rule on Visually Impaired to Include References to Blind and Blindness.]** directs the commissioner to include references to "blind" and "blindness" into the definition of visually impaired.

**Section 45 [Pilot Program to Facilitate Young Children's Second Language Learning and Stronger Literacy and Verbal Skills.]** establishes a pilot program for fiscal year 2007 that allows school districts to use child-relevant American sign language to encourage children in kindergarten through grade 3 to learn a second language, develop stronger literacy and verbal skills, and better classroom attention.

**Section 46 [Chinese Language Programs: Curriculum Development Project.]** permits the commissioner to contract with the Board of Regents of the University of Minnesota or another Minnesota public entity to develop an articulated K-12 Chinese curriculum for Minnesota schools.

**Effective Date:** Makes the section effective immediately.

**Section 47 [2006 School Accountability Report.]** allows the department to delay posting the 2006 school performance reports cards and adequate yearly progress data until no later than November 30, 2006.

**Section 48 [Northwestern Online College in the High School Program.]** allows the Northwestern Online College in the High School program to receive \$50,000 for professional development in fiscal year 2007.

**Section 49 [Appropriations.]** See spreadsheets.

**Section 50 [Repealer.] paragraph (a)** repeals sections 121A.23 (Programs to prevent and reduce the risks of sexually transmitted infections and diseases.) and 123B.79 (Structurally balanced school district budgets.)

**Paragraph (b)** repeals sections 169.4502, subdivision 15 (Oil filter or oil filtration system.), 169.4503, subdivisions 17 (Mirrors.), 18 (Overall width.) and 26 (Crossing control arm.)

**Effective Date:** Makes paragraph (b) of this section effective on January 1, 2007.

## **Article 5 Special Education**

**Section 1 [Expenditures by Building.]** requires that all expenditures for special education instruction, services, and transportation be reported separately for nonpublic school pupils and public school pupils.

**Effective Date:** Makes the section effective fiscal year 2006 and later.

**Section 2 [Nonresident Tuition Rate; Other Costs.] paragraph (a)** clarifies and conforms the way in which the nonresident tuition rate is calculated.

**Paragraph (c)** includes a school district that served as the applicant agency for a group of school districts in the list of entities that are allowed to apply to the commissioner for authority to charge the resident district an additional amount to recover unreimbursed costs of serving pupils with a disability.

**Paragraph (d)** excludes alternative teacher compensation revenue in the sum of the general education revenue for the purposes of calculating special education nonresident tuition rate.

**Effective Date:** The section is effective for fiscal year 2006.

**Section 3 [Approval of Education Programs.]** removes outdated and unnecessary citations and clarifies that the statute applies only to Department of Human Services or Department of Corrections licensed care and treatment facilities.

**Section 4 [Responsibilities for Providing Education.]** removes redundant language stating that placement in a licensed facility does not alter a student's eligibility for special education.

**Section 5 [Education Programs for Students Placed in Licensed Facilities.]** clarifies that the statute applies only to Department of Human Services or Department of Corrections licensed care and treatment facilities.

**Section 6 [Exit Report Summarizing Education Progress.]** clarifies that the statute applies only to Department of Human Services or Department of Corrections licensed care and treatment facilities.

**Section 7 [Minimum Education Services Required.]** clarifies that the statute applies only to Department of Human Services or Department of Corrections licensed care and treatment facilities.

**Section 8 [Reimbursement for Education Services.]** clarifies that the statute applies only to Department of Human Services or Department of Corrections licensed care and treatment facilities.

**Section 9 [Students Unable to Attend School But Not Covered Under This Section.]** clarifies that students who are unable to attend school for 15 or more days due to accident or illness are entitled to education services set forth in Minnesota Rule 3525.2325.

**Section 10 [Advisory Committees.]** requires that the advisory committee submit an annual report in a form prescribed by the commissioner. Authorizes the department, rather than the Special Education Advisory Council, to establish an advisory committee for each resource center.

**Section 11 [Travel Aid.]** clarifies that district reimbursement for necessary travel and personnel is defined as a mileage reimbursement rather than the capital cost of vehicles purchased or leased for use of essential personnel providing home-based services.

**Section 12 [Definitions.]** excludes alternative teacher compensation revenue from the definition of general education revenue for the purpose of calculating special education excess cost aid.

**Effective Date:** Makes the section effective for fiscal year 2006.

**Section 13 [Special Education Forecast Maintenance of Effort.] paragraph (a)** redirects forecast excess amounts to the state total special education aid up to an amount sufficient to meet federal special education maintenance of effort.

**Paragraph (b)** clarifies that once the excess is added to the special education aid the state total special education aid must be reduced by that amount.

**Paragraph (c)** clarifies that the forecast excess does not include planning estimates for a future biennium.

**Section 14 [Intermediate District Special Education Tuition Billing for Fiscal Years 2006 and 2007.]** allows intermediate districts additional time to conform to new procedures in special education billing.

**Effective Date:** Makes the section effective for fiscal year 2007 and later.

**Section 15 [Special Education Study.] paragraph (a)** requires the commissioner to contract with an independent consultant to evaluate Minnesota's special education funding structure.

**Paragraph (b)** requires the contracted consultant to conduct an analysis, convene a task force and prepare a report.

**Paragraph (c)** requires the contracted consultant to use statistical analysis to help explain differences in spending across school districts while controlling for student performance.

**Paragraph (d)** requires the commissioner to report on the findings to the education legislative committees.

**Section 16 [Appropriation.]** See spreadsheets.

**Section 17 [Department of Education Rules.]** requires the department to amend rules to conform with the care and treatment facilities language changes.

**Section 18 [Repealer.]** repeals 125A.10 (coordinating interagency services) and 125A.515, subdivision 2 (definition of care and treatment placement).

## **Article 6 Facilities, Accounting, and Technology**

**Section 1 [Citation.]** strikes "Secondary" from "Cooperative Secondary Facilities Grant Act."

**Section 2 [Policy and Purpose.]** expands the cooperative secondary facilities program to all cooperative facilities, not only secondary facilities.

**Section 3 [Approval Authority; Application Forms.]** conforms the application and approval process to include all cooperative facilities, not only secondary facilities.

**Section 4 [Grant Application Process.]** increases the grant amount for new construction from \$5,000,000 to \$10,000,000 and increases the grant amount for improving an existing facility from \$200,000 to \$1,000,000. Allows consolidated districts or groups of districts to apply for the cooperative facilities grant.

**Section 5 [Budgets.]** changes the date on which the board must publish revenue and expenditure budgets from October 1 to November 30 or within one week of the acceptance of the final audit by the board, whichever is earlier. Allows a district to publish the revenue and expenditure budget on the district's official Web site.

**Section 6 [Use of Health and Safety Revenue.]** allows testing and calibration activities for existing mechanical ventilation systems to be approved uses of health and safety revenue.

**Effective Date:** Makes the section effective for fiscal year 2008.

**Section 7 [Errors in Distribution.]** provides the department with additional authority to correct for errors in the distribution of school district aid.

**Section 8 [Wages; How Often Paid.]** includes "other schools" in the list of entities that are allowed to pay wages over a calendar year instead of only on a school year basis.

**Section 9 [Debt Service Equalization.]** increases the amounts appropriated in fiscal year 2006 and fiscal year 2007 from the general fund to the commissioner of education for payment of the debt service aid to conform with the equalized debt service levy factor increase.

**Section 10 [Emergency Aid, Red Lake.]** increases the onetime appropriation in fiscal year 2006 from \$50,000 to \$524,000 to repair infrastructure damage to the Red Lake High School as a result of the March 21, 2005, school shooting.

**Section 11 [Health and Safety Revenue Uses; Belle Plaine.]** allows Independent School District No. 716, Belle Plaine, to use up to \$125,000 of its health and safety revenue raised through an alternative facilities bond for other qualifying health and safety projects.

**Section 12 [Consolidated Financial Statement Implementation.]** requires the department to pay for the implementation of the consolidated financial statement system from the department's existing biennial appropriations for fiscal year 2006 and fiscal year 2007.

**Section 13 [Levy; Red Wing.]** allows Independent School District No. 256, Red Wing, to levy up to \$158,000 for the construction deficit for building the community ice arena for taxes payable in 2007 only.

**Section 14 [Appropriation; Waseca Levy.]** allows Independent School District No. 829, Waseca, to levy up to \$343,550 beginning in 2006 over five years for health and safety revenue lost due to miscalculation.

**Section 15 [Appropriation; Rocori School District.]** appropriates \$137,000 in fiscal year 2007 from the general fund to the commissioner of education for a grant to Independent School District No. 750, Rocori, to continue the district's recovery efforts as a result of the school shooting in the district.

**Section 16 [Fund Transfers.]** authorizes fund transfers for local school districts.

**Subdivision 1 [A.C.G.C.]** authorizes Independent School District No. 2396, A.C.G.C., to transfer up to \$219,000 from it's disabled accessibility account to it's unrestricted general fund without making a levy reduction.

**Subdivision 2 [Alden-Conger.]** authorizes Independent School District No. 242, Alden-Conger, to transfer up to \$164,000 from it's disabled accessibility account to it's unrestricted general fund without making a levy reduction.

**Subdivision 3 [Eden Valley-Watkins.]** authorizes Independent School District No. 463, Eden Valley-Watkins, to transfer up to \$50,000 from it's debt redemption fund to the capital account in it's general fund without making a levy reduction.

**Subdivision 4 [Fosston.]** authorizes Independent School District No. 601, Fosston, to transfer up to \$80,000 from it's disabled accessibility account to it's unrestricted general fund without making a levy reduction.

**Subdivision 5 [Hopkins.]** authorizes Independent School District No. 270, Hopkins, to transfer up to \$300,000 from it's community education reserve fund to it's undesignated general fund balance to assist the district in decreasing it's statutory operating debt.

**Subdivision 6 [Lester Prairie.]** authorizes Independent School District No. 424, Lester Prairie, to transfer up to \$150,000 from it's reserved for operating capital account and up to \$107,000 from it's reserved for severance account, to it's undesignated balance in the general fund.

**Subdivision 7 [Milroy.]** authorizes Independent School District No. 635, Milroy, to transfer up to \$26,000 from it's disabled accessibility account to it's unrestricted general fund without making a levy reduction.

**Subdivision 8 [New London-Spicer.]** authorizes Independent School District No. 345, New London-Spicer, to transfer up to \$150,000 each year for five years from it's debt redemption fund to it's general fund without making a levy reduction.

**Subdivision 9 [Northland Community Schools.]** authorizes Independent School District No. 118, Northland Community Schools, to transfer up to \$197,000 from it's disabled accessibility account to it's reserved for operating capital account in the general fund without making a levy reduction.

**Subdivision 10 [Rocori.]** authorizes Independent School District No. 750, Rocori, to transfer up to \$250,000 from it's debt redemption fund to it's operating capital account in it's general fund without making a levy reduction.

**Subdivision 11 [Roseville.]** authorizes Independent School District No. 623, Roseville, to transfer up to \$90,000 from it's debt redemption fund to it's general fund without making a levy reduction.

**Subdivision 12 [Tyler.]** authorizes Independent School District No. 409, Tyler, to transfer up to \$451,000 from it's reserved for capital operating account to it's debt redemption fund.

**Subdivision 13 [Willmar.]** authorizes Independent School District No. 347, Willmar, to transfer up to \$335,000 from it's debt redemption fund to it's unrestricted general fund without making a levy reduction.

#### **Article 7 Nutrition and Libraries**

**Section 1 [School Lunch Aid Computation.]** increases the state reimbursement from ten to 10.5 cents for each school lunch served to students.

**Section 2 [School Lunch.]** increases the appropriation to conform to the increase in the school lunch reimbursement and makes changes consistent with the February forecast.

**Section 3 [Basic System Support.]** increases the appropriation for basic system support grants by \$450,000 for fiscal year 2007 and makes changes consistent with the February forecast.

#### **Article 8 State Agencies**

**Section 1 [Educational Program; Tuition.]** clarifies ambiguity in the law regarding the payment of compensatory revenue to the Minnesota State Academies.

**Section 2 [Unreimbursed Costs.]** clarifies ambiguity in the law regarding the payment of compensatory revenue to the Minnesota State Academies.

**Section 3 [Tuition Reduction.]** clarifies ambiguity in the law regarding the payment of compensatory revenue to the Minnesota State Academies.

**Section 4 [Student count; Tuition.]** clarifies ambiguity in the law regarding the payment of compensatory revenue to the Minnesota State Academies.

**Section 5 [Annual Appropriation.]** clarifies ambiguity in the law regarding the payment of compensatory revenue to the Minnesota State Academies.

**Section 6 [Out-of-State Admissions.]** conforms the law to reflect how the State Academies categorize the tuition received from other states as special revenue.

**Effective Date:** Makes the section effective retroactively from fiscal year 2001.

**Section 7 [Department.]** See spreadsheet.

**Article 9  
Prekindergarten Through Grade 12 Education Forecast Adjustments**

Makes changes to the fiscal years 2006 and 2007 appropriations consistent with the February forecast.

**Article 10  
Technical and Conforming Amendments**

**Section 1 [Adopting Policies.]** makes a technical correction.

**Section 2 [Requirements for Immunization Statements.]** deletes obsolete language.

**Section 3 [Agreement.]** makes a technical correction.

**Section 4 [Governance.]** makes a technical correction.

**Section 5 [Equity Revenue.]** makes a technical correction.

**Section 6 [Definitions.]** makes a technical correction.

**Article 11  
Higher Education**

**Section 1** summarizes appropriations by fund and agency.

**Section 2** reduces the appropriation to the Office of Higher Education for FY 2007 by \$300,000. The reduction results from changes in definitions in various financial aid programs.

**Section 3** appropriates \$5,000,000 to the Board of Regents of the University of Minnesota for academic programs at Rochester.

**Section 4** provides for the submission of instructional expenditure and enrollment data to the Office of Higher Education. The Office must consult with the data advisory task force to identify the data that must be submitted to them.

**Section 5** specifies that a student qualifies for the resident tuition rate or its equivalent at state colleges and universities, including the University of Minnesota, if the student meets all of the following requirements: (1) high school attendance within the state for three or more years; (2) graduation from a state high school or attainment within the state of the equivalent of high school

graduation; and (3) registration as an entering student at, or current enrollment in, a public institution of higher education. An individual who is not a citizen or permanent resident of the United States must provide the college or university with an affidavit that the individual will file an application to become a permanent resident at the earliest opportunity to do so.

**Section 6** deletes language pertaining to the reports the systems must submit to the legislature regarding their performance on various accountability measures.

**Sections 7, 8, and 24** delete obsolete language and incorrect terminology.

**Section 9** amends language specifying the criteria a college or university must meet to be eligible to participate in the state grant and child care grant programs. Criteria added specify that participating institutions must be licensed or registered with the Office of Higher Education, and become a participant in federal student aid programs under Title IV by July 1, 2009, or lose eligibility to participate in the state grant program.

**Section 10** amends language defining "resident student" for the purpose of receiving the state grant and child care grant by including the following individuals: (1) active military personnel stationed in Minnesota, their spouse, and dependents; (2) individuals who have relocated to Minnesota from a federally-declared disaster area; and (3) an individual meeting the definition of "refugee" under U.S. code. Also clarifies definition of "resident student" for Minnesota high school graduates.

**Section 11** extends the statutory provision authorizing the Office of Higher Education to increase the state grant program living and miscellaneous expense allowance if there is a surplus in the second year of the biennium, to June 30, 2009.

**Section 12** amends language specifying the criteria a college or university must meet to be eligible to participate in the SELF loan program. Criteria added specify that participating institutions must be licensed or registered with the Office of Higher Education, and become a participant in federal student aid programs under Title IV by July 1, 2009, or lose eligibility to participate in the SELF loan program.

**Section 13** amends language defining "Minnesota resident" for the purpose of participation in the SELF loan program.

**Section 14** adds language defining "eligible cosigner" for the purpose of receiving a SELF loan.

**Section 15** authorizes the Office of Higher Education to do interest rate swaps.

**Section 16** deletes language stating that the names and addresses of state financial aid participants are classified as public data.

**Section 17** increases the loan limits for SELF loan participants.

**Section 18** increases the repayment period for SELF loan borrowers with loans in excess of \$18,750.

**Section 19** eliminates students attending a postsecondary institution in a Canadian province from the definition of eligible student for the purpose of receiving a SELF loan.

**Section 20** makes SELF loan cosigners jointly and separately responsible for making loan payments. This language is currently in the rules pertaining to the SELF loan.

**Section 21** authorizes the Office of Higher Education to establish a loan rehabilitation program.

**Section 22** authorizes the Office to grant students in repayment "temporary total disability status" for up to three years. Interest would not accrue during this period of time.

**Section 23** authorizes the provision of state work study awards during one period of non-enrollment each year for students enrolled less than half-time.

**Section 25** specifies that at least one member of the MnSCU board must be a representative of labor, and at least one member must be a representative of business.

**Section 26** specifies that receipts attributable to MnSCU college and university activity funds are appropriated to the board and are not subject to the budgetary control of the commissioner of finance.

**Section 27** codifies the manner in which MnSCU deposits its receipts.

**Section 28** amends language pertaining to the Rochester campus of the University of Minnesota to reflect the recommendations of the Rochester Higher Education Development Committee's recommendations for that institution.

**Section 29** amends language pertaining to the unique role of each of the higher education institutions in Rochester.

**Section 30** makes temporary provisions for the approval of higher education degrees.

**Section 31** directs the Office of Higher Education to convene an advisory task force to study the cost of textbooks.

**Section 32** authorizes the construction of an academic building on the Minnesota State University Mankato campus for the College of Business using nonstate money.

**Section 33** contains instructions to the revisor.

**Section 34** repeals Minnesota Rules, part 4830.0100, subpart 5, item F.

**Section 35** repeals the following statutory language and rules:

Minnesota Statutes 2004, section 135A.01: Funding Policy  
Minnesota Statutes 2004, section 135A.031, subdivision 1: Determination of appropriation  
Minnesota Statutes 2004, section 135A.031, subdivision 2: Appropriation for certain enrollments  
Minnesota Statutes 2004, section 135A.031, subdivision 5: Adjustment for performance  
Minnesota Statutes 2004, section 135A.031, subdivision 6: Adjustment for change items  
Minnesota Statutes 2004, section 135A.032: Appropriations for noninstructional services  
Minnesota Statutes 2004, section 135A.033: Performance funding  
Minnesota Statutes 2004, section 136A.15, subdivision 5: Province  
Minnesota Statutes 2004, section 136A.1702: Commission approval  
Minnesota Statutes 2004, section 137.17, subdivision 2: Leadership  
Minnesota Statutes 2004, section 137.17, subdivision 4: Changes  
Minnesota Statutes Supplement 2005 Supplement, section 135A.031, subdivision 3: Determination of instructional services base  
Minnesota Statutes Supplement 2005 Supplement, section 135A.031, subdivision 4: Enrollments for budgeting  
Minnesota Rules, part 4850.0011, subpart 9: Creditworthy cosigner  
Minnesota Rules, part 4850.0011, subpart 10: Cosigners  
Minnesota Rules, part 4850.0011, subpart 14: Eligible School  
Minnesota Rules, part 4850.0011, subpart 27: Repayment period  
Minnesota Rules, part 4850.0014, subpart 1: Loan amounts

## Article 12

### Environment, Natural Resources, and Agriculture

**Section 1 [Environment, Natural Resources, and Agriculture Appropriations]** explains the appropriations in this article and contains a summary by fund of the appropriations in the article. The article contains supplemental appropriations for environment, natural resources, and agriculture appropriations of almost \$4.4 million. Of this amount, almost \$2.9 million is from the general fund, almost \$1.1 million is from the natural resources fund, and \$400,000 is from the game and fish fund.

**Section 2 [Department of Agriculture]** appropriates just over \$1.2 million from the general fund to the Department of Agriculture for invasive species staffing (\$248,000), livestock and crop compensation (\$93,000), containment facility operations (\$190,000), Second Harvest milk grant (\$200,000), and for E85 pump grants (\$500,000). The appropriation for the second harvest milk grant is from S.F. No. 3368 (Kubly), and the appropriation for the E85 pump grants is from S.F. No. 3700 (Sams). The remaining provisions are from the Governor's supplemental budget.

**Section 3 [Board of Animal Health]** appropriates \$685,000 from the general fund to the Board of Animal Health for elimination of bovine tuberculosis. This appropriation was contained in S.F. No. 2922 (Skoe) and was in the Governor's supplemental budget

**Section 4 [Department of Natural Resources]** appropriates just over \$2.4 million to the Department of Natural Resources for bovine tuberculosis prevention (\$220,000), invasive species

control (\$550,000), the Minnesota Shooting Sports Education Center (\$100,000), canoe route development (\$65,000 from the natural resources fund), emergency deterrent materials assistance (\$400,000 from the game and fish fund), all-terrain vehicle grants (\$600,000 from the natural resources fund), and federal recreation area operation (\$100,000 from the general fund and \$400,000 from the natural resources fund). The general fund appropriation for the Minnesota Shooting Sports Education Center is from S.F. No. 3324 (Saxhaug). The game and fish fund appropriation for emergency deterrent materials assistance is from the fiscal note on S.F. No. 2926 (Skoe). The natural resources fund appropriation for canoe route development is from S.F. No. 3336 (Sams), and the appropriation for the all-terrain vehicle grants is from S.F. No. 3455 (Bakk), and was contained in the Governor's supplemental budget.

**Section 5 [Fertilizer Storage Permit Exemption]** exempts storage of 6,000 gallons or less of liquid fertilizer from permit and safeguard requirements. This is from S.F. No. 3283 (Dille).

**Section 6 [Minnesota Agricultural Fertilizer Research and Education Council]** is from S.F. No. 3283 (Dille) and is effective January 1, 2007.

**Subdivision 1 [Establishment; Membership]** establishes a Minnesota Agricultural Fertilizer Research and Education Council of 12 members representing various portions of the agriculture industry, who are nominated by their organization and appointed by the Commissioner of Agriculture. The terms for members are three years and the sponsoring organization is responsible reimbursing members for expenses.

**Subdivision 2 [Powers and Duties]** the Council will select projects to receive grants under the Minnesota Agricultural Fertilizer Research and Education Program. The Commissioner of Agriculture will act as fiscal agent for the Council.

**Subdivision 3 [Checkoff Fees]** establishes a checkoff fee of 40 cents per ton on fertilizer sold.

**Subdivision 4 [Program Account]** establishes the fertilizer research and education program account in the agricultural fund for the proceeds from the checkoff fees. The account is appropriated to the Commissioner of Agriculture to carry out the program.

**Subdivision 5 [Rulemaking Exemption]** exempts from rulemaking the duties of the Commissioner of Agriculture under this section and under the research and education program.

**Subdivision 6 [Expiration]** makes this section expire on January 8, 2017.

**Section 7 [Minnesota Agricultural Fertilizer Research and Education Program]** is from S.F. No. 3283 (Dille) and is effective January 1, 2007.

**Subdivision 1 [Grant Program]** directs the Minnesota Agricultural Fertilizer Research and Education Council to establish a grant program for research, education, and technology transfer projects related to agricultural fertilizer.

**Subdivision 2 [Eligible Projects]** specifies that the project must be related to the production and application of fertilizer and that chosen projects must contain an outreach component.

**Subdivision 3 [Awarding of Grants]** establishes the application process for the grants and specifies that each grant must be approved by at least eight of the 12 Council members.

**Subdivision 4 [Audit]** provides for an annual financial audit for the program.

**Subdivision 5 [Expiration]** makes this section expire on January 8, 2017.

**Section 8 [Authority of the Board of Animal Health]** clarifies the authority of the Board of Animal Health to require tests of bovine or cervidae to achieve or maintain bovine tuberculosis accredited status. This is a recommendation from the administration.

**Section 9 [Horse Trails Pass Enforcement]** allows DNR employees who are designated to enforce certain natural resources laws to enforce the new horse trail pass requirement. This is from S.F. No. 2999 (Sams) and is effective January 1, 2007.

**Section 10 [Technical]** is a technical change related to the changes made in section 11. This is from S.F. No. 2872 (Frederickson) and is effective January 1, 2007.

**Section 11 [Towed Vehicles; Temporary Permit]** directs the Commissioner of Natural Resources to issue a temporary state park permit for vehicles that are towed by a vehicle used for camping in the state park. This is from S.F. No. 2872 (Frederickson) and is effective January 1, 2007.

**Section 12 [Soudan Underground Mine State Park]** exempts the visitor center parking lot at Soudan Underground Mine State Park from the state park permit requirement. This is from S.F. No. 2872 (Frederickson) and is effective January 1, 2007.

**Section 13 [State Park Permit Fees]** reduces the daily state park permit fees for individuals and groups and adds an annual permit fee category for motorcycles. This is from S.F. No. 2872 (Frederickson) and is effective January 1, 2007.

**Section 14 [Canoe and Boating Routes; Sauk River]** adds the Sauk River to the list of rivers authorized as canoe and boating routes. This is from S.F. No. 3336 (Sams).

**Section 15 [Horse Trail Pass]** is from S.F. No. 2999 (Sams) and is effective January 1, 2007.

**Subdivision 1 [Pass in Possession]** requires a horse trail pass in possession for a person age 16 and over who is riding or leading a horse on state horse trails or in day use areas.

**Subdivision 2 [License Agents]** provides for the Commissioner of Natural Resources to appoint license agents to sell horse trail passes.

**Subdivision 3 [Issuance]** provides for the issuance of horse trail passes.

**Subdivision 4 [Pass Fees]** establishes \$20 annual and \$4 daily horse pass fees.

**Subdivision 5 [Issuing Fee]** establishes a \$1 issuing fee for horse trail passes.

**Subdivision 6 [Disposition of Receipts]** provides that horse trail pass fees will be deposited in the horse trail account in the natural resources fund. Money in the account is appropriated to the Commissioner of Natural Resources for horse trail, acquisition, development, maintenance, enforcement, and rehabilitation.

**Subdivision 7 [Duplicate Passes]** provide for the issuance of a duplicate horse trail pass for lost or destroyed passes. The fee for the duplicate pass is \$2 and the issuing fee is 50 cents.

**Section 16 [Emergency Deterrent Materials Assistance]** expands the emergency deterrent materials assistance program to include assistance to landowners to prevent the spread of disease in wild animals. This section also provides that landowners are eligible for up to \$3,000 for measures to prevent wildlife disease in quarantine areas established by the Board of Animal Health. This is from S.F. No. 2926 (Skoe).

**Section 17 [Wildlife Feeding Restrictions; Bovine Tuberculosis Areas]** directs the Commissioner of Natural Resources to restrict wildlife feeding within a 15-mile radius of a cattle herd that is infected with bovine tuberculosis. This is from S.F. No. 2926 (Skoe).

**Section 18 [Dry Cleaner Account Reimbursement]** prohibits reimbursement from the dry cleaner account for facilities that had any response action prior to July 1, 1995.

**Section 19 [All-Terrain Vehicles; Gas Tax Apportionment]** increases the portion of the gasoline tax apportioned to use of all-terrain vehicles to 0.27 percent of gasoline sold from 0.15 percent. This is from S.F. No. 3455 (Bakk).

**Section 20 [International Wolf Center]** redirects a \$250,000 appropriation for building renovations at the International Wolf Center. This is a modified version of S.F. No. 2449 (Bakk).

**Section 21 [Community Wind Energy Rebate]** expands the Community Wind Energy Rebate Program to include other types of financial assistance and makes the appropriation from the environment and natural resources trust fund available until June 30, 2009. This is from a

recommendation of the Legislative Commission on Minnesota Resources and was contained in S.F. No. 3305 (Anderson).

**Section 22 [Carryforward]** extends a 2003 appropriation from the environment and natural resources trust fund for local initiative grants to June 30, 2007. This is from a recommendation of the Legislative Commission on Minnesota Resources and was contained in S.F. No. 3305 (Anderson).

**Section 23 [Repealer]** repeals a requirement that the Commissioner of Agriculture submit a biennial report on official acts and official receipts and disbursements. This was in the Governor's supplemental budget.

**Section 24 [Effective Date]** makes the article effective the day following final enactment.

### **Article 13 Clean Water Legacy**

**Section 1 [Clean Water Legacy Appropriations]** explains that the appropriations in this article are onetime appropriations for fiscal year 2007, and are available until June 30, 2009, if they are encumbered under contract by June 30, 2007. This section also provides that the maximum general fund appropriations for Clean Water Legacy in 2006 are \$20 million. This is to clarify how these appropriations are to be considered along with the appropriations in S.F. No. 762 which passed the Senate in 2005. S.F. No. 762 appropriated \$34.5 million for similar purposes and is currently within the jurisdiction of the House of Representatives. All of the money appropriated in this article is from the general fund and contained in the Governor's supplemental budget.

**Section 2 [Pollution Control Agency]** appropriates just over \$5 million to the Pollution Control Agency for assessment of surface water quality and trends (\$1.86 million), and total maximum daily load (TMDL) development and implementation plans (\$3.17 million).

**Section 3 [Public Facilities Authority]** appropriates just over \$4.3 million to the Public Facilities Authority for phosphorus reduction grants (\$2 million), small community wastewater treatment loans and grants (\$1 million), and wastewater and storm water grants (\$1.31 million).

**Section 4 [Agriculture Department]** appropriates \$2.6 million to the Department of Agriculture for agricultural best management practices loans (\$1.4 million), technical assistance (\$800,000), and research and evaluation (\$400,000).

**Section 5 [Board of Water and Soil Resources]** appropriates just over \$5.9 million to the Board of Water and Soil Resources for targeted nonpoint restoration cost-share (\$1.5 million), nonpoint technical and engineering assistance (\$2 million), evaluation of applied soil and water practices (\$200,000), county grants for ISTS programs (\$730,000), and local nonpoint source protection activities (\$1.5 million).

**Section 6 [Department of Natural Resources]** appropriates just over \$2.1 million to the Department of Natural Resources for water quality assessment (\$280,000), riparian land acquisition (\$1 million), and forest stewardship planning (\$850,000).

**Section 7 [Nutrient Loading Offset]** provides for nutrient loading offset prior to completion of a total maximum daily load for an impaired water.

## **Article 14 Economic Development**

**Section 1. [ Economic Development Appropriations.]** states that the appropriations in this article are added to or subtracted from the appropriations enacted by the 2005 legislature. Makes supplementary appropriations and reductions to appropriations for the fiscal year ending June 30, 2006, effective the day following final enactment. Summarizes the economic development appropriations and reductions by fund.

**Section 2. [ Employment and Economic Development.]** appropriates \$1,920,000 in fiscal year 2006 and \$4,979,000 in fiscal year 2007 to the Department of Employment and Economic Development (DEED) for the purposes explained below.

**(a) Business and community development** appropriates \$500,000 from the general fund to the BioBusiness Alliance of Minnesota for bioscience business development programs.

**(b) Biotech partnership** appropriations \$2,000,000 for the collaborative biotechnology and medical genomics research partnership between the University of Minnesota and the Mayo Foundation.

**(c) Programs for persons with developmental and mental disabilities** appropriates \$150,000 for a grant to Advocating Change Together.

**(d) Wastewater treatment** appropriates \$100,000 for a grant to the city of Cedar Mills for costs it incurred in construction of a wastewater treatment system for 28 properties.

**(e) Pilot workforce program** appropriates \$250,000 from the workforce development fund for grants to the West Central Initiative in Fergus Falls. These grants must be used to implement and operate Northern Connections, a pilot workforce program that provides one-stop supportive services to assist individuals as they transition into the workforce. This appropriation is available to the extent matched by \$1 of nonstate money for each \$1 of state money.

**(f) Summer youth employment** appropriates \$1,920,000 each fiscal year from the workforce development fund for grants to fund summer youth employment in Minneapolis. Of this appropriation, \$250,000 the first year and \$250,000 the second year are for a grant to the learn-to-earn summer youth employment program.

**(g) Veterans memorial** appropriates \$50,000 for a grant to the city of Worthington for the construction of a veterans' memorial in Freedom Veterans Memorial Park.

**Section 3. [Department of Commerce.]**

**Petroleum tank release cleanup** appropriates \$450,000 each fiscal year from the petroleum tank release cleanup fund for costs reimbursable under Minnesota Statutes, section 115C.09, that were incurred before January 1, 2004.

**Section 4. [Housing Finance Agency.]**

**Mortgage foreclosure prevention** appropriates \$300,000 from the real estate education, research, and recovery fund under section 82.43, for mortgage foreclosure prevention under the homeownership education, counseling, and training program under section 462A.209.

**Section 5. [Department of Human Services.]** appropriates \$240,000 from the telecommunication access Minnesota fund under section 237.52 to supplement the ongoing operational expenses of the Minnesota commission serving deaf and hard-of-hearing people.

**Section 6. [Boxing Commission.]** appropriates \$50,000 to operate and administer the commission. This appropriation is the annual base for future years.

**Section 7. [Explore Minnesota Tourism.]** appropriates \$2,000,000 for a grant to the Minnesota Film and TV Board for reimbursement of up to 15 percent of film production costs incurred in Minnesota under section 116J.543.

**Section 8. [Workforce Services.]** adds \$150,000 each fiscal year from the workforce development fund to DEED's base for the Minnesota Employment Center for People who are Deaf or Hard-of-Hearing.

**Section 9. [Additional Unclassified Positions.]** adds Explore Minnesota Tourism to the list of agencies that may designate additional unclassified positions in the state civil service.

**Section 10. [Franchise.]** modifies the definition of "franchise" in the context of a franchisee who is authorized to market motor vehicle fuel at retail under the franchisor's trade name. The term "franchise" does not include the marketing of motor vehicle fuel in circumstances where all the following are present:

- (1) the franchisor is not a refiner of motor vehicle fuel;
- (2) the franchisor's trade name or trademark is not used to identify the marketing premises generally;
- (3) the franchisor does not impose any requirements on nonmotor fuel products or sales; and
- (4) the facility is not leased from the franchisor.

**Section 11. [Exempt Motor Fuel Franchises; Alternative Compliance.]** A motor fuel franchise exempt from regulation under section 10 of this article is subject to regulation under chapter 80F.

**Section 12. [Retail Locations and Transport Vehicles. ]** modifies the definition of "transport vehicle," for purposes of petroleum tank release cleanup, to refer to a liquid fuel cargo tank used to deliver gasoline into underground storage tanks during 2002 or 2003 (rather than 2002 and 2003) at a retail location. Extends the deadline for reimbursement from the petroleum tank release cleanup board for the cost of retrofits for retail locations and transport vehicles from January 1, 2006, to September 1, 2006. Makes this section effective retroactively from August 1, 2003.

**Section 13. [Report on the Status of Rural Minnesota.]** requires the Rural Policy and Development Center at Mankato State University to report to the legislature on the status of rural Minnesota by March 1 of each odd-numbered year.

**Section 14. [Film Production Jobs Program.]** clarifies the definition of "production costs" and "film" for purposes of providing reimbursements to film producers for certain production costs incurred in Minnesota.

**Section 15. [Grant Account.]** makes grant money appropriated for the contaminated site cleanup and development program available until spent. (Under current law, money appropriated to the contaminated site cleanup and development account is available for four years.)

**Section 16. [Small Business Access to Federal Research Funds.]** requires the commissioner of DEED to assist small businesses to access federal funds through the Small Business Innovation Research Program and the Small Business Technology Transfer Program. Unless prohibited by federal law, requires the department to implement fees for services that help companies seek small business innovation research grants. Appropriates fee receipts to the department. (The requirement to assist small businesses and to implement fees was enacted, likely on a temporary basis, in 2005 as an appropriation rider for this program.)

**Section 17. [Partnership Program.]** modifies current law providing that upto 25 percent of a job skills partnership board grant to an educational institution may be used for pre-employment training to instead allow "a portion" of such a grant to be used for this purpose.

**Section 18. [Pathways Program.]** Similar to previous section, but for grants for developing programs that assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines.

**Section 19. [Grants; Training and Retention.]** Similar to previous section, but for grants to operate training and retention programs in critical workforce shortages.

**Section 20. [Apprentice Wages.]** requires the journeyman wage rate for apprenticeship agreements where no bargaining agreement exists to be the most current state or federal prevailing wage determination or apprenticeship agreement for a trade.

**Section 21. [Inland Waters.]** clarifies the definition of "inland waters" for purposes of boiler inspections.

**Sections 22 and 23. [Eligibility Window.]** extend the eligibility window and payment periods for hydroelectric facilities and wind energy conversion facilities that qualify for renewable energy production incentive payments.

**Section 24. [Definitions.]** defines terms used in connection with carbon monoxide alarms in section 25.

**Section 25. [Requirements for Carbon Monoxide Alarms.]** requires every single-family dwelling and every unit in a multifamily dwelling to have an approved carbon monoxide alarm installed on each level and within ten feet of each bedroom.

**Section 26. [Enforcement.]** describes penalties for violations of section 25.

**Section 27. [Fees.]** drops the \$25 fee for monitoring licensing exams for architects, professional engineers, etc.

**Section 28. [State Fair Camping Area.]** requires the State Agricultural Society to operate a camping area on the State Fairgrounds during the Minnesota Street Rod Association's Back to the 50's event.

**Section 29. [Definitions.]** defines terms for purposes of the Minnesota Boxing Commission, including "boxing" and "tough person contest."

**Section 30. [Boxing Commission.]** creates a five-member Boxing Commission. Provides that one member must be a retired judge, one member must be a public member, and three members must be involved in the boxing industry. If possible, at least two members must be women.

**Section 31. [Limitations.]** forbids members of the Boxing Commission from directly or indirectly promoting boxing contest, managing a boxer, or being interested in any manner in the proceeds from a boxing match.

**Section 32. [Executive Director.]** authorizes the governor to appoint, and at pleasure remove, an executive director of the Boxing Commission. Authorizes the commission to employ other personnel.

**Section 33. [Rules.]** authorizes the Boxing Commission to adopt rules that include standards for the physical examination and conditions of boxers and referees.

**Section 34. [Meetings.]** requires the Boxing Commission to hold a regular meeting quarterly. Authorizes special meetings. Provides that the commission is subject to the Open Meeting Law.

**Section 35. [Commission Duties.]** specifies duties of the Boxing Commission, including issuance, denial, renewal, suspension and revocation of licenses.

**Section 36. [Regulation of Boxing Contests.]**

**Subdivision 1. Regulatory authority; boxing.** provides that all boxing contests are subject to chapter 341. Requires contestants to wear padded gloves weighing at least eight ounces. Requires a member of the Boxing Commission to attend and make a written report on each contest.

**Subdivision 2. Regulatory authority; tough person contests.** provides that tough-person contests are subject to chapter 341, and that contestants must wear padded gloves that weigh at least 12 ounces.

**Section 37. [Jurisdiction of Commission.]** provides that the Boxing Commission has sole jurisdiction over boxing contests and tough person contests, unless federal law applies. States conditions under which the commission shall grant licenses.

**Section 38. [Licenses; Boxing.]**

**Subdivision 1. Licensure; individuals.** requires specified occupations relating to the boxing industry to be licensed by the Boxing Commission.

**Subdivision 2. Entity licensure.** requires business entities conducting contests to be licensed.

**Subdivision 3. Background investigation.** provides for background information on regulated persons.

**Subdivision 4. Prelicensure requirements.** specifies requirements that must be met before the commission issues a license to a promoter, matchmaker, corporation or other business entity, or to a boxer.

**Section 39. [Simulcast Licenses.]** provides for the Boxing Commission to issue a license to a person simulcasting boxing.

**Section 40. [License Fees, Expiration, Renewal.]** provides for issuance of annual licenses by the Boxing Commission, and for expiration of licenses.

**Section 41. [Physical exams.]** requires boxing contestants and referees to be examined by a physician within three hours before entering the ring, and specifies the required contents of the physician's written report. Requires a physician to be in attendance at each contest.

**Section 42. [Insurance.]** provides that the Boxing Commission must require contestants to be covered by medical and life insurance. Specifies that the cost of required insurance is payable by the promoter.

**Section 43. [Penalties.]** specifies penalties for nonlicensed boxing exhibitions.

**Section 44. [Gross Receipts Tax.]** requires the promoter of contests held under chapter 341 to pay fivepercent of the gross receipts to the Commissioner of Finance for credit to the Minnesota Boxing Commission account.

**Section 45. [Appropriation.]** establishes a Boxing Commission account in the special revenue fund. Money in the account is annually appropriated to the Boxing Commission.

**Section 46. [Executive Director.]** provides that the Director of the Public Facilities Authority (PFA) serves in the unclassified state civil service.

**Section 47. [Bonding Authority.]** increases the bonding authority of the PFA from \$1.25 billion to \$1.5 billion to meet future needs.

**Section 48. [Distribution of Funds.]** requires the Metropolitan Council to give equal weight to (1) preservation or growth of living-wage jobs, and (2) the production of affordable housing for purposes of ranking grant applications for the cleanup of polluted land in the metropolitan area.

## **Article 15 Transportation**

**Section 1** appropriates \$4,349,000 from the general fund in fiscal year 2007 for transportation purposes. Details follow in Sections 2-4.

**Section 2** makes a one-time appropriation of \$1,880,000 from the general fund to the Department of Transportation, as follows:

- (a) \$1,500,000 for the Town Road Sign Replacement Program, which includes the purchase and installation of new signs, and can be used to match federal funds; and
- (b) \$380,000 for design and construction of a new MnDOT radio tower in Roseau County.

**Section 3** makes a one-time appropriation of \$2,040,000 from the general fund to the Metropolitan Council, as follows:

- (a) \$1,540,000 added to existing appropriations for bus system operations; and
- (b) \$500,000 for a feasibility study of light rail transit along the I-394 corridor between Minneapolis and Minnetonka.

**Section 4** makes a one-time appropriation of \$429,000 from the general fund to the Department of Public Safety, to purchase automated external defibrillators for State Patrol vehicles.

**Section 5** states that this article is effective immediately.

## **Article 16 Public Safety**

**Section 1** is the appropriation summary by fund.

**Section 2** appropriates \$600,000 from the general fund to the Supreme Court for the purposes of court initiative to more effectively address the increasing numbers of alcohol and other drug (AOD) offenders. Of this amount, \$300,000 is for a study to recommend more uniform and cost-effective structures for the problem-solving court model; \$100,000 is to augment treatment services for problem-solving courts; and \$200,000 is for development of a multicounty pilot problem-solving court.

**Section 3** appropriates \$172,000 from the general fund to the Board on Judicial Standards for the costs of special hearings and an investigation regarding complaints of judicial misconduct.

**Section 4** appropriates \$60,000 from the general fund to the Board of Public Defense for appellate transcripts.

**Section 5, Subdivision 1**, appropriates a total of \$1,883,000 the second year from the general fund to the Commissioner of Public Safety, allocated in subdivisions 2 to 4.

**Subdivision 2** appropriates \$60,000 for an extraordinarily hazardous substance planner. These funds are appropriated to the Homeland Security and Emergency Management Division of the Department of Public Safety.

**Subdivision 3** appropriates \$125,000 for the enhancement of the predatory offender data base, and \$100,000 to address the missing persons and unidentified bodies backlog. These funds are appropriated to the Bureau of Criminal Apprehension (BCA) of the Department of Public Safety.

**Subdivision 4** makes the following appropriations to the Office of Justice Programs in the Department of Public Safety:

- ▶ \$800,000 for expanded activities of the Gang Strike Force and Narcotic Task Forces;
- ▶ \$98,000 for a grant to Ramsey County for the implementation of the safe harbor for sexually exploited youth project;
- ▶ \$75,000 for a human trafficking task force and plan;
- ▶ \$60,000 for legal advocacy for human trafficking victims;
- ▶ \$35,000 for a toll-free hotline for human trafficking victims;
- ▶ \$200,000 for the Youth Intervention Program;
- ▶ \$150,000 for the Crime Victim Intervention Program; and

- ▶ \$180,000 for a grant to the city of Minneapolis for the expansion of its security collaborative.

**Section 6, Subdivision 1**, appropriates a total of \$3,213,000 the first year and \$3,930,000 the second year from the general fund to the Commissioner of Corrections, allocated in subdivisions 2 and 3.

**Subdivision 2** appropriates \$2,668,000 the first year and \$3,209,000 the second year to the Institutions Division of the Department of Corrections for general operations and salary supplement.

**Subdivision 3** makes the following appropriations to the Community Services Division of the Department of Corrections:

- ▶ \$545,000 the first year for general operations and salary supplement;
- ▶ \$250,000 the second year for mentoring the children of incarcerated parents;
- ▶ \$196,000 the second year for an increase to the Community Corrections Act subsidy for the addition of Scott County;
- ▶ \$200,000 for discharge planners for inmates with mental illness; and
- ▶ \$75,000 for an immigration specialist in the Department of Corrections.

**Section 7** requires the Peace Officer Standards and Training (POST) Board to conduct a training audit of its practitioners to determine what training is currently being offered, what new training is necessary, and how it should be implemented.

**Section 8** appropriates \$200,000 from the special revenue fund to the POST Board for reimbursements to local governments for peace officer training costs.

**Section 9** amends Laws 2005, chapter 136, article 1, section 13, subdivision 3, by authorizing that counties, their designees or courts may be reimbursed for sex offender assessments as required under Minnesota Statutes, section 609.3457.

**Sections 10 to 24** amend Minnesota Statutes, chapter 115E, relating to Oil and Hazardous Substance Discharge Preparedness.

**Section 10** is a cross-reference in the Government Data Practices Act that classifies facility security assessments and plans under section 115E.04, subdivision 4b (see section 21).

**Section 11** expands the definition of “facility” for the purposes of the chapter to include research and development laboratories.

**Sections 12 to 16** define or redefine the following terms for the purposes of the chapter: hazardous substance, lead agency, security measure, use of inherently safer technology, and worst case discharge.

**Section 17** requires persons who own or operate facilities handling hazardous substances or oil to take reasonable security measures to prevent the unauthorized access of persons to the facilities. Requires persons who own or operate facilities subject to Code of Federal Regulations, title 40, part 68, under section 112r of the Clean Air Act and persons who own or operate facilities containing 1,000,000 gallons or more of oil or hazardous substances in tank storage at any time comply with the specific security provisions of sections 18 and 19.

**Section 18** provides that persons of whom specific security measures are required (See section 17) prepare and maintain a facility security plan, completed in consultation with local law enforcement. The plan must:

- ▶ summarize the methods used and result of an assessment of vulnerability of the facility to a terrorist attack;
- ▶ provide an inventory of the hazardous substance or oil subject to the security plan;
- ▶ assess the use of inherently safe technology in reducing or eliminating the vulnerability of the facility;
- ▶ describe actions and procedures undertaken to eliminate or lessen the vulnerability of the facility; and
- ▶ provide the names of all insurance carriers underwriting the facilities liability and workers' compensation insurance policies.

**Section 19** provides that plans required under section 18 must be submitted within 90 days of the effective date of this section. Plans must be amended following significant change in the security measures, vulnerability, or presence of hazardous substances on the facility.

**Section 20** requires submission of security plans to the Commissioner of Public Safety within five days of their completion. Authorizes the commissioner access to the facility for the purpose of inspection. Authorizes announced and unannounced drills to demonstrate the adequacy of the plan.

**Section 21** provides that assessments and plans prepared under this section are nonpublic data, but may be provided to law enforcement, firefighters, members of the National Guard, or other representatives of a government entity responding to a request for services at the facility.

**Section 22** authorizes the Commissioner of Public Safety to require amendment of plans the commissioner finds wanting.

**Section 23** authorizes the Commissioner of Public Safety to require compliance with the security plan if oil or a hazardous substance is discharged from a facility.

**Section 24** provides that it is the jurisdiction of the Commissioner of Public Safety to carry out the security duties of chapter 115E.

**Section 25** extends the current statutory definitions for human trafficking to the new provisions created by sections 26 to 28. It also expands the duties of the Commissioner of Public Safety to

include analyses of data on human trafficking and the establishment of policies to provide assistance to trafficking victims.

**Section 26** requires the commissioner to develop and implement a plan to address human trafficking. The plan must include training initiatives for law enforcement, prosecutors, social service providers, and public awareness initiatives. Training and awareness initiatives must be evaluated annually to ensure their effectiveness.

**Section 27** authorizes the commissioner to review existing services and facilities to enable the state and nongovernmental organizations to meet the needs of trafficking victims.

**Section 28** creates a 22-member human trafficking task force to advise and assist the commissioner to implement the provisions of sections 26 and 27. This section also details task force membership and procedures, and provides for the appointment of a task force coordinator. The task force expires June 30, 2011.

**Section 29** requires the Commissioner of Public Safety, by January 1, 2007, to contract with a nonprofit organization for the provision of a toll-free telephone hotline for human trafficking victims.

**Section 30** amends the current fine disposition structure for Hennepin County. Currently, all fine and penalty revenue is forwarded to the municipality or subdivision of government where the crime was committed, unless the county attorney had charge of the prosecution, in which case all revenue is credited to the general fund. The bill provides that the municipality or subdivision of government receives 80 percent of the fine revenue and 20 percent goes to the state general fund, unless the county attorney had charge of the prosecution, in which case all revenue is credited to the general fund.

**Section 31** eliminates the fees charged to the county or to the state or governmental subdivision for a case prosecuted in the district court.

**Section 32** delays the implementation of the modification related to sex offenders proposed by the Minnesota Sentencing Guidelines Commission until August 1, 2007.

**Section 33** repeals Minnesota Statutes, section 488A.03, subdivision 11b, an obsolete reference to the municipal court system.

## **Article 17** **State Government**

**Section 1. STATE GOVERNMENT APPROPRIATIONS.** specifies that sums shown on the bill are added to appropriations made in Laws 2005, chapter 156, article 1. Provides definitions for terms of appropriation in the bill. Includes a summary by fund.

**Sections 2 to 7** provide supplemental appropriations and reductions for the Legislature, the Governor, the Department of Finance, the Office of Enterprise Technology, the Department of Employee Relations, the Department of Veterans Affairs, and the Amateur Sports Commission.

**Section 6**, paragraph (a), appropriates \$4,000,000 in fiscal year 2006 to reimburse state employees for hours for which they were not compensated due to the partial government shutdown of July 1, 2005, to July 14, 2005. The bill directs the Commissioner of Employee Relations to credit each employee's vacation bank with the hours that are due to the employee. The employee may elect to convert these hours to their cash equivalent.

**Section 7** contains six separate appropriations to the Department of Veterans Affairs.

Paragraph (c) establishes a program for grants to counties for the purpose of enhancing benefits and services to veterans. The rider language requires that the Commissioner of Veterans Affairs request grant proposals for grants that will provide effective outreach to veterans; reintegrate combat veterans into society; collaborate with other social service agencies, educational institutions, and other relevant community resources; reduce homelessness among veterans; and provide measurable outcomes. This appropriation also permits the Vinland Center and the Minnesota Assistance Council for Veterans to apply for grants from the same source of funding.

Paragraph (d) provides an appropriation for higher education veterans assistance offices throughout the state as described in section 12 of this bill.

**Section 9. LEGISLATIVE TRAINING FORUMS.** directs the Legislative Coordinating Commission to oversee two legislative training forums each year that will provide an overview of Minnesota issues and allow invited executive branch officials and legislators to form cooperative solutions. Allows the LCC to accept donations from foundations, corporations, and individuals for the cost of the forums but prohibits registered lobbyists or principals from making those donations.

**Section 10. INFORMATION AND TELECOMMUNICATIONS ACCOUNT.** establishes an information and telecommunications technology systems and services account in the special revenue fund and appropriates receipts in the account to the Office of Enterprise Technology (OET) to defray costs of personnel and technology for activities that create government efficiencies. Authorizes the OET to bill state agencies for purchases of information and telecommunications technology systems and services. Credits these charges to the account established in this section.

**Section 11. CENTER FOR HEALTH CARE PURCHASING IMPROVEMENT.**

**Subdivision 1** requires the Commissioner of Employee Relations to establish and administer the Center of Health Care Purchasing Improvement as an administrative unit in the Department of Employee Relations.

**Subdivision 2** authorizes the commissioner to appoint a director and up to three additional senior-level staff and other staff as needed. All staff are unclassified. Authorizes the director, with

the authorization of the Commissioner of Employee Relations and in consultation or interagency agreement with the appropriate commissioners, to:

- (1) initiate projects for the development of plan designs for state health purchasing;
- (2) require reports or surveys to evaluate the performance of current health care purchasing strategies;
- (3) calculate fiscal impacts of health care purchasing strategies;
- (4) conduct policy audits of state programs to measure conformity to state law or other purchasing initiatives or objectives;
- (5) support the Administrative Uniformity Committee and other groups to advance agreement of health care administrative process streamlining;
- (6) consult with the Health Economics Unit at the Department of Health regarding reports and assessment of the health care marketplace;
- (7) consult with the Departments of Health and Commerce regarding health care regulatory issues and legislative initiatives;
- (8) work with the Department of Human Services staff and Centers for Medicare and Medicaid Services to address federal requirements and conformity issues for health care purchasing;
- (9) assist Minnesota Comprehensive Health Association in health care purchasing strategies;
- (10) convene medical directors of agencies engaged in health care purchasing for advice, collaboration, and exploring synergies;
- (11) contact and participate with other relevant task forces, studies, and efforts; and
- (12) assist in seeking external funding and administer grants.

**Subdivision 3** requires the commissioner to annually report to the Legislature and the Governor on the operations, activities, and impacts of the Center. Requires the report to be posted on the Department's Web site and made available to the public.

**Section 12. NATIONAL SPORTS CENTER.** This section amends previous session laws that have authorized the Minnesota Amateur Sports Commission (MASC) to lease up to 20 percent of land acquired with general fund appropriations to private or public entities for any use by the lessee that provides some benefit to amateur sports. Previous legislation authorized the MASC to lease the land

for a term of up to 30 years. This bill amends that provision to authorize two additional renewals of the lease for a term of up to 30 years for each renewal.

**Section 13. PUBLIC BROADCASTING.** This section amends rider language enacted during the 2005 session to remove a requirement that Minnesota Public Radio, Inc., publicly provide a list of its employees and contractors making more than \$100,000 per year before the 2006-2007 appropriations are made available.

**Section 14. HIGHER EDUCATION VETERANS ASSISTANCE PROGRAM.** provides language to implement the appropriation made in section 7, paragraph (c), of this bill. Authorizes the Commissioner of Veterans Affairs to provide campus veterans assistance officers to serve the needs of students who are veterans at higher education institutions in Minnesota. Creates a steering committee to assist the commissioner in allocating appropriations and long-range planning for veterans in higher education. The committee is composed of: the Adjutant General or the Adjutant General's designee; a representative of MNSCU; a representative of the higher education services office; a representative of the University of Minnesota; a representative of private colleges and universities in Minnesota, appointed by the Governor; a representative of county veterans services offices; and a representative of the Department of Employment and Economic Development appointed the Commissioner of the Department of Employment and Economic Development.

**Subdivision 3** requires each campus of the University of Minnesota and within MNSCU to provide space for veterans assistance offices to be administered by the Commissioner of Veterans Affairs.

**Subdivision 4** requires the steering committee established in subdivision 2 to provide an annual report to the legislature regarding this program.

**Subdivision 5** sunsets the program on June 30, 2009.

**Section 15. EFFECTIVE DATE.** makes the entire article effective the day following final enactment.

### **Article 18 Human Services Forecast Adjustments**

This article reduces appropriations to the Department of Human Services to reflect forecast changes.

### **Article 19 Health Department**

**Section 1 (144.366)** requires the Commissioner of Health to award grants community e-health collaborative projects to improve the implementation and use of interoperable electronic health records.

**Section 2 (144.551, subdivision 1)** adds exceptions to the hospital construction moratorium for (1) a 25-bed hospital in Cass County and (2) any projects that are eventually approved under section 144.553.

**Section 3 (144.552)** modifies the requirement that an entity seeking a moratorium exception must submit a plan to the Minnesota Department of Health (MDH) for a public interest review. This section requires a plan submission from an organization seeking to obtain a new hospital license only in cases where the organization has been notified by MDH that it is subject to the requirement for a public interest review. This section also requires MDH to conduct a public hearing as part of the review process.

**Section 4 (144.553)** establishes an alternative approval process for moratorium exceptions.

**Subdivision 1** requires an organization seeking a new hospital license to submit a letter of intent to MDH, specifying the location and number of beds for the proposed hospital. MDH must publish a notice giving other interested organizations 30 days to notify MDH that they are also interested in obtaining a hospital license to serve the same area. If no other organizations express interest, MDH must notify the original entity that it is subject to a public interest review.

**Subdivision 2** requires MDH to conduct a needs assessment on the proposed new hospital if one or more additional organizations responds to the original letter of intent. The commissioner must make a determination of need within 90 days, and each interested organization must provide to MDH sufficient information to allow MDH to make this determination. If MDH determines the new hospital is not needed, the agency must notify the applicants.

**Subdivision 3** requires MDH, if it determines that a new hospital is needed, to do the following:

- select the applicant best able to provide services consistent with the review criteria established in this subdivision;
- determine market-specific criteria regarding access, quality, cost, and feasibility, and other criteria at the agency's discretion. In developing other criteria, MDH must consider the need for mental health services, the need for uncompensated care, and the need for coordination with other hospitals in order to avoid duplication and to provide specialized services in adequate volume to ensure high-quality care;
- define a service area for the proposed hospital. Parameters for establishing service areas are outlined in this subdivision;
- publish the criteria within 60 days of the determination of need and accept proposals from the applicants for an additional 60 days;

- select the most qualified applicant following (1) a hearing conducted by the agency or a designee, such as an administrative law judge; (2) a public hearing; and (3) consideration of input from legislators and local elected officials.
- submit the recommended proposal, during the time frame outlined, to a regular session of the Legislature.

Legislative acceptance of the proposal constitutes approval of a moratorium exception. Legislative rejection concludes the process but does not prohibit a new application. In the event of a legislative failure to act, upon the conclusion of the legislative session MDH must make the agency's recommendation the final approval of the project. The terms "legislative acceptance," "legislative rejection," and "legislative failure to act" are defined.

**Subdivision 4** requires the parties to any stage of the process outlined in this section to pay an equal share of the agency's expenses.

**Section 5 (144.90)** establishes a state-level methamphetamine coordinator.

**Subdivision 1** establishes a state-level, statewide methamphetamine coordinator in the Department of Health. The purpose of the coordinator is to coordinate the state's efforts related to reducing the incidence of methamphetamine addiction and the related consequences, by working with various agencies, local units of government, law enforcement, the courts, the chemical dependency treatment community, the federal government, other states, and other interested individuals.

**Subdivision 2** specifies the duties of the methamphetamine coordinator.

**Subdivision 3** requires the coordinator to provide an annual update to the legislature by January 15, summarizing goals that have been established and met, and plans for the upcoming year.

**Subdivision 4** requires the commissioner of health to provide the coordinator with adequate office space and administrative services.

**Section 6 (144.995)** creates the healthy biomonitoring program.

**Subdivision 1** states that this act may be cited as the healthy Minnesotans biomonitoring program.

**Subdivision 2** defines the following terms: "biomonitoring," "biospecimen," "commissioner," "panel," and "toxic chemical."

**Subdivision 3, paragraph (a)**, requires the Commissioner of Health to establish the healthy biomonitoring program. States that the program shall provide community-based

biomonitoring on a voluntary and confidential basis by utilizing biospecimens to identify toxic chemicals in the environment.

**Paragraph (b)** states that initially the program shall examine breast milk in three economically, racially, and geographically diverse communities and identify any toxic chemical that is present in the breast milk. The commissioner shall expand the program by examining other biospecimens in additional communities as funds become available.

**Paragraph (c)** states that when a toxic chemical is detected in a participant, the commissioner, in consultation with the Commissioners of Agriculture, Natural Resources, and the Pollution Control Agency, and other entities, must examine the possible presence of the toxic chemical in the surrounding environment and possible routes of exposure and disease outcomes, and must develop recommendations to reduce or minimize possible contamination or exposure to the toxic chemical.

**Subdivision 4, paragraph (a)**, states that participation in the program is voluntary. Participants shall be evaluated for the presence of toxic chemicals. Participants will also receive consultation, health care referrals, follow-up counseling, and offered educational materials.

**Paragraph (b)** states that the individual results of the participants are health data for purposes of Minnesota Statutes, section 13.3805, and shall not to be made public without the written and informed consent of the individual.

**Subdivision 5, paragraph (a)**, requires the commissioner to develop:

- (1) model protocols or guidelines that address the science and practice of biomonitoring to be utilized;
- (2) guidelines for ensuring confidentiality, informed consent, follow-up counseling and support, and communicating findings;
- (3) educational and outreach materials for dissemination to participants and communities;
- (4) a training program for health care providers, educators, and other program administrators;  
and
- (5) a designation process for state and private laboratories that are qualified to analyze biospecimens and report findings.

**Paragraph (b)** authorizes the commissioner to enter into contractual agreements with health clinics, community-based organizations, or experts to perform any of the activities described under this subdivision.

**Section 7 (144.996)** establishes a healthy Minnesotans biomonitoring program advisory panel.

**Subdivision 1** creates the advisory panel consisting of two committees, the scientific committee and the community representative committee.

**Subdivision 2** describes the membership of each of the committees.

**Subdivision 3** describes the duties of each committee.

**Section 8 (144.997)** establishes the toxic chemicals that are to be included within the scope of the program.

**Subdivision 1** requires the commissioner to identify and list the toxic chemicals that are to be included. States that to be included on the list, the following criteria must be met:

- (1) the chemical must be recommended for inclusion by the scientific committee;
- (2) the scientific, peer-reviewed data from studies have demonstrated the chemical is known or strongly suspected to negatively impact human health by contributing to an increase in serious illness or mortality;
- (3) Minnesotans are exposed to the chemical; and
- (4) the chemical is listed as a toxic chemical on either a state or federal list.

**Subdivision 2** requires the commissioner to prioritize the toxic chemicals according to the threat the chemical poses to public health. The commissioner shall initially implement the biomonitoring activities with regard to the top 20 toxic chemicals that present the greatest public health risk and add additional chemicals in order of priority to the extent funds are available.

**Section 9 (144.998)** creates a healthy Minnesotans biomonitoring program account in the state government special revenue fund and states that all funds appropriated are to be deposited in this account. The commissioner is required to seek funding from federal and private sources.

**Section 10 (144.999)** requires the commissioner to submit a report to the Legislature by January 15, 2008, summarizing the initial activities of the program. Thereafter, the commissioner is required to submit biennial reports describing the effectiveness of the program. The report shall be made available to local public health departments and the general public in a summary format. The report shall be available through the Department's Web site.

The effective date of sections 6 to 10 is dependent on receiving sufficient nonstate funds to implement the program.

**Section 11** eliminates the reduction to the family planning special projects grants that was passed last session in the Health and Human Services Omnibus bill. This reduction was to take place beginning fiscal year 2007 but only if full implementation of the family planning project had taken place. The grants were to be reduced by \$1.877 million each year.

## **Article 20 Health Care**

**Section 1 (47.58, subdivision 8)** amends the existing statute regulating reverse mortgages by requiring the mandatory counseling a borrower must receive to include an explanation of the new reverse mortgage incentives established in this bill.

**Section 2 (144A.071, subdivision 4c)** authorizes a nursing home moratorium exception to build a nursing home of up to 80 beds on the Ah-Gwah-Ching campus using bed licenses transferred from the state-owned facility. The operating rate for the new facility must be determined under existing rules and law. The property payment rate is set at \$25 per day for the first three years.

**Section 3 (144A.441)** modifies the home care bill of rights to require that assisted living clients receive 30 days of advance notice, rather than ten days, regarding the termination of a service by a provider, except in certain unusual circumstances.

**Section 4 (144A.442)** requires that when a non-Medicare-certified provider of home care services terminates services to an assisted living client, the provider must give the client a written notice that includes certain required information, including the date of termination, reason for termination, contact information for other service providers, and an offer to coordinate the transfer of care.

**Section 5 (144A.4605)** changes the title of licensed providers that offer home care services to residents of housing with services establishments. These providers are referred to as “class F home care providers” rather than “assisted living home care providers.”

**Section 6 (144D.01, subdivision 2a)** adds a definition of “arranged home care provider” to the statute regulating housing with services establishments.

**Section 7 (144D.015)** clarifies the definition of “assisted living facility” and “assisted living residence” for purposes of consistency with long-term care insurance terminology.

**Section 8 (144D.02)** deletes outdated language.

**Section 9 (144D.03, subdivision 2)** deletes outdated language.

**Section 10 (144D.04)** modifies the contents of a housing with services contract. It clarifies language and requires the contract to include contact information for long-term care consultation services.

**Section 11 (144D.045)** outlines the information a housing with services establishment must provide to prospective residents regarding assisted living service providers that offer services in the establishment.

**Section 12 (144D.05)** deletes outdated language.

**Section 13 (144D.065)** corrects terminology.

**Sections 14 to 19 establish a new Chapter 144G regulating assisted living services.**

**Section 14 (144G.01)** defines terms.

**Section 15 (144G.02)** prohibits a person or entity from using the phrase “assisted living” to advertise or describe itself unless the entity is a housing with services establishment that meets the requirements of Chapter 144G or the person or entity provides some or all components of assisted living that meet these requirements. An establishment that only offers assisted living services in a portion of its housing units must identify the number or location of those units and may not use the term “assisted living” in its name. This section also authorizes the Commissioner of the Minnesota Department of Health (MDH) to enforce this chapter.

**Section 16 (144G.03)** requires that assisted living services be provided only to individuals living in a registered housing with services establishment. This section also establishes minimum requirements for assisted living services. A housing with services establishment using the phrase “assisted living” to identify or market itself must register annually with MDH to verify compliance with this chapter. Minimum assisted living service requirements include:

- the provision of health-related services, including medication administration or assistance with self-administration and assistance with at least three of seven listed activities of daily living;
- provision of necessary client assessments by a registered nurse;
- a system to supervise and evaluate the delegation of health care activities to unlicensed health care personnel;
- staff access to an on-call registered nurse at all times;
- a system to check at least daily on each client;
- a person available at all times who is responsible for responding to client requests who is awake, located in the same building or nearby, and capable of understanding and responding to requests for assistance;

- the provision of, or offer to provide, two meals each day, weekly housekeeping and laundry service, and assistance in accessing other services; and
- provision of a consumer information guide.

Exemptions from the awake staff requirement are established for establishments that serve 12 or fewer assisted living clients. This section also regulates the provision of nurse assessments prior to move in, the provision of information to help a resident who has concerns about assisted living services being provided, and the provision of notice to a resident when the establishment terminates the client's housing contract.

**Section 17 (144G.04)** protects a client from having to utilize any assisted living services made available in the establishment and protects the rights of the establishment to terminate contracts under certain circumstances; to decline to serve a client whose needs cannot be met; to refuse to fundamentally alter the operation of the establishment to accommodate a resident; and to require a resident, as a condition of residency, to pay for a package of assisted living services even if the client chooses not to utilize every service.

**Section 18 (144G.05)** allows providers who do not meet the requirements of this chapter to continue to receive payment for assisted living services under several waiver programs if they continue to satisfy federal standards.

**Section 19 (144G.06)** requires MDH, after receiving the recommendations of an advisory committee, to adopt a uniform format and required components for a consumer information guide and make them available to assisted living providers.

**Section 20 (256.01, subdivision 2b)** requires the Commissioner of Human Services to develop and implement a pay-for-performance system to provide performance payments to medical groups that demonstrate optimum care in serving individuals with chronic care who are enrolled in public health care programs.

**Section 21 (256.01, subdivision 23)** requires the Department of Human Services (DHS), in cooperation with the Minnesota Housing Finance Agency (MHFA), to (1) establish an information and referral system to inform eligible persons about reverse mortgages and state incentives to use them, and (2) coordinate necessary training for Senior LinkAge Line employees, mortgage counselors, and lenders regarding these new incentives.

**Section 22 (256.9545)** establishes the Prescription Drug Discount program.

**Subdivision 1** authorizes the Commissioner of Human Services to establish and administer the Prescription Drug Discount program.

**Subdivision 2** requires the commissioner to administer a drug rebate program for drugs purchased by enrollees of the program. The commissioner shall execute a rebate agreement

from all manufacturers who choose to participate in the program for those drugs covered under the medical assistance program. The rebate amount shall be equal to the basic rebate provided through the federal rebate program.

**Subdivision 3** defines the terms: “commissioner,” “participating manufacturer,” “covered prescription drug,” “health carrier,” “participating pharmacy,” and “enrolled individual.”

**Subdivision 4** establishes eligibility requirements for the program.

**Paragraph (a)** states that an applicant must:

- (1) be a permanent resident of Minnesota;
- (2) not be enrolled in medical assistance, general assistance medical care, or MinnesotaCare;
- (3) not be enrolled in prescription drug coverage under a health plan offered by a health carrier or employer or under a pharmacy benefit program offered by a pharmaceutical manufacturer;
- (4) not be enrolled in prescription drug coverage under a Medicare supplemental policy; and
- (5) have individual or family gross income equal to or less than 300 percent of FPG.

**Paragraph (b)** states that notwithstanding paragraph (a), an individual enrolled in a Medicare Part D prescription drug plan or Medicare Advantage plan is eligible but only for drugs that are not covered under the Part D plan or for drugs that are covered under the plan, but pursuant to the terms of the plan, the individual is responsible for 100 percent of the cost of the prescription drug.

**Subdivision 5, paragraph (a)**, requires applications and information on the program to be available at county social services agencies, health care provider offices, and agencies and organizations serving senior citizens. Requires individuals to submit any information deemed necessary by the commissioner to verify eligibility to the county social services agencies. Requires the commissioner to determine eligibility within 30 days from receiving the application. Upon approval, the applicant must submit the enrollment fee established under **subdivision 10**. Eligibility begins the month after the enrollment fee is received.

**Paragraph (b)** requires an enrollee’s eligibility to be renewed every 12 months.

**Paragraph (c)** requires the commissioner to develop an application that does not exceed one page in length and requires information necessary to determine eligibility.

**Subdivision 6** requires participating pharmacies to sell a prescription drug to an enrolled individual at the medical assistance rate until January 1, 2008. After January 1, 2008, the prescription drug must be sold at the medical assistance rate, minus an amount equal to the

rebate described in subdivision 8. Requires a participating pharmacy to provide the commissioner with any information the commissioner determines necessary to administer the program, including information on sales to enrolled individuals and usual and customary retail prices.

**Subdivision 7** requires the commissioner to notify the participating manufacturers on a quarterly basis or on a schedule established by the commissioner of the amount of rebate owed on the prescription drugs sold by a participating pharmacy to enrolled individuals.

**Subdivision 8** requires a participating manufacturer to provide a rebate equal to the rebate provided under the medical assistance program for each prescription drug distributed by the manufacturer that is purchased by an enrolled individual at a participating pharmacy. Requires the manufacturer to provide full payment within 38 days of receipt of the state invoice for the rebate or according to a schedule established by the commissioner. Requires the commissioner to deposit all rebates received into the prescription drug dedicated fund. Requires the manufacturers to provide the commissioner with any information necessary to verify the rebate determined per drug.

**Subdivision 9** requires the commissioner to distribute on a biweekly basis an amount equal to the amount collected under subdivision 8 to each participating pharmacy based on the prescription drugs sold by that pharmacy to enrolled individuals on or after January 1, 2008.

**Subdivision 10** authorizes the commissioner to establish an annual enrollment fee that covers the expenses of enrollment, processing claims, and distributing rebates.

**Subdivision 11** establishes a prescription drug dedicated fund as an account in the state treasury. Requires the Commissioner of Finance to credit the fund with the rebates and any appropriations designated for the fund, and any federal funds received for the program. Requires the money in the fund to be appropriated to the commissioner to reimburse participating pharmacies for prescription drugs discounts and for other administrative costs related to the program.

**Section 23 (256.975, subdivision 7)** requires the Senior LinkAge Line to provide information and assistance to older adults about reverse mortgages and about the new incentive program.

**Section 24 (256B.0625, subdivision 13i)** provides medical assistance coverage for co-payments paid under a Medicare Part D prescription drug plan or Medicare Advantage plan.

**Section 25 (256B.075, subdivision 2)** requires the commissioner to develop and implement an intensive care management pilot program for MA recipients who have complex and chronic medical issues or who have high risk of developing them, and who receive their primary care through a federally qualified health center or community clinic.

**Section 26 (256B.0911, subdivision 1a)** provides that a community support plan, which may be developed as part of long-term care consultation services, may include the use of reverse mortgage payments to pay for services needed to maintain a person at home.

**Section 27 (256B.0911, subdivision 3a)** provides that if a person chooses to obtain a reverse mortgage as part of the community support plan, the plan must include spending goals for the reverse mortgage payments. This section also requires long-term care consultation teams to provide interested persons with information about reverse mortgages and incentives to use them.

**Section 28 (256B.0913, subdivision 17)** provides regular Alternative Care (AC) services and other benefits to persons meeting listed qualifications. To qualify, a person must (1) exhaust a reverse mortgage obtained under the incentive program established in section 462A.05, subdivision 42, or, if the mortgage was obtained through another avenue, use 24 months or \$15,000 worth of payments for services and supports to maintain the person at home and (2) satisfy AC program eligibility requirements, other than age and income and asset limits, and verify that reverse mortgage expenditures were made according to a spending plan established in connection with long-term care consultation services, if a plan has been established. In addition to other AC services, persons who qualify under this subdivision are exempt from monthly AC fees and from estate claims for AC services received.

**Section 29 (256B.0918, subdivision 1)** narrows the exclusion of management staff from scholarship funding for community-based programs. Under this section, only executive management staff without direct care duties would be excluded (along with registered nurses and therapists who remain excluded).

**Section 30 (256B.0918, subdivision 3)** allows providers to qualify if they receive at least \$300,000 annually in Medical Assistance payments. Currently, the minimum is \$500,000.

**Section 31 (256B.0918, subdivision 4)** allows selected providers to receive a three-tenths of one percent rate increase, rather than two-tenths as provided under current law.

**Section 32 (256B.15, subdivision 9)** amends the Medical Assistance (MA) claims law to prohibit claims for AC services provided under section 256B.0913, subdivision 17.

**Section 33 (256B.434, subdivision 4)** requires DHS to develop incentive payments of up to five percent for nursing facilities that achieve outcomes specified in a contract.

**Section 34 (256B.437, subdivision 3)** prohibits planned closure rate adjustments and single-bed incentives for nursing facilities in Cass County after April 1, 2006.

**Section 35 (256B.69, subdivision 9)** modifies the reporting requirements of health plans participating in Medical Assistance (MA). This section defines the following as public data that the Department of Human Services (DHS) must publicize: nonpersonally identifiable health plan encounter data, aggregate spending data for major categories of service, and criteria for service authorization and service use. This section also requires health plans and county-based purchasing

plans to provide encounter data and written policies and procedures regarding service authorization to DHS.

**Section 36 (256B.69, subdivision 23)** allows DHS to contract with Medicare-approved special needs plans to provide MA services to the elderly and persons with disabilities. This section also modifies the language governing expansion of the Minnesota Disability Health Options (MnDHO) Program. Until 2008, expansion for MnDHO projects that include home and community-based services is limited to the two projects currently in place. Enrollment in them must remain voluntary. MnDHO costs for home and community-based services must not exceed fee-for-service costs. In planning expansion of integrated programs, the commissioner must consult the stakeholder group established in the next section. Plans for further MnDHO expansion must be presented to the Legislature in 2007.

**Section 37 (256B.69, subdivision 28)** authorizes DHS to contract with Medicare-approved special needs plans to provide MA basic health care services to persons with disabilities. "Basic health care services" are defined. Unless a person is otherwise required to enroll in managed care, enrollment in these plans must be voluntary. Automatic enrollment with an option to opt out is not considered voluntary. Beginning in 2007, DHS may contract with special needs plans to provide MA basic health care services to persons who are dually eligible for Medicare and MA, and to Social Security beneficiaries who are eligible for MA but in the waiting period for Medicare. Payments for MA services provided under this subdivision in May and June must be made no earlier than July 1. Beginning in 2008, DHS may expand contracting to all persons with disabilities not otherwise required to enroll in managed care. This section also requires establishment of a state-level stakeholder group to advise the department on managed care programs for persons with disabilities. Each health plan under contract to provide MA basic health care services must establish a local or regional stakeholder group.

**Section 38 (256B.76), paragraph (c)**, states that the reimbursement rates for critical access dental providers shall be 6.88 percent above the rate they would otherwise be paid.

**Paragraph (d)** requires the commissioner to award special hardship grants to nonprofit dental providers with a high proportion of uninsured patients who do not receive a financial benefit comparable to other critical access dental providers under the critical access provider formula.

**Section 39 (256D.03, subdivision 3)** exempts certain GAMC enrollees from having to shift from GAMC to MinnesotaCare, as required.

**Section 40 (256L.01, subdivision 4)** eliminates the add back of depreciation for farm self-employed income for purposes of determining income eligibility under MinnesotaCare.

**Section 41 (256L.03, subdivision 1)** contains a change related to eliminating the limited benefit set for single adults in MinnesotaCare.

**Section 42 (256L.03, subdivision 3)** increases the inpatient hospitalization annual limit from \$10,000 to \$20,000 in MinnesotaCare.

**Section 43 (256L.03, subdivision 5)** eliminates the co-pay for restorative dental services for single adults without children with income below 175 percent of FPG. This section also contains changes related to the inpatient hospitalization limit increase.

**Section 44 (256L.04, subdivision 1a)** states that the requirement that an applicant provide their Social Security number does not apply to undocumented noncitizens and nonimmigrants who are eligible for MinnesotaCare.

**Section 45 (256L.04, subdivision 7)** increases the income eligibility limit from 175 percent to 200 percent of FPG for single adults and households without children in MinnesotaCare.

**Section 46 (256L.04, subdivision 10)** states that children who are noncitizens or nonimmigrants are eligible for MinnesotaCare. This section also requires families with children who are citizens and nationals of the United States to provide documentation evidence of citizenship or nationality as required under federal law.

**Section 47 (256L.04, subdivision 14)** requires the commissioner to award grants to organizations to provide information regarding the MinnesotaCare program in areas of the state with high uninsured populations.

**Section 48 (256L.07, subdivision 1)** contains a change related to the income eligibility limit increase. This section also contains a change related to the exemption for children from the four-month insurance barrier and the ESI-18 month barrier to MinnesotaCare.

**Section 49 (256L.07, subdivision 2)** exempts children from the requirement that to be eligible for MinnesotaCare, the applicant must not have had access to employer-subsidized health coverage for the past 18 months.

**Section 50 (256L.07, subdivision 3)** exempts children from the requirement that to be eligible for MinnesotaCare, the applicant must not have had other health coverage for the past four months.

**Section 51 (256L.11, subdivision 1)** makes a conforming change.

**Section 52 (256L.11, subdivision 7)** increases the MinnesotaCare payment rates for dental services provided by critical access dental providers by 50 percent above the rate that would otherwise be paid to the provider.

**Section 53 (256L.11, subdivision 8)** increases the MinnesotaCare provider payment rates by 1.85 percent for services provided on or after July 1, 2006. This section also requires the Commissioner of Finance to determine the balance of the health care access fund beginning September 1, 2008, and each year thereafter, and establish the rate increase for the following fiscal year depending on the balance.

**Section 54 (256L.25, subdivision 1)** eliminates premiums for members of the military who enroll in MinnesotaCare within 24 months following the member's tour of active duty. This exemption applies for 12 months so long as the individual or family remains eligible for the program during this period.

**Section 55 (256L.15, subdivision 2)** eliminates the eight percent premium increase for MinnesotaCare premiums, passed last session.

**Section 56 (256L.20)** establishes the small employer option for MinnesotaCare.

**Subdivision 1** defines the following terms: "dependent," "eligible employer," "eligible employee," "participating employer," and "program."

**Subdivision 2** authorizes enrollment in MinnesotaCare coverage for all eligible employees and their dependents, if the eligible employer meets the requirements of subdivision 3.

**Subdivision 3** states that to participate, an eligible employer must:

- (1) agree to contribute toward the cost of the premium for the employee and the employee's dependent;
- (2) certify that at least 75 percent of its eligible employees who do not have other creditable health coverage are enrolled in the program;
- (3) offer coverage to all eligible employees and the dependents of those employees; and
- (4) not have provided employer subsidized health coverage as an employee benefit during the previous 12 months.

**Subdivision 4** requires the employer to pay 50 percent of the premium for eligible employees without dependents with income equal to or less than 175 percent of FPG and for eligible employees with dependents with income equal to or less than 275 percent of FPG. States that for eligible employees without dependents with income over 175 percent of FPG and eligible employees with dependents with income over 275 percent of FPG, the employer must pay the full cost of the maximum premium. Permits employer to require the employee to pay a portion of the cost of the premium so long as the employer pays 50 percent of the total cost. If the employee is required to pay a portion of the premium, the payment shall be made to the employer. Requires the commissioner to collect the premiums from the participating employers.

**Subdivision 5** states that the coverage provided shall be the MinnesotaCare covered services with all applicable co-pays and coinsurance.

**Subdivision 6** states that upon the payment of the premium, eligible employees and their dependents shall be enrolled in the MinnesotaCare program. States that the insurance barrier

of Minnesota Statutes, section 256L.07, subdivisions 2 and 3, do not apply. Authorizes the commissioner to require eligible employees to provide income verification to determine premiums.

**Section 57 (462A.05, subdivision 42)** requires MHFA, in cooperation with DHS, to establish a reverse mortgage incentive program to help individuals pay costs necessary to maintain them in their homes as an alternative to nursing facility placement. To qualify a person must: (1) be age 62 or older; (2) be eligible for MA within 365 days of admission to a nursing facility; (3) not be eligible for MA or for the Elderly Waiver; (4) need services not paid for by government programs; (5) obtain a reverse mortgage on a home worth \$150,000 or less; and (6) use the mortgage proceeds for at least 24 months or in the amount of \$15,000 for qualifying services. Program incentives for eligible persons include: (1) payment of up to \$1,500 of the initial mortgage insurance premium, (2) payments to reduce reverse mortgage service fee set-asides, and (3) other incentives approved by MHFA.

**Section 58** modifies the language adopted in 2005 that funds the scholarship program for community-based programs with a transfer from the Board of Nursing. This section allows unspent funds at the end of a biennium to carryover rather than be transferred back to the special revenue fund, and it extends the paragraph authorizing transfers until June 30, 2011. The expiration date in current law is June 30, 2009.

**Section 59** requires the Commissioner of Human Services to seek reimbursement from the federal government for funds expended by the state to provide drug coverage to medical assistance recipients who are enrolled in or eligible for Medicare Part D.

**Section 60** requires DHS, in consultation with counties, to report to the Legislature a list of core county long-term care functions and an analysis of existing and potential funding sources.

**Section 61** establishes the Pharmacy Payment Reform Advisory Committee to advise the Commissioner of Human Services and make recommendations to the Legislature in implementing federal charges.

**Subdivision 1** defines the following terms: "department," "commissioner," "cost of dispensing," "additional costs," and "advisory committee."

**Subdivision 2** establishes the advisory committee. Describes the makeup of the committee. States that the committee expires on January 31, 2008.

**Subdivision 3** requires the commissioner to conduct a prescription drug cost of dispensing study to determine the average cost of dispensing prescriptions under the medical assistance program. Requires the commissioner to contract with an independent third party to conduct the study.

**Subdivision 4** requires the study to determine the cost of dispensing the average prescription and any additional costs that may be incurred for dispensing prescriptions under the medical

assistance program. Requires the study to include the current level of dispensing fees paid to providers and an estimate of revenues required to adequately adjust reimbursement to cover the cost to pharmacies.

**Subdivision 5** requires the third-party entity to submit to the advisory committee the entity's proposed research methodology and publish the collected data to allow other researchers to validate the study results. States that any data published shall not identify the source of the data.

**Subdivision 6** requires the advisory committee to use the information from the study and make recommendations to the commissioner on implementation of pharmacy reforms. Requires the commissioner to report the findings of the study and recommendations of the advisory committee to the Legislature by January 15, 2007. Requires the commissioner to conduct a cost of dispensing study every three years following the initial report. Requires the commissioner to make recommendations to the Legislature on how to adequately adjust reimbursement rates to pharmacies to cover the costs of dispensing and additional costs to pharmacies.

**Section 62** delays until May 31, 2007, the required repayment by counties that overspent their developmental disabilities waiver allocation in 2004 or 2005.

**Section 63** requires DHS to establish one or more stakeholder groups to provide information and advice on the development of any proposals to modify MA as authorized by the recent federal Deficit Reduction Act (DEFRA).

**Section 64** is a Revisor's instruction.

**Section 65, paragraph (a)**, repeals the limited benefit set for single adults and households without children, effective July 1, 2007.

**Paragraph (b)** repeals an MDH rule part.

## **Article 21 Health Care Federal Compliance**

**Section 1 (62A.045)** requires health insurers to comply with the requirements of the federal Deficit Reduction Act of 2005 and defines "health insurer."

**Section 2 (144.6501, subdivision 6)** modifies the law prohibiting nursing facilities from requiring residents to remain in private pay status for a period of time after admission. A requirement of this type is permissible if allowed under federal law.

**Section 3 (256B.02, subdivision 9)** expands the definition of "private health care coverage" used in the Medical Assistance (MA) chapter to include a pharmacy benefit manager, service benefit plan,

managed care organization, or other party legally responsible for payment of health care services provided to a public health care program client.

**Section 4 (256B.056, subdivision 2)** caps at \$500,000 the permitted equity interest in the homestead allowed for an MA recipient of long-term care services, unless certain of the recipient's relatives reside in the home. The amount must be adjusted for inflation beginning in 2011, and the cap may be waived in cases of demonstrated hardship.

**Section 5 (256B.056, subdivision 3e)** requires the entrance fee paid by an individual to a continuing care retirement or life care community to be treated as an available asset under certain circumstances.

**Section 6 (256B.056, subdivision 11)** requires DHS to be made a preferred remainder beneficiary of any annuity owned by a recipient of MA long-term care services or the recipient's spouse.

**Section 7 (256B.0571)** modifies the Partnership Program adopted last year in order to comply with recent federal law.

**Subdivisions 1 to 7a** delete several unneeded definitions; clarify that a Partnership Policy must be issued on or after the effective date of the state plan amendment or qualify under subdivision 8a. It also adds a definition of "protected assets."

**Subdivision 8** clarifies that in order to participate in the Partnership Program, a person must be a Minnesota resident at the time coverage first becomes effective under a partnership policy and that the policy must be issued no earlier than July 1, 2006. This subdivision deletes a reference to minimum policy benefits, which are removed later in this section, and requires a person to exhaust all policy benefits in order to receive asset protection under the MA program.

**Subdivision 8a** allows existing long-term care insurance policies to qualify for the partnership program by being exchanged for a qualifying policy or by having a policy rider added, if permitted under federal law or approved by federal authorities.

**Subdivision 9** establishes procedures for allowing qualifying individuals, when applying for MA payment of long-term care services, to designate protected assets, including the determination of market value, valuation of life estates and joint tenancies, and the extent of and limits on the right to protect assets. Protection does not apply to recovery from trusts or annuities and similar legal instruments.

**Subdivision 10** deletes policy requirements not allowed under federal law and establishes inflation protection required by federal law.

**Subdivision 11** is stricken. It authorized "total asset protection policies," which are not permitted under federal law.

**Subdivision 12** updates a reference to applicable federal law.

**Subdivision 13** modifies the language placing limits on MA estate recovery. It states that protected assets are not subject to MA estate claims nor to the collection procedure for small claims under the uniform probate code. However, protected assets do not continue to be protected in the surviving spouse's estate if the surviving spouse also receives MA benefits. This subdivision requires personal representatives to use the value of available asset protection to protect the full value of each protected asset to the extent possible, rather than partially protecting a larger number of assets. The asset protection expires when the estate distributes an asset or if the estate is not probated within one year of death.

**Subdivision 14** requires DHS to submit a state plan amendment to the federal government to implement the Partnership Program in accordance with this section.

**Subdivision 15** exempts protected assets from the MA lien law to the extent they are protected under subdivision 9.

**Subdivision 16** places the burden of proof on the individual or the individual's estate to document that an asset has been protected and remains protected.

**Section 8 (256B.0594)** requires that when payment becomes due under an annuity naming DHS as a remainder beneficiary, DHS must be paid the lesser of the amount due to DHS under the annuity or the total amount of MA paid on behalf of the recipient or the recipient's spouse.

**Section 9 (256B.0595, subdivision 1)** prohibits the transfer of assets for less than fair market value for 60 months before application for MA. The prohibition applies to assets transferred on or after February 8, 2006. This section also treats the purchase of an annuity as a transfer for less than fair market value unless DHS is named as the remainder beneficiary in first position or the annuity satisfies other requirements. The transfer prohibition also applies to the purchase of a promissory note, loan, mortgage, or life estate interest unless certain requirements are satisfied.

**Section 10 (256B.0595, subdivision 2)** changes the start date for a period of ineligibility based on an uncompensated transfer made on or after February 8, 2006. For an applicant the penalty period starts on the date on which the person becomes eligible for MA payment of long-term care services. This section also deletes the provision disregarding uncompensated transfers of \$200 or less per month and requires multiple uncompensated transfers, none of which would require a full-month penalty period, to be added together and treated as one transfer.

**Section 11 (256B.0595, subdivision 3)** amends the statute allowing the county to grant a hardship waiver of a penalty period resulting from the uncompensated transfer of a homestead. It allows nursing facilities, with the resident's consent, to file the waiver request regarding penalties resulting from transfers made on or after February 8, 2006.

**Section 12 (256B.0595, subdivision 4)** allows nursing facilities, with the resident's consent, to file a request for the waiver of penalties resulting from transfers of non-homestead assets made on or after February 8, 2006.

**Section 13 (256B.06, subdivision 4)** requires citizens or nationals of the United States to document that status when applying for MA.

**Section 14 (256B.0625, subdivision 1a)** deletes the prohibition on MA payment for non-emergency care provided in a hospital emergency room and replaces it with language limiting payment for the facility component of nonemergency care to the payment level of the appropriate outpatient clinic facility component.

## **Article 22**

### **Qualified Long-term Care Insurance Regulatory Changes**

This article modifies Chapter 62S, which regulates long term care insurance in Minnesota. All of the changes are mandated by federal law in order to permit the state to implement the long term care partnership program. The most significant changes are to (1) increase consumer disclosures; (2) require development of product suitability standards; and (3) require new insurance agent training. Numerous technical regulatory changes are made to reflect the current National Association of Insurance Commissioners (NAIC) model law.

**Section 1 (62S.05, subdivision 4 )** allows the Commissioner of Commerce to extend the six-month pre-existing condition limitations period as to specific age group categories upon finding the extension is in the best interest of the public.

**Section 2 (62S.08, subdivision 3)** adds language to the standard format outline of coverage related to policy renewability provisions and terms under which the company may change premiums. Also gives resources for consumer questions.

**Section 3 (62S.081, subdivision 4)** names the referenced forms.

**Section 4 (62S.10, subdivision 2)** specifies that a summary for an individual life insurance policy that provides long-term care benefits by rider must include a statement that the long-term care inflation protection option required by section 62S.23 is not available under that policy.

**Section 5 (62S.13, subdivision 6)** provides that the contestability provisions of this section shall not apply to the remaining death benefit of a life insurance policy that accelerates benefits for long-term care. In that situation, the remaining death benefits are governed by the contestability provisions of the life insurance statutes.

**Section 6 (62S.14, subdivision 2)** provides that the term "level premium" may only be used when the insurer does not have the right to change the premium.

**Section 7 (62S.15)** specifies that a policy may exclude coverage for expenses for services or items available or paid under another long-term care insurance policy or health insurance policy.

**Section 8 (62S.20, subdivision 1)** requires a long-term care insurance policy to include a statement that coverage is guaranteed renewable or noncancelable and a statement that premium rates may change if the insurer has the right to change the premium.

**Section 9 (62S.24, subdivision 1)** modifies required questions on the application form.

**Section 10 (62S.24, subdivision 1a)** requires agents to list on the application form all other health insurance policies they have sold to the applicant that are still in force or were sold in the past five years and are no longer in force.

**Sections 11 (62S.24, subdivision 3) and 12 (62S.24, subdivision 4)** modify language in the notice required if replacement coverage is involved in a sale of long-term care insurance.

**Section 13 (62S.24, subdivision 7)** requires that life insurance policies that accelerate benefits for long-term care comply with the section related to application forms and replacement coverage if the policy being replaced is a long-term care insurance policy. If the policy being replaced is a life insurance policy, the insurer shall comply with replacement requirements of the life insurance statutes. If a life insurance policy that accelerates benefits for long-term care is replaced by another policy, the insurer must comply with both the long-term care and the life insurance replacement requirements.

**Section 14 (62S.25, subdivision 6)** provides a definition of "claim" for purposes of insurer reporting.

**Section 15 (62S.25, subdivision 7)** specifies the form of required reports on claim denial and replacement and lapse.

**Section 16 (62S.26)** provides that minimum loss ratio requirements do not apply to life insurance policies that accelerate benefits for long-term care if the policy complies with specified provisions, including the filing of an actuarial memorandum with the commissioner.

**Section 17 (62S.266, subdivision 2)** specifies nonforfeiture benefit offer requirements for group long-term care policies.

**Section 18 (62S.29, subdivision 1)** requires insurers to establish agent training requirements to assure that marketing activities are fair and accurate. Requires copies of specified disclosure forms be provided to the applicant along with an explanation of contingent benefit upon lapse.

**Section 19 (62S.30)** requires every insurer marketing long-term care insurance to develop and use suitability standards to determine whether the purchase of long-term care insurance is appropriate for the needs of the applicant and to train its agents in the use of the standards. Requires the agent to obtain detailed information from the applicant and fill out a long-term care insurance personal worksheet. Requires insurer reporting.

**Section 20 (62S.315)** requires the Commissioner of Commerce to approve insurer and producer training requirements in accordance with the NAIC Model Act.

**Article 23**  
**Miscellaneous Health and Human Services**

**Section 1 (62Q.19, subdivision 2)** extends an essential community provider designation application for two applicants: one providing mental health services to school-age children and to immigrant communities; and one to a mental health services center providing behavioral health services to an underserved population with chemical dependency and mental illness.

**Section 2 (145.925, subdivision 10)** adds to the definition of “governmental unit” a nonprofit community health clinic providing family planning services. The result of this addition would permit these clinics to participate in the Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP).

**Section 3 (152.126)** establishes a controlled substances reporting system that would require dispensers of controlled substances to electronically report specified information to the Board of Pharmacy.

**Subdivision 1** defines the following terms: “advisory committee,” “board,” “controlled substances,” “dispense,” “dispenser,” “prescriber,” and “prescription.”

**Subdivision 2** requires the Board of Pharmacy to establish by January 1, 2008, an electronic system for reporting prescribing information for all controlled substances dispensed within the state. Authorizes the Board to contract with a vendor for the purpose of obtaining technical assistance. Limits vendor’s role to providing technical support.

**Subdivision 3** authorizes the Board to convene an advisory committee of seven members appointed by the Board. Describes the members of the committee and the committee’s duties, if convened by the Board.

**Subdivision 4** requires each dispenser to submit the following data to the Board or the Board’s designated vendor:

- (1) name of the prescriber;
- (2) national provider identifier of the prescriber;
- (3) name of the dispenser;
- (4) national provider identifier of the dispenser;
- (5) name of the patient for whom the prescription was written;
- (6) date of birth of the patient for whom the prescription was written;

**Article 24**  
**Children and Families Programs and Services**

**Sections 1 and 3 (119B.011, subdivision 23; 119B.05, subdivision 1)** amend child care statutes, inserting the definition of the new program, Work Participation Rate Enhancement Program, and making families who are participating in this program eligible for child care assistance.

**Section 2** expands child care assistance to include a fourth priority for families in which at least one parent is a veteran.

**Section 4 (119B.13, subdivision 1)** modifies child care assistance rates paid to providers. This section requires that, beginning July 1, 2006, the maximum rate paid for child care assistance be the lesser of the 75th percentile rate for like child care arrangements, or the 100<sup>th</sup> percentile as surveyed by the commissioner in counties in which the maximum rate for child care centers is established based on the 100<sup>th</sup> percentile. This section also requires the commissioner to determine the maximum rate for school age care on a half-day basis.

**Section 5 (119B.13, subdivision 3a)** allows a child care provider or child care center to be paid a 15 percent differential above the maximum rate, up to the actual provider rate, if the provider or center holds a current early childhood development credential or is accredited. This section defines credential and accreditation for both family child care providers and child care centers.

**Section 6 (245C.24, subdivision 2)** modifies the Department of Human Services Licensing Act by creating an exception to the permanent bar to set aside a disqualification.

**Section 7 (256.029)** creates a benefit funded by TANF funds. The benefit is a domestic violence brochure provided to general assistance, general assistance medical care, MFIP, and MinnesotaCare applicants.

**Section 8 (256D.0515)** requires all food stamp households to be determined eligible for the benefit under section 1. Food stamp households must demonstrate that their gross income meets the requirements under the federal Food Stamp law, and that they have financial resources, excluding vehicles, of less than \$7000.

This section is effective upon federal approval.

**Section 9 (256J.01, subdivision 6)** prohibits the commissioner of human services from moving programs or activities funded with MFIP or TANF maintenance of effort funds to other funding sources unless specifically approved by law.

**Section 10 (256J.021)** funds two-parent and WORK PREP cases with expenditures that do not count toward the state's maintenance of effort requirements under TANF.

**Section 11 (256J.08, subdivision 65)** expands the MFIP definition of "participant" to include a person who receives cash payments under the work participation rate enhancement program.

**Section 12 (256J.37, subdivision 3a)** suspends from July 1, 2006, to June 30, 2007, the \$50 MFIP housing penalty.

**Section 13 (256J.521, subdivision 1)** amends the assessment of the MFIP participant by requiring the job counselor to determine if the participant should be referred to the new program established under section 6.

**Section 14 (256J.521, subdivision 2)** modifies MFIP employment plans, to encourage job counselors to allow participants who are participating in at least 20 hours of work activities to also participate in employment and training activities in order to meet the federal hourly participation rates.

**Section 15 (256J.53, subdivision 2)** strikes language requiring a participant to work in unsubsidized employment at least 20 hours per week in order for a post secondary education or training program to be approved.

**Section 16 (256J.53, subdivision 2a)** adds language allowing a participant to work for the first 12 months of education, and requiring a participant to work at least 20 hours per week in unsubsidized employment for the subsequent 12 months of education.

**Section 17 (267J.575)** establishes the work participation rate enhancement program (WORK PREP).

**Subdivision 1** states the purpose of the program, which is to serve families who are not making significant progress within MFIP due to barriers to employment. The program's goal is to stabilize and improve the lives of families at risk of long-term welfare dependency.

**Subdivision 2** defines the program terms, which are "work participation rate enhancement program," "case management," "family stabilization plan," and "family stabilization services."

**Subdivision 3** specifies the eligibility criteria for the program. Eligible participants include:

(1) participants who are age 60 or older, have been diagnosed as suffering from an illness or incapacity that is expected to last 30 days or more, or participants who are needed in the home to care for an ill or incapacitated family member, provided the individual is eligible for or has an employment plan that is adjusted due to personal and family circumstances under the MFIP assessment statute;

(2) participants who are unlikely to benefit from DWP, which includes individuals who are unable to obtain or retain employment due to illness, injury, or incapacity, individuals who are required in the home as a caregiver, individuals who are pregnant and unable to work, and individuals who have applied for SSI or SSDI.

(3) participants who meets the requirements for or have been granted a hardship extension under either the ill or incapacitated or hard-to-employ category; or

(4) a person applying for SSI or SSDI.

Families must meet all other MFIP eligibility requirements, and they are eligible for the same financial assistance as MFIP participants.

**Subdivision 4** requires all participants to participate in the family stabilization services.

**Subdivision 5** requires the county to provide family stabilization services through a case management model. This section specifies what must be included in the family stabilization plan, when the case manager and the family must meet to develop the plan, and under what circumstances the case manager may modify the plan.

**Subdivision 6** requires compliance with the plan, and specifies the number of hours the family must be participating in activities. When the participant's participation in work activities meets the federal participation requirements, the participant is referred to the MFIP program and assigned a job counselor.

**Subdivision 7** specifies the sanction policy for participants in this program.

**Section 18 (256J.621)** establishes the work participation bonus, which provides \$50 per month to a participant who is employed and working at least 24 hours per week when the participant's case is closed. The participant will receive the bonus in any month that the participant is employed an average of 24 hours per week, for a maximum of 12 months.

**Sections 19 to 22 (256J.626, subdivision 1; 256J.626, subdivision 2; 256J.626, subdivision 3; 256J.626, subdivision 4)** incorporate expenditures for the work participation rate enhancement program into the MFIP consolidated fund.

**Section 23 (256J.626, subdivision 5)** modifies the MFIP innovation projects, by allowing the funding to be used for providing incentives to counties and tribes that meet or exceed certain performance outcomes.

**Section 24 (256J.626, subdivision 6)** amends the definition section of the base allocation to counties and tribes section of law by striking references to a subdivision that is repealed related to performance based funds.

**Section 25 (256K.60)** establishes the Runaway and Homeless Youth Act.

**Subdivision 1** defines the following terms; commissioner, homeless youth, youth at risk of homelessness, and runaway.

**Subdivision 2** requires the development of a homeless and runaway youth report that will coordinate the services under subdivisions 3 to 5.

**Subdivision 3** establishes a street and community outreach and drop-in program. This program must locate, contact, and provide information, referrals, and services to homeless

youth, youth at risk of homelessness, and runaways. This subdivision also lists the information, referrals, and services that may be provided by the program.

**Subdivision 4** establishes an emergency shelter program. These programs must provide homeless youth and runaways with referral and walk-in access to emergency, short term residential care, and safe, dignified shelter, including private shower facilities, beds, and at least one meal each day. The program must also assist runaways with reunification with their family or legal guardian when required or appropriate. This subdivision lists the services that the emergency shelter may include.

**Subdivision 5** establishes transitional living programs. This program must help homeless youth and youth at risk of homelessness to find and maintain safe, dignified housing. The program may provide rental assistance and related supportive services, or refer youth to other organizations or agencies that provide such services. The program may also be available for up to 24 consecutive months. This subdivision lists the services the transitional living program may include.

**Section 26 (259.86) paragraph (a)** requires the commissioner of human services to develop a specialized curriculum to train department, county agency, and social service agency staff in performing and complying with the postadoption search services developed in the best practices guidelines reported to the legislature in 2006.

**Paragraphs (b) and (c)** require all staff listed in paragraph (a) to complete postadoption search services training.

**Paragraph (d)** requires the social service agencies to provide the information listed in this paragraph to the commissioner of human services.

**Section 27 (259.87)** authorizes the commissioner of human services to make rules as necessary to administer the requirements in Minnesota Statutes, section 259.86.

**Section 28 (518.551, subdivision 7)** amends the child support statutes by imposing a \$25 annual fee for individuals who have never received assistance under Title IV-A, and for whom the public authority has collected at least \$500 of support. This section is necessary to comply with federal law.

**Section 29 (Laws 2005, 1st Special Session chapter 4, article 7, section 59)** expands the report on the redesign of case management services to include labor organizations representing county social service workers.

**Section 30** requires the commissioner of human services to report on the impact of reduced medicaid reimbursements by December 1, 2006.

**Section 31** requires the commissioner to provide guidance to counties as necessary to comply with the TANF regulations issued pursuant to DEFRA.

**Section 32** provides a new parent fee schedule for co-payments paid by parents who are using the child care assistance program.

**Section 33, paragraph (a)** repeals an outdated report, a subdivision related to the child care absent day policy, and MFIP performance bonus language. **Paragraph (b)** repeals the current parent fee schedule.

## **Article 25 Mental Health and Chemical Health**

**Sections 1 (245.465) and 4 (245.4874) [Duties of the County Board]** modify the duties of the county board in the adult and children's mental health acts, respectively, to clarify that the county board is not responsible for providing mental health services to individuals who have the services covered under their health care coverage.

**Section 2 (245.4682) [Mental Health Service Delivery and Finance Reform]** establishes the mental health service delivery and finance reform.

**Subdivision 1** sets out the policy of the mental health reform, which provides that the commissioner must undertake a series of reforms to improve the underlying structural, financing, and organizational problems in the state's mental health system, with the goal of improving the availability, quality, and accountability of mental health care in the state.

**Subdivision 2** provides the design and implementation of the reforms. The commissioner is required to:

- (1) consult with consumers, families, counties, tribes, advocates, providers, and other stakeholders;
- (2) report to the legislature and the state Mental Health Advisory Council by January 15, 2007, with any recommendations for legislative changes;
- (3) ensure continuity of care for persons affected by the reforms;
- (4) provide accountability for the efficient and effective use of public and private resources in achieving positive outcomes for consumers;
- (5) ensure client access to applicable protections and appeals; and
- (6) make budget transfers that do not increase the state or county costs to effectively implement improvements to the mental health system and efficiently allocate state funds.

**Subdivision 3, paragraph (a)**, authorizes the commissioner to solicit, approve, and implement regional projects to demonstrate the integration of physical and mental health services within prepaid health plans and their coordination with social services. The commissioner, in consultation with consumers, families, and their representatives shall:

- (1) determine criteria for approving the regional projects;
- (2) require that each project be based on locally defined partnerships;
- (3) allows potential bidders at least 90 days to respond to the request for proposals;
- (4) waive any administrative rule not consistent with the implementation of the regional projects; and
- (5) begin implementation of the regional projects no earlier than January 1, 2008, with not more than 20 percent of the population described in paragraph (b) included during 2008, and additional individuals included in subsequent years.

**Paragraph (b)** requires the commissioner to enroll all medical assistance eligible persons with serious and persistent mental illness or severe emotional disturbance in the prepaid plan of their choice, unless; (1) an individual has another basis for exclusion from the prepaid plan; (2) an individual has a previously established a therapeutic relationship with a provider who is not included in the available prepaid plans; or (3) the service the individual wishes to use is not included in the available prepaid plans.

**Paragraph (c)** allows the commissioner to assign a plan if a person with serious and persistent mental illness or severe emotional disturbance declines to choose a plan.

**Paragraph (d)** requires the commissioner, in consultation with consumers, families, and their representatives, to evaluate the regional projects and refine the design of the regional service integration projects before expanding beyond the 20 percent of the statewide population and expanding the number of regions engaged in the programs as additional applications are received.

**Paragraph (e)** requires the commissioner to apply for federal waivers necessary to implement this section.

**Section 3 (245.4835) [County Maintenance of Effort]** requires the counties to maintain a level of expenditures for mental health services, so that each year's county expenditures are at least equal to that county's average expenditures from 2004 and 2005. The commissioner will annually adjust the county's base level. If a county fails to maintain expenditures, the county must develop a corrective action plan. If the county fails to develop an acceptable action plan, or does not comply with the action plan, the county loses protections under Minnesota Statutes, section 245.4895, which would expose the county to possible claims against the county by recipients of services or service providers.

**Section 5 (245.4889) [Children's Mental Health Grants]** establishes children's mental health grants.

**Subdivision 1** authorizes the commissioner to make grants to assist counties, Indian tribes, children's collaboratives, or mental health service providers in providing services to children

with emotional disturbances and their families, and to young adults who are younger than 21 years of age who are receiving transition services. The services must be designed to help the child function and remain with the child's family, and must be delivered consistent with the child's treatment plan. Transition services must be designed to foster independent living in the community.

**Subdivision 2** provides the grant application process and the reporting requirements. The applicant must submit an application and budget, and the commissioner must give priority to applications that indicate plans to collaborate in the development, funding, and delivery of services with other agencies in the local system of care.

**Section 6 , 7, and 8 (245.50, subdivision 1; 245.50, subdivision 2; 245.50, subdivision 5)** allows a county board or Commissioner of Human Services to contract with an agency or facility in a bordering state for chemical health services.

**Section 9 (245.94, subdivision 1)** clarifies that the ombudsman for mental health is a health oversight agency as defined by federal law, and makes other data practices changes.

**Section 10 (245.97, subdivision 6)** is technical; corrects a cross-reference.

**Section 11 (246.54, subdivision 1)** modifies the public institutions chapter of law, specifically the statute relating to the counties financial responsibility for the cost of care. Current law requires the county to pay for 20 percent of the cost of care. The bill modifies the payment provisions by requiring the county to pay for 20 percent of the cost of care for the first 60 days, and 50 percent of the cost of care for 61 or more days, unless (1) the individual has been admitted for assessment and treatment under a court order; or (2) there has been medical certification from the head of the center or facility that the client is in need of treatment at a hospital level of care. This section is effective January 1, 2007.

**Section 12 (246.54, subdivision 3)** provides that in state-operated community behavioral health hospitals, for services at the behavioral health hospitals, payments to the state from the county equal 50 percent of the cost of care. The county is not entitled to reimbursement from the client, the client's estate, or from the client's relatives, except under the existing statute related to claims against the estate of a deceased client under section 246.53. After the first 60 days, the county share of payment shall not apply if (1) the individual has been admitted for assessment and treatment under a court order; or (2) there has been medical certification from the head of the hospital that the client is in need of treatment at a hospital level of care.

**Section 13 (253B.02, subdivision 2)** expands the definition of chemically dependent person to include a pregnant woman who habitually uses opium.

**Section 14 (254A.20)** resulted from the 2006 Office of the Legislative Auditors Report on Substance Abuse Treatment by amending the treatment for alcohol and drug abuse chapter of law.

**Subdivision 1** clarifies chemical use assessments for a person who is arrested. For a person who is taken into custody outside the person's county of residence, the assessment must be completed by the person's county of residence no later than three weeks after the assessment is initially requested. If the assessment is not performed, the county where the person is to be sentenced must perform the assessment, and the county of financial responsibility must be determined under Minnesota Statutes, chapter 256G.

**Subdivision 2** requires that the person's probation officer be contacted to verify or supplement information provided by the person.

**Subdivision 3** prohibits the assessor from having any direct or shared financial interest or referral relationship resulting in financial gain with a treatment provider, except when a county contracts with an assessor and meets the documentation requirements under paragraph (b).

**Section 15 (254A.25)** requires the commissioner to perform the list of duties under this section of law, related to chemical health, which include developing a directory that identifies key characteristics of each licensed chemical dependency treatment program, and posting copies of state licensing reviews at an online location where they may be reviewed by agencies that make client placements.

**Section 16 (256B.0625, subdivision 20)** amends Medical Assistance covered services, specifically mental health case management, by striking language related to the calculation of mental health grants, payment for mental health finances, and obsolete language. New language specifies that 50 percent of the cost of mental health case management services that are paid by the state without a federal share through fee-for-service is the responsibility of the recipient's county of responsibility. Also, language is added stating that prepaid medical assistance, general assistance medical care, and MinnesotaCare include mental health case management. When the service is provided through prepaid capitation, the non federal share is paid by the state and there is no county share.

**Section 17 (256B.0625, subdivision 28)** expands certified nurse practitioner services under medical assistance to include a clinical nurse specialists in mental health or a certified psychiatric nurse practitioner.

**Sections 18 to 20 amend residential services for children with severe emotional disturbances.**

**Section 18 (256B.0945, subdivision 1)** strikes obsolete language.

**Section 19 (256B.0945, subdivision 4)** modifies the payment rates by providing that per diem rates paid to providers under this section by prepaid plans shall be the proportion of the per day contract rate that relates to rehabilitative mental health services, and must not include payments for costs or services that are billed in the IV-E program as room and board. Paragraph (c) allows the commissioner to set aside five percent of federal funds earned for county expenditures for administration.

**Section 20 (256B.0946, subdivision 1)** expands services covered under medical assistance to include crisis assistance.

**Sections 21 and 22 (256B.69, subdivisions 5g and 5h)** modify the PMAP statutes by excluding from the payment reduction provisions mental health services added as covered benefits after December 31, 2006.

**Section 23 (256B.763) [Critical Access Mental Health Rate Increase]** establishes the critical access mental health rate increase. The services rendered on or after July 1, 2007, specified in paragraph (b), must be increased by 23.7 percent over the rates in effect on January 1, 2006, for:

- (1) psychiatrists or advanced registered nurses with a psychiatric specialty;
- (2) community mental health centers; and
- (3) certain mental health clinics and centers, or hospital outpatient psychiatric departments designated as essential community providers.

**Paragraph (b)** states that the increase under paragraph (a) applies to group skills training when provided as a component of children's therapeutic services and support, psychotherapy, medication management, evaluation and management, diagnostic assessment, explanation of findings, and psychological testing, neuropsychological services, direction of behavior aides, and inpatient consultation.

**Paragraph (c)** specifies that the rate increase does not apply to "other clinic services" under section 256B.0625, subdivision 30, certain outpatient mental health services under section 256B.761, paragraph (b), other cost-based rates, rates that are negotiated with the county, rates that are established by the federal government, or rates that increased between January 1, 2004, and January 1, 2005.

**Paragraph (d)** requires the commissioner to adjust rates paid to prepaid health plans under contract with the commissioner to reflect the rate increases in paragraph (a), and the prepaid health plan must pass the increase to the providers identified in paragraph (a).

**Section 24 (256D.03, subdivision 4)** modifies general assistance medical care covered services to strike outpatient services provided by a mental health center or clinic, and add mental health services covered under chapter 256B. This section also strikes the following covered services; day treatment services for mental illness provided under contract with the county board, psychological services, and mental health telemedicine and psychiatric consultation. Further, new language provides that payments for mental health services added as covered benefits after December 31, 2006, are not subject to the reductions in other paragraphs of this section of law.

**Sections 25 to 27 amend MinnesotaCare statutes.**

**Section 25 (256L.03, subdivision 1)** modifies MinnesotaCare covered services by striking language related to mental health services.

**Section 26 (256L.035)** expands MinnesotaCare covered services for single adults and households without children to include mental health services under chapter 256B.

**Section 27 (256L.12, subdivision 9a)** excludes payments for mental health services added as a covered benefit after December 31, 2006, from the ratable reduction.

**Section 28** establishes a mental health pilot project for individuals who have lived unsheltered for at least one year.

**Subdivision 1** requires the commissioner of human services to establish two pilot projects, one in Ramsey County and one in Hennepin County, which must:

- (1) operate two ten bed facilities;
- (2) provide community support to individuals who have been homeless for at least one year;
- (3) provide 24-hour supervision; and
- (4) provide on-site mental health services, which focus on the mental health needs of individuals who have lived unsheltered.

**Subdivision 2** requires the county to negotiate a group residential rate for the pilot programs.

**Subdivision 3** provides that an individual who has lived at one of the pilot program facilities, who is being transitioned to independent living as part of the program plan, continues to be eligible for the group residential housing rate under subdivision 2.

**Subdivision 4** makes the section effective July 1, 2006 through June 30, 2008.

**Section 29** requires the commissioner to report to the legislature by January 15, 2007, on recommendations which analyze the merits of changing statutory maintenance of effort provisions in the chemical dependency treatment fund.

**Section 30** requires the commissioner to present a plan to the legislature by January 15, 2007, for improving the availability of community-based substance abuse treatment, and also several other issues related to improving chemical health.

**Section 31** is a technical revisor's instruction.

**Section 32** repeals Minnesota Statutes 2004, section 245.465, subdivision 2 (Residential and community support programs: 1992 salary increase), section 256B.0945, subdivisions 5 (Quality measures), 6 (Federal earnings), 7 (Maintenance of effort), 8 (Reports), and 9 (Sanctions), and section 256B.83 (Maintenance of effort for certain mental health services).

## **Article 26 Appropriations**

**Sections 1 to 5** appropriate money to the Department of Human Services, the Minnesota Department of Health, and a variety of boards.

**Section 6** transfers to the general fund the estimated balance of \$2.9 million in the tobacco use prevention and local public health endowment fund and the medical education endowment fund.

**Sections 7 to 11** codify longstanding riders from previous appropriations bills.

**Section 12** sunsets the uncodified language in this article on June 30, 2007, unless a different date is specified.

**Section 13** repeals language stating that the law establishing the medical education endowment fund is in effect only if money is available in the endowment fund.

**SC4643: Senate Omnibus Supplemental Finance Bill--2006  
General Fund Summary**

(in thousands)

	<u>GOV</u> <u>FY 2006-07</u>	<u>GOV</u> <u>FY 2008-09</u>	<u>SENATE</u> <u>FY 2006-07</u>	<u>SENATE</u> <u>FY 2008-09</u>	<u>Dif.</u> <u>FY06-07</u>	<u>Dif.</u> <u>FY08-09</u>
<b><u>General Fund Resources</u></b>						
Feb. 2006 Fcst. Balance	88,355	1,091,932	88,355	1,091,932		
Tax Relief Account			316,716			
<i>Finance Committee Target</i>						
<i>Resources from Fcst. Balance</i>			44,355			
<i>Resources from Tax Relief Account</i>			159,289			
<i>Target Resources Available</i>			203,644			
<b><u>Proposed Finance Committee Uses</u></b>						
Early Childhood	12,259	28,058	23,418	61,896	11,159	33,838
K-12 Spending (SC4643 Only)	15,195	28,202	34,900	1,896	19,705	(26,306)
Higher Education	4,700	10,630	4,700	10,630	0	0
Health and Human Services Net	86,503	109,175	76,513	148,224	(9,990)	39,049
Env., Ag., Economic Development Net	26,827	17,968	27,704	2,836	877	(15,132)
Public Safety Net	20,281	27,388	10,000	12,564	(10,281)	(14,824)
State Government	11,975	21,000	9,382	10,160	(2,593)	(10,840)
Transportation	7,349	(15,500)	4,349	0	(3,000)	15,500
Debt Service/Capital Projects	11,149	52,072	11,654	86,177	505	34,105
Increase Budget Reserve	159,000					
Other Bills						
Pensions (SF 2722)			378		378	0
Insurance Pool (SF 1459)				3,000		
Claims Bill (SF 3631)			65		65	0
Act 170, Medicare Part D			570		570	
<b>Total Proposed Uses</b>	<b>355,238</b>	<b>278,993</b>	<b>203,633</b>	<b>337,383</b>	<b>(3,764)</b>	<b>21,552</b>
<i>Amount Under (Over) Target</i>			11			

**SC4643: Senate Omnibus Supplemental Finance Bill--2006**  
**General Fund Changes by Article; Other Funds Combined**

(dollars in thousands)

	Gov FY06-07	Gov FY08-09	Sen FY2006	Sen FY2007	Sen FY06-07	Sen FY2008	Sen FY2009	Sen FY08-09	Sen-Gov FY06-07
<b>GENERAL FUND (Pages 1-4); Other Funds (Pages 6-8)</b>									
<b>Article 2: Early Childhood Education</b>									
<b>Spending Changes</b>									
Health/Development Screening Aid	143	53	89	54	143	27	26	53	0
Early Childhood Part C Eligibility	1,049	6,931		1,049	1,049	2,660	4,271	6,931	0
ABE Formula Increase (3%)			35	1,025	1,060	2,152	3,310	5,462	1,060
Adult Literacy Grants--Intensive English for Refugees	1,000	1,000		1,500	1,500	1,500		1,500	500
ECFE Formula Increase to \$120 per child < 5				5,200	5,200	5,817	5,866	11,683	5,200
Quality Rating System (MELF)				1,500	1,500			0	1,500
Kindergarten Readiness Assessment	287	574		258	258	372	546	918	(29)
Head Start/Child Care study				25	25			0	25
ECFE Grants to Family and Other Providers	2,100	4,200			0			0	(2,100)
Educate Parents Partnership	80	100		80	80	50	50	100	0
School Readiness--Child Care Program Study				75	75			0	75
Early Childhood Intervention	1,500	3,000			0			0	(1,500)
Grants to Incent Educational Childcare	6,100	12,200			0			0	(6,100)
Legislative Commission to End Poverty				250	250			0	250
Child Care:									0
Reimbursement Rate Adjustment				6,334	6,334	8,770	8,901	17,671	6,334
Accreditation Bonus; 15% incentive				609	609	866	930	1,796	609
Admin: Systems Cost for Accreditation				3	3				3
Reduce copayments				1,552	1,552	2,082	2,108	4,190	1,552
Allow Half Day Rates				631	631	1,060	1,089	2,149	631
Absent Day Policy Repeal				477	477	570	579	1,149	477
Reduce BSF Waiting List				2,672	2,672	4,147	4,147	8,294	2,672
<b>Total: Early Childhood Appropriation Changes</b>	<b>12,259</b>	<b>28,058</b>	<b>124</b>	<b>23,294</b>	<b>23,418</b>	<b>30,073</b>	<b>31,823</b>	<b>61,896</b>	<b>11,159</b>
<b>Article 3-10: K-12 Education</b>									
<b>Spending Changes</b>									
AP/IB Expansion	7,319	16,264			0			0	(7,319)
District and HS Redesign Pilot	5,000	10,000			0			0	(5,000)
Teach for Minnesota/Alternative Pathways	500	1,000			0			0	(500)
Mandarin Chinese Project	250	0		250	250			0	0
Transition for Pre-Kindergarten Programs	1,819	1,114			0			0	(1,819)
Waseca Health and Safety Rev Recovery	316	0		316	316			0	0
Expand Participation in Qcomp	(9)	(18)		(9)	(9)	(11)	(7)	(18)	0
Extend Qcomp Transition Period	0	(158)			0	(92)	(66)	(158)	0
One-time Supplemental Aid @ \$45 per AMCPU				32,229	32,229			0	32,229
Northwest Online College in the High School				50	50			0	50
Sign Bridge, Sign Language				225	225			0	225
One-time emergency Aid; ISD 38 Red Lake			474		474			0	474
One-time emergency Aid; ISD 750 Ricori				137	137	50		50	137
School Lunch food storage program				495	495	1,008		1,008	495
Special Education Finance study				250	250			0	250
Basic Grants for Libraries				450	450	1,000		1,000	450
MDE administration (Rule making)				20	20			0	20
Scholars of Distinction				25	25			0	25
Debt Service Correction			(11)	(1)	(12)			0	(12)
Health and Safety Testing and Balancing					0	8	6	14	0
<b>Total: K-12 Education Appropriation Changes</b>	<b>15,195</b>	<b>28,202</b>	<b>463</b>	<b>34,437</b>	<b>34,900</b>	<b>1,963</b>	<b>(67)</b>	<b>1,896</b>	<b>19,705</b>
<b>Article 11: Higher Education</b>									
<b>Spending Changes</b>									
UM: Rochester Higher Ed	5,000	11,330		5,000	5,000	5,000	6,330	11,330	0
Eligible Institutional Definition Method	(400)	(800)		(400)	(400)	(400)	(400)	(800)	0
MN Resident Definition Modified	100	100		100	100	50	50	100	0
Campus Veterans Assistance Offices	100	200							(100)
<b>Total: Higher Education Appropriation Changes</b>	<b>4,800</b>	<b>10,830</b>		<b>4,700</b>	<b>4,700</b>	<b>4,650</b>	<b>5,980</b>	<b>10,630</b>	<b>(100)</b>
<b>Article 12: Environment and Agriculture</b>									
<b>Spending Changes</b>									
Ag: Invasive Species Staffing	248	260	118	130	248	130	130	260	0

**SC4643: Senate Omnibus Supplemental Finance Bill--2006**  
**General Fund Changes by Article; Other Funds Combined**

(dollars in thousands)

	Gov FY06-07	Gov FY08-09	Sen FY2006	Sen FY2007	Sen FY06-07	Sen FY2008	Sen FY2009	Sen FY08-09	Sen-Gov FY06-07
Ag: Livestock/Crop Compensation	93	106	40	53	93	53	53	106	0
Ag: Marketing Bio-Energy	225	375			0			0	(225)
Ag: MDA/MAES Containment Facility	190	380		190	190	190	190	380	0
Ag: Second Harvest Milk Program grants				200	200	200	200	400	200
Ag: E85 Pump Installation grants				500	500			0	500
AHB: Elimination of Bovine Tuberculosis	685	0	277	408	685			0	0
DNR: Bovine T.B.	220	0	88	132	220			0	0
DNR: Invasive Species	975	1,950		550	550	550	550	1,100	(425)
DNR: MN Shooting Sports Education Center				100	100	100	100	200	100
DNR: Tower Soudan Mine grant			(250)		(250)				
DNR: International Wolf Center				250	250				
DNR: Operate Corp. of Engineers Rec. sites	1,400	2,800		100	100				(1,300)
Total: Environment and Ag. Appropriation Changes	4,036	5,871	273	2,613	2,886	1,223	1,223	2,446	(1,150)
<b>Revenue Changes</b>									
DNR: Forestry/Timber Sales Bill (SF2582)	434	289		11	11	8		8	(423)
DNR: Lands & Minerals/Land Sale Bill (SF2581)	20	0		20	20			0	0
DNR: Operate Corp. of Engineers recreational sites	400	800							
Total: Environment and Ag. Revenue Changes	854	1,089	0	31	31	8	0	8	(823)
<b>Article 13: Clean Water Legacy</b>									
<b>Spending Changes</b>									
Clean Water Legacy (Various Agencies)	20,000	0		20,000	20,000			0	0
<b>Article 14: Economic Development</b>									
<b>Spending Changes</b>									
COM: Re-establish MN Boxing Commission	50	100		50	50	50	50	100	0
DEED: Biobusiness Alliance of MN	500	0		500	500			0	0
DEED: Biotech/Med Genomics (Gov uses HCAF)				2,000	2,000			0	2,000
DEED: Cedar Mills Wastewater Treatment Center				100	100			0	100
DEED: Advocating Change Program				150	150	150	150	300	150
Worthington Veterans Memorial				50	50			0	50
MN Film and TV Board			2,000		2,000			0	2,000
L&I: Construction Codes Consolidation	(2,699)	(5,398)			0			0	2,699
L&I: Licensing System	2,300	11,630			0			0	(2,300)
Total: Economic Devel. Appropriation Changes	151	6,332	2,000	2,850	4,850	200	200	400	4,699
<b>Revenue Changes</b>									
Arch: Eliminate Test Monitoring Fee	0	0			0			0	0
MN Boxing Commission	1	2		1	1	1	1	2	0
L&I: Construction Codes Consolidation	(4,485)	(8,766)			0			0	4,485
Total: Economic Devel. Revenue Changes	(4,484)	(8,764)	0	1	1	1	1	2	4,485
Env., Ag., Econ Dev. Net Changes	27,817	19,878	2,273	25,431	27,704	1,414	1,422	2,836	(113)
<b>Article 15: Transportation</b>									
<b>Spending Changes</b>									
DPS: Facial Recognition for DL	3,128	1,600			0			0	(3,128)
DOT: Change Timing on GF to Airport Fund	3,000	(3,000)			0			0	(3,000)
DOT: MNDOT Reimbursement of Fair Mkt Value	1,221	0			0			0	(1,221)
Met Council: I-394 Light Rail Feasibility Study				500	500			0	500
Defibrillators for State Patrol vehicles				429	429			0	429
Town road sign replace.; incl. federal match				1,500	1,500			0	1,500
Roseau Cty.--Grant for radio tower				380	380			0	380
Increased Metro Transit Funding				1,540	1,540			0	1,540
Total: Transportation Appropriation Changes	7,349	(1,400)	0	4,349	4,349	0	0	0	(3,000)
<b>Revenue Changes</b>									
DPS: Motor Vehicle Transfer Fee Technical	0	14,100			0			0	0
Total: Transportation Revenue Changes	0	14,100	0	0	0	0	0	0	0
Transportation Net Changes	7,349	(15,500)	0	4,349	4,349	0	0	0	(3,000)
<b>Article 16: Public Safety</b>									
<b>Spending Changes</b>									
SC: Judicial Chemical Dependency Initiative	750	0		600	600			0	(150)
JudStd: Deficiency Request--Hearing Costs	172	0	172		172			0	0
PDB: Appellate Transcripts	400	400		60	60			0	(340)
DPS: HS Deficiency--State Disaster Match	284	0			0			0	(284)

**SC4643: Senate Omnibus Supplemental Finance Bill--2006**

(dollars in thousands)

**General Fund Changes by Article; Other Funds Combined**

	Gov FY06-07	Gov FY08-09	Sen FY2006	Sen FY2007	Sen FY06-07	Sen FY2008	Sen FY2009	Sen FY08-09	Sen-Gov FY06-07
DPS: HS Hazardous Substance Planners	0	0		60	60			0	60
DPS: Minneapolis Police proposal	2,000	0							
BCA: Internet Child Pornography Team	1,000	1,556			0			0	(1,000)
BCA: MN Illegal Immigration Enforcement TF	2,186	2,374			0			0	(2,186)
BCA: Posting of Non-Compliant sex Offenders	200	232		125	125	116	116	232	(75)
BCA: Missing and Unidentified Persons				100	100	100	100	200	100
Office of Justice Programs (various)				1,598	1,598	1,000	1,000	2,000	1,598
DOC: Salary Supplement, Beds, SC guidelines	13,313	20,200	3,213	3,209	6,422	3,789	4,950	8,739	(6,891)
DOC: Grant-Mentoring Children of Inmates	300	600		250	250			0	(50)
DOC: Scott County-CCA	196	392		196	196	196	196	392	0
DOC: Immigrant Specialist				75	75				75
DOC: Discharge Planning for Mentally Ill				200	200	100	100	200	200
DPS: Alcohol Vender Training	100	200			0			0	(100)
<b>Total: Public Safety Appropriation Changes</b>	<b>20,901</b>	<b>25,954</b>	<b>3,385</b>	<b>6,473</b>	<b>9,858</b>	<b>5,301</b>	<b>6,462</b>	<b>11,763</b>	<b>(11,043)</b>
<b>Revenue Changes</b>									
POST Training Reimbursements	(1,380)	(1,434)		(200)	(200)	(717)	(200)	(917)	1,180
Increase Hennepin Cty. Fine Revenue				58	58	58	58	116	58
<b>Total: Public Safety Revenue Changes</b>	<b>(1,380)</b>	<b>(1,434)</b>	<b>0</b>	<b>(142)</b>	<b>(142)</b>	<b>(659)</b>	<b>(142)</b>	<b>(801)</b>	<b>1,238</b>
<b>Public Safety Net Changes</b>	<b>22,281</b>	<b>27,388</b>	<b>3,385</b>	<b>6,615</b>	<b>10,000</b>	<b>5,960</b>	<b>6,604</b>	<b>12,564</b>	<b>(12,281)</b>
<b>Article 17: State Government</b>									
<b>Spending Changes</b>									
DOF: Bankruptcy Counsel	325	0		275	275			0	(50)
SIB: Funding Source Restructuring	(1,950)	(3,900)			0			0	1,950
DVA: State Soldiers Assistance Program Grant	3,000	6,000		1,900	1,900	1,900	1,900	3,800	(1,100)
DVA: Service Enhancement Grants for CVSO's	3,000	6,000		200	200	200	200	400	(2,800)
DVA: Veterans Assistance Offices (MNSCU)	2,500	5,000		900	900	900	900	1,800	(1,600)
DVA: Veterans Outreach Funding Deficit			250	250	500	250	250	500	500
DVA: Veterans Service Org Funding Deficit				80	80			0	80
DVA: One-stop Website & Internet Support Svcs	200	400		100	100	100	100	200	(100)
OET: Enterprise IT Security Enhancement	2,950	3,600		1,900	1,900	1,700	1,700	3,400	(1,050)
SIB: Funding Restructuring--Indirect Cost Receipts	1,950	3,900			0			0	(1,950)
PEIP Expansion for School Districts					0			0	0
Center for Health Care Purchasing Improvement				100	100			0	100
DOA: Relocate Administrative Hearings to Stassen					0			0	0
LCC Legislative Forum				30	30	30	30	60	30
LCC: MN, ND, SD Manitoba Leg Forum				7	7				7
Amatuer Sports: One-time cut restoration				90	90				90
State Employee Compensation; Shutdown Restoration			4,000		4,000				4,000
Adjustment for Interagency Agreements				(700)	(700)				(700)
<b>Total: State Government Appropriation Changes</b>	<b>11,975</b>	<b>21,000</b>	<b>4,250</b>	<b>5,132</b>	<b>9,382</b>	<b>5,080</b>	<b>5,080</b>	<b>10,160</b>	<b>(2,593)</b>
<b>Revenue Changes</b>									
SIB: Funding Source Restructuring	(1,950)	(3,900)			0			0	1,950
SIB: Funding Restructuring--Indirect Cost Receipts	1,950	3,900			0			0	(1,950)
<b>Total: State Government Revenue Changes</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>State Government Net Changes</b>	<b>11,975</b>	<b>21,000</b>	<b>4,250</b>	<b>5,132</b>	<b>9,382</b>	<b>5,080</b>	<b>5,080</b>	<b>10,160</b>	<b>(2,593)</b>
<b>Article 18-26: Health and Human Services</b>									
<b>Spending Changes</b>									
Mental Health Access and Improvement	3,760	37,673		2,996	2,996	20,341	11,138	31,479	(764)
SOS Sex Offender Commitment Growth	36,316	45,169	14,948	21,368	36,316	21,137	17,760	38,897	0
Mentally Ill and Dangerous Pop Growth	33,576	44,755	13,869	19,707	33,576	20,696	19,621	40,317	0
Expansion of SOS METO Comm Treatment	5,306	7,106	1,753	3,553	5,306	3,553	3,553	7,106	0
SOS Salary Supplement	18,818	23,970			0			0	(18,818)
Youth Sex Offender Study	200	0			0			0	(200)
Federal Deficit Reduction Act Compliance	(684)	(6,934)		(684)	(684)	(3,009)	(3,925)	(6,934)	0
Health Care Program Asset Verification	0	(1,545)			0			0	0
Exempt GAMC Enrollees from MNCare	2,119	12,111		2,119	2,119	5,740	6,371	12,111	0
Health Match Delay					0	(7,702)	(4,214)	(11,916)	0
Pay for Performance in Basic Care	75	160		75	75	75		75	0
Pharmacy Payment Reform Advisory Group				75	75			0	75
MA LTC Facilities Grants--Incentive Payments	0	7,910			0	1,196	6,714	7,910	0

**SC4643: Senate Omnibus Supplemental Finance Bill--2006**

(dollars in thousands)

**General Fund Changes by Article; Other Funds Combined**

	Gov FY06-07	Gov FY08-09	Sen FY2006	Sen FY2007	Sen FY06-07	Sen FY2008	Sen FY2009	Sen FY08-09	Sen-Gov FY06-07
MA LTC Facilities Grants--Incentive Payments	0	(7,910)			0	(1,196)	(6,714)	(7,910)	0
Rate Inc. for Facilities near St. Cloud	1,788	3,911			0			0	(1,788)
Walker Nursing Facility	0	265			0	49	55	104	0
Alternative Care Program Shortfall	2,563	799		2,563	2,563	145	654	799	0
Reverse Mortgage Incentive ffp				181	181	106	106	212	181
Meeker County LTC				29	29			0	29
MA Approved Special Plan Needs Contracting				124	124	100	100	200	124
MR/RC Overspending Repayment Delay			1,500		1,500			0	
GRH Residential Pilot Projected Established				168	168	168	168	336	168
Child Support Enforcement Fee	0	0			0			0	0
TANF Refinancing for Early Childhood	(10,067)	(20,134)			0			0	10,067
Child Care--MFIP/PTV Portion									0
Reimbursement Rate Adjustment					0	15,301	13,647	28,948	0
Accreditation Incentive (15%)					0	842	882	1,724	0
Reduce Copayments					0	665	657	1,322	0
Allow Half-Day Rates					0	486	487	973	0
Absent Day Policy Repeal					0	771	761	1,532	0
Chemical Use DHS Study and Duties				80	80	50	50	100	80
Post Adoption Search Services				7	7	7	7	14	7
MN Food Assistance Program			(361)	(452)	(813)	(432)	(432)	(864)	(813)
Reposition TANF to meet MOE			(7,484)	7,484	0			0	0
Avian Flu (Gov funds out of HCAF)				2,510	2,510			0	2,510
Restore Family Planning Grants					0	1,887	1,887	3,774	0
VHB: Consultant Study Recommendations	1,545	2,326		1,127	1,127	1,163	1,163	2,326	(418)
VHB Operational Shortfall	759	9,408		759	759	4,704	4,704	9,408	0
VHB Quality Assurance	5,122	5,348	2,448	2,674	5,122	2,674	2,674	5,348	0
<b>Total: HHS Appropriation Changes</b>	<b>101,196</b>	<b>164,388</b>	<b>26,673</b>	<b>66,463</b>	<b>93,136</b>	<b>89,517</b>	<b>77,874</b>	<b>167,391</b>	<b>(8,060)</b>
<b>Revenue Changes</b>									
Mental Health Access and Improvement--inc ffp	1,887	7,090		1,633	1,633	3,061	2,975	6,036	(254)
Mental Health Access and Improvement (TRN)	1,873	30,583			0			0	(1,873)
Sex Offender Commitment Growth	2,642	3,454	1,093	1,549	2,642	1,318	1,508	2,826	0
Mentally Ill and Dangerous Pop Growth	2,573	3,690	995	1,578	2,573	1,675	1,577	3,252	0
Expansion of SOS METO Comm Treatment	3,289	4,832	1,086	2,682	3,768	3,032	3,032	6,064	479
SOS Salary Supplement	1,711	3,422			0			0	(1,711)
Deficit Reduction Act Compliance ffp	518	795		518	518	507	288	795	0
Pharmacy Payment Reform Advisory Group ffp				30	30			0	30
Reverse Mortgage Incentive ffp				52	52	35	35	70	52
MA Approved Special Plan Needs Contracting ffp				40	40	40	40	80	40
MR/RC Overspending Repayment Delay			(1,500)	3,000	1,500			0	
Chemical Use DHS Study and Duties ffp				32	32	20	20	40	32
Post Adoption Search Services				2	2	2	2	4	2
Transfer from SR to SR fund				900	900			0	900
Tobacco funds balance transfers			2,933		2,933			0	2,933
<b>Total: HHS Revenue Changes</b>	<b>14,493</b>	<b>53,866</b>	<b>4,607</b>	<b>12,016</b>	<b>16,623</b>	<b>9,690</b>	<b>9,477</b>	<b>19,167</b>	<b>2,130</b>
<b>Health and Human Services Net Changes</b>	<b>86,703</b>	<b>110,522</b>	<b>22,066</b>	<b>54,447</b>	<b>76,513</b>	<b>79,827</b>	<b>68,397</b>	<b>148,224</b>	<b>(10,190)</b>
<b>OTHER BILLS (Italics = No Senate Action to Date)</b>									
<b>Spending Changes</b>									
<b>SF 3475: Capital Investment</b>									
Debt Service	4,869	49,572		7,738	7,738	25,712	60,465	86,177	2,869
Capital Projects	6,280	2,500		3,916	3,916			0	(2,364)
<b>Total: Debt Service Changes</b>	<b>11,149</b>	<b>52,072</b>	<b>0</b>	<b>11,654</b>	<b>11,654</b>	<b>25,712</b>	<b>60,465</b>	<b>86,177</b>	<b>505</b>
SF 3631--Claims Bill	0	0	65		65			0	65
SF 2722--Pensions	0	0	378		378			0	378
SF 1459--School Employee Insurance Pool						3,000		3,000	
Ch. 107: Medicare Part D Gap Funding	570	0	4,570		4,570			0	4,000
<b>Total: Other Bills Spending (Exc. SF 3475)</b>	<b>570</b>	<b>0</b>	<b>5,013</b>	<b>0</b>	<b>5,013</b>	<b>3,000</b>	<b>0</b>	<b>3,000</b>	<b>4,443</b>
<b>Revenue Changes</b>									
Ch. 170: Medicare Part D Gap Funding	0	0	4,000		4,000			0	4,000
<b>Total: Other Bills Revenue Changes</b>	<b>0</b>	<b>0</b>	<b>4,000</b>	<b>0</b>	<b>4,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,000</b>
<b>Other Bills Net Changes</b>	<b>570</b>	<b>0</b>	<b>1,013</b>	<b>0</b>	<b>1,013</b>	<b>3,000</b>	<b>0</b>	<b>3,000</b>	<b>443</b>

**SC4643: Senate Omnibus Supplemental Finance Bill--2006**  
**General Fund Changes by Article; Other Funds Combined**

*(dollars in thousands)*

<u>Gov</u>	<u>Gov</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen</u>	<u>Sen-Gov</u>
<u>FY06-07</u>	<u>FY08-09</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY06-07</u>	<u>FY2008</u>	<u>FY2009</u>	<u>FY08-09</u>	<u>FY06-07</u>

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	Gov FY06-07	Gov FY08-09	Sen FY2006	Sen FY2007	Sen FY06-07	Sen FY2008	Sen FY2009	Sen FY08-09	Sen-Gov FY06-07
<b>AGRICULTURAL FUND</b>									
AG Ag Fertilizer Research & Ed Council				45	45	835	880	1,715	45
AG Ag Fertilizer Fee	0	0			0	(880)	(880)	(1,760)	0
Net Spending Change	0	0	0	45	45	(45)	0	(45)	45
<b>ENVIRONMENT/NATURAL RESOURCES TRUST</b>									
LCMR Strategic Plan	300	0			0			0	(300)
Fish and Wildlife Habitat Corridors	3,348	0			0			0	(3,348)
Reinstate funding for Gov's 2005 Vetoes (SF2814)			1,724	1,724	3,448			0	3,448
LCMR Administration (SF 2814)			100	450	550			0	550
Net Spending Change	3,648	0	1,824	2,174	3,998	0	0	0	350
<b>GAME AND FISH FUND</b>									
Game and Fish Bill--Revenue Loss	152	300						0	(152)
ENV Bovine Tuberculosis Control			340	60	400	60	60	120	
ENV Ops/Svcs Prepayment of Boat Storage--REV	1	2		1	1	1	1	2	0
Net Spending Changes	153	302	340	61	401	61	61	122	248
<b>GREAT LAKES PROTECTION FUND</b>									
Reinstate funding for Gov's 2005 Vetoes (SF2814)				28	28			0	28
Net Spending Changes	0	0	0	28	28	0	0	0	28
<b>HEALTH CARE ACCESS FUND</b>									
<u>Spending Changes</u>									
HHS Mental Health Access Improvement	1,493	15,645		1,493	1,493	6,752	8,893	15,645	0
HHS Mental Health Access Improvement TRN to GF	1,873	30,583			0			0	(1,873)
HHS Federal Deficit Reduction Act Compliance	1,720	1,270		1,039	1,039	430	430	860	(681)
HHS Exempt GAMC Enrollees from MNCare	(1,810)	(10,629)		(1,810)	(1,810)	(5,045)	(5,584)	(10,629)	0
HHS Elim. Depreciation Addback for Farm Self-Employed					0	1,056	1,084	2,140	0
HHS Elim. MNCare Limited Benefit Set					0	7,266	7,900	15,166	0
HHS MinnesotaCare Option for Small Employers				623	623	256	3,835	4,091	623
HHS MMIS Systems User Support (PDDP/Small Empl)				86	86	162	238	400	86
HHS Elim. 8% premium increase for MNCare				1,988	1,988	2,141	2,145	4,286	1,988
HHS Waive MNCare premiums for military and family					0	1,429	1,545	2,974	0
HHS Expand MNCare eligibility for adults wo/kids to 200%fpg				73	73	3,599	11,915	15,514	73
HHS Increase MNCare Inpatient hospital cap \$10K to \$20K					0	3,711	3,844	7,555	0
HHS Elim. Dental copays for adults wo/kids ,175% fpg					0	3,874	4,044	7,918	0
HHS Health Match Delay				929	929	7,640	4,183	11,823	929
HHS Elim. Insurance barriers for children > 150% fpg					0	6	989	995	0
HHS Permit MNCare for undocumented children					0	17	1,438	1,455	0
HHS Cover Medicare co-payments for dual-eligibles				11,483	11,483	11,945	12,301	24,246	11,483
HHS Reinstate MNCare Outreach grants				910	910	910	910	1,820	910
HHS Restore critical access dental payments				3,610	3,610			0	3,610
HHS Critical access dental grants to FQHC/Safety Net Clinics				300	300	300	300	600	300
HHS Healthcare grants to FQHC/Safety Net Clinics				1,505	1,505	1,500	1,500	3,000	1,505
HHS Provider rate increase through MNCare				6,605	6,605	6,605	6,605	13,210	6,605
HHS Pay for Performance in Basic Care	329	640		329	329	319	321	640	0
HHS MN Pharmacy Access Program	276	940			0			0	(276)
HHS Mn Pharmacy Access Program TRN to SR fund	0	2,566			0			0	0
HHS Prescription drug discount program				294	294	509		509	294
HHS Prescription drug discount program TRN to SR fund					0	1,925	916	2,841	0
HHS Medicare Part D Inform & Assistance	2,137	2,988			0			0	(2,137)
HHS Health Information Technology	11,000	1,000		9,414	9,414	293	293	586	(1,586)
HHS Avian Influenza Preparedness	10,500	21,000			0			0	(10,500)
HHS Hepatitis B Management for Immigrants	210	420			0			0	(210)
HHS Tuberculosis Management for Immigrants	290	580			0			0	(290)
HHS Health Care Program Asset Verification	0	(6,192)			0			0	0
HHS Rate Inc. for Facilities near St. Cloud	1,788				0		3,911	0	(1,788)
ED MCHA Assessment Reduction	10,000	20,000			0			0	(10,000)

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(dollars in thousands)

	Gov FY06-07	Gov FY08-09	Sen FY2006	Sen FY2007	Sen FY06-07	Sen FY2008	Sen FY2009	Sen FY08-09	Sen-Gov FY06-07
ED U/Mayo Biotech and Genomics Partnership	18,000	0			0			0	(18,000)
SG PEIP Expansion for School Districts	2,320	0			0			0	(2,320)
HCAF Expenditure Changes	60,126	84,722	0	38,871	38,871	57,600	70,045	127,645	(21,255)
<b>Revenue Changes</b>									
HHS HCAF Revenue Changes--ffp total	812	748			0			0	(812)
Net Spending Changes	59,314	83,974	0	38,871	38,871	57,600	70,045	127,645	(20,443)

**HIGHER EDUCATION OFFICE**

HE Changes to SELF Loan Limits	9,000	26,000		9,000	9,000	12,000	14,000	26,000	0
HE Eligible Institutional Definition Method	(450)	(900)		(450)	(450)	(450)	(450)	(900)	0
Net Spending Changes	8,550	25,100	0	8,550	8,550	11,550	13,550	25,100	0

**HIGHWAY USERS TAX DISTRIBUTION FUND**

ENV Trails ATV Gas Tax Increase TO	600	1,200			0			0	(600)
Net Spending Changes	600	1,200							(600)

**LOTTERY PRIZE FUND**

SG Northstar Gambling Alliance (SF 930, 2nd Reading)	0	0	25	150	175	150	150	300	175
Net Spending Changes	0	0	25	150	175	150	150	300	175

**NATURAL RESOURCES FUND**

ENV Forestry/Timber Sales (SF2852)	(1,586)	(1,057)		(730)	(730)	(487)		(487)	856
ENV Forest Special Events (SF2852)				(15)	(15)	(15)	(15)	(30)	(15)
ENV Lands & Minerals-Omnibus Policy Bill-REV	(45)	(90)		(45)	(45)	(45)	(45)	(90)	0
ENV Lands & Minerals-Omnibus Policy Bill-EXP	45	90		45	45	45	45	90	0
ENV Lands and Minerals/Land Sale Bill-REV (SF2851)	(25)	0		(25)	(25)			0	0
ENV Trails ATV Gas Tax Increase-Transfer In	(600)	(1,200)		(600)	(600)	(600)	(600)	(1,200)	0
ENV Trails ATV Gas Tax Increase-EXP	600	1,200		600	600	600	600	1,200	0
ENV Trails/Horse Trail Pass	(314)	(628)		(200)	(200)	(314)	(314)	(628)	114
ENV Trails/Horse Trail Pass	314	628		200	200	314	314	628	(114)
ENV DNR: Corp of Engineers Land				400	400			0	400
ENV Canoe Routes				65	65			0	
Net Spending Changes	(1,611)	(1,057)	0	(305)	(305)	(502)	(15)	(517)	1,306

**SPECIAL REVENUE FUND**

HHS Child Supprt Enforcement Fee	255	680			0			0	(255)
HHS Child Supprt Enforcement Fee	(255)	(680)			0			0	255
ED SBIR--Access to Federal Grants REV	(10)	(40)		(10)	(10)	(15)	(25)	(40)	0
ED SBIR--Access to Federal Grants REV	10	40		10	10	15	25	40	0
ED HFA: Mortgage Foreclosure Prevention REV				(300)	(300)				(300)
ED HFA: Mortgage Foreclosure Prevention EXP				300	300				300
ENV Forest Mgmt. Svcs. to Landowners (SF2852)	(35)	(70)		(35)	(35)	(35)	(35)	(70)	0
ENV Forest Mgmt. Svcs. to Landowners (SF2852)	35	70		35	35	35	35	70	0
ENV Forestry/State Forest Fees REV (SF2852)	(45)	(90)			0			0	45
ENV Forestry/State Forest Fees (SF2852)	45	90			0			0	(45)
ENV Forestry/Timber Sales Bill REV	(159)	(106)		(194)	(194)	(129)		(129)	(35)
PS POST Board: Training Reimbursements	1,380	1,434			0			0	(1,380)
PS POST Board: Training Reimbursements-TRN	(1,380)	(1,434)		(200)	(200)	(200)	(200)	(400)	1,180
Net Spending Changes	(159)	(106)	0	(394)	(394)	(329)	(200)	(529)	(235)

**THE GOVERNMENT SPECIAL REVENUE**

Payment System Conversion	10	0	5	5	10			0	0
HHS Dentistry Board	67	134		67	67	67	67	134	0
HHS Emergency Medical Services Board	50	100		50	50	50	50	100	0
HHS Contested Case Mgmt--Med Practice Board	1,000	0	500	500	1,000			0	0
HHS Payment System Conversion--PT Board	9	0	9	0	9	0	0	0	0
HHS Assisted living req.; licensing and regulation				140	140	280	280	560	140
HHS Assisted living req.; licensing and regulation REV				(140)	(140)	(280)	(280)	(560)	(140)
ED Construction Codes Consolidation REV	(4,213)	(8,426)			0			0	4,213

**SC4643: Senate Omnibus Supplemental Finance Bill--2006**  
**General Fund Changes by Article; Other Funds Combined**

(dollars in thousands)

	Gov FY06-07	Gov FY08-09	Sen FY2006	Sen FY2007	Sen FY06-07	Sen FY2008	Sen FY2009	Sen FY08-09	Sen-Gov FY06-07
ED Construction Codes Consolidation Exp	5,063	5,398			0			0	(5,063)
Net Spending Changes	1,986	(2,794)	514	622	1,136	117	117	234	(850)
<b>PERMANENT SCHOOL FUND</b>									
ENV Lands and Minerals/Land Sale-REV (SF2852)	(50)	0		(50)	(50)			0	0
ENV Forestry/Timber Sales Bill-REV (SF2851)	(482)	(321)		(205)	(205)	(137)		(137)	277
Net Spending Changes	(532)	(321)	0	(255)	(255)	(137)	0	(137)	277
<b>PETROLEUM TANK RELEASE CLEANUP</b>									
ED MNDOT reimbursement	900	0	450	450	900			0	0
Net Spending Changes	900	0	450	450	900	0	0	0	0
<b>TELECOMMUNICATIONS ACCESS FUND</b>									
ED COM: Deaf and Hard of Hearing--Tele Access Charge				(240)	(240)	(240)	(240)	(480)	
ED COM: Deaf and Hard of Hearing	0	0		240	240	240	240	480	240
Net Spending Changes	0	0	0	0	0	0	0	0	0
<b>TRUNK HIGHWAY FUND</b>									
ENV Increase Petroleum Delivery Budget	5,000	0			0			0	(5,000)
ENV Increase Road Construction Budget	83,000	0			0			0	(83,000)
Net Spending Changes	88,000	0			0			0	(88,000)
<b>WORKERS COMPENSATION FUND</b>									
ED Construction Codes Consolidation REV	(272)	(340)			0			0	272
ED Construction Codes Consolidation Exp	272	340			0			0	(272)
Net Spending Changes	0	0			0			0	0
<b>WORKFORCE DEVELOPMENT FUND</b>									
ED Northern Connections Pilot--West Central	0	0		250	250			0	250
ED Make MN Employ Ctr for Deaf and Hearing Imp. Permanent						150	150	300	
ED Summer Youth Employment-- Mpls	0	0	1,920	1,920	3,840	1,920	1,920	3,840	3,840
Net Spending Changes	0	0	1,920	2,170	4,090	2,070	2,070	4,140	4,090
<b>MISCELLANEOUS AGENCY</b>									
ENV Lands and Minerals/Land Sale-REV (SF2851)	(5)	0		(5)	(5)			0	0
Net Spending Changes	(5)	0	0	(5)	(5)	0	0	0	0
<b>FEDERAL TANF</b>									
EC TANF Refinancing for Early Childhood	10,067	20,134			0			0	(10,067)
EC Basic Sliding Fee--Reduce Waiting List				1,475	1,475			0	1,475
HHS Childcare maximum provider rate adj. MFIP/TY				14,036	14,036			0	14,036
HHS Childcare accreditation bonus--15% MFIP/TY				609	609			0	609
HHS Childcare--reduce copayments MFIP/TY				510	510			0	510
HHS Childcare--allow half-day rates MFIP/TY				298	298			0	298
HHS Childcare--absent day limits MFIP/TY				666	666			0	666
HHS Domestic Violence Information Brochure				51	51	51	51	102	51
HHS New Chance program				140	140	140	140	280	140
HHS MFIP Work participation rate enhancement				463	463	4,284	5,566	9,850	463
HHS Repeal \$50 MFIP subsidized housing penalty				2,459	2,459			0	2,459
HHS Reposition TANF to meet TANF MOE requirements			7,484	(7,484)	0			0	0
Net Spending Changes	10,067	20,134	7,484	13,223	20,707	4,475	5,757	10,232	10,640

**ONE-TIME SUPPLEMENTAL AID  
(As Modified for Finance Committee)  
FY 2007**

		<b>34.5</b>	<b>15</b>	
		<b>DISTRICT</b>	<b>CHARTER</b>	
		<b>ONE-TIME</b>	<b>ONE-TIME</b>	<b>SUPPLEMENTAL</b>
	<b>AMCPUs</b>	<b>SUPPLEMENTAL</b>	<b>SUPPLEMENTAL</b>	<b>GRAND</b>
	<b>FY 2007</b>	<b>REVENUE</b>	<b>REVENUE</b>	<b>TOTAL</b>
Grand Totals		31,829,534	399,117	32,228,651
1 Aitkin	1,457	50,274	0	50,274
1.03 Minneapolis	40,433	1,394,922	0	1,394,922
2 Hill City	378	13,041	0	13,041
4 Mcgregor	525	18,097	0	18,097
6 South St. Paul	3,532	121,842	0	121,842
11 Anoka-Hennepin	47,065	1,623,751	0	1,623,751
12 Centennial	7,932	273,666	0	273,666
13 Columbia Heights	3,266	112,660	0	112,660
14 Fridley	3,012	103,911	0	103,911
15 St. Francis	7,080	244,254	0	244,254
16 Spring Lake Park	5,159	177,972	0	177,972
22 Detroit Lakes	3,060	105,578	0	105,578
23 Frazee	1,234	42,577	0	42,577
25 Pine Point	74	2,554	0	2,554
31 Bemidji	5,201	179,426	0	179,426
32 Blackduck	761	26,243	0	26,243
36 Kelliher	302	10,418	0	10,418
38 Red Lake	1,670	57,627	0	57,627
47 Sauk Rapids	4,199	144,871	0	144,871
51 Foley	1,904	65,682	0	65,682
62 Ortonville	521	17,967	0	17,967
75 St. Clair	722	24,896	0	24,896
77 Mankato	7,972	275,021	0	275,021
81 Comfrey	177	6,095	0	6,095
84 Sleepy Eye	708	24,422	0	24,422
85 Springfield	701	24,169	0	24,169
88 New Ulm	2,490	85,890	0	85,890
91 Barnum	735	25,360	0	25,360
93 Carlton	693	23,922	0	23,922
94 Cloquet	2,908	100,320	0	100,320
95 Cromwell	362	12,485	0	12,485
97 Moose Lake	858	29,612	0	29,612
99 Esko	1,307	45,086	0	45,086
100 Wrenshall	396	13,649	0	13,649
108 Norwood	1,169	40,340	0	40,340
110 Waconia	3,339	115,197	0	115,197
111 Watertown-Mayer	1,914	66,021	0	66,021
112 Chaska	10,204	352,027	0	352,027
113 Walker-Akeley	1,129	38,940	0	38,940
115 Cass Lake	1,241	42,807	0	42,807
116 Pillager	869	29,977	0	29,977
118 Remer	611	21,081	0	21,081

**ONE-TIME SUPPLEMENTAL AID**  
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**FY 2007**

		<b>34.5</b>	<b>15</b>	
		<b>DISTRICT</b>	<b>CHARTER</b>	
		<b>ONE-TIME</b>	<b>ONE-TIME</b>	<b>SUPPLEMENTAL</b>
	<b>AMCPUs</b>	<b>SUPPLEMENTAL</b>	<b>SUPPLEMENTAL</b>	<b>GRAND</b>
	<b>FY 2007</b>	<b>REVENUE</b>	<b>REVENUE</b>	<b>TOTAL</b>
129 Montevideo	1,802	62,170	0	62,170
138 North Branch	4,505	155,439	0	155,439
139 Rush City	1,181	40,759	0	40,759
146 Barnesville	913	31,491	0	31,491
150 Hawley	1,038	35,820	0	35,820
152 Moorhead	6,324	218,161	0	218,161
162 Bagley	1,222	42,169	0	42,169
166 Cook County	697	24,058	0	24,058
173 Mountain Lake	566	19,533	0	19,533
177 Windom	1,052	36,294	0	36,294
181 Brainerd	8,006	276,196	0	276,196
182 Crosby	1,465	50,532	0	50,532
186 Pequot Lakes	1,766	60,920	0	60,920
191 Burnsville	11,938	411,853	0	411,853
192 Farmington	7,074	244,058	0	244,058
194 Lakeville	12,871	444,046	0	444,046
195 Randolph	556	19,195	0	19,195
196 Rosemount-Apple	32,209	1,111,224	0	1,111,224
197 West St. Paul	5,344	184,361	0	184,361
199 Inver Grove	4,275	147,493	0	147,493
200 Hastings	5,930	204,596	0	204,596
203 Hayfield	1,046	36,070	0	36,070
204 Kasson-Mantorvil	2,253	77,745	0	77,745
206 Alexandria	4,829	166,584	0	166,584
207 Brandon	366	12,610	0	12,610
208 Evansville	219	7,539	0	7,539
213 Osakis	837	28,862	0	28,862
227 Chatfield	1,053	36,344	0	36,344
229 Lanesboro	390	13,454	0	13,454
238 Mabel-Canton	352	12,146	0	12,146
239 Rushford-Peterso	756	26,085	0	26,085
241 Albert Lea	4,005	138,164	0	138,164
242 Alden	459	15,832	0	15,832
252 Cannon Falls	1,559	53,775	0	53,775
253 Goodhue	632	21,797	0	21,797
255 Pine Island	1,429	49,313	0	49,313
256 Red Wing	3,178	109,632	0	109,632
261 Ashby	335	11,562	0	11,562
264 Herman-Norcross	125	4,319	0	4,319
270 Hopkins	9,409	324,621	0	324,621
271 Bloomington	12,312	424,772	0	424,772
272 Eden Prairie	11,377	392,515	0	392,515
273 Edina	8,697	300,061	0	300,061
276 Minnetonka	8,857	305,569	0	305,569

**ONE-TIME SUPPLEMENTAL AID**  
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**FY 2007**

		<b>34.5</b>	<b>15</b>	
		<b>DISTRICT</b>	<b>CHARTER</b>	<b>SUPPLEMENTAL</b>
		<b>ONE-TIME</b>	<b>ONE-TIME</b>	<b>GRAND</b>
	<b>AMCPUs</b>	<b>SUPPLEMENTAL</b>	<b>SUPPLEMENTAL</b>	<b>TOTAL</b>
	<b>FY 2007</b>	<b>REVENUE</b>	<b>REVENUE</b>	
277 Westonka	2,693	92,915	0	92,915
278 Orono	2,892	99,772	0	99,772
279 Osseo	24,740	853,521	0	853,521
280 Richfield	4,639	160,035	0	160,035
281 Robbinsdale	15,262	526,529	0	526,529
282 St. Anthony-New	1,917	66,137	0	66,137
283 St. Louis Park	5,090	175,596	0	175,596
284 Wayzata	11,272	388,900	0	388,900
286 Brooklyn Center	1,879	64,834	0	64,834
294 Houston	1,239	42,728	0	42,728
297 Spring Grove	388	13,389	0	13,389
299 Caledonia	993	34,267	0	34,267
300 Lacrescent	1,604	55,322	0	55,322
306 Laporte	312	10,757	0	10,757
308 Nevis	600	20,703	0	20,703
309 Park Rapids	1,924	66,372	0	66,372
314 Braham	1,030	35,519	0	35,519
316 Greenway	1,493	51,506	0	51,506
317 Deer River	1,144	39,452	0	39,452
318 Grand Rapids	4,382	151,186	0	151,186
319 Nashwauk-Keewati	759	26,181	0	26,181
323 Franconia	33	1,125	0	1,125
330 Heron Lake-Okabe	349	12,043	0	12,043
332 Mora	2,064	71,197	0	71,197
333 Ogilvie	730	25,173	0	25,173
345 New London-Spice	1,854	63,975	0	63,975
347 Willmar	4,584	158,133	0	158,133
356 Lancaster	234	8,075	0	8,075
361 International Fa	1,448	49,953	0	49,953
362 Littlefork-Big F	378	13,055	0	13,055
363 South Koochichin	432	14,921	0	14,921
371 Bellingham	137	4,724	0	4,724
378 Dawson	630	21,739	0	21,739
381 Lake Superior	1,698	58,587	0	58,587
390 Lake Of The Wood	724	24,987	0	24,987
391 Cleveland	479	16,518	0	16,518
392 Lecenter	789	27,221	0	27,221
394 Montgomery	1,250	43,141	0	43,141
402 Hendricks	176	6,064	0	6,064
403 Ivanhoe	227	7,839	0	7,839
404 Lake Benton	261	9,016	0	9,016
409 Tyler	348	11,999	0	11,999
411 Balaton	96	3,325	0	3,325
413 Marshall	2,572	88,737	0	88,737

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		<b>ONE-TIME</b>	<b>ONE-TIME</b>	<b>SUPPLEMENTAL</b>
	<b>AMCPUs</b>	<b>SUPPLEMENTAL</b>	<b>SUPPLEMENTAL</b>	<b>GRAND</b>
	<b>FY 2007</b>	<b>REVENUE</b>	<b>REVENUE</b>	<b>TOTAL</b>
414 Minneota	539	18,592	0	18,592
415 Lynd	159	5,493	0	5,493
417 Tracy	813	28,033	0	28,033
418 Russell	162	5,589	0	5,589
423 Hutchinson	3,353	115,676	0	115,676
424 Lester Prairie	541	18,677	0	18,677
432 Mahanomen	841	29,000	0	29,000
435 Waubun	688	23,730	0	23,730
441 Newfolden	387	13,352	0	13,352
447 Grygla	223	7,686	0	7,686
458 Truman	444	15,322	0	15,322
463 Eden Valley	956	32,983	0	32,983
465 Litchfield	2,216	76,435	0	76,435
466 Dassel-Cokato	2,572	88,743	0	88,743
473 Isle	707	24,376	0	24,376
477 Princeton	4,090	141,091	0	141,091
480 Onamia	847	29,209	0	29,209
482 Little Falls	2,858	98,592	0	98,592
484 Pierz	1,132	39,054	0	39,054
485 Royalton	767	26,465	0	26,465
486 Swanville	377	12,993	0	12,993
487 Upsala	467	16,117	0	16,117
492 Austin	4,934	170,215	0	170,215
495 Grand Meadow	392	13,513	0	13,513
497 Lyle	282	9,731	0	9,731
499 Leroy	389	13,427	0	13,427
500 Southland	688	23,745	0	23,745
505 Fulda	536	18,494	0	18,494
507 Nicollet	342	11,816	0	11,816
508 St. Peter	2,195	75,741	0	75,741
511 Adrian	731	25,216	0	25,216
513 Brewster	202	6,984	0	6,984
514 Ellsworth	201	6,930	0	6,930
516 Round Lake	134	4,640	0	4,640
518 Worthington	2,516	86,799	0	86,799
531 Byron	1,772	61,121	0	61,121
533 Dover-Eyota	1,422	49,057	0	49,057
534 Stewartville	1,969	67,929	0	67,929
535 Rochester	18,418	635,410	0	635,410
542 Battle Lake	593	20,447	0	20,447
544 Fergus Falls	2,959	102,083	0	102,083
545 Henning	403	13,890	0	13,890
547 Parkers Prairie	663	22,872	0	22,872
548 Pelican Rapids	1,205	41,580	0	41,580

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		<b>DISTRICT</b>	<b>CHARTER</b>	
		<b>ONE-TIME</b>	<b>ONE-TIME</b>	<b>SUPPLEMENTAL</b>
	<b>AMCPUs</b>	<b>SUPPLEMENTAL</b>	<b>SUPPLEMENTAL</b>	<b>GRAND</b>
	<b>FY 2007</b>	<b>REVENUE</b>	<b>REVENUE</b>	<b>TOTAL</b>
549 Perham	1,723	59,445	0	59,445
550 Underwood	554	19,122	0	19,122
553 New York Mills	831	28,654	0	28,654
561 Goodridge	196	6,764	0	6,764
564 Thief River Fall	2,331	80,409	0	80,409
577 Willow River	507	17,480	0	17,480
578 Pine City	1,879	64,841	0	64,841
581 Edgerton	318	10,979	0	10,979
584 Ruthton	142	4,905	0	4,905
592 Climax	177	6,101	0	6,101
593 Crookston	1,608	55,475	0	55,475
595 East Grand Forks	1,976	68,181	0	68,181
599 Fertile-Beltrami	575	19,844	0	19,844
600 Fisher	346	11,949	0	11,949
601 Fosston	728	25,133	0	25,133
611 Cyrus	122	4,208	0	4,208
621 Mounds View	11,393	393,048	0	393,048
622 North St. Paul-M	12,580	433,995	0	433,995
623 Roseville	7,353	253,680	0	253,680
624 White Bear Lake	9,910	341,883	0	341,883
625 St. Paul	46,529	1,605,246	0	1,605,246
627 Oklee	243	8,367	0	8,367
628 Plummer	162	5,601	0	5,601
630 Red Lake Falls	442	15,257	0	15,257
635 Milroy	90	3,092	0	3,092
640 Wabasso	451	15,546	0	15,546
656 Faribault	4,762	164,301	0	164,301
659 Northfield	4,477	154,450	0	154,450
671 Hills-Beaver Cre	348	12,018	0	12,018
676 Badger	256	8,818	0	8,818
682 Roseau	1,569	54,128	0	54,128
690 Warroad	1,410	48,658	0	48,658
695 Chisholm	877	30,247	0	30,247
696 Ely	609	21,014	0	21,014
698 Floodwood	454	15,670	0	15,670
700 Hermantown	2,263	78,083	0	78,083
701 Hibbing	2,822	97,361	0	97,361
704 Proctor	2,019	69,664	0	69,664
706 Virginia	1,811	62,468	0	62,468
707 Nett Lake	126	4,333	0	4,333
709 Duluth	11,547	398,376	0	398,376
712 Mountain Iron-Bu	627	21,648	0	21,648
716 Belle Plaine	1,793	61,871	0	61,871
717 Jordan	1,770	61,048	0	61,048

**ONE-TIME SUPPLEMENTAL AID**  
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	<b>AMCPUs</b>	<b>34.5</b>	<b>15</b>	
		<b>DISTRICT</b>	<b>CHARTER</b>	
		<b>ONE-TIME</b>	<b>ONE-TIME</b>	<b>SUPPLEMENTAL</b>
	<b>FY 2007</b>	<b>SUPPLEMENTAL</b>	<b>SUPPLEMENTAL</b>	<b>GRAND</b>
		<b>REVENUE</b>	<b>REVENUE</b>	<b>TOTAL</b>
719 Prior Lake	7,535	259,950	0	259,950
720 Shakopee	6,686	230,679	0	230,679
721 New Prague	3,978	137,239	0	137,239
726 Becker	3,044	105,028	0	105,028
727 Big Lake	3,946	136,123	0	136,123
728 Elk River	13,574	468,296	0	468,296
738 Holdingford	1,182	40,783	0	40,783
739 Kimball	880	30,367	0	30,367
740 Melrose	1,687	58,211	0	58,211
741 Paynesville	1,239	42,734	0	42,734
742 St. Cloud	10,708	369,429	0	369,429
743 Sauk Centre	1,253	43,217	0	43,217
745 Albany	1,855	63,983	0	63,983
748 Sartell	3,364	116,049	0	116,049
750 Cold Spring	2,723	93,933	0	93,933
756 Blooming Prairie	868	29,943	0	29,943
761 Owatonna	5,646	194,798	0	194,798
763 Medford	867	29,904	0	29,904
768 Hancock	264	9,096	0	9,096
769 Morris	1,036	35,742	0	35,742
771 Chokio-Alberta	216	7,461	0	7,461
775 Kerkhoven-Murdoc	664	22,915	0	22,915
777 Benson	1,172	40,424	0	40,424
786 Bertha-Hewitt	499	17,217	0	17,217
787 Browerville	545	18,790	0	18,790
801 Browns Valley	144	4,966	0	4,966
803 Wheaton	499	17,220	0	17,220
806 Elgin-Millville	555	19,154	0	19,154
810 Plainview	1,253	43,234	0	43,234
811 Wabasha	772	26,625	0	26,625
813 Lake City	1,616	55,739	0	55,739
815 Prinsburg	0	0	0	0
818 Verndale	518	17,873	0	17,873
820 Sebeka	634	21,883	0	21,883
821 Menahga	857	29,571	0	29,571
829 Waseca	2,325	80,215	0	80,215
831 Forest Lake	8,648	298,340	0	298,340
832 Mahtomedi	3,514	121,244	0	121,244
833 South Washington	18,965	654,287	0	654,287
834 Stillwater	10,457	360,764	0	360,764
836 Butterfield	231	7,970	0	7,970
837 Madelia	685	23,644	0	23,644
840 St. James	1,451	50,046	0	50,046
846 Breckenridge	1,008	34,759	0	34,759

**ONE-TIME SUPPLEMENTAL AID**  
**(As Modified for Finance Committee)**  
**FY 2007**

	AMCPUs FY 2007	34.5 DISTRICT ONE-TIME SUPPLEMENTAL REVENUE	15 CHARTER ONE-TIME SUPPLEMENTAL REVENUE	SUPPLEMENTAL GRAND TOTAL
850 Rothsay	252	8,692	0	8,692
852 Campbell-Tintah	137	4,742	0	4,742
857 Lewiston	887	30,610	0	30,610
858 St. Charles	1,195	41,228	0	41,228
861 Winona	4,272	147,399	0	147,399
876 Annandale	2,065	71,251	0	71,251
877 Buffalo	6,364	219,571	0	219,571
879 Delano	2,380	82,098	0	82,098
881 Maple Lake	1,095	37,783	0	37,783
882 Monticello	4,770	164,567	0	164,567
883 Rockford	1,948	67,207	0	67,207
885 St. Michael-Albe	5,040	173,890	0	173,890
891 Canby	657	22,679	0	22,679
911 Cambridge-Isanti	6,260	215,976	0	215,976
912 Milaca	2,202	75,984	0	75,984
914 Ulen-Hitterdal	321	11,062	0	11,062
2071 Lake Crystal-Wel	936	32,303	0	32,303
2125 Triton	1,286	44,384	0	44,384
2134 United South Central	1,087	37,499	0	37,499
2135 Maple River	1,431	49,363	0	49,363
2137 Kingsland	948	32,689	0	32,689
2142 St. Louis County	2,464	85,012	0	85,012
2143 Waterville-Elysian-Mo	1,132	39,040	0	39,040
2144 Chisago Lakes Area	4,020	138,679	0	138,679
2149 Minnewaska	1,480	51,043	0	51,043
2154 Eveleth-Gilbert	1,532	52,855	0	52,855
2155 Wadena-Deer Creek	1,372	47,349	0	47,349
2159 Buffalo Lake-Hector	619	21,356	0	21,356
2164 Dilworth-Glyndon	1,543	53,222	0	53,222
2165 Hinckley-Finlays	1,225	42,254	0	42,254
2167 Lakeview	665	22,957	0	22,957
2168 Nrheg	1,146	39,531	0	39,531
2169 Murray County	848	29,248	0	29,248
2170 Staples-Motley	1,636	56,431	0	56,431
2171 Kittson Central	400	13,814	0	13,814
2172 Kenyon-Wanamingo	1,023	35,280	0	35,280
2174 Pine River-Backu	1,208	41,669	0	41,669
2176 Warren-Alvarado-	569	19,631	0	19,631
2180 Maccray	893	30,813	0	30,813
2184 Luverne	1,437	49,585	0	49,585
2190 Yellow Medicine East	1,195	41,244	0	41,244
2198 Filmore Central	721	24,866	0	24,866
2215 Norman County East	357	12,331	0	12,331
2310 Sibley East	1,426	49,202	0	49,202

**ONE-TIME SUPPLEMENTAL AID  
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FY 2007**

	AMCPUs FY 2007	34.5 DISTRICT ONE-TIME SUPPLEMENTAL REVENUE	15 CHARTER ONE-TIME SUPPLEMENTAL REVENUE	SUPPLEMENTAL GRAND TOTAL
2311 Clearbrook-Gonvick	603	20,795	0	20,795
2342 West Central Area	928	32,002	0	32,002
2358 Karlstad-Strandq	307	10,576	0	10,576
2364 Belgrade-Brooten-Elr	834	28,764	0	28,764
2365 G.F.W.	968	33,379	0	33,379
2396 A.C.G.C.	949	32,751	0	32,751
2397 Lesueur-Henderso	1,431	49,375	0	49,375
2448 Martin County	978	33,725	0	33,725
2527 Halstad-Hendrum	339	11,691	0	11,691
2534 Olivia-Bird Isla	979	33,780	0	33,780
2536 Granada Huntley-	330	11,372	0	11,372
2580 Sandstone-Askov	988	34,082	0	34,082
2609 Win-E-Mac	599	20,676	0	20,676
2683 Greenbush-Middle Riv	526	18,130	0	18,130
2687 Howard Lake-Waverly	1,180	40,706	0	40,706
2689 Pipestone-Jasper	1,408	48,563	0	48,563
2711 Mesabi East	1,041	35,915	0	35,915
2752 Fairmont Area Schools	2,100	72,452	0	72,452
2753 Long Prairie-Grey Ea	1,536	53,003	0	53,003
2754 Cedar Mountain	486	16,774	0	16,774
2759 Eagle Bend-Clarissa	398	13,717	0	13,717
2805 Zumbrota-Mazeppa	1,318	45,475	0	45,475
2835 Janesville-Waldo	649	22,377	0	22,377
2853 Madison-Marietta-Lac	1,142	39,407	0	39,407
2854 Ada-Borup	590	20,371	0	20,371
2856 Stephen-Argyle	413	14,243	0	14,243
2859 Glencoe-Silver Lake	1,940	66,938	0	66,938
2860 Blue Earth-Delavan-El	1,471	50,758	0	50,758
2884 Red Rock Central	540	18,630	0	18,630
2886 Glenville-Emmons	467	16,119	0	16,119
2887 Mcleod West Schools	503	17,352	0	17,352
2888 Clinton-Graceville-Be	483	16,677	0	16,677
2889 Lake Park-Audubon	758	26,137	0	26,137
2890 Drsh	736	25,398	0	25,398
2895 Jackson County Centra	1,380	47,618	0	47,618
2897 Redwood Area School:	1,498	51,689	0	51,689
2898 Westbrook-Walnut Gr	681	23,503	0	23,503
3000 New Referendum Grov	0	0	0	0
3999 Cfl V Dst Est	2,105	72,619	0	72,619
4000 City Academy	137	0	2,048	2,048
4001 Bluffview Montessori	213	0	3,188	3,188
4003 New Heights Charter S	161	0	2,417	2,417
4004 Cedar Riverside Comm	107	0	1,609	1,609
4005 Metro Deaf Charter Sc	5	0	74	74

**ONE-TIME SUPPLEMENTAL AID**  
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**FY 2007**

	AMCPUs FY 2007	34.5 DISTRICT ONE-TIME SUPPLEMENTAL REVENUE	15 CHARTER ONE-TIME SUPPLEMENTAL REVENUE	SUPPLEMENTAL GRAND TOTAL
4006 Skills For Tomorrow C	124	0	1,853	1,853
4007 Minnesota New Count	150	0	2,243	2,243
4008 Pact Charter School	625	0	9,372	9,372
4011 New Visions Charter S	182	0	2,733	2,733
4012 Emily Charter School	85	0	1,270	1,270
4015 Community Of Peace /	694	0	10,414	10,414
4016 World Learner Charter	174	0	2,609	2,609
4017 Minnesota Transitions	1,504	0	22,564	22,564
4018 Acorn Dual Language	398	0	5,976	5,976
4019 St. Paul Family Learn	99	0	1,481	1,481
4020 Edison Charter School	824	0	12,355	12,355
4021 Village School Of Nor	80	0	1,200	1,200
4025 Cyber Village Academ	162	0	2,435	2,435
4026 E.C.H.O. Charter Scho	194	0	2,910	2,910
4027 Higher Ground Acader	532	0	7,982	7,982
4028 Eci' Nompa Woonspe	28	0	423	423
4029 New Spirit School	354	0	5,303	5,303
4030 Odyssey Charter Schoc	234	0	3,503	3,503
4031 Minnesota Technology	52	0	780	780
4032 Harvest Prep School/S	400	0	6,000	6,000
4035 Concordia Creative Le	111	0	1,658	1,658
4036 Face To Face Academy	81	0	1,209	1,209
4038 Sojourner Truth Acade	259	0	3,883	3,883
4039 High School For Recoi	260	0	3,900	3,900
4040 Martin Hughes Charter	0	0	0	0
4042 Twin Cities Academy	230	0	3,446	3,446
4043 Math & Science Acade	337	0	5,049	5,049
4044 Heart Of The Earth Ch	283	0	4,239	4,239
4045 Peaks-Alexandria	104	0	1,560	1,560
4046 Lake Superior High Sc	114	0	1,716	1,716
4048 Great River Education	72	0	1,073	1,073
4049 Coon Rapids Learning	234	0	3,510	3,510
4050 Lafayette Public Char	111	0	1,668	1,668
4051 Hanska Charter School	0	0	0	0
4052 Four Directions Chart	116	0	1,736	1,736
4053 North Lakes Academy	258	0	3,873	3,873
4054 Lacrescent Montessori	76	0	1,144	1,144
4055 Nerstrand Charter Sch	155	0	2,332	2,332
4056 Rochester Off Campus	150	0	2,243	2,243
4057 El Colegio Charter Sc	130	0	1,950	1,950
4058 Schoolcraft Learning	177	0	2,648	2,648
4059 Crosslake Community	138	0	2,076	2,076
4060 Mexica Multicultural	0	0	0	0
4061 Studio Academy Chart	169	0	2,535	2,535

**ONE-TIME SUPPLEMENTAL AID  
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FY 2007**

	AMCPUs FY 2007	34.5 DISTRICT ONE-TIME SUPPLEMENTAL REVENUE	15 CHARTER ONE-TIME SUPPLEMENTAL REVENUE	SUPPLEMENTAL GRAND TOTAL
4062 Family Academy Char	306	0	4,592	4,592
4064 Riverway Learning Co	86	0	1,283	1,283
4065 Minnesota Business Ac	423	0	6,338	6,338
4066 Riverbend Academy C	127	0	1,899	1,899
4067 Aurora Charter School	254	0	3,811	3,811
4068 Excell Academy	247	0	3,703	3,703
4069 Mn Institute Of Techn	0	0	0	0
4070 Hope Academy Charte	542	0	8,136	8,136
4071 Native Arts Charter S	0	0	0	0
4072 Yankton Country Char	41	0	616	616
4073 Academia Cesar Chave	260	0	3,900	3,900
4074 Agricultural Food Sci	322	0	4,836	4,836
4075 Avalon Schol	179	0	2,691	2,691
4076 Mn Academy Of Techn	0	0	0	0
4077 Twin Cities Internati	450	0	6,743	6,743
4078 Mn International Midd	318	0	4,773	4,773
4079 Friendship Academy C	147	0	2,208	2,208
4080 Pillager Area Charter	52	0	780	780
4081 Covenant	59	0	878	878
4082 Bluesky	124	0	1,853	1,853
4083 Ridgeway Community	83	0	1,252	1,252
4084 North Shore Communi	260	0	3,906	3,906
4085 Harbor City Internati	270	0	4,056	4,056
4086 Woodson Institute For	270	0	4,055	4,055
4087 Sage Academy Charter	130	0	1,950	1,950
4088 Urban Academy	183	0	2,742	2,742
4089 New City School	131	0	1,959	1,959
4090 Prairie Creek Commun	110	0	1,644	1,644
4091 Se Mn Arts & Technol	152	0	2,275	2,275
4092 Watershed High Schoc	166	0	2,496	2,496
4093 New Century Charter S	195	0	2,925	2,925
4095 Trio Wolf Creek Dista	117	0	1,755	1,755
4096 Chiron Charter School	0	0	0	0
4097 Partnership Academy,	245	0	3,671	3,671
4098 Nova Classical	336	0	5,041	5,041
4099 Tarek Ibn Ziyad	259	0	3,891	3,891
4100 Great Expectations	74	0	1,105	1,105
4101 Minnesota North Star	3	0	39	39
4102 Mn Internship	502	0	7,527	7,527
4103 Hmong Academy	390	0	5,850	5,850
4104 Liberty High School	228	0	3,413	3,413
4105 Great River School	273	0	4,095	4,095
4106 Treknorth High	208	0	3,120	3,120
4107 Voyageurs Expe	104	0	1,560	1,560

**ONE-TIME SUPPLEMENTAL AID**  
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**FY 2007**

	AMCPUs FY 2007	34.5 DISTRICT ONE-TIME SUPPLEMENTAL REVENUE	15 CHARTER ONE-TIME SUPPLEMENTAL REVENUE	SUPPLEMENTAL GRAND TOTAL
4108 General John Vessey L	156	0	2,340	2,340
4109 Sobriety High	234	0	3,510	3,510
4110 Main Street School Of	280	0	4,193	4,193
4111 Augsburg Academy Fc	156	0	2,340	2,340
4112 St Paul Conservatory	312	0	4,680	4,680
4113 Fraser Academy	101	0	1,519	1,519
4114 Ascension Academy	146	0	2,184	2,184
4115 Minneapolis Academy	148	0	2,224	2,224
4116 Lakes International L	347	0	5,207	5,207
4118 Kaleidoscope Charter	288	0	4,313	4,313
4119 River Heights Charter	108	0	1,619	1,619
4120 St. Croix Preparatory	319	0	4,778	4,778
4121 Ubah Medical Academ	312	0	4,680	4,680
4122 Eagle Ridge Academy	346	0	5,183	5,183
4123 Dakota Area Communi	68	0	1,021	1,021
4124 Beacon Academy	225	0	3,374	3,374
4125 Worthington Area Lan	85	0	1,278	1,278
4126 Prairie Seeds Academy	176	0	2,640	2,640
4127 Team Academy	70	0	1,045	1,045
4128 Colonel Charles D You	0	0	0	0
4129 Mary Mcvoy Early Lit	31	0	468	468
4131 Lighthouse Academy C	135	0	2,028	2,028
4135 Adam Abdulle Acaden	141	0	2,109	2,109
4136 Soul Academy Charter	71	0	1,071	1,071
4137 Swan River Montessor	110	0	1,648	1,648
4138 Milroy Area Charter S	41	0	619	619
4139 Loveworks Academy F	140	0	2,098	2,098
4141 Paideia Academy Char	275	0	4,122	4,122
4142 Stride Academy Charte	228	0	3,427	3,427
4143 New Millennium Acad	292	0	4,383	4,383
4144 Green Isle Community	58	0	864	864
4145 Birch Grove Communi	33	0	489	489
4146 Northern Lights Comrr	110	0	1,643	1,643
4148 Academy Of Bioscienc	295	0	4,418	4,418
4150 Minnesota Online Higl	79	0	1,190	1,190
4151 Edvisions Off Campus	98	0	1,463	1,463
4152 Twin Cities German In	35	0	518	518
4153 Dugsi Academy	198	0	2,967	2,967
4154 Recovery School Of Sc	59	0	878	878
4155 Naytauwaush Commur	78	0	1,171	1,171
4999 Cfl V Cht Est	524	0	7,867	7,867

List of Bills Included in the Health and Human Services Portion of the  
Omnibus Supplemental Appropriations Bill

(All or portions of the following bills are included)  
April 18, 2006

Senate File	Author	Topic
769	Berglin	New Chance program appropriation
979	Lourey	BioMonitoring Program
2080	Lourey	Long-term care services
2477	Wiger	MinnesotaCare
2535	Lourey	Runaway homeless youth
2582	Solon	DD waiver overspending repayment delay
2630	Sams	Cass County hospital moratorium exception
2675	Dille	Meeker County DT&H rate increase
2725	Berglin	MinnesotaCare
2726	Berglin	Essential community provider
2793	Berglin	Essential community provider
2819	Hottinger	Child care provisions
2881	Rosen	Chemical health border bill
2888	Berglin	Assisted Living services regulation
2898	Berglin	Long-Term Care Insurance Partnership Program
2899	Berglin	Electronic controlled substance reporting system
2957	Lourey	Restoring family planning grants
3013	Berglin	Background studies
3016	Berglin	Elimination of MFIP housing penalty
3064	Berglin	Medicare co-pays
3085	Berglin	Mental health pilot program for unsheltered persons
3095	Berglin	PCA service recipients
3098	Berglin	Alternative hospital moratorium approval process
3103	Berglin	Work participation rate enhancement program
3208	Rest	Post adoption training
3240	Koering	Pharmacy study
3265	Rosen	Statewide meth coordinator
3290	Berglin	Mental health initiative
3292	Sams	Cass County nursing home moratorium exception
3307	Ranum	Chemical use assessments
3322	Berglin	Reverse mortgage incentives
3346	Berglin	Food Stamp asset limit
3355	Lourey	Definition of governmental unit in MMCAP
3385	Berglin	Community providers scholarship program modifications
3399	Lourey	Health services for persons with disabilities
3430	Rud	Expand definition of chemically dependent person
3554	LeClair	Health & Human Services Supplemental Appropriations

ARTICLE 1 SUMMARY ..... Page.Ln 3.13

ARTICLE 2 EARLY CHILDHOOD EDUCATION ..... Page.Ln 3.31

ARTICLE 3 GENERAL EDUCATION ..... Page.Ln 34.25

ARTICLE 4 EDUCATION EXCELLENCE ..... Page.Ln 48.20

ARTICLE 5 SPECIAL EDUCATION..... Page.Ln 90.8

ARTICLE 6 FACILITIES, ACCOUNTING, AND TECHNOLOGY ..... Page.Ln 99.22

ARTICLE 7 NUTRITION AND LIBRARIES ..... Page.Ln 111.9

ARTICLE 8 STATE AGENCIES ..... Page.Ln 112.13

ARTICLE 9 PREKINDERGARTEN THROUGH GRADE 12 EDUCATION ..... Page.Ln 116.7

ARTICLE 9 FORECAST ADJUSTMENTS ..... Page.Ln 116.7

ARTICLE 9 A. GENERAL EDUCATION ..... Page.Ln 116.7

ARTICLE 10 TECHNICAL AND CONFORMING AMENDMENTS ..... Page.Ln 127.9

ARTICLE 11 HIGHER EDUCATION ..... Page.Ln 136.5

ARTICLE 12 ENVIRONMENT, NATURAL RESOURCES, AND AGRICULTURE..... Page.Ln 151.18

ARTICLE 13 CLEAN WATER LEGACY ..... Page.Ln 170.1

ARTICLE 14 ECONOMIC DEVELOPMENT ..... Page.Ln 174.15

ARTICLE 15 TRANSPORTATION ..... Page.Ln 200.11

ARTICLE 16 PUBLIC SAFETY..... Page.Ln 203.6

ARTICLE 17 STATE GOVERNMENT ..... Page.Ln 229.25

ARTICLE 18 HUMAN SERVICES FORECAST ADJUSTMENTS ..... Page.Ln 241.17

ARTICLE 19 HEALTH DEPARTMENT ..... Page.Ln 243.20

ARTICLE 20 HEALTH CARE..... Page.Ln 262.5

ARTICLE 21 HEALTH CARE FEDERAL COMPLIANCE..... Page.Ln 323.7

ARTICLE 22 QUALIFIED LONG-TERM CARE INSURANCE REGULATORY CHANGES..... Page.Ln 345.25

ARTICLE 23 MISCELLANEOUS..... Page.Ln 361.1

ARTICLE 24 CHILDREN AND FAMILIES PROGRAMS AND SERVICES..... Page.Ln 366.5

ARTICLE 25 MENTAL HEALTH AND CHEMICAL HEALTH..... Page.Ln 394.1

ARTICLE 26 HEALTH AND HUMAN SERVICES APPROPRIATIONS..... Page.Ln 419.16

## A bill for an act

1.1 relating to the financing of state government; making supplemental  
2 appropriations for education, environment and agriculture, economic  
1.3 development, transportation, public safety, state government, and health and  
1.4 human services; fixing and limiting fees; appropriating money; amending  
1.5 Minnesota Statutes 2004, sections 13.7411, by adding a subdivision; 18C.305, by  
1.6 adding a subdivision; 43A.08, subdivision 1a; 47.58, subdivision 8; 62A.045;  
1.7 62Q.19, subdivision 2; 62S.05, by adding a subdivision; 62S.08, subdivision 3;  
1.8 62S.081, subdivision 4; 62S.10, subdivision 2; 62S.13, by adding a subdivision;  
1.9 62S.14, subdivision 2; 62S.15; 62S.20, subdivision 1; 62S.24, subdivisions 1,  
1.10 3, 4, by adding subdivisions; 62S.25, subdivision 6, by adding a subdivision;  
1.11 62S.26; 62S.266, subdivision 2; 62S.29, subdivision 1; 62S.30; 80C.01,  
1.12 subdivision 4; 84.0835, subdivision 3; 85.053, by adding a subdivision; 85.054,  
1.13 by adding a subdivision; 85.32, subdivision 1; 97A.028, subdivision 3; 97A.045,  
1.14 subdivision 11; 115.03, by adding a subdivision; 115B.48, subdivision 3;  
1.15 115E.01, subdivisions 5, 6, 7, 13, by adding subdivisions; 115E.04, subdivision  
1.16 2, by adding subdivisions; 115E.05, subdivisions 1, 2; 115E.08, subdivision  
1.17 3; 116J.421, subdivision 3; 116J.543; 116L.04, subdivisions 1, 1a; 116L.12,  
1.18 subdivision 4; 119A.50, subdivision 1; 119A.52; 119A.53; 119A.545; 119B.011,  
1.19 by adding a subdivision; 119B.03, subdivision 4; 119B.05, subdivision 1;  
1.20 119B.13, by adding a subdivision; 120A.20, subdivision 1; 120A.22, subdivision  
1.21 3; 120B.021, subdivision 1; 120B.023; 120B.024; 121A.035; 121A.15,  
1.22 subdivision 10; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.31,  
1.23 subdivision 1, by adding a subdivision; 123A.06, subdivision 2; 123A.44;  
1.24 123A.441; 123A.442; 123A.443; 123B.10, subdivision 1; 123B.57, subdivision  
1.25 6; 123B.77, subdivision 3, by adding a subdivision; 123B.90, subdivision 2;  
1.26 123B.91, by adding a subdivision; 124D.02, subdivisions 1, 2, 4; 124D.095,  
1.27 subdivision 3; 124D.096; 124D.10, subdivision 16; 124D.11, subdivision 9;  
1.28 124D.13, subdivisions 2, 3; 124D.518, subdivision 4; 124D.52, subdivision  
1.29 1; 124D.61; 124D.68, subdivision 3; 125A.02, subdivision 1; 125A.27,  
1.30 subdivisions 3, 7, 8, 11, 15, 18; 125A.29; 125A.30; 125A.32; 125A.33; 125A.48;  
1.31 125A.515, subdivisions 1, 3, 5, 6, 7, 9, 10; 125A.62, subdivision 1; 125A.63,  
1.32 subdivision 4; 125A.65, subdivisions 3, 4, 6, 8, 10; 125A.69, subdivision 3;  
1.33 125A.75, subdivision 1, by adding a subdivision; 126C.05, subdivision 1;  
1.34 126C.10, subdivision 6, by adding subdivisions; 126C.44; 127A.41, subdivision  
1.35 2; 135A.031, subdivision 7; 135A.053, subdivision 2; 136A.101, subdivisions 4,  
1.36 8; 136A.15, subdivisions 6, 9, by adding a subdivision; 136A.16, by adding a  
1.37 subdivision; 136A.162; 136A.1701, subdivisions 4, 7, by adding a subdivision;  
1.38

2.1 136A.233, subdivision 3; 136F.02, subdivision 1; 136F.42, subdivision 1;  
 2.2 136F.71, subdivision 2, by adding a subdivision; 137.17, subdivisions 1, 3;  
 2.3 144.552; 144.6501, subdivision 6; 144A.071, subdivision 4c; 144A.4605;  
 2.4 144D.01, by adding a subdivision; 144D.015; 144D.02; 144D.03, subdivision  
 2.5 2; 144D.04; 144D.05; 144D.065; 145.925, by adding a subdivision; 169.01,  
 2.6 subdivision 6; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502,  
 2.7 subdivision 5; 169.4503, subdivision 20; 171.321, subdivisions 4, 5; 178.03,  
 2.8 by adding a subdivision; 181.101; 183.02, by adding a subdivision; 216C.41,  
 2.9 subdivision 4; 245.465, by adding a subdivision; 245.50, subdivisions 1, 2, 5;  
 2.10 245.771, by adding a subdivision; 245.94, subdivision 1; 245.97, subdivision 6;  
 2.11 245A.023; 245A.14, by adding a subdivision; 246.54, subdivision 1, by adding a  
 2.12 subdivision; 253B.02, subdivision 2; 256.01, by adding subdivisions; 256.014, by  
 2.13 adding subdivisions; 256.975, subdivision 7; 256B.02, subdivision 9; 256B.056,  
 2.14 subdivision 2, by adding subdivisions; 256B.0595, subdivisions 1, 3, 4;  
 2.15 256B.0625, subdivisions 20, 28, by adding a subdivision; 256B.0911, subdivision  
 2.16 3a; 256B.0913, by adding a subdivision; 256B.0945, subdivisions 1, 4; 256B.15,  
 2.17 by adding a subdivision; 256B.437, subdivision 3; 256B.69, subdivisions 5g, 5h,  
 2.18 9, by adding a subdivision; 256B.76; 256J.01, by adding a subdivision; 256J.021;  
 2.19 256J.08, subdivision 65; 256J.37, subdivision 3a; 256J.521, subdivisions 1, 2;  
 2.20 256J.53, subdivision 2, by adding a subdivision; 256J.626, subdivisions 1, 2, 3, 4,  
 2.21 5; 256L.03, subdivision 3; 256L.04, subdivisions 7, 10, by adding a subdivision;  
 2.22 256L.07, subdivision 2; 256L.11, subdivision 1, by adding subdivisions;  
 2.23 256L.12, subdivision 9a; 256L.15, subdivision 1; 259.87; 296A.18, subdivision  
 2.24 4; 299F.30; 326.105; 446A.03, subdivision 5; 446A.12, subdivision 1; 462A.05,  
 2.25 by adding a subdivision; 473.252, subdivision 3; 488A.03, subdivisions 6, 11;  
 2.26 518.551, subdivision 7; 518.5852; 626.556, subdivisions 3b, 3c; Minnesota  
 2.27 Statutes 2005 Supplement, sections 35.05; 85.053, subdivision 2; 85.055,  
 2.28 subdivision 1; 115C.09, subdivision 3j; 116J.551, subdivision 1; 119B.13,  
 2.29 subdivision 1; 120B.021, subdivision 1a; 120B.11, subdivision 2; 120B.131,  
 2.30 subdivision 2; 121A.19; 122A.414, subdivisions 2b, 3; 122A.415, subdivisions  
 2.31 1, 3; 123B.04, subdivision 2; 123B.76, subdivision 3; 123B.92, subdivisions 1,  
 2.32 5; 124D.095, subdivision 4; 124D.111, subdivision 1; 124D.135, subdivision  
 2.33 1; 124D.175; 124D.531, subdivision 1; 124D.68, subdivision 2; 125A.11,  
 2.34 subdivision 1; 125A.28; 125A.79, subdivision 1; 126C.10, subdivisions 24, 31,  
 2.35 34; 126C.43, subdivision 2; 127A.45, subdivision 10; 135A.52, subdivisions 1,  
 2.36 2; 136A.121, subdivision 7a; 136A.1701, subdivision 12; 144.551, subdivision  
 2.37 1; 216C.41, subdivision 3; 245.4874; 245C.24, subdivision 2; 256B.0571;  
 2.38 256B.0595, subdivision 2; 256B.06, subdivision 4; 256B.0625, subdivision 1a;  
 2.39 256B.075, subdivision 2; 256B.0911, subdivision 1a; 256B.0918, subdivisions 1,  
 2.40 3, 4; 256B.0946, subdivision 1; 256B.434, subdivision 4; 256B.69, subdivision  
 2.41 23; 256D.03, subdivisions 3, 4; 256J.626, subdivision 6; 256L.01, subdivision  
 2.42 4; 256L.03, subdivisions 1, 5; 256L.035; 256L.04, subdivision 1a; 256L.07,  
 2.43 subdivisions 1, 3; 256L.15, subdivision 2; 299A.78; 327.201; 626.556,  
 2.44 subdivisions 2, 3; Laws 1998, chapter 404, section 15, subdivision 2, as  
 2.45 amended; Laws 2005, chapter 136, article 1, sections 10; 13, subdivision 3; Laws  
 2.46 2005, chapter 156, article 1, section 11, subdivision 5; Laws 2005, First Special  
 2.47 Session chapter 1, article 2, sections 3, subdivision 2; 11, subdivision 10; article  
 2.48 3, section 2, subdivision 4; Laws 2005, First Special Session chapter 4, article 7,  
 2.49 section 59; article 9, sections 3, subdivision 2; 5, subdivision 8; Laws 2005, First  
 2.50 Special Session chapter 5, article 1, sections 47; 54, subdivisions 2, 3, 5, 6, 7,  
 2.51 8; article 2, section 84, subdivisions 2, 3, 4, 6, 7, 10, 13; article 3, section 18,  
 2.52 subdivisions 2, 3, 4, 5, 6, 7; article 4, section 25, subdivisions 2, 3, 4, 6; article 5,  
 2.53 section 17, subdivisions 2, 3; article 6, section 1, subdivisions 2, 3, 5; article 7,  
 2.54 section 20, subdivisions 2, 3, 4, 5; article 8, section 8, subdivisions 2, 3, 5; article  
 2.55 9, section 4, subdivision 2; article 10, section 5, subdivision 2; proposing coding  
 2.56 for new law in Minnesota Statutes, chapters 3; 16E; 18C; 43A; 62S; 80C; 85;  
 2.57 115E; 116J; 119A; 121A; 122A; 124D; 135A; 136A; 144; 144A; 144D; 152; 245;  
 2.58 254A; 256; 256B; 256D; 256J; 256K; 256L; 259; 299A; 299F; 341; proposing

3.1 coding for new law as Minnesota Statutes, chapter 144G; repealing Minnesota  
 3.2 Statutes 2004, sections 17.10; 62J.694, subdivision 5; 119A.51; 120A.20,  
 3.3 subdivision 3; 121A.23; 123B.749; 125A.10; 125A.515, subdivision 2; 135A.01;  
 3.4 135A.031, subdivisions 1, 2, 5, 6; 135A.032; 135A.033; 136A.15, subdivision  
 3.5 5; 136A.1702; 137.17, subdivisions 2, 4; 169.4502, subdivision 15; 169.4503,  
 3.6 subdivisions 17, 18, 26; 245.465, subdivision 2; 256B.0945, subdivisions 5, 6, 7,  
 3.7 8, 9; 256B.83; 256J.626, subdivision 9; 488A.03, subdivision 11b; Minnesota  
 3.8 Statutes 2005 Supplement, sections 119B.13, subdivision 7; 135A.031,  
 3.9 subdivisions 3, 4; 256J.626, subdivision 7; 256L.035; Laws 2003, First Special  
 3.10 Session chapter 14, article 9, section 36; Minnesota Rules, parts 4668.0215;  
 3.11 4850.0011, subparts 10, 14, 27, 9; 4850.0014, subpart 1.

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

3.13 **ARTICLE 1**

3.14 **SUMMARY**

3.15 Section 1. **APPROPRIATIONS SUMMARY.**

3.16 **(General Fund Only, Excluding Forecast Adjustments)**

3.17	<u>APPROPRIATIONS</u>	<u>2006</u>	<u>2007</u>	<u>TOTAL</u>
3.18	<u>Early Childhood Education</u> \$	<u>124,000</u> \$	<u>23,294,000</u> \$	<u>23,418,000</u>
3.19	<u>K-12 Education</u>	<u>463,000</u>	<u>34,437,000</u>	<u>34,900,000</u>
3.20	<u>Higher Education</u>		<u>4,700,000</u>	<u>4,700,000</u>
3.21	<u>Environment &amp; Agriculture</u>	<u>523,000</u>	<u>2,263,000</u>	<u>2,786,000</u>
3.22	<u>Clean Water Legacy</u>		<u>20,000,000</u>	<u>20,000,000</u>
3.23	<u>Economic Development</u>	<u>2,000,000</u>	<u>2,850,000</u>	<u>4,850,000</u>
3.24	<u>Transportation</u>		<u>4,349,000</u>	<u>4,349,000</u>
3.25	<u>Public Safety</u>	<u>3,385,000</u>	<u>6,415,000</u>	<u>9,800,000</u>
3.26	<u>State Government</u>	<u>4,893,000</u>	<u>5,132,000</u>	<u>10,025,000</u>
3.27	<u>Health and Human Services</u>	<u>33,039,000</u>	<u>59,015,000</u>	<u>92,054,000</u>
3.28	<u>SUBTOTAL</u> \$	<u>44,427,000</u> \$	<u>162,455,000</u> \$	<u>206,882,000</u>
3.29	<u>TRANSFERS IN</u>	<u>2,933,000</u>	<u>900,000</u>	<u>3,833,000</u>
3.30	<u>TOTAL</u> \$	<u>41,494,000</u> \$	<u>161,555,000</u> \$	<u>203,049,000</u>

3.31 **ARTICLE 2**

3.32 **EARLY CHILDHOOD EDUCATION**

3.33 Section 1. **EARLY EDUCATION APPROPRIATIONS.**

A bill for an act

1.1 relating to the financing of state government; making supplemental  
1.2 appropriations for education, environment and agriculture, economic  
1.3 development, transportation, public safety, state government, and health and  
1.4 human services; fixing and limiting fees; appropriating money; amending  
1.5 Minnesota Statutes 2004, sections 13.7411, by adding a subdivision; 18C.305, by  
1.6 adding a subdivision; 43A.08, subdivision 1a; 47.58, subdivision 8; 62A.045;  
1.7 62Q.19, subdivision 2; 62S.05, by adding a subdivision; 62S.08, subdivision 3;  
1.8 62S.081, subdivision 4; 62S.10, subdivision 2; 62S.13, by adding a subdivision;  
1.9 62S.14, subdivision 2; 62S.15; 62S.20, subdivision 1; 62S.24, subdivisions 1,  
1.10 3, 4, by adding subdivisions; 62S.25, subdivision 6, by adding a subdivision;  
1.11 62S.26; 62S.266, subdivision 2; 62S.29, subdivision 1; 62S.30; 80C.01,  
1.12 subdivision 4; 84.0835, subdivision 3; 85.053, by adding a subdivision; 85.054,  
1.13 by adding a subdivision; 85.32, subdivision 1; 97A.028, subdivision 3; 97A.045,  
1.14 subdivision 11; 115.03, by adding a subdivision; 115B.48, subdivision 3;  
1.15 115E.01, subdivisions 5, 6, 7, 13, by adding subdivisions; 115E.04, subdivision  
1.16 2, by adding subdivisions; 115E.05, subdivisions 1, 2; 115E.08, subdivision  
1.17 3; 116J.421, subdivision 3; 116J.543; 116L.04, subdivisions 1, 1a; 116L.12,  
1.18 subdivision 4; 119A.50, subdivision 1; 119A.52; 119A.53; 119A.545; 119B.011,  
1.19 by adding a subdivision; 119B.03, subdivision 4; 119B.05, subdivision 1;  
1.20 119B.13, by adding a subdivision; 120A.20, subdivision 1; 120A.22, subdivision  
1.21 3; 120B.021, subdivision 1; 120B.023; 120B.024; 121A.035; 121A.15,  
1.22 subdivision 10; 122A.09, subdivision 4; 122A.18, subdivision 2; 122A.31,  
1.23 subdivision 1, by adding a subdivision; 123A.06, subdivision 2; 123A.44;  
1.24 123A.441; 123A.442; 123A.443; 123B.10, subdivision 1; 123B.57, subdivision  
1.25 6; 123B.77, subdivision 3, by adding a subdivision; 123B.90, subdivision 2;  
1.26 123B.91, by adding a subdivision; 124D.02, subdivisions 1, 2, 4; 124D.095,  
1.27 subdivision 3; 124D.096; 124D.10, subdivision 16; 124D.11, subdivision 9;  
1.28 124D.13, subdivisions 2, 3; 124D.518, subdivision 4; 124D.52, subdivision  
1.29 1; 124D.61; 124D.68, subdivision 3; 125A.02, subdivision 1; 125A.27,  
1.30 subdivisions 3, 7, 8, 11, 15, 18; 125A.29; 125A.30; 125A.32; 125A.33; 125A.48;  
1.31 125A.515, subdivisions 1, 3, 5, 6, 7, 9, 10; 125A.62, subdivision 1; 125A.63,  
1.32 subdivision 4; 125A.65, subdivisions 3, 4, 6, 8, 10; 125A.69, subdivision 3;  
1.33 125A.75, subdivision 1, by adding a subdivision; 126C.05, subdivision 1;  
1.34 126C.10, subdivision 6, by adding subdivisions; 126C.44; 127A.41, subdivision  
1.35 2; 135A.031, subdivision 7; 135A.053, subdivision 2; 136A.101, subdivisions 4,  
1.36 8; 136A.15, subdivisions 6, 9, by adding a subdivision; 136A.16, by adding a  
1.37 subdivision; 136A.162; 136A.1701, subdivisions 4, 7, by adding a subdivision;  
1.38

2.1 136A.233, subdivision 3; 136F.02, subdivision 1; 136F.42, subdivision 1;  
 2.2 136F.71, subdivision 2, by adding a subdivision; 137.17, subdivisions 1, 3;  
 2.3 144.552; 144.6501, subdivision 6; 144A.071, subdivision 4c; 144A.4605;  
 2.4 144D.01, by adding a subdivision; 144D.015; 144D.02; 144D.03, subdivision  
 2.5 2; 144D.04; 144D.05; 144D.065; 145.925, by adding a subdivision; 169.01,  
 2.6 subdivision 6; 169.447, subdivision 2; 169.4501, subdivisions 1, 2; 169.4502,  
 2.7 subdivision 5; 169.4503, subdivision 20; 171.321, subdivisions 4, 5; 178.03,  
 2.8 by adding a subdivision; 181.101; 183.02, by adding a subdivision; 216C.41,  
 2.9 subdivision 4; 245.465, by adding a subdivision; 245.50, subdivisions 1, 2, 5;  
 2.10 245.771, by adding a subdivision; 245.94, subdivision 1; 245.97, subdivision 6;  
 2.11 245A.023; 245A.14, by adding a subdivision; 246.54, subdivision 1, by adding a  
 2.12 subdivision; 253B.02, subdivision 2; 256.01, by adding subdivisions; 256.014, by  
 2.13 adding subdivisions; 256.975, subdivision 7; 256B.02, subdivision 9; 256B.056,  
 2.14 subdivision 2, by adding subdivisions; 256B.0595, subdivisions 1, 3, 4;  
 2.15 256B.0625, subdivisions 20, 28, by adding a subdivision; 256B.0911, subdivision  
 2.16 3a; 256B.0913, by adding a subdivision; 256B.0945, subdivisions 1, 4; 256B.15,  
 2.17 by adding a subdivision; 256B.437, subdivision 3; 256B.69, subdivisions 5g, 5h,  
 2.18 9, by adding a subdivision; 256B.76; 256J.01, by adding a subdivision; 256J.021;  
 2.19 256J.08, subdivision 65; 256J.37, subdivision 3a; 256J.521, subdivisions 1, 2;  
 2.20 256J.53, subdivision 2, by adding a subdivision; 256J.626, subdivisions 1, 2, 3, 4,  
 2.21 5; 256L.03, subdivision 3; 256L.04, subdivisions 7, 10, by adding a subdivision;  
 2.22 256L.07, subdivision 2; 256L.11, subdivision 1, by adding subdivisions;  
 2.23 256L.12, subdivision 9a; 256L.15, subdivision 1; 259.87; 296A.18, subdivision  
 2.24 4; 299F.30; 326.105; 446A.03, subdivision 5; 446A.12, subdivision 1; 462A.05,  
 2.25 by adding a subdivision; 473.252, subdivision 3; 488A.03, subdivisions 6, 11;  
 2.26 518.551, subdivision 7; 518.5852; 626.556, subdivisions 3b, 3c; Minnesota  
 2.27 Statutes 2005 Supplement, sections 35.05; 85.053, subdivision 2; 85.055,  
 2.28 subdivision 1; 115C.09, subdivision 3j; 116J.551, subdivision 1; 119B.13,  
 2.29 subdivision 1; 120B.021, subdivision 1a; 120B.11, subdivision 2; 120B.131,  
 2.30 subdivision 2; 121A.19; 122A.414, subdivisions 2b, 3; 122A.415, subdivisions  
 2.31 1, 3; 123B.04, subdivision 2; 123B.76, subdivision 3; 123B.92, subdivisions 1,  
 2.32 5; 124D.095, subdivision 4; 124D.111, subdivision 1; 124D.135, subdivision  
 2.33 1; 124D.175; 124D.531, subdivision 1; 124D.68, subdivision 2; 125A.11,  
 2.34 subdivision 1; 125A.28; 125A.79, subdivision 1; 126C.10, subdivisions 24, 31,  
 2.35 34; 126C.43, subdivision 2; 127A.45, subdivision 10; 135A.52, subdivisions 1,  
 2.36 2; 136A.121, subdivision 7a; 136A.1701, subdivision 12; 144.551, subdivision  
 2.37 1; 216C.41, subdivision 3; 245.4874; 245C.24, subdivision 2; 256B.0571;  
 2.38 256B.0595, subdivision 2; 256B.06, subdivision 4; 256B.0625, subdivision 1a;  
 2.39 256B.075, subdivision 2; 256B.0911, subdivision 1a; 256B.0918, subdivisions 1,  
 2.40 3, 4; 256B.0946, subdivision 1; 256B.434, subdivision 4; 256B.69, subdivision  
 2.41 23; 256D.03, subdivisions 3, 4; 256J.626, subdivision 6; 256L.01, subdivision  
 2.42 4; 256L.03, subdivisions 1, 5; 256L.035; 256L.04, subdivision 1a; 256L.07,  
 2.43 subdivisions 1, 3; 256L.15, subdivision 2; 299A.78; 327.201; 626.556,  
 2.44 subdivisions 2, 3; Laws 1998, chapter 404, section 15, subdivision 2, as  
 2.45 amended; Laws 2005, chapter 136, article 1, sections 10; 13, subdivision 3; Laws  
 2.46 2005, chapter 156, article 1, section 11, subdivision 5; Laws 2005, First Special  
 2.47 Session chapter 1, article 2, sections 3, subdivision 2; 11, subdivision 10; article  
 2.48 3, section 2, subdivision 4; Laws 2005, First Special Session chapter 4, article 7,  
 2.49 section 59; article 9, sections 3, subdivision 2; 5, subdivision 8; Laws 2005, First  
 2.50 Special Session chapter 5, article 1, sections 47; 54, subdivisions 2, 3, 5, 6, 7,  
 2.51 8; article 2, section 84, subdivisions 2, 3, 4, 6, 7, 10, 13; article 3, section 18,  
 2.52 subdivisions 2, 3, 4, 5, 6, 7; article 4, section 25, subdivisions 2, 3, 4, 6; article 5,  
 2.53 section 17, subdivisions 2, 3; article 6, section 1, subdivisions 2, 3, 5; article 7,  
 2.54 section 20, subdivisions 2, 3, 4, 5; article 8, section 8, subdivisions 2, 3, 5; article  
 2.55 9, section 4, subdivision 2; article 10, section 5, subdivision 2; proposing coding  
 2.56 for new law in Minnesota Statutes, chapters 3; 16E; 18C; 43A; 62S; 80C; 85;  
 2.57 115E; 116J; 119A; 121A; 122A; 124D; 135A; 136A; 144; 144A; 144D; 152; 245;  
 2.58 254A; 256; 256B; 256D; 256J; 256K; 256L; 259; 299A; 299F; 341; proposing

3.1 coding for new law as Minnesota Statutes, chapter 144G; repealing Minnesota  
 3.2 Statutes 2004, sections 17.10; 62J.694, subdivision 5; 119A.51; 120A.20,  
 3.3 subdivision 3; 121A.23; 123B.749; 125A.10; 125A.515, subdivision 2; 135A.01;  
 3.4 135A.031, subdivisions 1, 2, 5, 6; 135A.032; 135A.033; 136A.15, subdivision  
 3.5 5; 136A.1702; 137.17, subdivisions 2, 4; 169.4502, subdivision 15; 169.4503,  
 3.6 subdivisions 17, 18, 26; 245.465, subdivision 2; 256B.0945, subdivisions 5, 6, 7,  
 3.7 8, 9; 256B.83; 256J.626, subdivision 9; 488A.03, subdivision 11b; Minnesota  
 3.8 Statutes 2005 Supplement, sections 119B.13, subdivision 7; 135A.031,  
 3.9 subdivisions 3, 4; 256J.626, subdivision 7; 256L.035; Laws 2003, First Special  
 3.10 Session chapter 14, article 9, section 36; Minnesota Rules, parts 4668.0215;  
 3.11 4850.0011, subparts 10, 14, 27, 9; 4850.0014, subpart 1.

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

3.13 **ARTICLE 1**  
 3.14 **SUMMARY**

3.15 Section 1. **APPROPRIATIONS SUMMARY.**

3.16 (General Fund Only, Excluding Forecast Adjustments)

3.17	<u>APPROPRIATIONS</u>	<u>2006</u>	<u>2007</u>	<u>TOTAL</u>
3.18	<u>Early Childhood Education</u> \$	<u>124,000</u> \$	<u>23,294,000</u> \$	<u>23,418,000</u>
3.19	<u>K-12 Education</u>	<u>463,000</u>	<u>34,437,000</u>	<u>34,900,000</u>
3.20	<u>Higher Education</u>		<u>4,700,000</u>	<u>4,700,000</u>
3.21	<u>Environment &amp; Agriculture</u>	<u>523,000</u>	<u>2,263,000</u>	<u>2,786,000</u>
3.22	<u>Clean Water Legacy</u>		<u>20,000,000</u>	<u>20,000,000</u>
3.23	<u>Economic Development</u>	<u>2,000,000</u>	<u>2,850,000</u>	<u>4,850,000</u>
3.24	<u>Transportation</u>		<u>4,349,000</u>	<u>4,349,000</u>
3.25	<u>Public Safety</u>	<u>3,385,000</u>	<u>6,415,000</u>	<u>9,800,000</u>
3.26	<u>State Government</u>	<u>4,893,000</u>	<u>5,132,000</u>	<u>10,025,000</u>
3.27	<u>Health and Human Services</u>	<u>33,039,000</u>	<u>59,015,000</u>	<u>92,054,000</u>
3.28	<u>SUBTOTAL</u> \$	<u>44,427,000</u> \$	<u>162,455,000</u> \$	<u>206,882,000</u>
3.29	<u>TRANSFERS IN</u>	<u>2,933,000</u>	<u>900,000</u>	<u>3,833,000</u>
3.30	<u>TOTAL</u> \$	<u>41,494,000</u> \$	<u>161,555,000</u> \$	<u>203,049,000</u>

3.31 **ARTICLE 2**  
 3.32 **EARLY CHILDHOOD EDUCATION**

3.33 Section 1. **EARLY EDUCATION APPROPRIATIONS.**

3.1 coding for new law as Minnesota Statutes, chapter 144G; repealing Minnesota  
 3.2 Statutes 2004, sections 17.10; 62J.694, subdivision 5; 119A.51; 120A.20,  
 3.3 subdivision 3; 121A.23; 123B.749; 125A.10; 125A.515, subdivision 2; 135A.01;  
 3.4 135A.031, subdivisions 1, 2, 5, 6; 135A.032; 135A.033; 136A.15, subdivision  
 3.5 5; 136A.1702; 137.17, subdivisions 2, 4; 169.4502, subdivision 15; 169.4503,  
 3.6 subdivisions 17, 18, 26; 245.465, subdivision 2; 256B.0945, subdivisions 5, 6, 7,  
 3.7 8, 9; 256B.83; 256J.626, subdivision 9; 488A.03, subdivision 11b; Minnesota  
 3.8 Statutes 2005 Supplement, sections 119B.13, subdivision 7; 135A.031,  
 3.9 subdivisions 3, 4; 256J.626, subdivision 7; 256L.035; Laws 2003, First Special  
 3.10 Session chapter 14, article 9, section 36; Minnesota Rules, parts 4668.0215;  
 3.11 4850.0011, subparts 10, 14, 27, 9; 4850.0014, subpart 1.

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

3.13 **ARTICLE 1**  
 3.14 **SUMMARY**

3.15 Section 1. **APPROPRIATIONS SUMMARY.**

3.16 (General Fund Only, Excluding Forecast Adjustments)

3.17	<u>APPROPRIATIONS</u>	<u>2006</u>	<u>2007</u>	<u>TOTAL</u>
3.18	<u>Early Childhood Education</u> \$	<u>124,000</u> \$	<u>23,294,000</u> \$	<u>23,418,000</u>
3.19	<u>K-12 Education</u>	<u>463,000</u>	<u>34,437,000</u>	<u>34,900,000</u>
3.20	<u>Higher Education</u>		<u>4,700,000</u>	<u>4,700,000</u>
3.21	<u>Environment &amp; Agriculture</u>	<u>523,000</u>	<u>2,263,000</u>	<u>2,786,000</u>
3.22	<u>Clean Water Legacy</u>		<u>20,000,000</u>	<u>20,000,000</u>
3.23	<u>Economic Development</u>	<u>2,000,000</u>	<u>2,850,000</u>	<u>4,850,000</u>
3.24	<u>Transportation</u>		<u>4,349,000</u>	<u>4,349,000</u>
3.25	<u>Public Safety</u>	<u>3,385,000</u>	<u>6,415,000</u>	<u>9,800,000</u>
3.26	<u>State Government</u>	<u>4,893,000</u>	<u>5,132,000</u>	<u>10,025,000</u>
3.27	<u>Health and Human Services</u>	<u>33,039,000</u>	<u>59,015,000</u>	<u>92,054,000</u>
3.28	<u>SUBTOTAL</u> \$	<u>44,427,000</u> \$	<u>162,455,000</u> \$	<u>206,882,000</u>
3.29	<u>TRANSFERS IN</u>	<u>2,933,000</u>	<u>900,000</u>	<u>3,833,000</u>
3.30	<u>TOTAL</u> \$	<u>41,494,000</u> \$	<u>161,555,000</u> \$	<u>203,049,000</u>

3.31 **ARTICLE 2**  
 3.32 **EARLY CHILDHOOD EDUCATION**

3.33 Section 1. **EARLY EDUCATION APPROPRIATIONS.**

4.1 Subdivision 1. Summary

4.2 SUMMARY BY FUND

4.3		<u>2006</u>		<u>2007</u>		<u>TOTAL</u>
4.4	<u>General</u>	\$ <u>124,000</u>	\$	<u>23,294,000</u>	\$	<u>23,418,000</u>
4.5	<u>TANF</u>	<u>-0-</u>		<u>1,475,000</u>		<u>1,475,000</u>
4.6	<u>TOTAL</u>	\$ <u>124,000</u>	\$	<u>24,769,000</u>	\$	<u>24,893,000</u>

4.7 Subd. 2. Department of Human Services;

4.8 basic sliding fee child care waiting list

4.9 (a) For child care assistance for eligible  
 4.10 families on the basic sliding fee waiting list  
 4.11 under Minnesota Statutes, section 199B.03,  
 4.12 subdivision 2, as of July 1, 2006.

4.13 Summary by Fund

4.14	<u>General Fund</u>	<u>-0-</u>		<u>2,672,000</u>
4.15	<u>TANF</u>	<u>-0-</u>		<u>1,475,000</u>
4.16	<u>TOTAL</u>	<u>-0-</u>		<u>4,147,000</u>

4.17 The TANF appropriation is a onetime  
 4.18 appropriation for fiscal year 2007 only. The  
 4.19 general fund base for the basic sliding fee  
 4.20 program is increased by \$4,147,000 in fiscal  
 4.21 years 2008 and 2009.

4.22 (b) For basic sliding fee child care assistance  
 4.23 grants in fiscal year 2007 -0- 9,603,000

4.24 The general fund base is increased by  
 4.25 \$13,348,000 in fiscal year 2008 and  
 4.26 \$13,607,000 in fiscal year 2009 for basic  
 4.27 sliding fee child care assistance grants.

4.28 (c) For the state share of systems cost to  
 4.29 implement the provider rate differential for  
 4.30 accreditation -0- 3,000

5.1 (d) As determined by the commissioner,  
 5.2 counties may use up to six percent of either  
 5.3 calendar year 2008 or 2009 allocations under  
 5.4 Minnesota Statutes, section 119B.03, to  
 5.5 fund accelerated payments that may occur  
 5.6 during the preceding calendar year during  
 5.7 conversion to the automated child care  
 5.8 assistance program system. If conversion  
 5.9 occurs over two calendar years, counties  
 5.10 may use up to three percent of the combined  
 5.11 calendar year allocations to fund accelerated  
 5.12 payments. Funding advanced under this  
 5.13 subdivision shall be considered part of the  
 5.14 allocation from which it was originally  
 5.15 advanced for purposes of setting future  
 5.16 allocations under Minnesota Statutes, section  
 5.17 119B.03, subdivisions 6, 6a, 6b, and 8, and  
 5.18 shall include funding for administrative costs  
 5.19 under Minnesota Statutes, section 119B.15.  
 5.20 Notwithstanding the provisions of any  
 5.21 section to the contrary, this provision shall  
 5.22 sunset December 31, 2009.

5.23 Sec. 2. Minnesota Statutes 2004, section 119A.50, subdivision 1, is amended to read:

5.24 Subdivision 1. **Department of Education.** The Department of Education is the  
 5.25 state agency responsible for administering the Head Start program. The commissioner  
 5.26 of education ~~may make grants~~ shall allocate funds according to the formula in section  
 5.27 119A.52 to public or private nonprofit agencies for the purpose of providing supplemental  
 5.28 funds for the federal Head Start program.

5.29 Sec. 3. Minnesota Statutes 2004, section 119A.52, is amended to read:

5.30 **119A.52 DISTRIBUTION OF APPROPRIATION AND PROGRAM**  
 5.31 **COORDINATION.**

5.32 The commissioner of education must distribute money appropriated for that purpose  
 5.33 to federally designated Head Start program grantees programs to expand services and to  
 5.34 serve additional low-income children. ~~Money must be allocated to each project Head Start~~

6.1 ~~grantee in existence on the effective date of Laws 1989, chapter 282.~~ Migrant and Indian  
6.2 reservation grantees programs must be initially allocated money based on the grantees'  
6.3 programs' share of federal funds. The remaining money must be initially allocated to the  
6.4 remaining local agencies based equally on the agencies' share of federal funds and on the  
6.5 proportion of eligible children in the agencies' service area who are not currently being  
6.6 served. A Head Start grantee must be funded at a per child rate equal to its contracted,  
6.7 federally funded base level ~~for program accounts 20, 22, and 25~~ at the start of the fiscal  
6.8 year. In allocating funds under this paragraph, the commissioner of education must assure  
6.9 that each Head Start grantee program in existence in 1993 is allocated no less funding  
6.10 in any fiscal year than was allocated to that grantee program in fiscal year 1993. ~~The~~  
6.11 ~~commissioner may provide additional funding to grantees for start-up costs incurred by~~  
6.12 ~~grantees due to the increased number of children to be served.~~ Before paying money to  
6.13 the grantees programs, the commissioner must notify each grantee program of its initial  
6.14 allocation, how the money must be used, and the number of low-income children ~~that~~  
6.15 ~~must to be served with the allocation based upon the federally funded per child rate.~~  
6.16 Each grantee program must present a ~~work plan to the commissioner for approval.~~ ~~The~~  
6.17 ~~work plan must include the estimated number of low-income children and families it will~~  
6.18 ~~be able to serve, a description of the program design and service delivery area which~~  
6.19 ~~meets the needs of and encourages access by low-income working families, a program~~  
6.20 ~~design that ensures fair and equitable access to Head Start services for all populations and~~  
6.21 ~~parts of the service area, and a plan for coordinating services to maximize assistance~~  
6.22 ~~for child care costs available to families under chapter 119B.~~ under section 119A.535.  
6.23 For any grantee that cannot utilize its full allocation, the commissioner must reduce the  
6.24 allocation proportionately. Money available after the initial allocations are reduced must  
6.25 be redistributed to eligible grantees.

6.26 Sec. 4. Minnesota Statutes 2004, section 119A.53, is amended to read:

6.27 **119A.53 FEDERAL REQUIREMENTS.**

6.28 Grantees Programs and the commissioner shall comply with federal regulations  
6.29 governing the federal Head Start program, except for funding for innovative initiatives  
6.30 under section ~~119A.52~~ 119A.535 as approved by the commissioner, which may be used to  
6.31 operate differently than federal Head Start regulations. If a state statute or rule conflicts  
6.32 with a federal statute or regulation, the state statute or rule prevails.

6.33 **Sec. 5. [119A.535] APPLICATION REQUIREMENTS.**

- 7.1 Eligible Head Start organizations must submit a plan to the department for approval  
7.2 on a form and in the manner prescribed by the commissioner. The plan must include:  
7.3 (1) the estimated number of low-income children and families the program will be  
7.4 able to serve;  
7.5 (2) a description of the program design and service delivery area which meets the  
7.6 needs of and encourages access by low-income working families;  
7.7 (3) a program design that ensures fair and equitable access to Head Start services for  
7.8 all populations and parts of the service area;  
7.9 (4) a plan for coordinating services to maximize assistance for child care costs  
7.10 available to families under chapter 119B; and  
7.11 (5) identification of regular Head Start, early Head Start, and innovative services  
7.12 based upon demonstrated needs to be provided.

7.13 Sec. 6. Minnesota Statutes 2004, section 119A.545, is amended to read:

7.14 **119A.545 AUTHORITY TO WAIVE REQUIREMENTS DURING DISASTER**  
7.15 **PERIODS.**

7.16 The commissioner of education may waive requirements under sections 119A.50  
7.17 to ~~119A.53~~ 119A.535, for up to nine months after the disaster, for Head Start grantees  
7.18 programs in areas where a federal disaster has been declared under United States Code,  
7.19 title 42, section 5121, et seq., or the governor has exercised authority under chapter 12.  
7.20 The commissioner shall notify the chairs of the appropriate ~~senate Family and Early~~  
7.21 ~~Childhood Education Budget Division, the senate Education Finance Committee, the~~ and  
7.22 ~~house Family and Early Childhood Education Finance Division, the house Education~~  
7.23 ~~Committee, and the house Ways and Means Committee~~ committees ten days before the  
7.24 effective date of any waiver granted under this section.

7.25 Sec. 7. Minnesota Statutes 2005 Supplement, section 119B.13, subdivision 1, is  
7.26 amended to read:

7.27 Subdivision 1. **Subsidy restrictions.** ~~(a)(i) Effective July 1, 2005, the commissioner~~  
7.28 ~~of human services shall modify the rate tables for child care centers published in~~  
7.29 ~~Department of Human Services Bulletin No. 03-68-07 so that in counties with regional or~~  
7.30 ~~statewide cells, the higher of the 100th percentile of the 2002 market rate survey data or~~  
7.31 ~~the rate currently identified in the bulletin will be the maximum rate. The rates established~~  
7.32 ~~in this clause will be considered as the previous year's rates for purposes of the increase in~~  
7.33 ~~item (iii), and shall be compared to the 100th percentile of current market rates.~~

8.1 ~~(ii) For the period between July 1, 2005, and through the full implementation of the~~  
8.2 ~~new rates under item (iii), the rates published in Department of Human Services Bulletin~~  
8.3 ~~No. 03-68-07 as adjusted by item (i) shall remain in effect.~~

8.4 ~~(iii) (a) Beginning January July 1, 2006, the maximum rate paid for child care~~  
8.5 ~~assistance in any county or multicounty region under the child care fund shall be the~~  
8.6 ~~lesser of the:~~

8.7 ~~(1) 75th percentile rate for like-care arrangements in the county or multicounty~~  
8.8 ~~region as surveyed by the commissioner; or the previous year's rate for like-care~~  
8.9 ~~arrangements in the county increased by 1.75 percent~~

8.10 ~~(2) 100th percentile as surveyed by the commissioner in counties in which the~~  
8.11 ~~maximum rate for child care centers is currently established based on the 100th percentile.~~

8.12 ~~(iv) (b) Rate changes shall be implemented for services provided in March~~  
8.13 ~~September 2006 unless a participant eligibility redetermination or a new provider~~  
8.14 ~~agreement is completed between January July 1, 2006, and February 28 August 31, 2006.~~

8.15 As necessary, appropriate notice of adverse action must be made according to  
8.16 Minnesota Rules, part 3400.0185, subparts 3 and 4.

8.17 New cases approved on or after January July 1, 2006, shall have the maximum rates  
8.18 ~~under item (iii) paragraph (a), clause (1),~~ implemented immediately.

8.19 ~~(b) (c) Not less than once every two years, the commissioner shall survey rates~~  
8.20 ~~charged by child care providers in Minnesota to determine the 75th percentile for~~  
8.21 ~~like-care arrangements in counties. When the commissioner determines that, using the~~  
8.22 ~~commissioner's established protocol, the number of providers responding to the survey is~~  
8.23 ~~too small to determine the 75th percentile rate for like-care arrangements in a county or~~  
8.24 ~~multicounty region, the commissioner may establish the 75th percentile maximum rate~~  
8.25 ~~based on like-care arrangements in a county, region, or category that the commissioner~~  
8.26 ~~deems to be similar.~~

8.27 ~~(c) (d) A rate which includes a special needs rate paid under subdivision 3 may be in~~  
8.28 ~~excess of the maximum rate allowed under this subdivision.~~

8.29 ~~(d) (e) The department shall monitor the effect of this paragraph on provider rates.~~  
8.30 ~~The county shall pay the provider's full charges for every child in care up to the maximum~~  
8.31 ~~established. The commissioner shall determine the maximum rate for each type of care on~~  
8.32 ~~an hourly, full-day, and weekly basis, including special needs and handicapped care. The~~  
8.33 ~~commissioner shall also determine the maximum rate for school age care on a half-day~~  
8.34 ~~basis.~~

9.1 (e) (f) When the provider charge is greater than the maximum provider rate allowed,  
 9.2 the parent is responsible for payment of the difference in the rates in addition to any  
 9.3 family co-payment fee.

9.4 **EFFECTIVE DATE.** This section is effective July 1, 2006.

9.5 Sec. 8. Minnesota Statutes 2004, section 119B.13, is amended by adding a subdivision  
 9.6 to read:

9.7 **Subd. 3a. Provider rate differential for accreditation.** A family child care  
 9.8 provider or child care center shall be paid a 15 percent differential above the maximum rate  
 9.9 established in subdivision 1, up to the actual provider rate, if the provider or center holds a  
 9.10 current early childhood development credential or is accredited. For a family child care  
 9.11 provider, early childhood development credential and accreditation includes an individual  
 9.12 who has earned a child development associate degree, a diploma in child development from  
 9.13 a Minnesota state technical college, or a bachelor's degree in early childhood education  
 9.14 from an accredited college or university, or who is accredited by the National Association  
 9.15 for Family Child Care or the Competency Based Training and Assessment Program. For a  
 9.16 child care center, accreditation includes accreditation by the National Association for the  
 9.17 Education of Young Children, the Council on Accreditation, the National Early Childhood  
 9.18 Program Accreditation, the National School-Age Care Association, or the National Head  
 9.19 Start Association Program of Excellence. For Montessori programs, accreditation includes  
 9.20 the American Montessori Society, Association of Montessori International-USA, or the  
 9.21 National Center for Montessori Education.

9.22 **EFFECTIVE DATE.** This section is effective July 1, 2006.

9.23 Sec. 9. Minnesota Statutes 2005 Supplement, section 121A.19, is amended to read:

9.24 **121A.19 DEVELOPMENTAL SCREENING AID.**

9.25 Each school year, the state must pay a district ~~\$50~~ for each ~~three-year-old child~~  
 9.26 ~~screened, \$40 for each four-year-old child screened, and \$30 for each five-year-old child~~  
 9.27 or student screened by the district prior to kindergarten according to the requirements of  
 9.28 section 121A.17. The amount of state aid for each child or student screened shall be: (1)  
 9.29 \$50 for a child screened at age three; (2) \$40 for a child screened at age four; (3) \$30  
 9.30 for a child screened at age five or six prior to kindergarten; and (4) \$30 for a student  
 9.31 screened within 30 days after first enrolling in a public school kindergarten if the student  
 9.32 has not previously been screened according to the requirements of section 121A.17. If this  
 9.33 amount of aid is insufficient, the district may permanently transfer from the general fund

10.1 an amount that, when added to the aid, is sufficient. Developmental screening aid shall not  
10.2 be paid for any student who is screened more than 30 days after the first day of attendance  
10.3 at a public school kindergarten, except if a student transfers to another public school  
10.4 kindergarten within 30 days after first enrolling in a Minnesota public school kindergarten  
10.5 program. In this case, if the student has not been screened, the district to which the student  
10.6 transfers may receive developmental screening aid for screening that student when the  
10.7 screening is performed within 30 days of the transfer date.

10.8 Sec. 10. Minnesota Statutes 2004, section 124D.02, subdivision 1, is amended to read:

10.9 Subdivision 1. **Kindergarten instruction.** (a) The board may establish and  
10.10 maintain one or more kindergartens for the instruction of children and after July 1, 1974,  
10.11 shall provide kindergarten instruction for all eligible children, either in the district or in  
10.12 another district. All children to be eligible for kindergarten must be at least five years  
10.13 of age on September 1 of the calendar year in which the school year commences. In  
10.14 addition all children selected under an early admissions policy established by the school  
10.15 board may be admitted. Nothing in this section shall prohibit a school district from  
10.16 establishing Head Start, prekindergarten, or nursery school classes for children below  
10.17 kindergarten age. Any school board with evidence that providing kindergarten will  
10.18 cause an extraordinary hardship on the school district may apply to the commissioner of  
10.19 education for an exception.

10.20 (b) For purposes of demonstrating the efficacy of integrating early childhood  
10.21 education and care with early elementary grades, the board and any existing  
10.22 prekindergarten program, including Head Start or any other relevant public or private  
10.23 entity may, with the approval of the commissioner of education, enter into an agreement to  
10.24 provide early education and care for children under a unified administrative structure that  
10.25 establishes an education continuum for children during the prekindergarten, kindergarten,  
10.26 and postkindergarten years through at least grade three. The agreement shall provide  
10.27 for the education, support, and empowerment of parents and special education for the  
10.28 children as needed. To assist in the development of such an early education and care  
10.29 entity, and notwithstanding any law to the contrary, the commissioners of education and  
10.30 human services may waive or modify existing rules or requirements in line with research  
10.31 on best practices demonstrating long-term outcomes for children. To facilitate such a  
10.32 demonstration, the commissioners may make special allocations or grants.

10.33 The agreement may provide for a nonprofit corporation or a charter school to  
10.34 achieve the administrative structure and authorize the payment to such entity of any funds

11.1 received for children enrolled in the educational continuum. Tuition, participant fees, or  
 11.2 both may be charged for children not yet in kindergarten.

11.3 The agreement shall:

11.4 (1) create a management board that represents the school board, the participating  
 11.5 prekindergarten programs, and other relevant public and private entities;

11.6 (2) provide for the alignment of curricular approaches, professional development  
 11.7 opportunities, child/student assessment, and evaluation;

11.8 (3) provide instruction within the framework of research and evaluation of best  
 11.9 practices; and

11.10 (4) not extend beyond ten years, but shall be renewable.

11.11 **EFFECTIVE DATE.** This section is effective July 1, 2006.

11.12 **Sec. 11. [124D.129] EDUCATE PARENTS PARTNERSHIP.**

11.13 The commissioner must work in partnership with health care providers and  
 11.14 community organizations to provide parent education information to parents of newborns  
 11.15 at the time of birth. The commissioner must coordinate the partnership and the distribution  
 11.16 of informational material to the parents of newborns before they leave the hospital with  
 11.17 early childhood organizations, including, but not limited to, early childhood family  
 11.18 education, child care resource and referral, and interagency early intervention committees.  
 11.19 The commissioner must develop a resource Web site that promotes, at a minimum, the  
 11.20 department Web site for information and links to resources on child development, parent  
 11.21 education, child care, and consumer safety information.

11.22 Sec. 12. Minnesota Statutes 2004, section 124D.13, subdivision 2, is amended to read:

11.23 **Subd. 2. Program characteristics.** (a) Early childhood family education programs  
 11.24 are programs for children in the period of life from birth to kindergarten, for the parents  
 11.25 and other relatives of such these children, and for expectant parents. To the extent  
 11.26 that funds are insufficient to provide programs for all children, early childhood family  
 11.27 education programs should emphasize programming for a child from birth to age three  
 11.28 and encourage parents and other relatives to involve four- and five-year-old children in  
 11.29 school readiness programs, and other public and nonpublic early learning programs. Early  
 11.30 childhood family education programs may include the following:

11.31 (1) programs to educate parents and other relatives about the physical, mental,  
 11.32 and emotional development of children;

11.33 (2) programs to enhance the skills of parents and other relatives in providing for  
 11.34 their children's learning and development;

- 12.1 (3) learning experiences for children and parents and other relatives that promote  
12.2 children's development;
- 12.3 (4) activities designed to detect children's physical, mental, emotional, or behavioral  
12.4 problems that may cause learning problems;
- 12.5 (5) activities and materials designed to encourage self-esteem, skills, and behavior  
12.6 that prevent sexual and other interpersonal violence;
- 12.7 (6) educational materials which may be borrowed for home use;
- 12.8 (7) information on related community resources;
- 12.9 (8) programs to prevent child abuse and neglect;
- 12.10 (9) other programs or activities to improve the health, development, and school  
12.11 readiness of children; or
- 12.12 (10) activities designed to maximize development during infancy.

12.13 The programs must not include activities for children that do not require substantial  
12.14 involvement of the children's parents or other relatives. The programs must be reviewed  
12.15 periodically to assure the instruction and materials are not racially, culturally, or sexually  
12.16 biased. The programs must encourage parents to be aware of practices that may affect  
12.17 equitable development of children.

12.18 (b) For the purposes of this section, "relative" or "relatives" means noncustodial  
12.19 grandparents or other persons related to a child by blood, marriage, adoption, or foster  
12.20 placement, excluding parents.

12.21 Sec. 13. Minnesota Statutes 2004, section 124D.13, subdivision 3, is amended to read:

12.22 Subd. 3. **Substantial parental involvement.** The requirement of substantial  
12.23 parental or other relative involvement in subdivision 2 means that:

12.24 (a) parents or other relatives must be physically present much of the time in classes  
12.25 with their children or be in concurrent classes;

12.26 (b) parenting education or family education must be an integral part of every early  
12.27 childhood family education program;

12.28 (c) early childhood family education appropriations must not be used for traditional  
12.29 day care or nursery school, or similar programs; and

12.30 (d) the form of parent involvement common to kindergarten, elementary school, or  
12.31 early childhood special education programs such as parent conferences, newsletters, and  
12.32 notes to parents do not qualify a program under subdivision 2.

12.33 Sec. 14. Minnesota Statutes 2005 Supplement, section 124D.135, subdivision 1,  
12.34 is amended to read:

13.1 Subdivision 1. **Revenue.** The revenue for early childhood family education  
13.2 programs for a school district equals ~~\$96 for fiscal year 2005 and \$104~~ \$120 for fiscal year  
13.3 ~~2006 2007~~ and later, times the greater of:

13.4 (1) 150; or

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

13.7 Sec. 15. [124D.136] KINDERGARTEN ENTRANCE ASSESSMENT  
13.8 INITIATIVE; INTERVENTION PROGRAM.

13.9 Subdivision 1. Kindergarten entrance assessment initiative. (a) The  
13.10 commissioner of education shall establish a method for assessing the school readiness of  
13.11 children entering kindergarten, building on the two school readiness studies conducted by  
13.12 the Department of Education in 2002 and 2003.

13.13 (b) Over a three-year period, school sites may implement the kindergarten entrance  
13.14 assessment initiative based on the school rank under section 124D.081, starting with  
13.15 the school sites with the highest rank. Under section 124D.081, the commissioner of  
13.16 education ranks all school sites based on the incidence of free and reduced lunch. The  
13.17 school sites with the highest incidence of free and reduced lunch receive the highest rank.  
13.18 The schedule for implementation is as follows:

13.19 (1) fiscal year 2008, 30 percent of children entering kindergarten;

13.20 (2) fiscal year 2009, 50 percent of children entering kindergarten; and

13.21 (3) fiscal year 2010, 100 percent of children entering kindergarten.

13.22 Subd. 2. Intervention program. A school site that participates in the kindergarten  
13.23 entrance assessment initiative under subdivision 1 must work with the school district and  
13.24 other community partners to establish a kindergarten readiness intervention program to  
13.25 provide additional instruction to children who are assessed and identified as being not  
13.26 yet ready for kindergarten. A school site that participates in the kindergarten entrance  
13.27 assessment initiative under subdivision 1 must complete the requirements of this section  
13.28 within available K-12 funding sources. Each child will have a locally determined  
13.29 intervention strategy focusing the curriculum content on the individualized needs of that  
13.30 child. The commissioner, at a district's request, must assist the district and the school to  
13.31 develop the intervention program. At the end of the kindergarten school year, the district  
13.32 must reassess each child who receives an intervention to evaluate the progress of the child  
13.33 over the kindergarten year and the success of the intervention strategy developed for that  
13.34 child. The district must report the results of the intervention and year-end assessment to  
13.35 the commissioner.

14.1           **Subd. 3. Report to legislature. The commissioner shall report annually to the**  
14.2 **senate and house of representatives committees having jurisdiction over early childhood**  
14.3 **education on the results of the kindergarten entrance assessment initiative, and the results**  
14.4 **of the intervention program.**

14.5           Sec. 16. Minnesota Statutes 2005 Supplement, section 124D.175, is amended to read:

14.6           **124D.175 MINNESOTA EARLY LEARNING FOUNDATION PROPOSAL.**

14.7           (a) The commissioner must implement an early childhood development grant  
14.8 program for low-income and other challenged families that increases the effectiveness  
14.9 and expands the capacity of public and nonpublic early childhood development programs,  
14.10 which may include child care programs, and leads to improved early childhood parent  
14.11 education and children's kindergarten readiness. The program must include:

14.12           (1) grant awards to existing early childhood development program providers that  
14.13 also provide parent education programs and to qualified providers proposing to implement  
14.14 pilot programs for this same purpose;

14.15           (2) grant awards to enable low-income families to participate in these programs;

14.16           (3) grant awards to improve overall programmatic quality; and

14.17           (4) an evaluation of the programmatic and financial efficacy of all these programs,  
14.18 which may be performed using measures of services, staffing, and management systems  
14.19 that provide consistent information about system performance, show trends, confirm  
14.20 successes, and identify potential problems in early childhood development programs.

14.21           This grant program must not supplant existing early childhood development programs  
14.22 or child care funds.

14.23           (b) The commissioner must ~~contract with~~ make a grant to a private nonprofit, section  
14.24 501(c)(3) organization to implement the requirements of paragraph (a). Notwithstanding  
14.25 any laws to the contrary, the private nonprofit organization may contract with the  
14.26 University of Minnesota for purposes of implementing paragraph (a), clause (4). The  
14.27 private nonprofit organization must be governed by a board of directors composed of  
14.28 members from the public and nonpublic sectors, where the nonpublic sector members  
14.29 compose a simple majority of board members and where the public sector members are  
14.30 state and local government officials, kindergarten through grade 12 or postsecondary  
14.31 educators, and early childhood providers appointed by the governor. Membership on the  
14.32 board of directors by a state agency official are work duties for the official and are not a  
14.33 conflict of interest under section 43A.38. The board of directors must appoint an executive  
14.34 director and must seek advice from geographically and ethnically diverse parents of young  
14.35 children and representatives of early childhood development providers, kindergarten

15.1 through grade 12 and postsecondary educators, public libraries, and the business sector.  
15.2 The board of directors is subject to the open meeting law under chapter 13D. All other  
15.3 terms and conditions under which board members serve and operate must be described in  
15.4 the articles and bylaws of the organization. The private nonprofit organization is not a  
15.5 state agency and is not subject to laws governing public agencies except the provisions  
15.6 of chapter 13, salary limits under section 15A.0815, subdivision 2, and audits by the  
15.7 legislative auditor under chapter 3 apply.

15.8 (c) In addition to the duties under paragraph (a), the Minnesota Early Learning  
15.9 Foundation (MELF) shall evaluate the effectiveness of the voluntary NorthStar Quality  
15.10 Improvement and Rating System. The NorthStar Quality Improvement and Rating System  
15.11 must:

15.12 (1) provide consumer information for parents on child care and early education  
15.13 program quality and ratings;

15.14 (2) set indicators to identify quality in care and early education settings, including  
15.15 licensed family child care and centers, tribal providers and programs, Head Start and  
15.16 school-age programs, and identify quality programs through ratings and ongoing  
15.17 monitoring of programs;

15.18 (3) provide funds for provider improvement grants and quality achievement grants;

15.19 (4) require participating providers to incorporate the state's early learning standards  
15.20 in their curriculum activities and develop appropriate child assessments aligned with the  
15.21 kindergarten readiness assessment;

15.22 (5) provide accountability for the NorthStar Quality Improvement and Rating  
15.23 System's effectiveness in improving child outcomes and kindergarten readiness; and

15.24 (6) align current and new state investments to improve the quality of child care  
15.25 with the NorthStar Quality Improvement and Rating System framework, by providing  
15.26 accountability and informed parent choice.

15.27 The Minnesota Early Learning Foundation shall report back to the legislature by  
15.28 January 15, 2008, on the progress being made under this paragraph.

15.29 (d) The MELF shall convene a workgroup to analyze barriers to Head Start/child  
15.30 care partnerships, and to develop recommendations for cost-effective strategies to help  
15.31 Head Start and child care providers develop partnerships to offer full-day, full-year  
15.32 services to at-risk children who qualify for Head Start and child care assistance.

15.33 (1) The workgroup must include representatives from each of the following groups:

15.34 (i) state agency staff administering child care and Head Start programs;

15.35 (ii) local Head Start programs and child care providers working in partnership;

16.1 (iii) statewide organizations representing Head Start programs and child care  
16.2 providers;

16.3 (iv) county agencies administering child care assistance and Minnesota  
16.4 family-investment programs; and

16.5 (v) participants and others who are eligible for Head Start and child care assistance  
16.6 programs.

16.7 (2) A report outlining the workgroup's recommendations must be provided to the  
16.8 senate and house of representatives committees having jurisdiction over child care and  
16.9 Head Start issues by January 15, 2007.

16.10 (e) This section expires June 30, 2011. If no state appropriation is made for purposes  
16.11 of this section, the commissioner must not implement paragraphs (a) and (b).

16.12 Sec. 17. Minnesota Statutes 2004, section 124D.518, subdivision 4, is amended to read:

16.13 Subd. 4. **First prior program year.** "First prior program year" means the period  
16.14 ~~from May 1 of the second prior fiscal year through April 30 of the first prior fiscal year~~  
16.15 specific time period defined by the commissioner that aligns to a program academic year.

16.16 Sec. 18. Minnesota Statutes 2004, section 124D.52, subdivision 1, is amended to read:

16.17 Subdivision 1. **Program requirements.** (a) An adult basic education program is a  
16.18 day or evening program offered by a district that is for people over 16 years of age who do  
16.19 not attend an elementary or secondary school. The program offers academic instruction  
16.20 necessary to earn a high school diploma or equivalency certificate.

16.21 (b) Notwithstanding any law to the contrary, a school board or the governing body of  
16.22 a consortium offering an adult basic education program may adopt a sliding fee schedule  
16.23 based on a family's income, but must waive the fee for participants who are under the  
16.24 age of 21 or unable to pay. The fees charged must be designed to enable individuals of  
16.25 all socioeconomic levels to participate in the program. A program may charge a security  
16.26 deposit to assure return of materials, supplies, and equipment.

16.27 (c) Each approved adult basic education program must develop a memorandum of  
16.28 understanding with the local workforce development centers located in the approved  
16.29 program's service delivery area. The memorandum of understanding must describe how  
16.30 the adult basic education program and the workforce development centers will cooperate  
16.31 and coordinate services to provide unduplicated, efficient, and effective services to clients.

16.32 (d) Adult basic education aid must be spent for adult basic education purposes as  
16.33 specified in sections 124D.518 to 124D.531.

17.1 (e) A state-approved adult basic education program must count and submit student  
17.2 contact hours for a program that offers high school credit toward an adult high school  
17.3 diploma according to student eligibility requirements and competency demonstration  
17.4 requirements established by the commissioner.

17.5 Sec. 19. Minnesota Statutes 2005 Supplement, section 124D.531, subdivision 1,  
17.6 is amended to read:

17.7 Subdivision 1. **State total adult basic education aid.** (a) The state total adult basic  
17.8 education aid for fiscal year 2005 is \$36,509,000. The state total adult basic education aid  
17.9 for fiscal year 2006 ~~and later is \$36,509,000~~ equals \$36,587,000 plus any amount that is  
17.10 not paid for during the previous fiscal year, as a result of adjustments under subdivision 4,  
17.11 paragraph (a), or section 124D.52, subdivision 3. The state total adult basic education  
17.12 aid for fiscal year 2007 equals \$37,673,000 plus any amount that is not paid for during  
17.13 the previous fiscal year, as a result of adjustments under subdivision 4, paragraph (a), or  
17.14 section 124D.52, subdivision 3. The state total adult basic education aid for later fiscal  
17.15 years equals:

17.16 (1) the state total adult basic education aid for the preceding fiscal year plus any  
17.17 amount that is not paid for during the previous fiscal year, as a result of adjustments under  
17.18 subdivision 4, paragraph (a), or section 124D.52, subdivision 3; times

17.19 (2) the lesser of:

17.20 (i) 1.03; or

17.21 (ii) the greater of 1.00 or the ratio of the state total contact hours in the first prior  
17.22 program year to the state total contact hours in the second prior program year.

17.23 Beginning in fiscal year 2002, two percent of the state total adult basic education  
17.24 aid must be set aside for adult basic education supplemental service grants under section  
17.25 124D.522.

17.26 (b) The state total adult basic education aid, excluding basic population aid, equals  
17.27 the difference between the amount computed in paragraph (a), and the state total basic  
17.28 population aid under subdivision 2.

17.29 Sec. 20. Minnesota Statutes 2004, section 125A.27, subdivision 3, is amended to read:

17.30 Subd. 3. **Core early intervention services.** "Core early intervention services"  
17.31 means services that are available at no cost to children and families. These services  
17.32 include:

17.33 (1) identification and referral;

17.34 (2) screening;

- 18.1 (3) evaluation;
- 18.2 (4) assessment;
- 18.3 (5) service coordination;
- 18.4 (6) special education and related services ~~provided under section 125A.08, and~~
- 18.5 ~~United States Code, title 20, section 1401~~ for children who qualify for these services
- 18.6 under Minnesota Rules; and
- 18.7 (7) protection of parent and child rights by means of procedural safeguards.

18.8 Sec. 21. Minnesota Statutes 2004, section 125A.27, subdivision 7, is amended to read:

18.9 Subd. 7. **Early intervention system.** "Early intervention system" means the total

18.10 effort in the state to meet the needs of eligible children and their families, ~~including,~~

18.11 ~~but not limited to:~~

18.12 ~~(1) any public agency in the state that receives funds under the Individuals with~~

18.13 ~~Disabilities Education Act, United States Code, title 20, sections 1471 to 1485 (Part~~

18.14 ~~C, Public Law 102-119);~~

18.15 ~~(2) other state and local agencies administering programs involved in the provision~~

18.16 ~~of early intervention services, including, but not limited to:~~

18.17 ~~(i) the Maternal and Child Health program under title V of the Social Security Act,~~

18.18 ~~United States Code, title 42, sections 701 to 709;~~

18.19 ~~(ii) the Individuals with Disabilities Education Act, United States Code, title 20,~~

18.20 ~~sections 1411 to 1420 (Part B);~~

18.21 ~~(iii) medical assistance under the Social Security Act, United States Code, title~~

18.22 ~~42, section 1396 et seq.;~~

18.23 ~~(iv) the Developmental Disabilities Assistance and Bill of Rights Act, United States~~

18.24 ~~Code, title 42, sections 6021 to 6030 (Part B); and~~

18.25 ~~(v) the Head Start Act, United States Code, title 42, sections 9831 to 9852; and~~

18.26 ~~(3) services provided by private groups or third-party payers in conformity with an~~

18.27 ~~individualized family service plan.~~

18.28 Sec. 22. Minnesota Statutes 2004, section 125A.27, subdivision 8, is amended to read:

18.29 Subd. 8. **Eligibility for Part C.** "Eligibility for Part C" means eligibility for early

18.30 childhood special education under section 125A.02 and Minnesota Rules, ~~part 3525.2335,~~

18.31 ~~subpart 1, items A and B.~~

18.32 Sec. 23. Minnesota Statutes 2004, section 125A.27, subdivision 11, is amended to read:

19.1           Subd. 11. **Interagency child find systems.** "Interagency child find systems"  
19.2 means activities developed on an interagency basis with the involvement of interagency  
19.3 early intervention committees and other relevant community groups using rigorous  
19.4 standards to actively seek out, identify, and refer infants and young children, with, or at  
19.5 risk of, disabilities, and their families, including a child under the age of three who: (1)  
19.6 is involved in a substantiated case of abuse or neglect, or (2) is identified as affected by  
19.7 illegal substance abuse, or withdrawal symptoms resulting from prenatal drug exposure, to  
19.8 reduce the need for future services.

19.9           Sec. 24. Minnesota Statutes 2004, section 125A.27, subdivision 15, is amended to read:

19.10           Subd. 15. **Part C state plan.** "Part C state plan" means the annual state plan  
19.11 application approved by the federal government ~~under the Individuals with Disabilities~~  
19.12 ~~Education Act, United States Code, title 20, section 1471 et seq. (Part C, Public Law~~  
19.13 ~~105-117).~~

19.14           Sec. 25. Minnesota Statutes 2004, section 125A.27, subdivision 18, is amended to read:

19.15           Subd. 18. **State lead agency.** "State lead agency" means the state agency receiving  
19.16 federal funds ~~under the Individuals with Disabilities Education Act, United States Code,~~  
19.17 ~~title 20, section 1471 et seq. (Part II, Public Law 102-119)~~ for the purposes of providing  
19.18 early intervention services.

19.19           Sec. 26. Minnesota Statutes 2005 Supplement, section 125A.28, is amended to read:

19.20           **125A.28 STATE INTERAGENCY COORDINATING COUNCIL.**

19.21           An Interagency Coordinating Council of at least 17, but not more than 25 members  
19.22 is established, in compliance with Public Law ~~102-119~~ 108-446, section ~~682~~ 641. The  
19.23 members must be appointed by the governor. Council members must elect the council  
19.24 chair. The representative of the commissioner may not serve as the chair. The council  
19.25 must be composed of at least five parents, including persons of color, of children with  
19.26 disabilities under age 12, including at least three parents of a child with a disability  
19.27 under age seven, five representatives of public or private providers of services for  
19.28 children with disabilities under age five, including a special education director, county  
19.29 social service director, local Head Start director, and a community health services or  
19.30 public health nursing administrator, one member of the senate, one member of the  
19.31 house of representatives, one representative of teacher preparation programs in early  
19.32 childhood-special education or other preparation programs in early childhood intervention,  
19.33 at least one representative of advocacy organizations for children with disabilities under

20.1 age five, one physician who cares for young children with special health care needs, one  
20.2 representative each from the commissioners of commerce, education, health, human  
20.3 services, a representative from the state agency responsible for child care, foster care,  
20.4 mental health, homeless coordinator of education of homeless children and youth, and a  
20.5 representative from Indian health services or a tribal council. Section 15.059, subdivisions  
20.6 2 to 5, apply to the council. The council must meet at least quarterly.

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

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

20.17 On the date that Minnesota Part C Annual Performance Report is submitted to the  
20.18 federal Office of Special Education, the council must recommend to the governor and the  
20.19 commissioners of education, health, human services, commerce, and employment and  
20.20 economic development policies for a comprehensive and coordinated system.

20.21 Notwithstanding any other law to the contrary, the State Interagency Coordinating  
20.22 Council expires on June 30, 2009.

20.23 Sec. 27. Minnesota Statutes 2004, section 125A.29, is amended to read:

20.24 **125A.29 RESPONSIBILITIES OF COUNTY BOARDS AND SCHOOL**  
20.25 **BOARDS.**

20.26 (a) It is the joint responsibility of county boards and school boards to coordinate,  
20.27 provide, and pay for appropriate services, and to facilitate payment for services from public  
20.28 and private sources. Appropriate services for children eligible under section 125A.02 must  
20.29 be determined in consultation with parents, physicians, and other educational, medical,  
20.30 health, and human services providers. The services provided must be in conformity with:

20.31 (1) an IFSP for each eligible infant and toddler from birth through age two and its  
20.32 the infant's or toddler's family; including:

20.33 (i) Indian infants and toddlers with disabilities and their families residing on a  
20.34 reservation geographically located in the state;

21.1 (ii) infants and toddlers with disabilities who are homeless children and their

21.2 families; and

21.3 (iii) infants and toddlers with disabilities who are wards of the state; or

21.4 (2) an individual education plan (IEP) or individual service plan (ISP) for each  
21.5 eligible child ages three through four.

21.6 (b) Appropriate services include family education and counseling, home visits,  
21.7 occupational and physical therapy, speech pathology, audiology, psychological services,  
21.8 special instruction, nursing, respite, nutrition, assistive technology, transportation  
21.9 and related costs, social work, vision services, case management including service  
21.10 coordination under section 125A.33, medical services for diagnostic and evaluation  
21.11 purposes, early identification, and screening, assessment, and health services necessary to  
21.12 enable children with disabilities to benefit from early intervention services.

21.13 (c) School and county boards shall coordinate early intervention services. In the  
21.14 absence of agreements established according to section 125A.39, service responsibilities  
21.15 for children birth through age two are as follows:

21.16 (1) school boards must provide, pay for, and facilitate payment for special education  
21.17 and related services required under sections 125A.05 and 125A.06;

21.18 (2) county boards must provide, pay for, and facilitate payment for noneducational  
21.19 services of social work, psychology, transportation and related costs, nursing, respite, and  
21.20 nutrition services not required under clause (1).

21.21 (d) School and county boards may develop an interagency agreement according  
21.22 to section 125A.39 to establish agency responsibility that assures early intervention  
21.23 services are coordinated, provided, paid for, and that payment is facilitated from public  
21.24 and private sources.

21.25 (e) County and school boards must jointly determine the primary agency in this  
21.26 cooperative effort and must notify the commissioner of the state lead agency of their  
21.27 decision.

21.28 Sec. 28. Minnesota Statutes 2004, section 125A.30, is amended to read:

21.29 **125A.30 INTERAGENCY EARLY INTERVENTION COMMITTEES.**

21.30 (a) A school district, group of districts, or special education cooperative, in  
21.31 cooperation with the health and human service agencies located in the county or counties  
21.32 in which the district or cooperative is located, must establish an Interagency Early  
21.33 Intervention Committee for children with disabilities under age five and their families  
21.34 under this section, and for children with disabilities ages three to 22 consistent with  
21.35 the requirements under sections 125A.023 and 125A.027. Committees must include

22.1 representatives of local health, education, and county human service agencies, county  
22.2 boards, school boards, early childhood family education programs, Head Start, parents of  
22.3 young children with disabilities under age 12, child care resource and referral agencies,  
22.4 school readiness programs, current service providers, and may also include representatives  
22.5 from other private or public agencies and school nurses. The committee must elect a chair  
22.6 from among its members and must meet at least quarterly.

22.7 (b) The committee must develop and implement interagency policies and procedures  
22.8 concerning the following ongoing duties:

22.9 (1) develop public awareness systems designed to inform potential recipient  
22.10 families, especially parents with premature infants, or infants with other physical risk  
22.11 factors associated with learning or development complications, of available programs  
22.12 and services;

22.13 (2) implement interagency child find systems designed to actively seek out, identify,  
22.14 and refer infants and young children with, or at risk of, disabilities, including a child  
22.15 under the age of three who: (i) is involved in a substantiated case of abuse or neglect or  
22.16 (ii) is identified as affected by illegal substance abuse, or withdrawal symptoms resulting  
22.17 from prenatal drug exposure, to reduce the need for future services; and their families,  
22.18 especially parents with premature infants, or infants with other physical risk factors  
22.19 associated with learning or development complications;

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

22.23 (4) assure the development of individualized family service plans for all eligible  
22.24 infants and toddlers with disabilities from birth through age two, and their families, and  
22.25 individual education plans and individual service plans when necessary to appropriately  
22.26 serve children with disabilities, age three and older, and their families and recommend  
22.27 assignment of financial responsibilities to the appropriate agencies;

22.28 ~~(5) encourage agencies to develop individual family service plans for children with~~  
22.29 ~~disabilities, age three and older;~~

22.30 ~~(6)~~ implement a process for assuring that services involve cooperating agencies at all  
22.31 steps leading to individualized programs;

22.32 ~~(7)~~ (6) facilitate the development of a transitional plan if a service provider is not  
22.33 recommended to continue to provide services;

22.34 ~~(8)~~ (7) identify the current services and funding being provided within the  
22.35 community for children with disabilities under age five and their families;

23.1 ~~(9)~~ (8) develop a plan for the allocation and expenditure of additional state and  
 23.2 federal early intervention funds under United States Code, title 20, section 1471 et seq.  
 23.3 (Part C, Public Law ~~102-119~~ 108-446) and United States Code, title 20, section 631, et  
 23.4 seq. (Chapter I, Public Law 89-313); and

23.5 ~~(10)~~ (9) develop a policy that is consistent with section 13.05, subdivision 9, and  
 23.6 federal law to enable a member of an interagency early intervention committee to allow  
 23.7 another member access to data classified as not public.

23.8 (c) The local committee shall also:

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

23.12 (2) review and comment on the early intervention section of the total special  
 23.13 education system for the district, the county social service plan, the section or sections of  
 23.14 the community health services plan that address needs of and service activities targeted  
 23.15 to children with special health care needs, the section on children with special needs in  
 23.16 the county child care fund plan, sections in Head Start plans on coordinated planning and  
 23.17 services for children with special needs, any relevant portions of early childhood education  
 23.18 plans, such as early childhood family education or school readiness, or other applicable  
 23.19 coordinated school and community plans for early childhood programs and services, and  
 23.20 the section of the maternal and child health special project grants that address needs of and  
 23.21 service activities targeted to children with chronic illness and disabilities.

23.22 Sec. 29. Minnesota Statutes 2004, section 125A.32, is amended to read:

23.23 **125A.32 INDIVIDUALIZED FAMILY SERVICE PLAN (IFSP).**

23.24 (a) A team must participate in IFSP meetings to develop the IFSP. The team shall  
 23.25 include:

23.26 (1) a parent or parents of the child;

23.27 (2) other family members, as requested by the parent, if feasible to do so;

23.28 (3) an advocate or person outside of the family, if the parent requests that the  
 23.29 person participate;

23.30 (4) the service coordinator who has been working with the family since the  
 23.31 initial referral, or who has been designated by the public agency to be responsible for  
 23.32 implementation of the IFSP and coordination with other agencies including transition  
 23.33 services; and

23.34 (5) a person or persons involved in conducting evaluations and assessments.

23.35 (b) The IFSP must include:

- 24.1 (1) information about the child's developmental status;
- 24.2 (2) family information, with the consent of the family;
- 24.3 (3) measurable results or major outcomes expected to be achieved by the child and
- 24.4 the family that include preliteracy and language skills, as developmentally appropriate
- 24.5 for the child, and the criteria, procedures, and timelines;
- 24.6 (4) specific early intervention services based on peer-reviewed research, to the
- 24.7 extent practicable, necessary to meet the unique needs of the child and the family to
- 24.8 achieve the outcomes;
- 24.9 (5) payment arrangements, if any;
- 24.10 (6) medical and other services that the child needs, but that are not required under
- 24.11 the Individual with Disabilities Education Act, United States Code, title 20, section 1471
- 24.12 et seq. (Part C, Public Law ~~102-119~~ 108-446) including funding sources to be used in
- 24.13 paying for those services and the steps that will be taken to secure those services through
- 24.14 public or private sources;
- 24.15 (7) dates and duration of early intervention services;
- 24.16 (8) name of the service coordinator;
- 24.17 (9) steps to be taken to support a child's transition from early intervention services to
- 24.18 other appropriate services, including convening a transition conference at least 90 days or,
- 24.19 at the discretion of all parties, not more than nine months prior to the child's eligibility for
- 24.20 preschool services; and
- 24.21 (10) signature of the parent and authorized signatures of the agencies responsible
- 24.22 for providing, paying for, or facilitating payment, or any combination of these, for early
- 24.23 intervention services.

24.24 Sec. 30. Minnesota Statutes 2004, section 125A.33, is amended to read:

24.25 **125A.33 SERVICE COORDINATION.**

24.26 (a) The team developing the IFSP under section 125A.32 must select a service

24.27 coordinator to carry out service coordination activities on an interagency basis. Service

24.28 coordination must actively promote a family's capacity and competency to identify,

24.29 obtain, coordinate, monitor, and evaluate resources and services to meet the family's

24.30 needs. Service coordination activities include:

- 24.31 (1) coordinating the performance of evaluations and assessments;
- 24.32 (2) facilitating and participating in the development, review, and evaluation of
- 24.33 individualized family service plans;
- 24.34 (3) assisting families in identifying available service providers;
- 24.35 (4) coordinating and monitoring the delivery of available services;

- 25.1 (5) informing families of the availability of advocacy services;
- 25.2 (6) coordinating with medical, health, and other service providers;
- 25.3 (7) facilitating the development of a transition plan at least 90 days before the time
- 25.4 the child is no longer eligible for early intervention services or, at the discretion of all
- 25.5 parties, not more than nine months prior to the child's eligibility for preschool services,
- 25.6 if appropriate;
- 25.7 (8) managing the early intervention record and submitting additional information to
- 25.8 the local primary agency at the time of periodic review and annual evaluations; and
- 25.9 (9) notifying a local primary agency when disputes between agencies impact service
- 25.10 delivery required by an IFSP.
- 25.11 (b) A service coordinator must be knowledgeable about children and families
- 25.12 receiving services under this section, requirements of state and federal law, and services
- 25.13 available in the interagency early childhood intervention system.

25.14 Sec. 31. Minnesota Statutes 2004, section 125A.48, is amended to read:

25.15 **125A.48 STATE INTERAGENCY AGREEMENT.**

25.16 (a) The commissioners of the Departments of Education, Health, and Human

25.17 Services must enter into an agreement to implement this section and Part H C, Public

25.18 Law ~~102-119~~ 108-446, and as required by Code of Federal Regulations, title 34, section

25.19 303.523, to promote the development and implementation of interagency, coordinated,

25.20 multidisciplinary state and local early childhood intervention service systems for serving

25.21 eligible young children with disabilities, birth through age two, and their families and

25.22 to ensure the meaningful involvement of underserved groups, including minority,

25.23 low-income, homeless, and rural families and children with disabilities who are wards

25.24 of the state. The agreement must be reviewed annually.

25.25 (b) The state interagency agreement must outline at a minimum the conditions,

25.26 procedures, purposes, and responsibilities of the participating state and local agencies

25.27 for the following:

- 25.28 (1) membership, roles, and responsibilities of a state interagency committee for
- 25.29 the oversight of priorities and budget allocations under Part H C, Public Law ~~102-119~~
- 25.30 108-446, and other state allocations for this program;
- 25.31 (2) child find;
- 25.32 (3) establishment of local interagency agreements;
- 25.33 (4) review by a state interagency committee of the allocation of additional state and
- 25.34 federal early intervention funds by local agencies;
- 25.35 (5) fiscal responsibilities of the state and local agencies;

- 26.1 (6) intraagency and interagency dispute resolution;
- 26.2 (7) payor of last resort;
- 26.3 (8) maintenance of effort;
- 26.4 (9) procedural safeguards, including mediation;
- 26.5 (10) complaint resolution;
- 26.6 (11) quality assurance;
- 26.7 (12) data collection;
- 26.8 (13) an annual summary to the state Interagency Coordinating Council regarding
- 26.9 conflict resolution activities including disputes, due process hearings, and complaints; and
- 26.10 (14) other components of the state and local early intervention system consistent
- 26.11 with Public Law ~~102-119~~ 108-446.
- 26.12 Written materials must be developed for parents, IEIC's, and local service providers
- 26.13 that describe procedures developed under this section as required by Code of Federal
- 26.14 Regulations, title 34, section 303.

26.15 Sec. 32. Minnesota Statutes 2004, section 245A.023, is amended to read:

26.16 **245A.023 IN-SERVICE TRAINING.**

26.17 (a) For purposes of child care centers, in-service training must be completed within

26.18 the license period for which it is required. In-service training completed by staff persons

26.19 as required must be transferable upon a staff person's change in employment to another

26.20 child care program. License holders shall record all staff in-service training on forms

26.21 prescribed by the commissioner of human services.

26.22 (b) For purposes of family and group family child care, the license holder and each

26.23 primary caregiver must complete 12 hours of training each year. For purposes of this

26.24 section, a primary caregiver is an adult caregiver who provides services in the licensed

26.25 setting more than 30 days in any 12-month period.

26.26 Sec. 33. Minnesota Statutes 2004, section 245A.14, is amended by adding a

26.27 subdivision to read:

26.28 Subd. 9a. Early childhood development training. (a) For purposes of child

26.29 care centers, the director and all staff hired after July 1, 2006, shall complete and

26.30 document at least two hours of early childhood development training within the first year

26.31 of employment. Training completed under this subdivision may be used to meet the

26.32 requirements of Minnesota Rules, part 9503.0035, subparts 1 and 4.

26.33 (b) For purposes of family and group family child care, the license holder and

26.34 each adult caregiver who provides care in the licensed setting more than 30 days in any

27.1 12-month period shall complete and document at least two hours of early childhood  
 27.2 development training within the first year of licensure or employment. Training completed  
 27.3 under this subdivision may be used to meet the requirements of Minnesota Rules, part  
 27.4 9502.0385, subparts 2 and 3.

27.5 (c) Notwithstanding paragraphs (a) and (b), individuals are exempt from this  
 27.6 requirement if they:

27.7 (1) have taken a three-credit course on early childhood development within the  
 27.8 past five years;

27.9 (2) have received a baccalaureate or masters degree in early childhood education or  
 27.10 school age child care within the past five years;

27.11 (3) are licensed in Minnesota as a prekindergarten teacher, an early childhood  
 27.12 educator, a kindergarten to sixth grade teacher with a prekindergarten specialty, an  
 27.13 early childhood special education teacher, or an elementary teacher with a kindergarten  
 27.14 endorsement; or

27.15 (4) have received a baccalaureate degree with a Montessori certificate within the  
 27.16 past five years.

27.17 Sec. 34. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision  
 27.18 3, is amended to read:

27.19  
 27.20 **Subd. 3. Early childhood family education aid.** For early childhood family  
 27.21 education aid under Minnesota Statutes, section 124D.135:

27.22	<del>14,356,000</del>		
27.23	\$ <u>15,105,000</u>	.....	2006
27.24	<del>15,137,000</del>		
27.25	\$ <u>20,312,000</u>	.....	2007

27.26  
 27.27 The 2006 appropriation includes ~~\$1,861,000~~ \$1,859,000 for 2005 and ~~\$12,495,000~~  
 27.28 \$13,246,000 for 2006.

27.29  
 27.30 The 2007 appropriation includes ~~\$2,327,000~~ \$1,471,000 for 2006 and ~~\$12,810,000~~  
 27.31 \$18,841,000 for 2007.

27.32

28.1 Sec. 35. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision  
28.2 4, is amended to read:

28.3  
28.4 Subd. 4. **Health and developmental screening aid.** For health and developmental  
28.5 screening aid under Minnesota Statutes, sections 121A.17 and 121A.19:

28.6 ~~3,076,000~~  
28.7 \$ 3,000,000 ..... 2006  
28.8 ~~3,511,000~~  
28.9 \$ 2,997,000 ..... 2007

28.10  
28.11 The 2006 appropriation includes \$417,000 for 2005 and ~~\$2,659,000~~ \$2,583,000  
28.12 for 2006.

28.13  
28.14 The 2007 appropriation includes ~~\$494,000~~ \$287,000 for 2006 and ~~\$3,017,000~~  
28.15 \$2,710,000 for 2007.

28.16  
28.17 Sec. 36. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision  
28.18 5, is amended to read:

28.19  
28.20 Subd. 5. **Head Start program.** For Head Start programs under Minnesota Statutes,  
28.21 section 119A.52:

28.22 \$ 19,100,000 ..... 2006  
28.23 \$ 19,100,000 ..... 2007

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

28.25 Sec. 37. Laws 2005, First Special Session chapter 5, article 9, section 4, subdivision 2,  
28.26 is amended to read:

28.27  
28.28 Subd. 2. **Adult basic education aid.** For adult basic education aid under Minnesota  
28.29 Statutes:

28.30 ~~36,518,000~~  
28.31 \$ 38,636,000 ..... 2006

29.1 ~~36,540,000~~

29.2 \$ 37,564,000 ..... 2007

29.3

29.4 The 2006 appropriation includes \$5,707,000 for 2005 and ~~\$30,811,000~~ \$32,929,000  
29.5 for 2006.

29.6

29.7 The 2007 appropriation includes ~~\$5,737,000~~ \$3,658,000 for 2006 and ~~\$30,803,000~~  
29.8 \$33,906,000 for 2007.

29.9

29.10 **Sec. 38. ADULT LITERACY GRANTS FOR RECENT IMMIGRANTS TO**  
29.11 **MINNESOTA.**

29.12 Subdivision 1. Establishment. An adult literacy grant program for recent  
29.13 immigrants to Minnesota is established in fiscal years 2007 and 2008 only in order to  
29.14 meet the English language needs of the unanticipated refugees and immigrants to the  
29.15 state of Minnesota.

29.16 Subd. 2. Grants. The commissioner of education shall consult adult basic  
29.17 education service providers in establishing the form and manner of the grant program.  
29.18 The commissioner shall award grants to organizations providing adult literacy services in  
29.19 order to help offset the additional costs due to unanticipated high enrollments of recent  
29.20 refugees and immigrants.

29.21 **Sec. 39. STUDY; CERTIFICATION OF SCHOOL READINESS AND CHILD**  
29.22 **CARE PROGRAMS.**

29.23 The commissioner of education, in consultation with the commissioner of human  
29.24 services, shall contract with a qualified independent contractor to determine appropriate  
29.25 criteria and structure for certifying child care programs and providers based on a high  
29.26 quality school readiness component in the child care setting that adequately prepares  
29.27 children for school.

29.28 The contractor must research appropriate criteria for certifying a program or  
29.29 provider and the structure by which a program or provider would be certified, explore  
29.30 specific service needs and unique resources available to individual communities, and  
29.31 explore flexibility in implementing a program or provider plan that prepares children for  
29.32 kindergarten. The contractor also must evaluate the impact of implementing a school

30.1 readiness component in child care settings on providers and families using certified child  
30.2 care.

30.3 The commissioner of education must submit a written report of the contractor's  
30.4 findings and any recommendations about appropriate criteria and structure for establishing  
30.5 certified child care programs and providers to the senate and house of representatives  
30.6 committees having jurisdiction over child care issues by December 15, 2006.

30.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

30.8 Sec. 40. **PARENT FEE SCHEDULE.**

30.9 Notwithstanding Minnesota Rules, part 3400.0100, subpart 4, the parent fee  
30.10 schedule for the child care assistance program is as follows:

30.11 <u>Income Range (as a percentage of the</u> 30.12 <u>federal poverty guidelines)</u>	<u>Co-payment (as a percentage of adjusted</u> <u>gross income)</u>
30.13 <u>0-74.99%</u>	<u>\$0/month</u>
30.14 <u>75.00-99.99%</u>	<u>\$5/month</u>
30.15 <u>100.00-104.99%</u>	<u>2.61%</u>
30.16 <u>105.00-109.99%</u>	<u>2.61%</u>
30.17 <u>110.00-114.99%</u>	<u>2.61%</u>
30.18 <u>115.00-119.99%</u>	<u>2.61%</u>
30.19 <u>120.00-124.99%</u>	<u>2.91%</u>
30.20 <u>125.00-129.99%</u>	<u>2.91%</u>
30.21 <u>130.00-134.99%</u>	<u>2.91%</u>
30.22 <u>135.00-139.99%</u>	<u>2.91%</u>
30.23 <u>140.00-144.99%</u>	<u>3.21%</u>
30.24 <u>145.00-149.99%</u>	<u>3.21%</u>
30.25 <u>150.00-154.99%</u>	<u>3.21%</u>
30.26 <u>155.00-159.99%</u>	<u>3.84%</u>
30.27 <u>160.00-164.99%</u>	<u>3.84%</u>
30.28 <u>165.00-169.99%</u>	<u>4.46%</u>
30.29 <u>170.00-174.99%</u>	<u>4.76%</u>
30.30 <u>175.00-179.99%</u>	<u>5.05%</u>

31.1	<u>180.00-184.99%</u>	<u>5.65%</u>
31.2	<u>185.00-189.99%</u>	<u>5.95%</u>
31.3	<u>190.00-194.99%</u>	<u>6.24%</u>
31.4	<u>195.00-199.99%</u>	<u>6.84%</u>
31.5	<u>200.00-204.99%</u>	<u>7.58%</u>
31.6	<u>205.00-209.99%</u>	<u>8.33%</u>
31.7	<u>210.00-214.99%</u>	<u>9.20%</u>
31.8	<u>215.00-219.99%</u>	<u>10.07%</u>
31.9	<u>220.00-224.99%</u>	<u>10.94%</u>
31.10	<u>225.00-229.99%</u>	<u>11.55%</u>
31.11	<u>230.00-234.99%</u>	<u>12.16%</u>
31.12	<u>235.00-239.99%</u>	<u>12.77%</u>
31.13	<u>240.00-244.99%</u>	<u>13.38%</u>
31.14	<u>245.00-249.99%</u>	<u>14.00%</u>
31.15	<u>250%</u>	<u>ineligible</u>

31.16 A family's monthly co-payment fee is the fixed percentage established for the  
 31.17 income range multiplied by the highest possible income within that income range.

31.18 **EFFECTIVE DATE.** This section is effective July 1, 2006.

31.19 Sec. 41. **LEGISLATIVE COMMISSION TO END POVERTY IN MINNESOTA**  
 31.20 **BY 2020.**

31.21 **Subdivision 1. Membership.** The Legislative Commission to End Poverty in  
 31.22 Minnesota by 2020 consists of nine members of the senate appointed by the Subcommittee  
 31.23 on Committees of the Committee on Rules and Administration, including four members of  
 31.24 the minority, and nine members of the house of representatives appointed by the speaker,  
 31.25 including four members of the minority. Appointments must be made by members elected  
 31.26 to the 85th session of the legislature and no later than February 15, 2007. The governor  
 31.27 may appoint two nonvoting members to sit with the commission.

31.28 **Subd. 2. Guiding principles.** In preparing recommendations on how to end poverty  
 31.29 in Minnesota by 2020, the commission must be guided by the following principles:

31.30 (a) There should be a consistent and persistent approach that includes participation  
 31.31 of people of faith, nonprofit agencies, government, and business.

32.1 (b) All people should be provided with those things that protect human dignity  
32.2 and make for a healthy life, including adequate food and shelter, meaningful work, safe  
32.3 communities, health care, and education.

32.4 (c) All people are intended to live well together as a whole community, seeking the  
32.5 common good, avoiding wide disparities between those who have too little to live on and  
32.6 those who have a disproportionate share of the nation's goods.

32.7 (d) All people need to work together to overcome poverty, and this work transcends  
32.8 both any particular political theory or party and any particular economic theory or  
32.9 structure. Overcoming poverty requires the use of private and public resources.

32.10 (e) Alliances are needed between the faith community, nonprofit agencies,  
32.11 government, business, and others with a commitment to overcoming poverty.

32.12 (f) Overcoming poverty involves both acts of direct service to alleviate the outcomes  
32.13 of poverty and advocacy to change those structures that result in people living in poverty.

32.14 (g) Government is neither solely responsible for alleviating poverty nor removed  
32.15 from that responsibility. Government is the vehicle by which people order their lives  
32.16 based on their shared vision. Society is well served when people bring their values into  
32.17 the public arena. This convergence around issues of poverty and the common good  
32.18 leads people of varying traditions to call on government to make a critical commitment  
32.19 to overcoming poverty.

32.20 Subd. 3. Report. The commission shall report its recommendations on how to end  
32.21 poverty in Minnesota by 2020 to the legislature by December 15, 2008.

32.22 Subd. 4. Expiration. The commission expires December 31, 2008.

32.23 **Sec. 42. RAMSEY COUNTY CHILD CARE PILOT PROJECT.**

32.24 Subdivision 1. Authorization for pilot project. The commissioner of human  
32.25 services shall approve a pilot project in Ramsey County that will help teen parents remain  
32.26 in school and complete the student's education while providing child care assistance for  
32.27 the student's child. The pilot project shall increase coordination between services from  
32.28 the Minnesota family investment program, the child care assistance program, and area  
32.29 public schools with the goal of removing barriers that prevent teen parents from pursuing  
32.30 educational goals.

32.31 Subd. 2. Program design and implementation. The Ramsey County child care  
32.32 pilot project shall be established to improve the coordination of services to teen parents.

32.33 The pilot project shall:

32.34 (1) provide a streamlined process for sharing information between the Minnesota  
32.35 family investment program under Minnesota Statutes, chapter 256J, the child care

33.1 assistance program under Minnesota Statutes, chapter 119B, and public schools in  
 33.2 Ramsey County;

33.3 (2) determine eligibility for child care assistance using the teen parent's eligibility  
 33.4 for reduced-cost or free school lunches in place of income verification; and

33.5 (3) waive the child care parent fee under Minnesota Statutes, section 119B.12,  
 33.6 subdivision 2, for teen parents whose income is below poverty level and whose children  
 33.7 attend school-based child care centers.

33.8 Subd. 3. Costs. Increased costs incurred under this section shall not increase the  
 33.9 basic sliding fee appropriation and shall not affect funds available for distribution under  
 33.10 Minnesota Statutes, sections 119B.06 and 119B.08.

33.11 **Sec. 43. APPROPRIATIONS.**

33.12 Subdivision 1. Department of Education. The sums indicated in this section are  
 33.13 appropriated from the general fund to the Department of Education, unless otherwise  
 33.14 specified, for the fiscal years designated.

33.15 Subd. 2. School readiness and child care programs study. For a school readiness  
 33.16 and child care programs study under section 39:

33.17 \$ 75,000       .....       2007

33.18 This is a onetime appropriation.

33.19 Subd. 3. Head Start/child care partnerships study. For a grant to the Minnesota  
 33.20 Early Learning Foundation to study partnerships between Head Start and child care  
 33.21 providers under Minnesota Statutes, section 124D.175, paragraph (d):

33.22 \$ 25,000       .....       2007

33.23 This is a onetime appropriation.

33.24 Subd. 4. Educate parents partnership. For the educate parents partnership under  
 33.25 Minnesota Statutes, section 124D.129:

33.26 \$ 80,000       .....       2007

33.27 The base for this program in fiscal year 2008 and later is \$50,000.

33.28 Subd. 5. Kindergarten entrance assessment initiative and intervention  
 33.29 program. For the kindergarten entrance assessment initiative and intervention program  
 33.30 under Minnesota Statutes, section 124D.136:

33.31 \$ 258,000       .....       2007

34.1 Subd. 6. Early childhood Part C. For the expansion of early childhood Part C  
 34.2 services:

34.3 \$ 1,049,000 ..... 2007

34.4 Subd. 7. Adult literacy grants for recent immigrants. For adult literacy grants for  
 34.5 recent immigrants to Minnesota under section 38:

34.6 \$ 1,500,000 ..... 2007

34.7 The base for this program is \$1,500,000 in fiscal year 2008 and \$0 in fiscal year 2009.

34.8 Subd. 8. NorthStar Quality Improvement and Rating System. For a grant to the  
 34.9 Minnesota Early Learning Foundation for the NorthStar Quality Improvement and Rating  
 34.10 System under Minnesota Statutes, section 124D.175, paragraph (c):

34.11 \$ 1,500,000 ..... 2007

34.12 This appropriation must be used to implement phase one of the NorthStar Quality  
 34.13 Improvement and Rating System including start-up costs, participation of 200 providers,  
 34.14 parent information, and materials and evaluation by the Minnesota Early Learning  
 34.15 Foundation in consultation with the University of Minnesota.

34.16 This onetime appropriation is available to June 30, 2008.

34.17 Subd. 9. Legislative Commission to End Poverty by 2020. To the Legislative  
 34.18 Coordinating Commission for the Legislative Commission to End Poverty by 2020 under  
 34.19 section 41:

34.20 \$ 250,000 ..... 2007

34.21 Sec. 44. REPEALER.

34.22 Minnesota Statutes 2004, section 119A.51, and Minnesota Statutes 2005  
 34.23 Supplement, section 119B.13, subdivision 7, and Laws 2003, First Special Session chapter  
 34.24 14, article 9, section 36, are repealed.

34.25 **ARTICLE 3**

34.26 **GENERAL EDUCATION**

34.27 Section 1. Minnesota Statutes 2004, section 120A.20, subdivision 1, is amended to  
 34.28 read:

34.29 Subdivision 1. **Age limitations; pupils.** (a) All schools supported in whole or  
 34.30 in part by state funds are public schools. Admission to a public school is free to any  
 34.31 person who: (1) resides within the district that operates the school; ~~who;~~ (2) is under 21

34.1 Subd. 6. Early childhood Part C. For the expansion of early childhood Part C  
 34.2 services:

34.3 \$ 1,049,000 ..... 2007

34.4 Subd. 7. Adult literacy grants for recent immigrants. For adult literacy grants for  
 34.5 recent immigrants to Minnesota under section 38:

34.6 \$ 1,500,000 ..... 2007

34.7 The base for this program is \$1,500,000 in fiscal year 2008 and \$0 in fiscal year 2009.

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34.11 \$ 1,500,000 ..... 2007

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 34.14 parent information, and materials and evaluation by the Minnesota Early Learning  
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34.17 Subd. 9. Legislative Commission to End Poverty by 2020. To the Legislative  
 34.18 Coordinating Commission for the Legislative Commission to End Poverty by 2020 under  
 34.19 section 41:

34.20 \$ 250,000 ..... 2007

34.21 **Sec. 44. REPEALER.**

34.22 Minnesota Statutes 2004, section 119A.51, and Minnesota Statutes 2005  
 34.23 Supplement, section 119B.13, subdivision 7, and Laws 2003, First Special Session chapter  
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 34.30 **in part by state funds are public schools. Admission to a public school is free to any**  
 34.31 **person who: (1) resides within the district that operates the school, ~~who~~; (2) is under 21**

35.1 years of age; or who meets the requirements of paragraph (c); and who (3) satisfies the  
35.2 minimum age requirements imposed by this section. Notwithstanding the provisions of  
35.3 any law to the contrary, the conduct of all students under 21 years of age attending a  
35.4 public secondary school is governed by a single set of reasonable rules and regulations  
35.5 promulgated by the school board.

35.6 ~~No~~ (b) A person shall not be admitted to any a public school (1) as a kindergarten  
35.7 pupil, unless the pupil is at least five years of age on September 1 of the calendar year in  
35.8 which the school year for which the pupil seeks admission commences; or (2) as a 1st  
35.9 grade student, unless the pupil is at least six years of age on September 1 of the calendar  
35.10 year in which the school year for which the pupil seeks admission commences or has  
35.11 completed kindergarten; except that any school board may establish a policy for admission  
35.12 of selected pupils at an earlier age.

35.13 (c) A pupil who becomes age 21 after enrollment is eligible for continued free public  
35.14 school enrollment until at least one of the following occurs: (1) the first September 1 after  
35.15 the pupil's 21st birthday; (2) the pupil's completion of the graduation requirements; (3)  
35.16 the pupil's withdrawal with no subsequent enrollment within 21 calendar days; or (4)  
35.17 the end of the school year.

35.18 Sec. 2. Minnesota Statutes 2005 Supplement, section 122A.415, subdivision 1, is  
35.19 amended to read:

35.20 Subdivision 1. **Revenue amount.** (a) A school district, intermediate school district,  
35.21 school site, or charter school that meets the conditions of section 122A.414 and submits an  
35.22 application approved by the commissioner is eligible for alternative teacher compensation  
35.23 revenue.

35.24 (b) For school district and intermediate school district applications, the commissioner  
35.25 must consider only those applications to participate that are submitted jointly by a  
35.26 district and the exclusive representative of the teachers. The application must contain an  
35.27 alternative teacher professional pay system agreement that:

35.28 (1) implements an alternative teacher professional pay system consistent with  
35.29 section 122A.414; and

35.30 (2) is negotiated and adopted according to the Public Employment Labor Relations  
35.31 Act under chapter 179A, except that notwithstanding section 179A.20, subdivision 3, a  
35.32 district may enter into a contract for a term of two or four years.

35.33 Alternative teacher compensation revenue for a qualifying school district or site in  
35.34 which the school board and the exclusive representative of the teachers agree to place  
35.35 teachers in the district or at the site on the alternative teacher professional pay system

36.1 equals \$260 times the ratio of the formula allowance for the current fiscal year to the  
36.2 formula allowance for fiscal year 2007 times the number of pupils enrolled at the district  
36.3 or site on October 1 of the previous fiscal year. Alternative teacher compensation revenue  
36.4 for a qualifying intermediate school district must be calculated under section 126C.10,  
36.5 subdivision 34, paragraphs (a) and (b).

36.6 (c) For a newly combined or consolidated district, the revenue shall be computed  
36.7 using the sum of pupils enrolled on October 1 of the previous year in the districts entering  
36.8 into the combination or consolidation. The commissioner may adjust the revenue  
36.9 computed for a site using prior year data to reflect changes attributable to school closings,  
36.10 school openings, or grade level reconfigurations between the prior year and the current  
36.11 year.

36.12 (d) The revenue is available only to school districts, intermediate school districts,  
36.13 school sites, and charter schools that fully implement an alternative teacher professional  
36.14 pay system by October 1 of the current school year.

36.15 (e) The revenue must be maintained in a reserve account within the general fund.

36.16 Sec. 3. Minnesota Statutes 2005 Supplement, section 122A.415, subdivision 3, is  
36.17 amended to read:

36.18 Subd. 3. **Revenue timing.** (a) Districts, intermediate school districts, school sites,  
36.19 or charter schools with approved applications must receive alternative compensation  
36.20 revenue for each school year that the district, intermediate school district, school site,  
36.21 or charter school implements an alternative teacher professional pay system under this  
36.22 subdivision and section 122A.414. For fiscal year 2007 and later, a qualifying district,  
36.23 intermediate school district, school site, or charter school that received alternative teacher  
36.24 compensation aid for the previous fiscal year must receive at least an amount of alternative  
36.25 teacher compensation revenue equal to the lesser of the amount it received for the previous  
36.26 fiscal year or the amount it qualifies for under subdivision 1 for the current fiscal year if  
36.27 the district, intermediate school district, school site, or charter school submits a timely  
36.28 application and the commissioner determines that the district, intermediate school district,  
36.29 school site, or charter school continues to implement an alternative teacher professional  
36.30 pay system, consistent with its application under this section.

36.31 (b) The commissioner shall approve applications that comply with subdivision 1,  
36.32 and section 122A.414, subdivisions 2, paragraph (b), and 2a, if the applicant is a charter  
36.33 school, in the order in which they are received, select applicants that qualify for this  
36.34 program, notify school districts, intermediate school districts, school sites, and charter

37.1 schools about the program, develop and disseminate application materials, and carry out  
37.2 other activities needed to implement this section.

37.3 (c) For applications approved under this section before August 1 of the fiscal year for  
37.4 which the aid is paid, the portion of the state total basic alternative teacher compensation  
37.5 aid entitlement allocated to charter schools must not exceed \$522,000 for fiscal year  
37.6 2006 and \$3,374,000 for fiscal year 2007. For fiscal year 2008 and later, the portion of  
37.7 the state total basic alternative teacher compensation aid entitlement allocated to charter  
37.8 schools must not exceed the product of \$3,374,000 times the ratio of the state total charter  
37.9 school enrollment for the previous fiscal year to the state total charter school enrollment  
37.10 for ~~the second previous year~~ fiscal year 2006 times the ratio of the formula allowance for  
37.11 the current fiscal year to the formula allowance for fiscal year 2007. Additional basic  
37.12 alternative teacher compensation aid may be approved for charter schools after August 1,  
37.13 not to exceed the charter school limit for the following fiscal year, if the basic alternative  
37.14 teacher compensation aid entitlement for school districts and intermediate school districts  
37.15 based on applications approved by August 1 does not expend the remaining amount under  
37.16 the limit.

37.17 Sec. 4. Minnesota Statutes 2004, section 123A.06, subdivision 2, is amended to read:

37.18 Subd. 2. **People to be served.** A center shall provide programs for secondary  
37.19 pupils and adults. A center may also provide programs and services for elementary and  
37.20 secondary pupils who are not attending the center to assist them in being successful in  
37.21 school. A center shall use research-based best practices for serving limited English  
37.22 proficient students and their parents. An individual education plan team may identify a  
37.23 center as an appropriate placement to the extent a center can provide the student with the  
37.24 appropriate special education services described in the student's plan. Pupils eligible to  
37.25 be served are those ~~age five to adults 22 and older~~ who qualify under the graduation  
37.26 incentives program in section 124D.68, subdivision 2, those enrolled under section  
37.27 124D.02, subdivision 2, or those pupils who are eligible to receive special education  
37.28 services under sections 125A.03 to 125A.24, and 125A.65.

37.29 Sec. 5. Minnesota Statutes 2005 Supplement, section 123B.76, subdivision 3, is  
37.30 amended to read:

37.31 Subd. 3. **Expenditures by building.** (a) For the purposes of this section, "building"  
37.32 means education site as defined in section 123B.04, subdivision 1.

37.33 (b) Each district shall maintain separate accounts to identify general fund  
37.34 expenditures for each building. All expenditures for regular instruction, secondary

38.1 vocational instruction, and school administration must be reported to the department  
38.2 separately for each building. All expenditures for special education instruction,  
38.3 instructional support services, and pupil support services provided within a specific  
38.4 building must be reported to the department separately for each building. Salary  
38.5 expenditures reported by building must reflect actual salaries for staff at the building and  
38.6 must not be based on districtwide averages. All other general fund expenditures may be  
38.7 reported by building or on a districtwide basis.

38.8 (c) The department must annually report information showing school district general  
38.9 fund expenditures per pupil by program category for each building and estimated school  
38.10 district general fund revenue generated by pupils attending each building on its Web  
38.11 site. For purposes of this report:

38.12 (1) expenditures not reported by building shall be allocated among buildings on a  
38.13 uniform per pupil basis;

38.14 (2) basic skills revenue shall be allocated according to section 126C.10, subdivision  
38.15 4;

38.16 (3) secondary sparsity revenue and elementary sparsity revenue shall be allocated  
38.17 according to section 126C.10, subdivisions 7 and 8;

38.18 (4) alternative teacher compensation revenue shall be allocated according to section  
38.19 122A.415, subdivision 1;

38.20 (5) other general education revenue shall be allocated on a uniform per pupil unit  
38.21 basis;

38.22 ~~(5)~~ (6) first grade preparedness aid shall be allocated according to section 124D.081;

38.23 ~~(6)~~ (7) state and federal special education aid and Title I aid shall be allocated in  
38.24 proportion to district expenditures for these programs by building; and

38.25 ~~(7)~~ (8) other general fund revenues shall be allocated on a uniform per pupil basis,  
38.26 except that the department may allocate other revenues attributable to specific buildings  
38.27 directly to those buildings.

38.28 Sec. 6. Minnesota Statutes 2004, section 124D.02, subdivision 2, is amended to read:

38.29 Subd. 2. **Secondary school programs.** The board may permit a person who is over  
38.30 the age of 21 or who has graduated from high school to enroll ~~as a part-time student~~ in a  
38.31 class or program at a secondary school if there is space available. In determining if there is  
38.32 space available, ~~full-time public school students;~~ eligible for free enrollment under section  
38.33 120A.20, subdivision 1, and shared-time students shall be given priority over students  
38.34 seeking enrollment pursuant to this subdivision, and students returning to complete a

39.1 regular course of study shall be given priority over ~~part-time~~ other students seeking  
 39.2 enrollment pursuant to this subdivision. The following are not prerequisites for enrollment:

39.3 (1) residency in the school district;

39.4 (2) United States citizenship; or

39.5 (3) for a person over the age of 21, a high school diploma or equivalency certificate.

39.6 A person may enroll in a class or program even if that person attends evening school, an  
 39.7 adult or continuing education, or a postsecondary educational program or institution.

39.8 Sec. 7. Minnesota Statutes 2004, section 124D.02, subdivision 4, is amended to read:

39.9 Subd. 4. **Part-time student fee.** Notwithstanding the provisions of sections  
 39.10 120A.20 and 123B.37, a board may charge a ~~part-time~~ student enrolled pursuant to  
 39.11 subdivision 2 a reasonable fee for a class or program.

39.12 Sec. 8. Minnesota Statutes 2005 Supplement, section 124D.68, subdivision 2, is  
 39.13 amended to read:

39.14 Subd. 2. **Eligible pupils.** ~~The following pupils are~~ A pupil under the age of 21 or  
 39.15 who meets the requirements of section 120A.20, subdivision 1, paragraph (c), is eligible to  
 39.16 participate in the graduation incentives program:

39.17 ~~(a) any pupil under the age of 21 who, if the pupil:~~

39.18 (1) performs substantially below the performance level for pupils of the same age  
 39.19 in a locally determined achievement test;

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

39.22 (3) is pregnant or is a parent;

39.23 (4) has been assessed as chemically dependent;

39.24 (5) has been excluded or expelled according to sections 121A.40 to 121A.56;

39.25 (6) has been referred by a school district for enrollment in an eligible program or  
 39.26 a program pursuant to section 124D.69;

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

39.28 (8) has experienced mental health problems;

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

39.31 (10) speaks English as a second language or has limited English proficiency; or

39.32 (11) has withdrawn from school or has been chronically truant; ~~or.~~

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

40.1 ~~(1) has received fewer than 14 years of public or nonpublic education, beginning~~  
 40.2 ~~at age 5;~~  
 40.3 ~~(2) has not completed the requirements for a high school diploma; and~~  
 40.4 ~~(3) at the time of application, (i) is eligible for unemployment benefits or has~~  
 40.5 ~~exhausted the benefits, (ii) is eligible for, or is receiving income maintenance and support~~  
 40.6 ~~services, as defined in section 116L.19, subdivision 5, or (iii) is eligible for services under~~  
 40.7 ~~the displaced homemaker program or any programs under the federal Jobs Training~~  
 40.8 ~~Partnership Act or its successor.~~

40.9 Sec. 9. Minnesota Statutes 2004, section 124D.68, subdivision 3, is amended to read:

40.10 Subd. 3. **Eligible programs.** (a) A pupil who is eligible according to subdivision 2  
 40.11 may enroll in area learning centers under sections 123A.05 to 123A.08.

40.12 (b) A pupil who is eligible according to subdivision 2 and who is between the ages  
 40.13 of 16 and 21 may enroll in postsecondary courses under section 124D.09.

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

40.18 (d) A pupil who is eligible under subdivision 2, may enroll in any nonpublic,  
 40.19 nonsectarian school that has contracted with the serving school district to provide  
 40.20 educational services.

40.21 (e) A pupil who is between the ages of 16 and 21 may enroll in any adult basic  
 40.22 education programs approved under section 124D.52 and operated under the community  
 40.23 education program contained in section 124D.19.

40.24 Sec. 10. Minnesota Statutes 2004, section 126C.05, subdivision 1, is amended to read:

40.25 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil under the  
 40.26 age of 21 or who meets the requirements of section 120A.20, subdivision 1, paragraph  
 40.27 (c), in average daily membership enrolled in the district of residence, in another district  
 40.28 under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68;  
 40.29 in a charter school under section 124D.10; or for whom the resident district pays tuition  
 40.30 under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88,  
 40.31 subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be  
 40.32 counted according to this subdivision.

40.33 (a) A prekindergarten pupil with a disability who is enrolled in a program approved  
 40.34 by the commissioner and has an individual education plan is counted as the ratio of the

41.1 number of hours of assessment and education service to 825 times 1.25 with a minimum  
41.2 average daily membership of 0.28, but not more than 1.25 pupil units.

41.3 (b) A prekindergarten pupil who is assessed but determined not to be handicapped is  
41.4 counted as the ratio of the number of hours of assessment service to 825 times 1.25.

41.5 (c) A kindergarten pupil with a disability who is enrolled in a program approved  
41.6 by the commissioner is counted as the ratio of the number of hours of assessment and  
41.7 education services required in the fiscal year by the pupil's individual education program  
41.8 plan to 875, but not more than one.

41.9 (d) A kindergarten pupil who is not included in paragraph (c) is counted as .557 of a  
41.10 pupil unit for fiscal year 2000 and thereafter.

41.11 (e) A pupil who is in any of grades 1 to 3 is counted as 1.115 pupil units for fiscal  
41.12 year 2000 and thereafter.

41.13 (f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal  
41.14 year 1995 and thereafter.

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

41.16 (h) A pupil who is in the postsecondary enrollment options program is counted  
41.17 as 1.3 pupil units.

41.18 Sec. 11. Minnesota Statutes 2004, section 126C.10, subdivision 6, is amended to read:

41.19 Subd. 6. **Definitions.** The definitions in this subdivision apply only to subdivisions  
41.20 7 and 8.

41.21 (a) "High school" means a public secondary school, except a charter school under  
41.22 section 124D.10, that has pupils enrolled in at least the 10th, 11th, and 12th grades. If  
41.23 there is no secondary high school in the district ~~that has pupils enrolled in at least the~~  
41.24 ~~10th, 11th, and 12th grades~~, and the school is at least 19 miles from the next nearest  
41.25 school, the commissioner must designate one school in the district as a high school for the  
41.26 purposes of this section.

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

41.33 (c) "Attendance area" means the total surface area of the district, in square miles,  
41.34 divided by the number of high schools in the district. For a district that does not operate

42.1 a high school and is less than 19 miles from the nearest operating high school, the  
42.2 attendance area equals zero.

42.3 (d) "Isolation index" for a high school means the square root of 55 percent of the  
42.4 attendance area plus the distance in miles, according to the usually traveled routes,  
42.5 between the high school and the nearest high school. For a district in which there is located  
42.6 land defined in section 84A.01, 84A.20, or 84A.31, the distance in miles is the sum of:

42.7 (1) the square root of one-half of the attendance area; and

42.8 (2) the distance from the border of the district to the nearest high school.

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

42.11 (f) "Qualifying elementary school" means ~~an~~ a public elementary school, except a  
42.12 charter school under section 124D.10, that is located 19 miles or more from the nearest  
42.13 elementary school or from the nearest elementary school within the district and, in either  
42.14 case, has an elementary average daily membership of an average of 20 or fewer per grade.

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

42.21 Sec. 12. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 31,  
42.22 is amended to read:

42.23 **Subd. 31. Transition revenue.** (a) A district's transition allowance equals the  
42.24 greater of zero or the product of the ratio of the number of adjusted marginal cost pupil  
42.25 units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002  
42.26 to the district's adjusted marginal cost pupil units for fiscal year 2004, times the difference  
42.27 between: (1) the lesser of the district's general education revenue per adjusted marginal  
42.28 cost pupil unit for fiscal year 2003 or the amount of general education revenue the district  
42.29 would have received per adjusted marginal cost pupil unit for fiscal year 2004 according  
42.30 to Minnesota Statutes 2002, and (2) the district's general education revenue for fiscal year  
42.31 2004 excluding transition revenue divided by the number of adjusted marginal cost pupil  
42.32 units the district would have counted for fiscal year 2004 under Minnesota Statutes 2002.

42.33 (b) A district's transition revenue for fiscal year 2006 and later equals the sum of  
42.34 ~~(1) the product of the district's transition allowance times the district's adjusted marginal~~  
42.35 ~~cost pupil units plus (2) the amount of referendum revenue under section 126C.17 and~~

43.1 ~~general education revenue, excluding transition revenue, for fiscal year 2004 attributable~~  
43.2 ~~to pupils four or five years of age on September 1, 2003, enrolled in a prekindergarten~~  
43.3 ~~program implemented by the district before July 1, 2003, and reported as kindergarten~~  
43.4 ~~pupils under section 126C.05, subdivision 1, for fiscal year 2004, plus (3) the amount of~~  
43.5 ~~compensatory education revenue under subdivision 3 for fiscal year 2005 attributable to~~  
43.6 ~~pupils four years of age on September 1, 2003, enrolled in a prekindergarten program~~  
43.7 ~~implemented by the district before July 1, 2003, and reported as kindergarten pupils~~  
43.8 ~~under section 126C.05, subdivision 1, for fiscal year 2004 multiplied by .04 the district's~~  
43.9 ~~transition for prekindergarten revenue under subdivision 31a.~~

43.10 EFFECTIVE DATE. This section is effective for revenue for fiscal year 2007  
43.11 and later.

43.12 Sec. 13. Minnesota Statutes 2004, section 126C.10, is amended by adding a  
43.13 subdivision to read:

43.14 Subd. 31a. Transition for prekindergarten revenue. For fiscal year 2007 and  
43.15 later, a school district's transition for prekindergarten revenue equals the sum of (1) the  
43.16 amount of referendum revenue under section 126C.17 and general education revenue,  
43.17 excluding transition revenue, for fiscal year 2004 attributable to pupils four or five years  
43.18 of age on September 1, 2003, enrolled in a prekindergarten program implemented by the  
43.19 district before July 1, 2003, and reported as kindergarten pupils under section 126C.05,  
43.20 subdivision 1, for fiscal year 2004, plus (2) the amount of compensatory education  
43.21 revenue under subdivision 3 for fiscal year 2005 attributable to pupils four years of  
43.22 age on September 1, 2003, enrolled in a prekindergarten program implemented by the  
43.23 district before July 1, 2003, and reported as kindergarten pupils under section 126C.05,  
43.24 subdivision 1, for fiscal year 2004 multiplied by .04.

43.25 EFFECTIVE DATE. This section is effective for revenue for fiscal year 2007  
43.26 and later.

43.27 Sec. 14. Minnesota Statutes 2004, section 126C.10, is amended by adding a  
43.28 subdivision to read:

43.29 Subd. 31b. Uses of transition for prekindergarten revenue. A school district that  
43.30 receives revenue under subdivision 31a must reserve that revenue for prekindergarten  
43.31 programs serving students who turn age four by September 1 and who will enter  
43.32 kindergarten the following year.

43.33 EFFECTIVE DATE. This section is effective for fiscal year 2007 and later.

44.1 Sec. 15. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 34,  
44.2 is amended to read:

44.3 Subd. 34. **Basic alternative teacher compensation aid.** (a) For fiscal year 2006,  
44.4 the basic alternative teacher compensation aid for a school district or an intermediate  
44.5 school district with a plan approved under section 122A.414, subdivision 2b, equals the  
44.6 alternative teacher compensation revenue under section 122A.415, subdivision 1. The  
44.7 basic alternative teacher compensation aid for a charter school with an approved plan  
44.8 under section 122A.414, subdivision 2b, equals \$260 times the number of pupils enrolled  
44.9 in the school on October 1 of the previous school year, or on October 1 of the current  
44.10 fiscal year for a charter school in the first year of operation.

44.11 (b) For fiscal year 2007 ~~and later~~, the basic alternative teacher compensation aid  
44.12 for a school district with a plan approved under section 122A.414, subdivision 2b, equals  
44.13 73.1 percent of the alternative teacher compensation revenue under section 122A.415,  
44.14 subdivision 1. The basic alternative teacher compensation aid for an intermediate school  
44.15 district or charter school with a plan approved under section 122A.414, subdivisions 2a  
44.16 and 2b, if the recipient is a charter school, equals \$260 times the number of pupils enrolled  
44.17 in the school on October 1 of the previous fiscal year, or on October 1 of the current fiscal  
44.18 year for a charter school in the first year of operation, times the ratio of the sum of the  
44.19 alternative teacher compensation aid and alternative teacher compensation levy for all  
44.20 participating school districts to the maximum alternative teacher compensation revenue  
44.21 for those districts under section 122A.415, subdivision 1.

44.22 (c) For fiscal year 2008 and later, the basic alternative teacher compensation aid for  
44.23 a school district with a plan approved under section 122A.414, subdivision 2b, equals the  
44.24 alternative teacher compensation revenue under section 122A.415, subdivision 1, minus  
44.25 \$69.94 times the number of pupils enrolled at participating sites on October 1 of the  
44.26 previous fiscal year. The basic alternative teacher compensation aid for an intermediate  
44.27 school district or charter school with a plan approved under section 122A.414, subdivisions  
44.28 2a and 2b, if the recipient is a charter school, equals \$260 times the ratio of the formula  
44.29 allowance for the current fiscal year to the formula allowance for fiscal year 2007 times  
44.30 the number of pupils enrolled in the school on October 1 of the previous fiscal year, or on  
44.31 October 1 of the current fiscal year for a charter school in the first year of operation, times  
44.32 the ratio of the sum of the alternative teacher compensation aid and alternative teacher  
44.33 compensation levy for all participating school districts to the maximum alternative teacher  
44.34 compensation revenue for those districts under section 122A.415, subdivision 1.

44.35 (d) Notwithstanding paragraphs (a) and (b), and (c) and section 122A.415,  
44.36 subdivision 1, the state total basic alternative teacher compensation aid entitlement

45.1 must not exceed \$19,329,000 for fiscal year 2006 ~~and~~, \$75,636,000 for fiscal year 2007  
45.2 ~~and later~~, and, for fiscal year 2008 and later, \$75,636,000 times the ratio of the formula  
45.3 allowance for the current fiscal year to the formula allowance for fiscal year 2007. The  
45.4 commissioner must limit the amount of alternative teacher compensation aid approved  
45.5 under ~~section~~ sections 122A.415 and 122A.416 so as not to exceed these limits.

45.6 Sec. 16. Minnesota Statutes 2005 Supplement, section 126C.43, subdivision 2, is  
45.7 amended to read:

45.8 Subd. 2. **Payment to unemployment insurance program trust fund by state**  
45.9 **and political subdivisions.** (a) A district may levy the amount necessary ~~(i)~~ (1) to pay  
45.10 the district's obligations under section 268.052, subdivision 1, and ~~(ii)~~ (2) to pay for job  
45.11 placement services offered to employees who may become eligible for benefits pursuant  
45.12 to section 268.085 for the fiscal year the levy is certified.

45.13 (b) Districts with a balance remaining in their reserve for reemployment as of June  
45.14 30, 2003, may not expend the reserved funds for future reemployment expenditures. Each  
45.15 year a levy reduction must be made to return these funds to taxpayers. The amount of  
45.16 the levy reduction must be equal to the lesser of: (1) the remaining reserved balance for  
45.17 reemployment, or (2) the amount of the district's current levy under paragraph (a).

45.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

45.19 Sec. 17. Minnesota Statutes 2004, section 126C.44, is amended to read:

45.20 **126C.44 SAFE SCHOOLS LEVY.**

45.21 Each district may make a levy on all taxable property located within the district for  
45.22 the purposes specified in this section. The maximum amount which may be levied for all  
45.23 costs under this section shall be equal to \$27 multiplied by the district's adjusted marginal  
45.24 cost pupil units for the school year. The proceeds of the levy must be reserved and used  
45.25 for directly funding the following purposes or for reimbursing the cities and counties who  
45.26 contract with the district for the following purposes: (1) to pay the costs incurred for the  
45.27 salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in  
45.28 services in the district's schools; (2) to pay the costs for a drug abuse prevention program  
45.29 as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3)  
45.30 to pay the costs for a gang resistance education training curriculum in the district's schools;  
45.31 (4) to pay the costs for security in the district's schools and on school property; or (5) to  
45.32 pay the costs for other crime prevention, drug abuse, student and staff safety, and violence  
45.33 prevention measures taken by the school district. For expenditures under clause (1), the

46.1 district must initially attempt to contract for services to be provided by peace officers or  
 46.2 sheriffs with the police department of each city or the sheriff's department of the county  
 46.3 within the district containing the school receiving the services. If a local police department  
 46.4 or a county sheriff's department does not wish to provide the necessary services, the  
 46.5 district may contract for these services with any other police or sheriff's department  
 46.6 located entirely or partially within the school district's boundaries. ~~The levy authorized~~  
 46.7 ~~under this section is not included in determining the school district's levy limitations.~~

46.8 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2006.

46.9 Sec. 18. Minnesota Statutes 2005 Supplement, section 127A.45, subdivision 10,  
 46.10 is amended to read:

46.11 Subd. 10. **Payments to school nonoperating funds.** Each fiscal year state general  
 46.12 fund payments for a district nonoperating fund must be made at the current year aid  
 46.13 payment percentage of the estimated entitlement during the fiscal year of the entitlement.  
 46.14 This amount shall be paid in 12 equal monthly installments. The amount of the actual  
 46.15 entitlement, after adjustment for actual data, minus the payments made during the fiscal  
 46.16 year of the entitlement must be paid prior to October 31 of the following school year. The  
 46.17 commissioner may make advance payments of debt service equalization aid and state-paid  
 46.18 tax credits for a district's debt service fund earlier than would occur under the preceding  
 46.19 schedule if the district submits evidence showing a serious cash flow problem in the fund.  
 46.20 The commissioner may make earlier payments during the year and, if necessary, increase  
 46.21 the percent of the entitlement paid to reduce the cash flow problem.

46.22 **EFFECTIVE DATE.** This section is effective the day following final enactment.

46.23 Sec. 19. Laws 2005, First Special Session chapter 5, article 1, section 47, is amended  
 46.24 to read:

46.25 Sec. 47. **ALTERNATIVE TEACHER COMPENSATION REVENUE**  
 46.26 **GUARANTEE.**

46.27 Notwithstanding Minnesota Statutes, sections 122A.415, subdivision 1, and  
 46.28 126C.10, subdivision 34, paragraphs (a) and (b), a school district that received alternative  
 46.29 teacher compensation aid for fiscal year 2005, but does not qualify for alternative  
 46.30 teacher compensation revenue for all sites in the district for fiscal year 2006 or, 2007,  
 46.31 2008, or 2009, shall receive additional basic alternative teacher compensation aid for  
 46.32 that fiscal year equal to the lesser of the amount of alternative teacher compensation  
 46.33 aid it received for fiscal year 2005 or the amount it would have received for that fiscal

47.1 year under Minnesota Statutes 2004, section 122A.415, subdivision 1, for teachers at  
47.2 sites not qualifying for alternative teacher compensation revenue for that fiscal year, if  
47.3 the district submits a timely application and the commissioner determines that the district  
47.4 continues to implement an alternative teacher compensation system, consistent with its  
47.5 application under Minnesota Statutes 2004, section 122A.415, for fiscal year 2005. The  
47.6 additional basic alternative teacher compensation aid under this section must not be used  
47.7 in calculating the alternative teacher compensation levy under Minnesota Statutes, section  
47.8 126C.10, subdivision 35. This section applies only to fiscal years 2006 ~~and 2007~~ through  
47.9 2009 and does not apply to later fiscal years.

47.10 **Sec. 20. ALTERNATIVE TEACHER COMPENSATION REVENUE FOR**  
47.11 **SPECIAL SCHOOL DISTRICT NO. 6, SOUTH ST. PAUL.**

47.12 Notwithstanding Minnesota Statutes, sections 122A.413, 122A.414, 122A.415,  
47.13 and 126C.10, Special School District No. 6, South St. Paul, shall be eligible for  
47.14 alternative teacher compensation revenue under Minnesota Statutes, section 122A.415,  
47.15 for the elementary and middle years international baccalaureate pilot program. The  
47.16 revenue generated from the alternative teacher compensation program must be used  
47.17 for preinstructional startup costs, including staff, training, curriculum materials, and  
47.18 preparation costs.

47.19 **EFFECTIVE DATE.** This section is effective for revenue for fiscal years 2007  
47.20 through 2011.

47.21 **Sec. 21. ONETIME SUPPLEMENTAL AID.**

47.22 (a) For fiscal year 2007 only, a school district's onetime supplemental aid is equal to  
47.23 \$34.50 times its adjusted marginal cost pupil units. For fiscal year 2007 only, a charter  
47.24 school's onetime supplemental aid is equal to \$15 times its adjusted marginal cost pupil  
47.25 units.

47.26 (b) A district that receives revenue under Minnesota Statutes, section 126C.10,  
47.27 subdivision 31a, must reserve its onetime supplemental aid according to Minnesota  
47.28 Statutes, section 126C.10, subdivision 31b.

47.29 (c) A school district or charter school that does not receive revenue under Minnesota  
47.30 Statutes, section 126C.10, subdivision 31a, may use its onetime supplemental aid to  
47.31 reduce class sizes in kindergarten through grade 6, provide all-day kindergarten, reduce its  
47.32 statutory operating debt, pay for heating and fuel costs, pay for technology costs, provide  
47.33 prekindergarten programs serving students who turn age four by September 1 and who will  
47.34 enter kindergarten the following year, or provide limited English proficiency programs.

48.1 (d) If a district that is required to reserve its onetime supplemental aid under  
 48.2 paragraph (b) adopts a school board resolution to reallocate its funds, the district may use  
 48.3 its onetime supplemental aid according to paragraph (c). A district that adopts a board  
 48.4 resolution to reallocate the onetime supplemental aid reserve under paragraph (b) must  
 48.5 notify the commissioner of education.

48.6 (e) This aid is paid entirely in fiscal year 2007 based on estimated data. By January  
 48.7 31, 2008, the Department of Education shall recalculate the aid for each district using  
 48.8 actual data, and shall adjust the general education aid paid to school districts for fiscal year  
 48.9 2008 by the amount of the difference between the estimated aid and the actual aid.

48.10 EFFECTIVE DATE. This section is effective for revenue for fiscal year 2007 only.

48.11 **Sec. 22. APPROPRIATION.**

48.12 Subdivision 1. Department of Education. The sum indicated in this section is  
 48.13 appropriated from the general fund to the Department of Education for the fiscal years  
 48.14 designated.

48.15 Subd. 2. Onetime supplemental aid. For onetime supplemental aid according  
 48.16 to section 23:

48.17 \$ 32,229,000 ..... 2007

48.18 **Sec. 23. REPEALER.**

48.19 Minnesota Statutes 2004, section 120A.20, subdivision 3, is repealed.

48.20 **ARTICLE 4**  
 48.21 **EDUCATION EXCELLENCE**

48.22 **Section 1. Minnesota Statutes 2004, section 120A.22, subdivision 3, is amended to**  
 48.23 **read:**

48.24 **Subd. 3. Parent defined; residency determined.** (a) In this section and sections  
 48.25 120A.24 and 120A.26, "parent" means a parent, guardian, or other person having legal  
 48.26 custody of a child.

48.27 (b) In sections 125A.03 to 125A.24 and 125A.65, "parent" means a parent, guardian,  
 48.28 or other person having legal custody of a child under age 18. For an unmarried pupil age  
 48.29 18 or over, "parent" means the pupil unless a guardian or conservator has been appointed,  
 48.30 in which case it means the guardian or conservator.

49.1 (c) For purposes of sections 125A.03 to 125A.24 and 125A.65, the school district of  
49.2 residence for an unmarried pupil age 18 or over who is a parent under paragraph (b) and  
49.3 who is placed in a center for care and treatment, shall be the school district in which the  
49.4 pupil's biological or adoptive parent or designated guardian resides.

49.5 (d) For a married pupil age 18 or over, the school district of residence is the school  
49.6 district in which the married pupil resides.

49.7 (e) If a district reasonably believes that a student does not meet the residency  
49.8 requirements of the school district in which the student is attending school, the student  
49.9 may be removed from the school only after the district sends the student's parents written  
49.10 notice of the district's belief, including the facts upon which the belief is based, and an  
49.11 opportunity to provide documentary evidence of residency in person to the superintendent  
49.12 or designee, or, at the option of the parents, by sending the documentary evidence to the  
49.13 superintendent, or a designee, who will then make a determination as to the residency  
49.14 status of the student.

49.15 Sec. 2. Minnesota Statutes 2004, section 120B.021, subdivision 1, is amended to read:

49.16 Subdivision 1. **Required academic standards.** The following subject areas are  
49.17 required for statewide accountability:

49.18 (1) language arts;

49.19 (2) mathematics;

49.20 (3) science;

49.21 (4) social studies, including history, geography, economics, and government and  
49.22 citizenship;

49.23 (5) health and physical education, for which locally developed academic standards  
49.24 apply; and

49.25 (6) the arts, for which statewide or locally developed academic standards apply, as  
49.26 determined by the school district. Public elementary and middle schools must offer at least  
49.27 three and require at least two of the following four arts areas: dance; music; theater; and  
49.28 visual arts. Public high schools must offer at least three and require at least one of the  
49.29 following five arts areas: media arts; dance; music; theater; and visual arts.

49.30 The commissioner must submit proposed standards in science and social studies to  
49.31 the legislature by February 1, 2004.

49.32 For purposes of applicable federal law, the academic standards for language arts,  
49.33 mathematics, and science apply to all public school students, except the very few students  
49.34 with extreme cognitive or physical impairments for whom an individualized education  
49.35 plan team has determined that the required academic standards are inappropriate.

50.1 An individualized education plan team that makes this determination must establish  
50.2 alternative standards.

50.3 A school district, no later than the 2007-2008 school year, must adopt graduation  
50.4 requirements that meet or exceed state graduation requirements established in law or  
50.5 rule. A school district that incorporates these state graduation requirements before the  
50.6 2007-2008 school year must provide students who enter the 9th grade in or before  
50.7 the 2003-2004 school year the opportunity to earn a diploma based on existing locally  
50.8 established graduation requirements in effect when the students entered the 9th grade.  
50.9 District efforts to develop, implement, or improve instruction or curriculum as a result  
50.10 of the provisions of this section must be consistent with sections 120B.10, 120B.11,  
50.11 and 120B.20.

50.12 At a minimum, school districts must maintain the same physical education and  
50.13 health education requirements for students in kindergarten through grade 8 adopted for the  
50.14 2005-2006 school year through the 2008-2009 school year. Before a revision of the local  
50.15 health and physical education standards, a school district must consult the grade-specific  
50.16 benchmarks developed by the Department of Education's health and physical education  
50.17 quality teaching network for the six national physical education standards and the seven  
50.18 national health standards.

50.19 The commissioner must include the contributions of Minnesota American Indian  
50.20 tribes and communities as they relate to each of the academic standards during the review  
50.21 and revision of the required academic standards.

50.22 Sec. 3. Minnesota Statutes 2005 Supplement, section 120B.021, subdivision 1a,  
50.23 is amended to read:

50.24 Subd. 1a. **Rigorous course of study; waiver.** (a) Upon receiving a student's  
50.25 application signed by the student's parent or guardian, a school district, area learning  
50.26 center, or charter school must declare that a student meets or exceeds a specific academic  
50.27 standard required for graduation under this section if the local school board, the school  
50.28 board of the school district in which the area learning center is located, or the charter  
50.29 school board of directors determines that the student:

50.30 (1) is participating in a course of study, including an advanced placement or  
50.31 international baccalaureate course or program; a learning opportunity outside the  
50.32 curriculum of the district, area learning center, or charter school; or an approved  
50.33 preparatory program for employment or postsecondary education that is equally or more  
50.34 rigorous than the corresponding state or local academic standard required by the district,  
50.35 area learning center, or charter school;

51.1 (2) would be precluded from participating in the rigorous course of study, learning  
 51.2 opportunity, or preparatory employment or postsecondary education program if the student  
 51.3 were required to achieve the academic standard to be waived; and

51.4 (3) satisfactorily completes the requirements for the rigorous course of study,  
 51.5 learning opportunity, or preparatory employment or postsecondary education program.

51.6 Consistent with the requirements of this section, the local school board, the school board  
 51.7 of the school district in which the area learning center is located, or the charter school  
 51.8 board of directors also may formally determine other circumstances in which to declare  
 51.9 that a student meets or exceeds a specific academic standard that the site requires for  
 51.10 graduation under this section.

51.11 (b) A student who satisfactorily completes a postsecondary enrollment options  
 51.12 course or program under section 124D.09, or an advanced placement or international  
 51.13 baccalaureate course or program under section 120B.13, is not required to complete other  
 51.14 requirements of the academic standards corresponding to that specific rigorous course  
 51.15 of study.

51.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

51.17 Sec. 4. Minnesota Statutes 2004, section 120B.023, is amended to read:

51.18 **120B.023 BENCHMARKS.**

51.19 **Subdivision 1. Benchmarks implement, supplement statewide academic**  
 51.20 **standards.** (a) The commissioner must supplement required state academic standards with  
 51.21 grade-level benchmarks. High school benchmarks may cover more than one grade. The  
 51.22 benchmarks must implement statewide academic standards by specifying the academic  
 51.23 knowledge and skills that schools must offer and students must achieve to satisfactorily  
 51.24 complete a state standard. The commissioner must publish benchmarks ~~are published~~ to  
 51.25 inform and guide parents, teachers, school districts, and other interested persons and for to  
 51.26 use in developing tests consistent with the benchmarks.

51.27 (b) The commissioner shall publish benchmarks in the State Register and transmit  
 51.28 the benchmarks in any other manner that makes them accessible to the general public. The  
 51.29 commissioner may charge a reasonable fee for publications.

51.30 (c) Once established, the commissioner may change the benchmarks only with  
 51.31 specific legislative authorization and after completing a review under ~~paragraph (d)~~  
 51.32 subdivision 2.

51.33 (d) The commissioner must develop and implement a system for reviewing ~~on~~  
 51.34 ~~a four-year cycle~~ each of the required academic standards and related benchmarks and

52.1 elective standards ~~beginning in the 2006-2007 school year~~ on a periodic cycle, consistent  
52.2 with subdivision 2.

52.3 (e) The benchmarks are not subject to chapter 14 and section 14.386 does not apply.

52.4 Subd. 2. Revisions and reviews required. (a) The commissioner of education must  
52.5 revise and appropriately embed technology and information literacy standards consistent  
52.6 with recommendations from school media specialists into the state's academic standards  
52.7 and graduation requirements and implement a review cycle for state academic standards  
52.8 and related benchmarks, consistent with this subdivision. During each review cycle, the  
52.9 commissioner also must examine the alignment of each required academic standard and  
52.10 related benchmark with the knowledge and skills students need for college readiness and  
52.11 advanced work in the particular subject area.

52.12 (b) The commissioner in the 2006-2007 school year must revise and align the state's  
52.13 academic standards and high school graduation requirements in mathematics to require  
52.14 that students satisfactorily complete the revised mathematics standards, beginning in the  
52.15 2010-2011 school year. Under the revised standards:

52.16 (1) students must satisfactorily complete an algebra I credit by the end of eighth  
52.17 grade; and

52.18 (2) students scheduled to graduate in the 2014-2015 school year or later must  
52.19 satisfactorily complete an algebra II credit or its equivalent.

52.20 The commissioner also must ensure that the statewide mathematics assessments  
52.21 administered to students in grades 3 through 8 and 11 beginning in the 2010-2011  
52.22 school year are aligned with the state academic standards in mathematics. The statewide  
52.23 11th grade mathematics test administered to students under clause (2) beginning in  
52.24 the 2013-2014 school year must include algebra II test items that are aligned with  
52.25 corresponding state academic standards in mathematics. The commissioner must  
52.26 implement a review of the academic standards and related benchmarks in mathematics  
52.27 beginning in the 2015-2016 school year.

52.28 (c) The commissioner in the 2007-2008 school year must revise and align the state's  
52.29 academic standards and high school graduation requirements in the arts to require that  
52.30 students satisfactorily complete the revised arts standards beginning in the 2010-2011  
52.31 school year. The commissioner must implement a review of the academic standards and  
52.32 related benchmarks in arts beginning in the 2016-2017 school year.

52.33 (d) The commissioner in the 2008-2009 school year must revise and align the state's  
52.34 academic standards and high school graduation requirements in science to require that  
52.35 students satisfactorily complete the revised science standards, beginning in the 2011-2012  
52.36 school year. Under the revised standards, students scheduled to graduate in the 2014-2015

53.1 school year or later must satisfactorily complete a chemistry or physics credit. The  
53.2 commissioner must implement a review of the academic standards and related benchmarks  
53.3 in science beginning in the 2017-2018 school year.

53.4 (e) The commissioner in the 2009-2010 school year must revise and align the state's  
53.5 academic standards and high school graduation requirements in language arts to require  
53.6 that students satisfactorily complete the revised language arts standards beginning in the  
53.7 2012-2013 school year. The commissioner must implement a review of the academic  
53.8 standards and related benchmarks in language arts beginning in the 2018-2019 school year.

53.9 (f) The commissioner in the 2010-2011 school year must revise and align the state's  
53.10 academic standards and high school graduation requirements in social studies to require  
53.11 that students satisfactorily complete the revised social studies standards beginning in the  
53.12 2013-2014 school year. The commissioner must implement a review of the academic  
53.13 standards and related benchmarks in social studies beginning in the 2019-2020 school year.

53.14 (g) School districts and charter schools must revise and align local academic  
53.15 standards and high school graduation requirements in health, physical education, world  
53.16 languages, and career and technical education to require students to complete the revised  
53.17 standards beginning in a school year determined by the school district or charter school.  
53.18 School districts and charter schools must formally establish a periodic review cycle for  
53.19 the academic standards and related benchmarks in health, physical education, world  
53.20 languages, and career and technical education.

53.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

53.22 Sec. 5. Minnesota Statutes 2004, section 120B.024, is amended to read:

53.23 **120B.024 GRADUATION REQUIREMENTS; COURSE CREDITS;**  
53.24 **STUDENT TRANSFERS.**

53.25 (a) Students beginning 9th grade in the 2004-2005 school year and later must  
53.26 successfully complete the following high school level course credits for graduation:

53.27 (1) four credits of language arts;

53.28 (2) three credits of mathematics, encompassing at least algebra, geometry, statistics,  
53.29 and probability sufficient to satisfy the academic standard and beginning in the 2010-2011  
53.30 school year for students scheduled to graduate in the 2014-2015 school year or later, one  
53.31 algebra II credit or its equivalent;

53.32 (3) three credits of science, including at least one credit in biology and for the  
53.33 2011-2012 school year and later, one credit in chemistry or physics;

54.1 (4) three and one-half credits of social studies, encompassing at least United  
 54.2 States history, geography, government and citizenship, world history, and economics or  
 54.3 three credits of social studies encompassing at least United States history, geography,  
 54.4 government and citizenship, and world history, and one-half credit of economics taught in  
 54.5 a school's social studies, agriculture education, or business department;

54.6 (5) one credit in the arts; and

54.7 (6) a minimum of seven elective course credits.

54.8 (b) Students beginning 9th grade in the 2006-2007 school year and later must  
 54.9 complete the following course credits for graduation in addition to those specified in  
 54.10 paragraph (a), clauses (1) to (5):

54.11 (1) one-half credit in physical education and one-half credit in health education; and

54.12 (2) a minimum of six elective course credits instead of the seven elective course  
 54.13 credits specified in paragraph (a), clause (6).

54.14 (c) A course credit is equivalent to a student successfully completing an academic  
 54.15 year of study or a student mastering the applicable subject matter, as determined by the  
 54.16 local school district.

54.17 (d) An agriculture science course may fulfill a science credit requirement under  
 54.18 this section.

54.19 (e) A district, area learning center, and charter school must establish processes by  
 54.20 which to transfer as completed:

54.21 (1) those course credit requirements that other school sites within the district or  
 54.22 other public schools verify on transcripts as completed; and

54.23 (2) the work that educational institutions outside the state accept for completing the  
 54.24 equivalent of course credit requirements and verify on transcripts as completed.

54.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

54.26 Sec. 6. Minnesota Statutes 2005 Supplement, section 120B.131, subdivision 2, is  
 54.27 amended to read:

54.28 Subd. 2. **Reimbursement for examination fees.** The state may reimburse  
 54.29 college-level examination program (CLEP) fees for a Minnesota public or nonpublic  
 54.30 high school student who has successfully completed one or more college-level courses  
 54.31 in high school ~~and earned a satisfactory score on one or more CLEP examinations~~ in the  
 54.32 subject matter of each examination in the following subjects: composition and literature,  
 54.33 mathematics and science, social sciences and history, foreign languages, and business and  
 54.34 humanities. The state may reimburse each ~~successful~~ student for up to six examination  
 54.35 fees. The commissioner shall establish application procedures and a process and schedule

55.1 for fee reimbursements. The commissioner must give priority to reimburse the CLEP  
55.2 examination fees of students of low-income families.

55.3 Sec. 7. **[121A.02] SCHOOL SAFETY.**

55.4 **Subdivision 1. School safety advisory council.** A school safety advisory council  
55.5 is established under section 15.059. The advisory council is composed of 12 members  
55.6 representing law enforcement agencies, mental health services, substance abuse services,  
55.7 faith communities, school administrators, students, and school athletic departments and  
55.8 extracurricular organizations. The members of the council shall be appointed by the  
55.9 commissioner and must be from geographically diverse regions of the state.

55.10 **Subd. 2. Duties.** The advisory council shall advise the commissioner on issues  
55.11 related to school safety. The advisory council, in cooperation with the commissioner,  
55.12 shall make recommendations for the creation of a Center for School Safety for the state  
55.13 that serves as the central point for the collection and dissemination of information about  
55.14 successful school safety programs, provide services to schools to assess current school  
55.15 environments, and provide materials, training, and technical assistance.

55.16 **Subd. 3. Center for school safety.** Consistent with the recommendations of  
55.17 the advisory council, the commissioner shall establish the Center for School Safety.  
55.18 The advisory council shall continue to advise the commissioner and the center on its  
55.19 operations. The Center for School Safety shall, at a minimum:

- 55.20 (1) establish a clearinghouse for information and materials concerning school safety;  
55.21 (2) provide safe school assessments;  
55.22 (3) provide training and technical assistance customized to individual school needs  
55.23 for school staff, students, and parents;  
55.24 (4) provide services to enhance school climate;  
55.25 (5) coordinate school efforts with the broader community; and  
55.26 (6) evaluate and report on the implementation and effectiveness of the services  
55.27 provided by the center.

55.28 Sec. 8. Minnesota Statutes 2004, section 121A.035, is amended to read:

55.29 **121A.035 CRISIS MANAGEMENT POLICY.**

55.30 **Subdivision 1. Model policy.** ~~By December 1, 1999,~~ The commissioner shall  
55.31 maintain and make available to school boards and charter schools a model crisis  
55.32 management policy that includes, among other items, school lock-down and tornado drills,  
55.33 consistent with subdivision 2, and school fire drills under section 299F.30.

56.1 Subd. 2. School district and charter school policy. ~~By July 1, 2000,~~ A school  
 56.2 board and a charter school must adopt a ~~district~~ crisis management policy to address  
 56.3 potential violent crisis situations in the district or charter school. The policy must be  
 56.4 developed ~~in consultation~~ cooperatively with administrators, teachers, employees,  
 56.5 students, parents, community members, law enforcement agencies, other emergency  
 56.6 management officials, county attorney offices, social service agencies, emergency medical  
 56.7 responders, and any other appropriate individuals or organizations. The policy must  
 56.8 include at least five school lock-down drills, five school fire drills consistent with section  
 56.9 299F.30, and one tornado drill.

56.10 EFFECTIVE DATE. This section is effective for the 2006-2007 school year and  
 56.11 later.

56.12 Sec. 9. [121A.231] COMPREHENSIVE FAMILY LIFE AND SEXUALITY  
 56.13 EDUCATION PROGRAMS.

56.14 Subdivision 1. Definitions. (a) "Comprehensive family life and sexuality education"  
 56.15 means education in grades 7 through 12 that:

- 56.16 (1) respects community values and encourages family communication;  
 56.17 (2) develops skills in communication, decision making, and conflict resolution;  
 56.18 (3) contributes to healthy relationships;  
 56.19 (4) provides human development and sexuality education that is age appropriate  
 56.20 and medically accurate;  
 56.21 (5) includes an abstinence-first approach to delaying initiation of sexual activity that  
 56.22 emphasizes abstinence while also including education about the use of protection and  
 56.23 contraception; and  
 56.24 (6) promotes individual responsibility.

56.25 (b) "Age appropriate" refers to topics, messages, and teaching methods suitable to  
 56.26 particular ages or age groups of children and adolescents, based on developing cognitive,  
 56.27 emotional, and behavioral capacity typical for the age or age group.

56.28 (c) "Medically accurate" means verified or supported by research conducted in  
 56.29 compliance with scientific methods and published in peer-reviewed journals, where  
 56.30 appropriate, and recognized as accurate and objective by professional organizations  
 56.31 and agencies in the relevant field, such as the federal Centers for Disease Control  
 56.32 and Prevention, the American Public Health Association, the American Academy of  
 56.33 Pediatrics, or the American College of Obstetricians and Gynecologists.

56.34 Subd. 2. Curriculum requirements. (a) A school district may offer and may  
 56.35 independently establish policies, procedures, curriculum, and services for providing

57.1 comprehensive family life and sexuality education that is age appropriate and medically  
57.2 accurate for kindergarten through grade 6.

57.3 (b) A school district must offer and may independently establish policies, procedures,  
57.4 curriculum, and services for providing comprehensive family life and sexuality education  
57.5 that is age appropriate and medically accurate for grades 7 through 12.

57.6 Subd. 3. Notice and parental options. (a) It is the legislature's intent to encourage  
57.7 pupils to communicate with their parents or guardians about human sexuality and to respect  
57.8 rights of parents or guardians to supervise their children's education on these subjects.

57.9 (b) Parents or guardians may excuse their children from all or part of a  
57.10 comprehensive family life and sexuality education program.

57.11 (c) A school district must establish procedures for providing parents or guardians  
57.12 reasonable notice with the following information:

57.13 (1) if the district is offering a comprehensive family life and sexuality education  
57.14 program to the parents' or guardians' child during the course of the year;

57.15 (2) how the parents or guardians may inspect the written and audio/visual  
57.16 educational materials used in the program and the process for inspection;

57.17 (3) if the program is presented by school district personnel or outside consultants,  
57.18 and if outside consultants are used, who they may be; and

57.19 (4) parents' or guardians' right to choose not to have their child participate in the  
57.20 program and the procedure for exercising that right.

57.21 (d) A school district must establish procedures for reasonably restricting the  
57.22 availability of written and audio/visual educational materials from public view of students  
57.23 who have been excused from all or part of a comprehensive family life and sexuality  
57.24 education program at the request of a parent or guardian.

57.25 Subd. 4. Assistance to school districts. (a) The Department of Education may  
57.26 offer services to school districts to help them implement effective comprehensive family  
57.27 life and sexuality education programs. In providing these services, the department may  
57.28 contract with a school district, or a school district in partnership with a local health agency  
57.29 or a nonprofit organization, to establish up to eight regional training sites, taking into  
57.30 account geographical balance, to provide:

57.31 (1) training for teachers, parents, and community members in the development of  
57.32 comprehensive family life and sexuality education curriculum or services and in planning  
57.33 for monitoring and evaluation activities;

57.34 (2) resource staff persons to provide expert training, curriculum development and  
57.35 implementation, and evaluation services;

58.1 (3) technical assistance to promote and coordinate community, parent, and youth  
58.2 forums in communities identified as having high needs for comprehensive family life  
58.3 and sexuality education;

58.4 (4) technical assistance for issue management and policy development training for  
58.5 school boards, superintendents, principals, and administrators across the state; and

58.6 (5) funding for grants to school-based comprehensive family life and sexuality  
58.7 education programs to promote innovation and to recognize outstanding performance and  
58.8 promote replication of demonstrably effective strategies.

58.9 (b) Technical assistance provided by the department to school districts or regional  
58.10 training sites may:

58.11 (1) promote instruction and use of materials that are age appropriate;

58.12 (2) provide information that is medically accurate and objective;

58.13 (3) provide instruction and promote use of materials that are respectful of marriage  
58.14 and commitments in relationships;

58.15 (4) provide instruction and promote use of materials that are appropriate for use  
58.16 with pupils and family experiences based on race, gender, sexual orientation, ethnic  
58.17 and cultural background, and appropriately accommodate alternative learning based on  
58.18 language or disability;

58.19 (5) provide instruction and promote use of materials that encourage pupils to  
58.20 communicate with their parents or guardians about human sexuality;

58.21 (6) provide instruction and promote use of age-appropriate materials that teach  
58.22 abstinence from sexual intercourse as the only certain way to prevent unintended  
58.23 pregnancy or sexually transmitted infections, including HIV, and provide information  
58.24 about the role and value of abstinence while also providing medically accurate information  
58.25 on other methods of preventing and reducing risk for unintended pregnancy and sexually  
58.26 transmitted infections;

58.27 (7) provide instruction and promote use of age-appropriate materials that are  
58.28 medically accurate in explaining transmission modes, risks, symptoms, and treatments for  
58.29 sexually transmitted infections, including HIV;

58.30 (8) provide instruction and promote use of age-appropriate materials that address  
58.31 varied societal views on sexuality, sexual behaviors, pregnancy, and sexually transmitted  
58.32 infections, including HIV, in an age-appropriate manner;

58.33 (9) provide instruction and promote use of age-appropriate materials that provide  
58.34 information about the effectiveness and safety of all FDA-approved methods for  
58.35 preventing and reducing risk for unintended pregnancy and sexually transmitted  
58.36 infections, including HIV;

- 59.1 (10) provide instruction and promote use of age-appropriate materials that provide  
59.2 instruction in skills for making and implementing responsible decisions about sexuality;  
59.3 (11) provide instruction and promote use of age-appropriate materials that provide  
59.4 instruction in skills for making and implementing responsible decisions about finding and  
59.5 using health services; and  
59.6 (12) provide instruction and promote use of age-appropriate materials that do not  
59.7 teach or promote religious doctrine nor reflect or promote bias against any person on the  
59.8 basis of any category protected under the Minnesota Human Rights Act, chapter 363A.

59.9 Sec. 10. Minnesota Statutes 2004, section 122A.09, subdivision 4, is amended to read:

59.10 Subd. 4. **License and rules.** (a) The board must adopt rules to license public school  
59.11 teachers and interns subject to chapter 14.

59.12 (b) The board must adopt rules requiring a person to successfully complete a skills  
59.13 examination in reading, writing, and mathematics as a requirement for initial teacher  
59.14 licensure. Such rules must require college and universities offering a board-approved  
59.15 teacher preparation program to provide remedial assistance to persons who did not  
59.16 achieve a qualifying score on the skills examination, including those for whom English is  
59.17 a second language.

59.18 (c) The board must adopt rules to approve teacher preparation programs. The board,  
59.19 upon the request of a postsecondary student preparing for teacher licensure or a licensed  
59.20 graduate of a teacher preparation program, shall assist in resolving a dispute between the  
59.21 person and a postsecondary institution providing a teacher preparation program when the  
59.22 dispute involves an institution's recommendation for licensure affecting the person or the  
59.23 person's credentials. At the board's discretion, assistance may include the application  
59.24 of chapter 14.

59.25 (d) The board must provide the leadership and shall adopt rules for the redesign of  
59.26 teacher education programs to implement a research based, results-oriented curriculum that  
59.27 focuses on the skills teachers need in order to be effective. The board shall implement new  
59.28 systems of teacher preparation program evaluation to assure program effectiveness based  
59.29 on proficiency of graduates in demonstrating attainment of program outcomes. The board  
59.30 must require that persons enrolled in a teacher preparation program receive instruction  
59.31 in historical and cultural competencies related to Minnesota American Indian tribes and  
59.32 communities and their contributions to Minnesota, consistent with sections 124D.71 to  
59.33 124D.82. The competencies related to Minnesota American Indian tribes and communities  
59.34 must include, among other components, standards for instructional practices most effective  
59.35 for successfully teaching elementary and secondary American Indian students.

60.1 (e) The board must adopt rules requiring successful completion of an examination  
60.2 of general pedagogical knowledge and examinations of licensure-specific teaching  
60.3 skills. The rules shall be effective on the dates determined by the board but not later  
60.4 than September 1, 2001.

60.5 (f) The board must adopt rules requiring teacher educators to work directly with  
60.6 elementary or secondary school teachers in elementary or secondary schools to obtain  
60.7 periodic exposure to the elementary or secondary teaching environment.

60.8 (g) The board must grant licenses to interns and to candidates for initial licenses.

60.9 (h) The board must design and implement an assessment system which requires a  
60.10 candidate for an initial license and first continuing license to demonstrate the abilities  
60.11 necessary to perform selected, representative teaching tasks at appropriate levels.

60.12 (i) The board must receive recommendations from local committees as established  
60.13 by the board for the renewal of teaching licenses.

60.14 (j) The board must grant life licenses to those who qualify according to requirements  
60.15 established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and  
60.16 214.10. The board must not establish any expiration date for application for life licenses.

60.17 (k) The board must adopt rules that require all licensed teachers who are renewing  
60.18 their continuing license to include in their renewal requirements further preparation in  
60.19 the areas of using positive behavior interventions and in accommodating, modifying, and  
60.20 adapting curricula, materials, and strategies to appropriately meet the needs of individual  
60.21 students and ensure adequate progress toward the state's graduation rule.

60.22 (l) In adopting rules to license public school teachers who provide health-related  
60.23 services for disabled children, the board shall adopt rules consistent with license or  
60.24 registration requirements of the commissioner of health and the health-related boards who  
60.25 license personnel who perform similar services outside of the school.

60.26 (m) The board must adopt rules that require all licensed teachers who are renewing  
60.27 their continuing license to include in their renewal requirements further reading  
60.28 preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect  
60.29 until they are approved by law. Teachers who do not provide direct instruction including, at  
60.30 least, counselors, school psychologists, school nurses, school social workers, audiovisual  
60.31 directors and coordinators, and recreation personnel are exempt from this section.

60.32 (n) The board must adopt rules that require all licensed teachers who are renewing  
60.33 their continuing license to include in their renewal requirements further preparation  
60.34 in understanding the key warning signs of early-onset mental illness in children and  
60.35 adolescents.

61.1 (o) The board must adopt rules to include instruction and other development  
61.2 activities to improve the understanding and effective instruction of and communication  
61.3 with Minnesota American Indian tribes and communities, consistent with paragraph (d)  
61.4 and sections 124D.71 to 124D.82, in the 125 clock hours of professional development that  
61.5 teachers must complete to renew their professional teaching license.

61.6 **EFFECTIVE DATE.** This section is effective for the 2006-2007 school year and  
61.7 later.

61.8 Sec. 11. Minnesota Statutes 2004, section 122A.18, subdivision 2, is amended to read:

61.9 **Subd. 2. Teacher and support personnel qualifications.** (a) The Board of  
61.10 Teaching must issue licenses under its jurisdiction to persons the board finds to be  
61.11 qualified and competent for their respective positions.

61.12 (b) The board must require a person to successfully complete an examination of  
61.13 skills in reading, writing, and mathematics before being granted an initial teaching license  
61.14 to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special  
61.15 education programs. The board must require colleges and universities offering a board  
61.16 approved teacher preparation program to provide remedial assistance that includes a  
61.17 formal diagnostic component to persons enrolled in their institution who did not achieve a  
61.18 qualifying score on the skills examination, including those for whom English is a second  
61.19 language. The colleges and universities must provide assistance in the specific academic  
61.20 areas of deficiency in which the person did not achieve a qualifying score. School  
61.21 districts must provide similar, appropriate, and timely remedial assistance that includes a  
61.22 formal diagnostic component and mentoring to those persons employed by the district  
61.23 who completed their teacher education program outside the state of Minnesota, received  
61.24 a one-year license to teach in Minnesota and did not achieve a qualifying score on the  
61.25 skills examination, including those persons for whom English is a second language. The  
61.26 Board of Teaching shall report annually to the education committees of the legislature  
61.27 on the total number of teacher candidates during the most recent school year taking the  
61.28 skills examination, the number who achieve a qualifying score on the examination, the  
61.29 number who do not achieve a qualifying score on the examination, the distribution of all  
61.30 candidates' scores, the number of candidates who have taken the examination at least once  
61.31 before, and the number of candidates who have taken the examination at least once before  
61.32 and achieve a qualifying score.

61.33 (c) A person who has completed an approved teacher preparation program and  
61.34 obtained a one-year license to teach, but has not successfully completed the skills

62.1 examination, may renew the one-year license for two additional one-year periods. Each  
62.2 renewal of the one-year license is contingent upon the licensee:

62.3 (1) providing evidence of participating in an approved remedial assistance program  
62.4 provided by a school district or postsecondary institution that includes a formal diagnostic  
62.5 component in the specific areas in which the licensee did not obtain qualifying scores; and

62.6 (2) attempting to successfully complete the skills examination during the period  
62.7 of each one-year license.

62.8 (d) The Board of Teaching must grant continuing licenses only to those persons who  
62.9 have met board criteria for granting a continuing license, which includes successfully  
62.10 completing the skills examination in reading, writing, and mathematics.

62.11 (e) All colleges and universities approved by the board of teaching to prepare persons  
62.12 for teacher licensure must include in their teacher preparation programs a common core  
62.13 of teaching knowledge and skills to be acquired by all persons recommended for teacher  
62.14 licensure. This common core shall meet the standards developed by the interstate new  
62.15 teacher assessment and support consortium in its 1992 "model standards for beginning  
62.16 teacher licensing and development," and must include technology and information  
62.17 literacy standards that are consistent with recommendations from media specialists and  
62.18 the department's Educator Licensing and Teacher Quality Division. The board must  
62.19 develop and implement a system for reviewing on a seven-year cycle all standards of  
62.20 effective practice for teachers beginning in the 2007-2008 school year. Amendments to  
62.21 standards adopted under this paragraph are covered by chapter 14. The board of teaching  
62.22 shall report annually to the education committees of the legislature on the performance  
62.23 of teacher candidates on common core assessments of knowledge and skills under this  
62.24 paragraph during the most recent school year.

62.25 **EFFECTIVE DATE.** This section is effective the day following final enactment.

62.26 Sec. 12. Minnesota Statutes 2004, section 122A.31, subdivision 1, is amended to read:

62.27 Subdivision 1. **Requirements for American sign language/English interpreters.**

62.28 (a) Except as provided under subdivision 1a and in addition to any other requirements  
62.29 that a school district establishes, any person employed to provide American sign  
62.30 language/English interpreting or sign transliterating services on a full-time or part-time  
62.31 basis for a school district after July 1, 2000, must:

62.32 (1) hold current interpreter and transliterator certificates awarded by the Registry  
62.33 of Interpreters for the Deaf (RID), or the general level interpreter proficiency certificate  
62.34 awarded by the National Association of the Deaf (NAD), or a comparable state  
62.35 certification from the commissioner of education; and

63.1 (2) satisfactorily complete an interpreter/transliterators training program affiliated  
63.2 with an accredited educational institution.

63.3 (b) New graduates of an interpreter/transliterators program affiliated with an  
63.4 accredited education institution shall be granted a two-year provisional certificate by  
63.5 the commissioner. During the two-year provisional period, the interpreter/transliterators  
63.6 must develop and implement an education plan in collaboration with a mentor under  
63.7 paragraph (c).

63.8 (c) A mentor of a provisionally certified interpreter/transliterators must be an  
63.9 interpreter/transliterators who has either NAD level IV or V certification or RID  
63.10 certified interpreter and certified transliterators certification and have at least three  
63.11 years interpreting/transliterating experience in any educational setting. The mentor, in  
63.12 collaboration with the provisionally certified interpreter/transliterators, shall develop and  
63.13 implement an education plan designed to meet the requirements of paragraph (a), clause  
63.14 (1), and include a weekly on-site mentoring process.

63.15 (d) Consistent with the requirements of this paragraph, a person holding a  
63.16 provisional certificate may apply to the commissioner for one time-limited extension. The  
63.17 commissioner, in consultation with the Commission Serving Deaf and Hard-of-Hearing  
63.18 People, must grant the person a time-limited extension of the provisional certificate based  
63.19 on the following documentation:

63.20 (1) letters of support from the person's mentor, a parent of a pupil the person serves,  
63.21 the special education director of the district in which the person is employed, and a  
63.22 representative from the regional service center of the deaf and hard-of-hearing;

63.23 (2) records of the person's formal education, training, experience, and progress on  
63.24 the person's education plan; and

63.25 (3) an explanation of why the extension is needed.

63.26 As a condition of receiving the extension, the person must comply with a plan  
63.27 and the accompanying time line for meeting the requirements of this subdivision. A  
63.28 committee composed of the director of the Minnesota Resource Center Serving Deaf and  
63.29 Hard-of-Hearing, or the director's designee, a representative of the Minnesota Association  
63.30 of Deaf Citizens, a representative of the Minnesota Registry of Interpreters of the Deaf,  
63.31 and other appropriate persons selected by the commissioner must develop the plan and  
63.32 time line for the person receiving the extension.

63.33 (e) A school district may employ ~~only~~ an interpreter/transliterators who has been  
63.34 certified under paragraph (a) or (b), or for whom a time-limited extension has been  
63.35 granted under paragraph (d), or a person qualified as an interpreter/transliterators under  
63.36 subdivision 1a.

64.1 **EFFECTIVE DATE.** This section is effective for the 2006-2007 school year and  
64.2 later.

64.3 Sec. 13. Minnesota Statutes 2004, section 122A.31, is amended by adding a  
64.4 subdivision to read:

64.5 Subd. 1a. **Qualified deaf and hard-of-hearing interpreters/transliterators.** In  
64.6 addition to employing a qualified interpreter/transliterater under subdivision 1, a school  
64.7 district or charter school also may employ as an interpreter/transliterater a person who is  
64.8 deaf or hard of hearing and holds a current reverse skills certificate (RSC) or a certified  
64.9 deaf interpreter (CDI) certificate awarded by the Registry of Interpreters for the Deaf  
64.10 (RID). The qualified deaf or hard-of-hearing person must be able to interpret between  
64.11 American sign language and English-based sign language or transliterate between spoken  
64.12 English and a signed code for English. The district or charter school may employ a  
64.13 qualified person under this subdivision for a broad range of interpreting or transliterating  
64.14 assignments.

64.15 **EFFECTIVE DATE.** This section is effective for the 2006-2007 school year and  
64.16 later.

64.17 Sec. 14. Minnesota Statutes 2005 Supplement, section 122A.414, subdivision 2b,  
64.18 is amended to read:

64.19 Subd. 2b. **Approval process.** (a) Consistent with the requirements of this section  
64.20 and sections 122A.413 and 122A.415, the department must prepare and transmit to  
64.21 interested school districts, intermediate school districts, school sites, and charter schools  
64.22 a standard form for applying to participate in the alternative teacher professional pay  
64.23 system. An interested school district, intermediate school district, school site, or charter  
64.24 school must submit to the commissioner a completed application executed by the district  
64.25 superintendent and the exclusive bargaining representative of the teachers if the applicant  
64.26 is a school district, intermediate school district, or school site, or executed by the charter  
64.27 school board of directors if the applicant is a charter school. The application must include  
64.28 the proposed alternative teacher professional pay system agreement under subdivision  
64.29 2. The department must convene a review committee that at least includes teachers and  
64.30 administrators within 30 days of receiving a completed application to recommend to  
31 the commissioner whether to approve or disapprove the application. The commissioner  
64.32 must approve applications on a first-come, first-served basis. The applicant's alternative  
64.33 teacher professional pay system agreement must be legally binding on the applicant  
64.34 and the collective bargaining representative before the applicant receives alternative

65.1 compensation revenue. The commissioner must approve or disapprove an application  
65.2 based solely on the explicit requirements under subdivisions 2 and 2a and may not impose  
65.3 any other conditions for approval.

65.4 (b) If the commissioner disapproves an application, the commissioner must give the  
65.5 applicant timely notice of the specific reasons in detail for disapproving the application.  
65.6 The applicant may revise and resubmit its application and related documents to the  
65.7 commissioner within 30 days of receiving notice of the commissioner's disapproval and  
65.8 the commissioner must approve or disapprove the revised application, consistent with this  
65.9 subdivision. Applications that are revised and then approved are considered submitted on  
65.10 the date the applicant initially submitted the application.

65.11 Sec. 15. Minnesota Statutes 2005 Supplement, section 122A.414, subdivision 3,  
65.12 is amended to read:

65.13 Subd. 3. **Report; continued funding.** (a) Participating districts, intermediate  
65.14 school districts, school sites, and charter schools must report on the implementation and  
65.15 effectiveness of the alternative teacher professional pay system, particularly addressing  
65.16 each requirement under subdivision 2 and make annual recommendations by June 15 to  
65.17 their school boards. The school board or board of directors shall transmit a copy of the  
65.18 report with a summary of the findings and recommendations of the district, intermediate  
65.19 school district, school site, or charter school to the commissioner.

65.20 (b) If the commissioner determines that a school district, intermediate school district,  
65.21 school site, or charter school that receives alternative teacher compensation revenue is not  
65.22 complying with the requirements of this section, the commissioner may withhold funding  
65.23 from that participant. Before making the determination, the commissioner must notify the  
65.24 participant of any deficiencies and provide the participant an opportunity to comply.

65.25 (c) The commissioner's review and evaluation of an alternative teacher professional  
65.26 pay system must be judged relative to the participant's approved plan and may not impose  
65.27 any criteria other than are contained in the plan or the explicit requirements of this section.

65.28 Sec. 16. **[122A.416] ALTERNATIVE TEACHER COMPENSATION REVENUE**  
65.29 **FOR PERPICH CENTER FOR ARTS EDUCATION AND MULTIDISTRICT**  
65.30 **INTEGRATION COLLABORATIVES.**

65.31 Notwithstanding sections 122A.413, 122A.414, 122A.415, and 126C.10,  
65.32 multidistrict integration collaboratives and the Perpich Center for Arts Education are  
65.33 eligible to receive alternative teacher compensation revenue as if they were intermediate  
65.34 school districts. To qualify for alternative teacher compensation revenue, a multidistrict

66.1 integration collaborative or the Perpich Center for Arts Education must meet all of the  
66.2 requirements of sections 122A.413, 122A.414, and 122A.415 that apply to intermediate  
66.3 school districts, must report its enrollment as of October 1 of each year to the department,  
66.4 and must annually report its expenditures for the alternative teacher professional pay  
66.5 system consistent with the uniform financial accounting and reporting standards to the  
66.6 department by November 30 of each year.

66.7 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2007.

66.8 Sec. 17. Minnesota Statutes 2004, section 123B.77, is amended by adding a  
66.9 subdivision to read:

66.10 **Subd. 1a. School district consolidated financial statement.** The commissioner,  
66.11 in consultation with the advisory committee on financial management, accounting, and  
66.12 reporting, shall develop and maintain a school district consolidated financial statement  
66.13 format that converts uniform financial accounting and reporting standards data under  
66.14 subdivision 1 into a more understandable format.

66.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

66.16 Sec. 18. Minnesota Statutes 2004, section 123B.77, subdivision 3, is amended to read:

66.17 **Subd. 3. Statement for comparison and correction.** (a) By November 30 of the  
66.18 calendar year of the submission of the unaudited financial data, the district must provide to  
66.19 the commissioner audited financial data for the preceding fiscal year. The audit must be  
66.20 conducted in compliance with generally accepted governmental auditing standards, the  
66.21 federal Single Audit Act, and the Minnesota legal compliance guide issued by the Office  
66.22 of the State Auditor. An audited financial statement prepared in a form which will allow  
66.23 comparison with and correction of material differences in the unaudited financial data  
66.24 shall be submitted to the commissioner and the state auditor by December 31. The audited  
66.25 financial statement must also provide a statement of assurance pertaining to uniform  
66.26 financial accounting and reporting standards compliance and a copy of the management  
66.27 letter submitted to the district by the school district's auditor.

66.28 (b) By January 15 of the calendar year following the submission of the unaudited  
66.29 financial data, the commissioner shall convert the audited financial data required by this  
66.30 subdivision into the consolidated financial statement format required under subdivision 1a  
66.31 and publish the information on the department's Web site.

66.32 **EFFECTIVE DATE.** This section is effective for financial statements prepared in  
66.33 2006 and later.

67.1 Sec. 19. Minnesota Statutes 2004, section 123B.90, subdivision 2, is amended to read:

67.2 Subd. 2. **Student training.** (a) Each district must provide public school pupils  
67.3 enrolled in kindergarten through grade 10 with age-appropriate school bus safety training,  
67.4 as described in this section, of the following concepts:

67.5 (1) transportation by school bus is a privilege and not a right;

67.6 (2) district policies for student conduct and school bus safety;

67.7 (3) appropriate conduct while on the school bus;

67.8 (4) the danger zones surrounding a school bus;

67.9 (5) procedures for safely boarding and leaving a school bus;

67.10 (6) procedures for safe street or road crossing; and

67.11 (7) school bus evacuation.

67.12 (b) Each nonpublic school located within the district must provide all nonpublic  
67.13 school pupils enrolled in kindergarten through grade 10 who are transported by school  
67.14 bus at public expense and attend school within the district's boundaries with training as  
67.15 required in paragraph (a).

67.16 (c) Students enrolled in kindergarten through grade 6 who are transported by school  
67.17 bus and are enrolled during the first or second week of school must receive the school bus  
67.18 safety training competencies by the end of the third week of school. Students enrolled in  
67.19 grades 7 through 10 who are transported by school bus and are enrolled during the first or  
67.20 second week of school and have not previously received school bus safety training must  
67.21 receive the training or receive bus safety instructional materials by the end of the sixth  
67.22 week of school. ~~Students taking driver's training instructional classes and other students in~~  
67.23 ~~grades 9 and~~ grade 9 or 10 must receive training in the laws and proper procedures when  
67.24 operating a motor vehicle in the vicinity of a school bus. Students enrolled in kindergarten  
67.25 through grade 10 who enroll in a school after the second week of school and are  
67.26 transported by school bus and have not received training in their previous school district  
67.27 shall undergo school bus safety training or receive bus safety instructional materials  
67.28 within four weeks of the first day of attendance. Upon request of the superintendent  
67.29 of schools, the school transportation safety director in each district must certify to the  
67.30 superintendent of schools annually that all students transported by school bus within  
67.31 the district have received the school bus safety training according to this section. Upon  
67.32 request of the superintendent of the school district where the nonpublic school is located,  
67.33 the principal or other chief administrator of each nonpublic school must certify ~~annually~~ to  
67.34 the school transportation safety director of the district in which the school is located that  
67.35 the school's students transported by school bus at public expense have received training  
67.36 according to this section.

68.1 (d) A district and a nonpublic school with students transported by school bus at  
68.2 public expense may provide kindergarten pupils with bus safety training before the first  
68.3 day of school.

68.4 (e) A district and a nonpublic school with students transported by school bus at  
68.5 public expense may also provide student safety education for bicycling and pedestrian  
68.6 safety, for students enrolled in kindergarten through grade 5.

68.7 (f) A district and a nonpublic school with students transported by school bus at  
68.8 public expense must make reasonable accommodations for the school bus safety training  
68.9 of pupils known to speak English as a second language and pupils with disabilities.

68.10 (g) The district and a nonpublic school with students transported by school bus at  
68.11 public expense must provide students enrolled in kindergarten through grade 3 school bus  
68.12 safety training twice during the school year.

68.13 (h) A district and a nonpublic school with students transported by school bus at public  
68.14 expense must conduct a school bus evacuation drill at least once during the school year.

68.15 **EFFECTIVE DATE. This section is effective July 1, 2006.**

68.16 Sec. 20. Minnesota Statutes 2004, section 123B.91, is amended by adding a  
68.17 subdivision to read:

68.18 **Subd. 1a. Compliance by nonpublic and charter school students. A nonpublic or**  
68.19 **charter school student transported by a public school district shall comply with student bus**  
68.20 **conduct and student bus discipline policies of the transporting public school district.**

68.21 **EFFECTIVE DATE. This section is effective July 1, 2006.**

68.22 Sec. 21. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 1, is  
68.23 amended to read:

68.24 Subdivision 1. **Definitions.** For purposes of this section and section 125A.76, the  
68.25 terms defined in this subdivision have the meanings given to them.

68.26 (a) "Actual expenditure per pupil transported in the regular and excess transportation  
68.27 categories" means the quotient obtained by dividing:

68.28 (1) the sum of:

68.29 (i) all expenditures for transportation in the regular category, as defined in paragraph

68.30 (b), clause (1), and the excess category, as defined in paragraph (b), clause (2), plus

68.31 (ii) an amount equal to one year's depreciation on the district's school bus fleet

68.32 and mobile units computed on a straight line basis at the rate of 15 percent per year for

69.1 districts operating a program under section 124D.128 for grades 1 to 12 for all students in  
69.2 the district and 12-1/2 percent per year for other districts of the cost of the fleet, plus

69.3 (iii) an amount equal to one year's depreciation on the district's type three school  
69.4 buses, as defined in section 169.01, subdivision 6, clause (5), which must be used a  
69.5 majority of the time for pupil transportation purposes, computed on a straight line basis at  
69.6 the rate of 20 percent per year of the cost of the type three school buses by:

69.7 (2) the number of pupils eligible for transportation in the regular category, as defined  
69.8 in paragraph (b), clause (1), and the excess category, as defined in paragraph (b), clause (2).

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

69.11 (1) Regular transportation is:

69.12 (i) transportation to and from school during the regular school year for resident  
69.13 elementary pupils residing one mile or more from the public or nonpublic school they  
69.14 attend, and resident secondary pupils residing two miles or more from the public  
69.15 or nonpublic school they attend, excluding desegregation transportation and noon  
69.16 kindergarten transportation; but with respect to transportation of pupils to and from  
69.17 nonpublic schools, only to the extent permitted by sections 123B.84 to 123B.87;

69.18 (ii) transportation of resident pupils to and from language immersion programs;

69.19 (iii) transportation of a pupil who is a custodial parent and that pupil's child between  
69.20 the pupil's home and the child care provider and between the provider and the school, if  
69.21 the home and provider are within the attendance area of the school;

69.22 (iv) transportation to and from or board and lodging in another district, of resident  
69.23 pupils of a district without a secondary school; and

69.24 (v) transportation to and from school during the regular school year required under  
69.25 subdivision 3 for nonresident elementary pupils when the distance from the attendance  
69.26 area border to the public school is one mile or more, and for nonresident secondary pupils  
69.27 when the distance from the attendance area border to the public school is two miles or  
69.28 more, excluding desegregation transportation and noon kindergarten transportation.

69.29 For the purposes of this paragraph, a district may designate a licensed day care  
69.30 facility, school day care facility, respite care facility, the residence of a relative, or the  
69.31 residence of a person chosen by the pupil's parent or guardian as the home of a pupil for  
69.32 part or all of the day, if requested by the pupil's parent or guardian, and if that facility or  
69.33 residence is within the attendance area of the school the pupil attends.

69.34 (2) Excess transportation is:

69.35 (i) transportation to and from school during the regular school year for resident  
69.36 secondary pupils residing at least one mile but less than two miles from the public or

70.1 nonpublic school they attend, and transportation to and from school for resident pupils  
70.2 residing less than one mile from school who are transported because of extraordinary  
70.3 traffic, drug, or crime hazards; and

70.4 (ii) transportation to and from school during the regular school year required under  
70.5 subdivision 3 for nonresident secondary pupils when the distance from the attendance area  
70.6 border to the school is at least one mile but less than two miles from the public school  
70.7 they attend, and for nonresident pupils when the distance from the attendance area border  
70.8 to the school is less than one mile from the school and who are transported because of  
70.9 extraordinary traffic, drug, or crime hazards.

70.10 (3) Desegregation transportation is transportation within and outside of the district  
70.11 during the regular school year of pupils to and from schools located outside their normal  
70.12 attendance areas under a plan for desegregation mandated by the commissioner or under  
70.13 court order.

70.14 (4) "Transportation services for pupils with disabilities" is:

70.15 (i) transportation of pupils with disabilities who cannot be transported on a regular  
70.16 school bus between home or a respite care facility and school;

70.17 (ii) necessary transportation of pupils with disabilities from home or from school to  
70.18 other buildings, including centers such as developmental achievement centers, hospitals,  
70.19 and treatment centers where special instruction or services required by sections 125A.03  
70.20 to 125A.24, 125A.26 to 125A.48, and 125A.65 are provided, within or outside the district  
70.21 where services are provided;

70.22 (iii) necessary transportation for resident pupils with disabilities required by sections  
70.23 125A.12, and 125A.26 to 125A.48;

70.24 (iv) board and lodging for pupils with disabilities in a district maintaining special  
70.25 classes;

70.26 (v) transportation from one educational facility to another within the district for  
70.27 resident pupils enrolled on a shared-time basis in educational programs, and necessary  
70.28 transportation required by sections 125A.18, and 125A.26 to 125A.48, for resident pupils  
70.29 with disabilities who are provided special instruction and services on a shared-time basis  
70.30 or if resident pupils are not transported, the costs of necessary travel between public  
70.31 and private schools or neutral instructional sites by essential personnel employed by the  
70.32 district's program for children with a disability;

70.33 (vi) transportation for resident pupils with disabilities to and from board and lodging  
70.34 facilities when the pupil is boarded and lodged for educational purposes; and

70.35 (vii) services described in clauses (i) to (vi), when provided for pupils with  
70.36 disabilities in conjunction with a summer instructional program that relates to the pupil's

71.1 individual education plan or in conjunction with a learning year program established  
71.2 under section 124D.128.

71.3 For purposes of computing special education base revenue under section 125A.76,  
71.4 subdivision 2, the cost of providing transportation for children with disabilities includes  
71.5 (A) the additional cost of transporting a homeless student from a temporary nonshelter  
71.6 home in another district to the school of origin, or a formerly homeless student from a  
71.7 permanent home in another district to the school of origin but only through the end of the  
71.8 academic year; and (B) depreciation on district-owned school buses purchased after July 1,  
71.9 2005, and used primarily for transportation of pupils with disabilities, calculated according  
71.10 to paragraph (a), clauses (ii) and (iii). Depreciation costs included in the disabled  
71.11 transportation category must be excluded in calculating the actual expenditure per pupil  
71.12 transported in the regular and excess transportation categories according to paragraph (a).

71.13 (5) "Nonpublic nonregular transportation" is:

71.14 (i) transportation from one educational facility to another within the district for  
71.15 resident pupils enrolled on a shared-time basis in educational programs, excluding  
71.16 transportation for nonpublic pupils with disabilities under clause (4);

71.17 (ii) transportation within district boundaries between a nonpublic school and a  
71.18 public school or a neutral site for nonpublic school pupils who are provided pupil support  
71.19 services pursuant to section 123B.44; and

71.20 (iii) late transportation home from school or between schools within a district for  
71.21 nonpublic school pupils involved in after-school activities.

71.22 (c) "Mobile unit" means a vehicle or trailer designed to provide facilities for  
71.23 educational programs and services, including diagnostic testing, guidance and counseling  
71.24 services, and health services. A mobile unit located off nonpublic school premises is a  
71.25 neutral site as defined in section 123B.41, subdivision 13.

71.26 **EFFECTIVE DATE.** This section is effective July 1, 2006.

71.27 Sec. 22. Minnesota Statutes 2005 Supplement, section 123B.92, subdivision 5, is  
71.28 amended to read:

71.29 Subd. 5. **District reports.** (a) Each district must report data to the department as  
71.30 required by the department to account for transportation expenditures.

71.31 (b) Salaries and fringe benefits of district employees whose primary duties are  
71.32 other than transportation, including central office administrators and staff, building  
71.33 administrators and staff, teachers, social workers, school nurses, and instructional aides,  
71.34 must not be included in a district's transportation expenditures, except that a district may  
71.35 include salaries and benefits according to paragraph (c) for (1) an employee designated

72.1 as the district transportation director, (2) an employee providing direct support to the  
 72.2 transportation director, or (3) an employee providing direct transportation services such as  
 72.3 a bus driver or bus aide.

72.4 (c) Salaries and fringe benefits of ~~other~~ the district employees listed in paragraph  
 72.5 (b), clauses (1), (2), and (3), who work part time in transportation and part time in other  
 72.6 areas must not be included in a district's transportation expenditures unless the district  
 72.7 maintains documentation of the employee's time spent on pupil transportation matters in  
 72.8 the form and manner prescribed by the department.

72.9 (d) Pupil transportation expenditures, excluding expenditures for capital outlay,  
 72.10 leased buses, student board and lodging, crossing guards, and aides on buses, must  
 72.11 be allocated among transportation categories based on cost-per-mile, cost-per-student,  
 72.12 cost-per-hour, or cost-per-route, regardless of whether the transportation services are  
 72.13 provided on district-owned or contractor-owned school buses. Expenditures for school  
 72.14 bus driver salaries and fringe benefits may either be directly charged to the appropriate  
 72.15 transportation category or may be allocated among transportation categories based  
 72.16 on cost-per-mile, cost-per-student, cost-per-hour, or cost-per-route. Expenditures  
 72.17 by private contractors or individuals who provide transportation exclusively in one  
 72.18 transportation category must be charged directly to the appropriate transportation category.  
 72.19 Transportation services provided by contractor-owned school bus companies incorporated  
 72.20 under different names but owned by the same individual or group of individuals must be  
 72.21 treated as the same company for cost allocation purposes.

72.22 **EFFECTIVE DATE.** This section is effective for fiscal year 2006.

72.23 Sec. 23. Minnesota Statutes 2004, section 124D.095, subdivision 3, is amended to read:

72.24 **Subd. 3. Authorization; notice; limitations on enrollment.** (a) A student may  
 72.25 apply to an on-line learning provider to enroll in on-line learning. A student age 17 or  
 72.26 younger must have the written consent of a parent or guardian to apply. No school district  
 72.27 or charter school may prohibit a student from applying to enroll in on-line learning. An  
 72.28 on-line learning provider that accepts a student under this section must, within ten days,  
 72.29 notify the student and the enrolling district if the enrolling district is not the on-line  
 72.30 learning provider. The notice must report the student's course or program and hours  
 72.31 of instruction.

72 (b) An on-line learning student must notify the enrolling district at least ~~30~~ 45  
 72.33 days before taking an on-line learning course or program ~~if the enrolling district is not~~  
 72.34 ~~providing the on-line learning.~~ An on-line learning provider must notify the commissioner

73.1 that it is delivering on-line learning and report the number of on-line learning students it is  
73.2 accepting and the on-line learning courses and programs it is delivering.

73.3 (c) An on-line learning provider may limit enrollment if the provider's school board  
73.4 or board of directors adopts by resolution specific standards for accepting and rejecting  
73.5 students' applications.

73.6 (d) An enrolling district may reduce an on-line learning student's regular classroom  
73.7 instructional membership in proportion to the student's membership in on-line learning  
73.8 courses.

73.9 Sec. 24. Minnesota Statutes 2005 Supplement, section 124D.095, subdivision 4,  
73.10 is amended to read:

73.11 **Subd. 4. Online learning parameters.** (a) An online learning student must receive  
73.12 academic credit for completing the requirements of an online learning course or program.  
73.13 Secondary credits granted to an online learning student must be counted toward the  
73.14 graduation and credit requirements of the enrolling district. The enrolling district must  
73.15 apply the same graduation requirements to all students, including online learning students,  
73.16 and must continue to provide nonacademic services to online learning students. If a  
73.17 student completes an online learning course or program that meets or exceeds a graduation  
73.18 standard or grade progression requirement at the enrolling district, that standard or  
73.19 requirement is met. The enrolling district must use the same criteria for accepting online  
73.20 learning credits or courses as it does for accepting credits or courses for transfer students  
73.21 under section 124D.03, subdivision 9. The enrolling district may reduce the teacher  
73.22 contact time of an online learning student in proportion to the number of online learning  
73.23 courses the student takes from an online learning provider that is not the enrolling district.

73.24 (b) An online learning student may:

73.25 (1) enroll during a single school year in a maximum of 12 semester-long courses or  
73.26 their equivalent delivered by an online learning provider or the enrolling district;

73.27 (2) complete course work at a grade level that is different from the student's current  
73.28 grade level; and

73.29 (3) enroll in additional courses with the online learning provider under a separate  
73.30 agreement that includes terms for payment of any tuition or course fees.

73.31 ~~(c) A student with a disability may enroll in an online learning course or program~~  
73.32 ~~if the student's IEP team determines that online learning is appropriate education for~~  
73.33 ~~the student.~~

73.34 ~~(d)~~ (c) An online learning student has the same access to the computer hardware  
73.35 and education software available in a school as all other students in the enrolling district.

74.1 An online learning provider must assist an online learning student whose family qualifies  
74.2 for the education tax credit under section 290.0674 to acquire computer hardware and  
74.3 educational software for online learning purposes.

74.4 ~~(e)~~ (d) An enrolling district may offer online learning to its enrolled students.  
74.5 Such online learning does not generate online learning funds under this section. An  
74.6 enrolling district that offers online learning only to its enrolled students is not subject  
74.7 to the reporting requirements or review criteria under subdivision 7. A teacher with a  
74.8 Minnesota license must assemble and deliver instruction to enrolled students receiving  
74.9 online learning from an enrolling district. The delivery of instruction occurs when the  
74.10 student interacts with the computer or the teacher and receives ongoing assistance and  
74.11 assessment of learning. The instruction may include curriculum developed by persons  
74.12 other than a teacher with a Minnesota license.

74.13 ~~(f)~~ (e) An online learning provider that is not the enrolling district is subject to  
74.14 the reporting requirements and review criteria under subdivision 7. A teacher with a  
74.15 Minnesota license must assemble and deliver instruction to online learning students. The  
74.16 delivery of instruction occurs when the student interacts with the computer or the teacher  
74.17 and receives ongoing assistance and assessment of learning. The instruction may include  
74.18 curriculum developed by persons other than a teacher with a Minnesota license. Unless  
74.19 the commissioner grants a waiver, a teacher providing online learning instruction must not  
74.20 instruct more than 40 students in any one online learning course or program.

74.21 Sec. 25. Minnesota Statutes 2004, section 124D.096, is amended to read:

74.22 **124D.096 ON-LINE LEARNING AID.**

74.23 (a) The on-line learning aid for an on-line learning provider equals the product  
74.24 of the adjusted on-line learning average daily membership for students under section  
74.25 124D.095, subdivision 8, paragraph (d), times the student grade level weighting under  
74.26 section 126C.05, subdivision 1, times the formula allowance.

74.27 (b) Notwithstanding section 127A.45, the department must pay each on-line learning  
74.28 provider ~~80 percent of the current year aid payment percentage multiplied by~~ the amount  
74.29 in paragraph (a) within 45 days of receiving final enrollment and course completion  
74.30 information each quarter or semester. ~~A final payment equal to 20 percent of the amount in~~  
74.31 ~~paragraph (a)~~ The final adjustment payment must be the amount of the actual entitlement,  
74.32 after adjustment for actual data, minus the payments made during the fiscal year of the  
74.33 entitlement. This payment must be made on September 30 of the next fiscal year.

74.34 Sec. 26. Minnesota Statutes 2004, section 124D.10, subdivision 16, is amended to read:

75.1           **Subd. 16. Transportation.** (a) ~~By July 1 of each year, a charter school~~ A charter  
75.2 school after its first fiscal year of operation by March 1 of each fiscal year and a charter  
75.3 school by July 1 of its first fiscal year of operation must notify the district in which the  
75.4 school is located and the Department of Education if it will provide ~~transportation for~~  
75.5 ~~pupils enrolled in the school~~ its own transportation or use the transportation services of the  
75.6 district in which it is located for the fiscal year.

75.7           (b) If a charter school elects to provide transportation for pupils, the transportation  
75.8 must be provided by the charter school within the district in which the charter school is  
75.9 located. The state must pay transportation aid to the charter school according to section  
75.10 124D.11, subdivision 2.

75.11           For pupils who reside outside the district in which the charter school is located, the  
75.12 charter school is not required to provide or pay for transportation between the pupil's  
75.13 residence and the border of the district in which the charter school is located. A parent  
75.14 may be reimbursed by the charter school for costs of transportation from the pupil's  
75.15 residence to the border of the district in which the charter school is located if the pupil is  
75.16 from a family whose income is at or below the poverty level, as determined by the federal  
75.17 government. The reimbursement may not exceed the pupil's actual cost of transportation  
75.18 or 15 cents per mile traveled, whichever is less. Reimbursement may not be paid for  
75.19 more than 250 miles per week.

75.20           At the time a pupil enrolls in a charter school, the charter school must provide the  
75.21 parent or guardian with information regarding the transportation.

75.22           (c) If a charter school does not elect to provide transportation, transportation for  
75.23 pupils enrolled at the school must be provided by the district in which the school is  
75.24 located, according to sections 123B.88, subdivision 6, and 124D.03, subdivision 8, for a  
75.25 pupil residing in the same district in which the charter school is located. Transportation  
75.26 may be provided by the district in which the school is located, according to sections  
75.27 123B.88, subdivision 6, and 124D.03, subdivision 8, for a pupil residing in a different  
75.28 district. If the district provides the transportation, the scheduling of routes, manner and  
75.29 method of transportation, control and discipline of the pupils, and any other matter relating  
75.30 to the transportation of pupils under this paragraph shall be within the sole discretion,  
75.31 control, and management of the district.

75.32           **Sec. 27. Minnesota Statutes 2004, section 124D.11, subdivision 9, is amended to read:**

75.33           **Subd. 9. Payment of aids to charter schools.** (a) Notwithstanding section 127A.45,  
75.34 subdivision 3, aid payments for the current fiscal year to a charter school not in its first  
75.35 year of operation shall be of an equal amount on each of the 23 payment dates. A charter

76.1 school in its first year of operation shall receive, on its first payment date, ten percent of its  
 76.2 cumulative amount guaranteed for the year and 22 payments of an equal amount thereafter  
 76.3 the sum of which shall be ~~90 percent of~~ equal the current year aid payment percentage  
 76.4 multiplied by the cumulative amount guaranteed.

76.5 (b) Notwithstanding paragraph (a), for a charter school ceasing operation prior to the  
 76.6 end of a school year, ~~80 percent of the current year aid payment percentage multiplied by~~  
 76.7 the amount due for the school year may be paid to the school after audit of prior fiscal year  
 76.8 and current fiscal year pupil counts. For a charter school ceasing operations prior to, or at  
 76.9 the end of, a school year, notwithstanding section 127A.45, subdivision 3, preliminary  
 76.10 final payments may be made after audit of pupil counts, monitoring of special education  
 76.11 expenditures, and documentation of lease expenditures for the final year of operation.  
 76.12 Final payment may be made upon receipt of audited financial statements under section  
 76.13 123B.77, subdivision 3.

76.14 (c) Notwithstanding section 127A.45, subdivision 3, and paragraph (a), 80 percent  
 76.15 of the start-up cost aid under subdivision 8 shall be paid within 45 days after the first day  
 76.16 of student attendance for that school year.

76.17 (d) In order to receive state aid payments under this subdivision, a charter school in  
 76.18 its first three years of operation must submit a school calendar in the form and manner  
 76.19 requested by the department and a quarterly report to the Department of Education. The  
 76.20 report must list each student by grade, show the student's start and end dates, if any,  
 76.21 with the charter school, and for any student participating in a learning year program,  
 76.22 the report must list the hours and times of learning year activities. The report must be  
 76.23 submitted not more than two weeks after the end of the calendar quarter to the department.  
 76.24 The department must develop a Web-based reporting form for charter schools to use  
 76.25 when submitting enrollment reports. A charter school in its fourth and subsequent year of  
 76.26 operation must submit a school calendar and enrollment information to the department in  
 76.27 the form and manner requested by the department.

76.28 (e) Notwithstanding sections 317A.701 to 317A.791, upon closure of a charter  
 76.29 school and satisfaction of creditors, cash and investment balances remaining shall be  
 76.30 returned to the state.

76.31 Sec. 28. Minnesota Statutes 2004, section 124D.61, is amended to read:

32 **124D.61 GENERAL REQUIREMENTS FOR PROGRAMS.**

76.33 A district ~~which receives aid pursuant to section 124D.65 must comply with that~~  
 76.34 enrolls one or more children of limited English proficiency must implement an educational  
 76.35 program that includes at a minimum the following program requirements:

- 77.1           (1) identification and reclassification criteria for children of limited English  
 77.2 proficiency and program entrance and exit criteria for children with limited English  
 77.3 proficiency must be documented by the district, applied uniformly to children of limited  
 77.4 English proficiency, and made available to parents and other stakeholders upon request;  
 77.5           (2) a written plan of services that describes programming by English proficiency  
 77.6 level made available to parents upon request. The plan must articulate the amount and  
 77.7 scope of service offered to children of limited English proficiency through an educational  
 77.8 program for children of limited English proficiency;  
 77.9           (3) professional development opportunities for ESL, bilingual education,  
 77.10 mainstream, and all staff working with children of limited English proficiency which are:  
 77.11 (i) coordinated with the district's professional development activities; (ii) related to the  
 77.12 needs of children of limited English proficiency; and (iii) ongoing;  
 77.13           (4) to the extent possible, the district must avoid isolating children of limited English  
 77.14 proficiency for a substantial part of the school day; and  
 77.15           ~~(2)~~ (5) in predominantly nonverbal subjects, such as art, music, and physical  
 77.16 education, permit pupils of limited English proficiency shall be permitted to participate  
 77.17 fully and on an equal basis with their contemporaries in public school classes provided  
 77.18 for these subjects. To the extent possible, the district must assure to pupils enrolled in a  
 77.19 program for limited English proficient students an equal and meaningful opportunity to  
 77.20 participate fully with other pupils in all extracurricular activities.

77.21           Sec. 29. Minnesota Statutes 2004, section 125A.02, subdivision 1, is amended to read:

77.22           Subdivision 1. **Child with a disability.** Every child who has a hearing impairment,  
 77.23 blindness, visual disability, speech or language impairment, physical handicap, other  
 77.24 health impairment, mental handicap, emotional/behavioral disorder, specific learning  
 77.25 disability, autism, traumatic brain injury, multiple disabilities, or deaf/blind disability and  
 77.26 needs special instruction and services, as determined by the standards of the commissioner,  
 77.27 is a child with a disability. In addition, every child under age three, and at local district  
 77.28 discretion from age three to age seven, who needs special instruction and services, as  
 77.29 determined by the standards of the commissioner, because the child has a substantial delay  
 77.30 or has an identifiable physical or mental condition known to hinder normal development is  
 77.31 a child with a disability.

77.32           **EFFECTIVE DATE.** This section is effective the day following final enactment.

77.33           Sec. 30. Minnesota Statutes 2004, section 125A.75, is amended by adding a  
 77.34 subdivision to read:

78.1 Subd. 9. Litigation costs; annual report. (a) By November 30 of each year,  
78.2 a school district must annually report the district's special education litigation costs,  
78.3 including attorney fees and costs of due process hearings, to the commissioner of  
78.4 education, consistent with the Uniform Financial Accounting and Reporting Standards.

78.5 (b) By January 15 of each year, the commissioner shall report school district special  
78.6 education litigation costs to the house of representatives and the senate committees having  
78.7 jurisdiction over kindergarten through grade 12 education finance.

78.8 Sec. 31. Minnesota Statutes 2004, section 169.01, subdivision 6, is amended to read:

78.9 Subd. 6. **School bus.** "School bus" means a motor vehicle used to transport pupils  
78.10 to or from a school defined in section 120A.22, or to or from school-related activities, by  
78.11 the school or a school district, or by someone under an agreement with the school or a  
78.12 school district. A school bus does not include a motor vehicle transporting children to or  
78.13 from school for which parents or guardians receive direct compensation from a school  
78.14 district, a motor coach operating under charter carrier authority, a transit bus providing  
78.15 services as defined in section 174.22, subdivision 7, a multifunction school activity bus  
78.16 as defined by federal motor vehicle safety standards, or a vehicle otherwise qualifying  
78.17 as a type III vehicle under paragraph (5), when the vehicle is properly registered and  
78.18 insured and being driven by an employee or agent of a school district for nonscheduled  
78.19 or nonregular transportation. A school bus may be type A, type B, type C, or type D, or  
78.20 type III as follows:

78.21 (1) A "type A school bus" is a ~~van conversion or~~ bus constructed utilizing a cutaway  
78.22 front section vehicle with a left-side driver's door. ~~The entrance door is behind the front~~  
78.23 ~~wheels.~~ This definition includes two classifications: type A-I, with a gross vehicle weight  
78.24 rating (GVWR) ~~less than or equal to 10,000~~ 14,500 pounds or less; and type A-II, with a  
78.25 GVWR ~~greater than 10,000~~ 14,500 pounds and less than or equal to 21,500 pounds.

78.26 (2) A "type B school bus" is constructed utilizing a stripped chassis. The entrance  
78.27 door is behind the front wheels. This definition includes two classifications: type B-I,  
78.28 with a GVWR less than or equal to 10,000 pounds; and type B-II, with a GVWR greater  
78.29 than 10,000 pounds.

78.30 (3) A "type C school bus" is constructed utilizing a chassis with a hood and front  
78.31 fender assembly. The entrance door is behind the front wheels. A "type C school bus" also  
78.32 includes a cutaway truck chassis or truck chassis with cab with or without a left side door  
78.33 and with a GVWR greater than 21,500 pounds.

78.34 (4) A "type D school bus" is constructed utilizing a stripped chassis. The entrance  
78.35 door is ahead of the front wheels.

79.1 (5) Type III school buses and type III Head Start buses are restricted to passenger  
79.2 cars, station wagons, vans, and buses having a maximum manufacturer's rated seating  
79.3 capacity of ten or fewer people, including the driver, and a gross vehicle weight rating of  
79.4 10,000 pounds or less. In this subdivision, "gross vehicle weight rating" means the value  
79.5 specified by the manufacturer as the loaded weight of a single vehicle. A "type III school  
79.6 bus" and "type III Head Start bus" must not be outwardly equipped and identified as a type  
79.7 A, B, C, or D school bus or type A, B, C, or D Head Start bus. A van or bus converted to a  
79.8 seating capacity of ten or fewer and placed in service on or after August 1, 1999, must  
79.9 have been originally manufactured to comply with the passenger safety standards.

79.10 **EFFECTIVE DATE.** This section is effective January 1, 2007.

79.11 Sec. 32. Minnesota Statutes 2004, section 169.447, subdivision 2, is amended to read:

79.12 Subd. 2. **Driver seat belt.** ~~New~~ School buses and Head Start buses manufactured  
79.13 after December 31, 1994, must be equipped with driver seat belts and seat belt assemblies  
79.14 of the type described in section 169.685, subdivision 3. School bus drivers and Head  
79.15 Start bus drivers must use these seat belts.

79.16 **EFFECTIVE DATE.** This section is effective July 1, 2006.

79.17 Sec. 33. Minnesota Statutes 2004, section 169.4501, subdivision 1, is amended to read:

79.18 Subdivision 1. **National standards adopted.** Except as provided in sections  
79.19 169.4502 and 169.4503, the construction, design, equipment, and color of types A,  
79.20 B, C, and D school buses used for the transportation of school children shall meet the  
79.21 requirements of the "bus chassis standards" and "bus body standards" in the ~~2000~~ 2005  
79.22 edition of the "National School Transportation Specifications and Procedures" adopted  
79.23 by the National ~~Conference~~ Congress on School Transportation. Except as provided  
79.24 in section 169.4504, the construction, design, and equipment of types A, B, C, and D  
79.25 school buses used for the transportation of students with disabilities also shall meet the  
79.26 requirements of the "specially equipped school bus standards" in the ~~2000~~ 2005 National  
79.27 School Transportation Specifications and Procedures. The "bus chassis standards," "bus  
79.28 body standards," and "specially equipped school bus standards" sections of the ~~2000~~  
79.29 2005 edition of the "National School Transportation Specifications and Procedures" are  
79.30 incorporated by reference in this chapter.

79.31 **EFFECTIVE DATE.** This section is effective January 1, 2007.

79.32 Sec. 34. Minnesota Statutes 2004, section 169.4501, subdivision 2, is amended to read:

80.1 Subd. 2. **Applicability.** (a) The standards adopted in this section and sections  
80.2 169.4502 and 169.4503, govern the construction, design, equipment, and color of school  
80.3 buses used for the transportation of school children, when owned or leased and operated  
80.4 by a school or privately owned or leased and operated under a contract with a school.  
80.5 Each school, its officers and employees, and each person employed under the contract is  
80.6 subject to these standards.

80.7 (b) The standards apply to school buses manufactured after ~~October 31, 2004~~  
80.8 December 31, 2006. Buses complying with the standards when manufactured need not  
80.9 comply with standards established later except as specifically provided for by law.

80.10 (c) A school bus manufactured on or before ~~October 31, 2004~~ December 31,  
80.11 2006, must conform to the Minnesota standards in effect on the date the vehicle was  
80.12 manufactured except as specifically provided for in law.

80.13 (d) A new bus body may be remounted on a used chassis provided that the remounted  
80.14 vehicle meets state and federal standards for new buses which are current at the time of the  
80.15 remounting. Permission must be obtained from the commissioner of public safety before  
80.16 the remounting is done. A used bus body may not be remounted on a new or used chassis.

80.17 **EFFECTIVE DATE.** This section is effective January 1, 2007.

80.18 Sec. 35. Minnesota Statutes 2004, section 169.4502, subdivision 5, is amended to read:

80.19 Subd. 5. **Electrical system; battery.** (a) The storage battery, as established by the  
80.20 manufacturer's rating, must be of sufficient capacity to care for starting, lighting, signal  
80.21 devices, heating, and other electrical equipment. In a bus with a gas-powered chassis, the  
80.22 battery or batteries must provide a minimum of 800 cold cranking amperes. In a bus  
80.23 with a diesel-powered chassis, the battery or batteries must provide a minimum of 1050  
80.24 cold cranking amperes.

80.25 (b) In a type B bus with a gross vehicle weight rating of 15,000 pounds or more, and  
80.26 type C and D buses, the battery shall be temporarily mounted on the chassis frame. The  
80.27 final location of the battery and the appropriate cable lengths in these buses must comply  
80.28 with the SBMI design objectives booklet.

80.29 (c) All batteries shall be mounted according to chassis manufacturers'  
80.30 recommendations.

80.31 (d) In a type C bus, other than are powered by diesel fuel, a battery providing at least  
80.32 550 cold cranking amperes may be installed in the engine compartment only if used in  
80.33 combination with a generator or alternator of at least ~~120~~ 130 amperes.

80.34 (e) A bus with a gross vehicle weight rating of 15,000 pounds or less may be  
80.35 equipped with a battery to provide a minimum of 550 cold cranking amperes only if used

81.1 in combination with an alternator of at least ~~80~~ 130 amperes. This paragraph does not  
81.2 apply to those buses with wheelchair lifts or diesel engines.

81.3 **EFFECTIVE DATE.** This section is effective January 1, 2007.

81.4 Sec. 36. Minnesota Statutes 2004, section 169.4503, subdivision 20, is amended to  
81.5 read:

81.6 Subd. 20. **Seat and crash barriers.** (a) All restraining barriers and passenger seats  
81.7 shall be covered with a material that has fire retardant or fire block characteristics.

81.8 (b) All seats must have a minimum cushion depth of 15 inches and a seat back  
81.9 height of at least 20 inches above the seating reference point.

81.10 **EFFECTIVE DATE.** This section is effective January 1, 2007.

81.11 Sec. 37. Minnesota Statutes 2004, section 171.321, subdivision 4, is amended to read:

81.12 Subd. 4. **Training.** (a) No person shall drive a class A, B, C, or D school bus when  
81.13 transporting school children to or from school or upon a school-related trip or activity  
81.14 without having demonstrated sufficient skills and knowledge to transport students in  
81.15 a safe and legal manner.

81.16 (b) A bus driver must have training or experience that allows the driver to meet at  
81.17 least the following competencies:

81.18 (1) safely operate the type of school bus the driver will be driving;

81.19 (2) understand student behavior, including issues relating to students with  
81.20 disabilities;

81.21 (3) encourage orderly conduct of students on the bus and handle incidents of  
81.22 misconduct appropriately;

81.23 (4) know and understand relevant laws, rules of the road, and local school bus  
81.24 safety policies;

81.25 (5) handle emergency situations; and

81.26 (6) safely load and unload students.

81.27 (c) The commissioner of public safety shall develop a comprehensive model  
81.28 school bus driver training program and model assessments for school bus driver training  
81.29 competencies, which are not subject to chapter 14. A school district, nonpublic school, or  
81.30 private contractor may use alternative assessments for bus driver training competencies  
81.31 with the approval of the commissioner of public safety. After completion of bus driver  
81.32 training competencies, a driver may receive at least eight hours of school bus in-service  
81.33 training any year as an alternative to being assessed for bus driver competencies. The

82.1 employer shall keep the assessment and a record of the in-service training for the current  
82.2 period available for inspection by representatives of the commissioner.

82.3 **EFFECTIVE DATE. This section is effective July 1, 2006.**

82.4 Sec. 38. Minnesota Statutes 2004, section 171.321, subdivision 5, is amended to read:

82.5 Subd. 5. **Annual evaluation and license verification.** (a) A school district,  
82.6 nonpublic school, or private contractor shall provide in-service training ~~annually~~ by June  
82.7 30 of each year to each school bus driver.

82.8 (b) A school district, nonpublic school, or private contractor shall ~~annually~~ by June  
82.9 30 of each year verify the validity of the driver's license of each employee who regularly  
82.10 transports students for the district in a type A school bus, a type B school bus, a type C  
82.11 school bus, or type D school bus, or regularly transports students for the district in a type  
82.12 III vehicle with the National Driver Register or with the Department of Public Safety.

82.13 (c) Members of a nonprofit bus drivers' trade association under private contract  
82.14 with an independent school district shall not be charged a fee greater than the fee, if any,  
82.15 imposed upon an independent school district for accessing an employee's driver's license  
82.16 records from the Department of Public Safety in compliance with this section.

82.17 **EFFECTIVE DATE. This section is effective July 1, 2006.**

82.18 Sec. 39. Minnesota Statutes 2004, section 299F.30, is amended to read:

82.19 **299F.30 FIRE DRILL IN SCHOOL; DOORS AND EXITS.**

82.20 Subdivision 1. **Duties of fire marshal.** Consistent with this section and section  
82.21 121A.035, it shall be the duty of the state fire marshal, deputies and assistants, to require  
82.22 public and private schools and educational institutions to have ~~at least nine~~ fire drills  
82.23 each school year and to keep all doors and exits unlocked from the inside of the building  
82.24 during school hours. The fire marshal must require nonpublic schools and educational  
82.25 institutions not subject to section 121A.035 to have at least one fire drill each month  
82.26 during the school year.

82.27 Subd. 2. **Fire drill.** Each superintendent, principal or other person in charge of a  
82.28 public or private school, educational institution, children's home or orphanage housing 20  
82.29 or more students or other persons, shall instruct and train such students or other persons to  
30 quickly and expeditiously quit the premises in case of fire or other emergency by means of  
82.31 drills or rapid dismissals ~~at least once each month~~ while such school, institution, home or  
82.32 orphanage is in operation. Records of such drills shall be posted so that such records are

83.1 available for review by the state fire marshal at all times and shall include the drill date  
83.2 and the time required to evacuate the building.

83.3 **Subd. 3. School doors and exits.** Consistent with this section and section  
83.4 121A.035, each superintendent, principal or other person in charge of a public or private  
83.5 school, educational institution, children’s home or orphanage shall keep all doors and exits  
83.6 of such school, institution, home or orphanage unlocked so that persons can leave by such  
83.7 doors or exits at any time during the hours of normal operation.

83.8 **EFFECTIVE DATE.** This section is effective for the 2006-2007 school year and  
83.9 later.

83.10 **Sec. 40.** Minnesota Statutes 2005 Supplement, section 626.556, subdivision 3, is  
83.11 amended to read:

83.12 **Subd. 3. Persons mandated to report.** (a) Subject to paragraph (c), a person who  
83.13 knows or has reason to believe a child is being neglected or physically or sexually abused,  
83.14 as defined in subdivision 2, or has been neglected or physically or sexually abused within  
83.15 the preceding three years, shall immediately report the information to the local welfare  
83.16 agency, agency responsible for assessing or investigating the report, police department, or  
83.17 the county sheriff if the person is:

83.18 (1) a professional or professional’s delegate who is engaged in the practice of  
83.19 the healing arts, social services, hospital administration, psychological or psychiatric  
83.20 treatment, child care, education, correctional supervision, probation and correctional  
83.21 services, or law enforcement; or

83.22 (2) employed as a member of the clergy and received the information while  
83.23 engaged in ministerial duties, provided that a member of the clergy is not required by  
83.24 this subdivision to report information that is otherwise privileged under section 595.02,  
83.25 subdivision 1, paragraph (c).

83.26 The police department or the county sheriff, upon receiving a report, shall  
83.27 immediately notify the local welfare agency or agency responsible for assessing or  
83.28 investigating the report, orally and in writing. The local welfare agency, or agency  
83.29 responsible for assessing or investigating the report, upon receiving a report, shall  
83.30 immediately notify the local police department or the county sheriff orally and in writing.  
83.31 The county sheriff and the head of every local welfare agency, agency responsible for  
83.32 assessing or investigating reports, and police department shall each designate a person  
83.33 within their agency, department, or office who is responsible for ensuring that the  
83.34 notification duties of this paragraph and paragraph (b) are carried out. Nothing in this  
83.35 subdivision shall be construed to require more than one report from any institution, facility,

84.1 school, or agency. If the agency receiving a report determines that it is not responsible for  
84.2 assessing or investigating the report, the agency shall immediately notify the agency it  
84.3 determines is responsible for assessing or investigating the report under this section.

84.4 (b) Any person may voluntarily report to the local welfare agency, agency  
84.5 responsible for assessing or investigating the report, police department, or the county  
84.6 sheriff if the person knows, has reason to believe, or suspects a child is being or has been  
84.7 neglected or subjected to physical or sexual abuse. The police department or the county  
84.8 sheriff, upon receiving a report, shall immediately notify the local welfare agency or  
84.9 agency responsible for assessing or investigating the report, orally and in writing. The  
84.10 local welfare agency or agency responsible for assessing or investigating the report, upon  
84.11 receiving a report, shall immediately notify the local police department or the county  
84.12 sheriff orally and in writing.

84.13 (c) A person mandated to report physical or sexual child abuse or neglect occurring  
84.14 within a ~~licensed facility~~ or a school as defined under subdivision 3b, shall report the  
84.15 information to the agency responsible for licensing the facility under sections 144.50 to  
84.16 144.58; 241.021; 245A.01 to 245A.16; or chapter 245B; ~~or a nonlicensed personal care~~  
84.17 ~~provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625,~~  
84.18 ~~subdivision 19~~, or to the agency responsible for assessing or investigating the report, if the  
84.19 facility is not licensed. A health or corrections agency receiving a report may request the  
84.20 local welfare agency to provide assistance pursuant to subdivisions 10, 10a, and 10b. A  
84.21 board or other entity whose licensees perform work within a school facility, upon receiving  
84.22 a complaint of alleged maltreatment, shall provide information about the circumstances of  
84.23 the alleged maltreatment to the commissioner of education. Section 13.03, subdivision 4,  
84.24 applies to data received by the commissioner of education from a licensing entity.

84.25 (d) Any person mandated to report shall receive a summary of the disposition of  
84.26 any report made by that reporter, including whether the case has been opened for child  
84.27 protection or other services, or if a referral has been made to a community organization,  
84.28 unless release would be detrimental to the best interests of the child. Any person who is  
84.29 not mandated to report shall, upon request to the local welfare agency, receive a concise  
84.30 summary of the disposition of any report made by that reporter, unless release would be  
84.31 detrimental to the best interests of the child.

84.32 (e) For purposes of this subdivision, "immediately" means as soon as possible but in  
84.33 no event longer than 24 hours.

84.34 Sec. 41. Minnesota Statutes 2004, section 626.556, subdivision 3b, is amended to read:

85.1 Subd. 3b. **Agency Department of Education responsible for assessing or**  
85.2 **investigating reports of maltreatment.** The Department of Education is the agency  
85.3 responsible for assessing or investigating allegations of child maltreatment in schools  
85.4 as defined in sections ~~120A.05, subdivisions 9, 11, and 13;~~ 120A.05, subdivisions 9,  
85.5 11, 13, and 17, and 124D.10, unless the alleged maltreatment occurred in a program or  
85.6 facility licensed by the commissioner of human services. "School" includes a school-age  
85.7 care program, Head Start program, early childhood family education program, school  
85.8 district-administered day treatment facility, or other program licensed or administered  
85.9 by the commissioner of education that provides services for minors and is located in  
85.10 or operated by a school.

85.11 Sec. 42. Minnesota Statutes 2004, section 626.556, subdivision 3c, is amended to read:

85.12 Subd. 3c. **Agency Local welfare agency, Department of Human Services,**  
85.13 **or Department of Health responsible for assessing or investigating reports of**  
85.14 **maltreatment.** ~~The following agencies are the administrative agencies responsible for~~  
85.15 ~~assessing or investigating reports of alleged child maltreatment in facilities made under~~  
85.16 ~~this section:~~

85.17 ~~(1)~~ (a) The county local welfare agency is the agency responsible for assessing or  
85.18 investigating:

85.19 (1) allegations of maltreatment in child foster care, family child care, and legally  
85.20 unlicensed child care and in juvenile correctional facilities licensed under section 241.021  
85.21 located in the local welfare agency's county; and

85.22 (2) other allegations of maltreatment that are not the responsibility of another agency  
85.23 under this subdivision or subdivision 3b.

85.24 ~~(2)~~ (b) The Department of Human Services is the agency responsible for assessing  
85.25 or investigating allegations of maltreatment in facilities licensed under chapters 245A and  
85.26 245B, except for child foster care and family child care; ~~and.~~

85.27 ~~(3)~~ (c) The Department of Health is the agency responsible for assessing or  
85.28 investigating allegations of child maltreatment in facilities licensed under sections 144.50  
85.29 to 144.58, and in unlicensed home health care.

85.30 Sec. 43. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision  
85.31 13, is amended to read:

85.32

85.33 Subd. 13. **Examination fees; teacher training and support programs.** (a) For  
85.34 students' advanced placement and international baccalaureate examination fees under

86.1 Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs  
 86.2 for teachers and other interested educators under Minnesota Statutes, section 120B.13,  
 86.3 subdivision 1:

86.4 \$ 4,500,000 ..... 2006

86.5 \$ 4,500,000 ..... 2007

86.6 (b) The advanced placement program shall receive 75 percent of the appropriation  
 86.7 each year and the international baccalaureate program shall receive 25 percent of the  
 86.8 appropriation each year. The department, in consultation with representatives of the  
 86.9 advanced placement and international baccalaureate programs selected by the Advanced  
 86.10 Placement Advisory Council and IBMN, respectively, shall determine the amounts of  
 86.11 the expenditures each year for examination fees and training and support programs for  
 86.12 each program.

86.13 (c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least  
 86.14 \$500,000 each year is for teachers to attend subject matter summer training programs  
 86.15 and follow-up support workshops approved by the advanced placement or international  
 86.16 baccalaureate programs. ~~The amount of the subsidy for each teacher attending an~~  
 86.17 ~~advanced placement or international baccalaureate summer training program or workshop~~  
 86.18 ~~shall be the same. The commissioner shall determine the payment process and the amount~~  
 86.19 ~~of the subsidy.~~ Teachers shall apply for teacher training scholarships to prepare for  
 86.20 teaching in the advanced placement or international baccalaureate program. Any reserved  
 86.21 funding not expended for teacher training may be used for exam fees and other support  
 86.22 programs for each program.

86.23 (d) The commissioner shall pay all examination fees for all students of low-income  
 86.24 families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent  
 86.25 of available appropriations shall also pay examination fees for students sitting for an  
 86.26 advanced placement examination, international baccalaureate examination, or both.

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

86.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

86.29 Sec. 44. **RULE ON VISUALLY IMPAIRED TO INCLUDE REFERENCES TO**  
 86.30 **"BLIND" AND "BLINDNESS."**

86.31 The commissioner of education, where appropriate, must incorporate references to  
 86.32 "blind" and "blindness" into the definition of visually impaired under Minnesota Rules,  
 86.33 part 3525.1345, and amend the rule title to include the word "blind."

87.1 EFFECTIVE DATE. This section is effective the day following final enactment.

87.2 Sec. 45. PILOT PROGRAM TO FACILITATE YOUNG CHILDREN'S SECOND  
87.3 LANGUAGE LEARNING AND STRONGER LITERACY AND VERBAL SKILLS.

87.4 (a) A pilot program for fiscal year 2007 is established to allow school districts to  
87.5 use child-relevant American sign language to encourage children in kindergarten through  
87.6 grade 3 to learn a second language and develop stronger literacy and verbal skills and  
87.7 better classroom attention. School districts that have (1) child care centers or Head Start  
87.8 classrooms, (2) English language learners, foreign language classrooms, or language  
87.9 immersion programs, (3) resident families with internationally adopted children, or (4)  
87.10 classrooms in which children with special needs are served may apply to the education  
87.11 commissioner, in the form and manner the commissioner determines, for a pilot program  
87.12 grant. School districts that receive a grant under this section must use the grant to train  
87.13 education staff who work with children in kindergarten through grade 3, including at least  
87.14 classroom teachers, teachers' assistants, ESL teachers, and special education teachers to  
87.15 use 600 child-relevant signs in sign language to help hearing students acquire vocabulary  
87.16 quickly and easily, become better problem solvers, creative thinkers and communicators  
87.17 and better prepared academically, and to use effective strategies to incorporate sign  
87.18 language into classroom instruction.

87.19 (b) The commissioner may award grants to qualified school districts on a first-come  
87.20 first-served basis to allow training for 1,000 education staff under this section.

87.21 (c) The commissioner shall provide for an independent evaluation of the efficacy  
87.22 of the pilot program under this section and shall recommend to the education policy and  
87.23 finance committees of the legislature by February 15, 2008, whether or not the program  
87.24 should be continued and expanded.

87.25 Sec. 46. CHINESE LANGUAGE PROGRAMS; CURRICULUM  
87.26 DEVELOPMENT PROJECT.

87.27 Subdivision 1. Project parameters. (a) Notwithstanding other law to the contrary,  
87.28 the commissioner of education may contract with the Board of Regents of the University  
87.29 of Minnesota or other Minnesota public entity the commissioner determines is qualified  
87.30 to undertake the development of an articulated K-12 Chinese curriculum for Minnesota  
87.31 schools that involves:

87.32 (1) creating a network of Chinese teachers and educators able to develop new and  
87.33 modify or expand existing world languages K-12 curricula, materials, assessments, and  
87.34 best practices needed to provide Chinese language instruction to students; and

88.1 (2) coordinating statewide efforts to develop and expand Chinese language  
88.2 instruction so that it is uniformly available to students throughout the state, and making  
88.3 innovative use of media and technology, including television, distance learning, and online  
88.4 courses to broaden students' access to the instruction.

88.5 (b) The entity with which the commissioner contracts under paragraph (a) must have  
88.6 sufficient knowledge and expertise to ensure the professional development of appropriate,  
88.7 high-quality curricula, supplementary materials, aligned assessments, and best practices  
88.8 that accommodate different levels of student ability and types of programs.

88.9 (c) Project participants must:

88.10 (1) work throughout the project to develop curriculum, supplementary materials,  
88.11 aligned assessments, and best practices; and

88.12 (2) make curriculum, supplementary materials, aligned assessments, and best  
88.13 practices equitably available to Minnesota schools and students.

88.14 Subd. 2. Project participants. The entity with which the commissioner contracts  
88.15 must work with the network of Chinese teachers and educators to:

88.16 (1) conduct an inventory of Chinese language curricula, supplementary materials,  
88.17 and professional development initiatives currently used in Minnesota or other states;

88.18 (2) develop Chinese language curricula and benchmarks aligned to local world  
88.19 language standards and classroom-based assessments; and

88.20 (3) review and recommend to the commissioner how best to build an educational  
88.21 infrastructure to provide more students with Chinese language instruction, including  
88.22 how to develop and provide: an adequate supply of Chinese language teachers; an  
88.23 adequate number of high-quality school programs; appropriate curriculum, instructional  
88.24 materials, and aligned assessments that include technology-based delivery systems;  
88.25 teacher preparation programs to train Chinese language teachers; expedited licensing of  
88.26 Chinese language teachers; best practices in existing educational programs that can be  
88.27 used to establish K-12 Chinese language programs; and technical assistance resources.

88.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

88.29 **Sec. 47. 2006 SCHOOL ACCOUNTABILITY REPORT.**

88.30 Notwithstanding Minnesota Statutes, section 120B.36, for 2006 reporting only, the  
88.31 Department of Education may delay the release to the public and the posting of the 2006  
32 school performance report cards and adequate yearly progress data on its public Web  
88.33 site to no later than November 30, 2006.

89.1        **Sec. 48. NORTHWESTERN ONLINE COLLEGE IN THE HIGH SCHOOL**  
 89.2 **PROGRAM.**

89.3        For fiscal year 2007 only, the Northwestern Online College in the High School  
 89.4 program is eligible for \$50,000 for professional development and to develop Web-based  
 89.5 technology.

89.6        **Sec. 49. APPROPRIATION.**

89.7        Subdivision 1. Department of Education. The sums indicated in this section are  
 89.8 appropriated from the general fund to the Department of Education for the fiscal years  
 89.9 designated.

89.10       Subd. 2. Northwestern Online College in the High School program. For  
 89.11 Northwestern Online College in the High School program:

89.12        \$ 50,000        .....        2007

89.13       Subd. 3. Chinese language. For the Chinese language curriculum project:

89.14        \$ 250,000        .....        2007

89.15        The commissioner must report to the house of representatives and senate committees  
 89.16 having jurisdiction over kindergarten through grade 12 education policy and finance on  
 89.17 the range of the program by February 15, 2007. The report shall address the applicability  
 89.18 of the Chinese language curriculum project to other world languages and include the  
 89.19 availability of instructors, curriculum, high-quality school programs, assessments, and  
 89.20 best practices as they apply to world languages.

89.21        This is a onetime appropriation.

89.22        Subd. 4. Child-relevant American sign language. For a contract with a qualified  
 89.23 provider to train education staff to use child-relevant American sign language to facilitate  
 89.24 young children's development of second language learning and stronger literacy and  
 89.25 verbal skills:

89.26        \$ 225,000        .....        2007

89.27        Of this appropriation, \$150,000 is for actual training costs, \$35,000 is for  
 89.28 an independent evaluation of the efficacy of the pilot program, and \$40,000 is for  
 89.29 administrative and marketing costs incurred by the Department of Education.

89.30        Subd. 5. Scholars of distinction. For the scholars of distinction program:



91.1 (3) secondary sparsity revenue and elementary sparsity revenue shall be allocated  
91.2 according to section 126C.10, subdivisions 7 and 8;

91.3 (4) other general education revenue shall be allocated on a uniform per pupil unit  
91.4 basis;

91.5 (5) first grade preparedness aid shall be allocated according to section 124D.081;

91.6 (6) state and federal special education aid and Title I aid shall be allocated in  
91.7 proportion to district expenditures for these programs by building; and

91.8 (7) other general fund revenues shall be allocated on a uniform per pupil basis,  
91.9 except that the department may allocate other revenues attributable to specific buildings  
91.10 directly to those buildings.

91.11 (d) The amount of state and federal special education aid for nonpublic school pupils  
91.12 receiving special education instruction and services and transportation and the number  
91.13 of nonpublic school pupils with a disability assessed and receiving special education  
91.14 instruction and services and transportation from school districts must be shown in a  
91.15 separate category.

91.16 **EFFECTIVE DATE.** This section is effective for fiscal year 2006 and later.

91.17 Sec. 2. Minnesota Statutes 2005 Supplement, section 125A.11, subdivision 1, is  
91.18 amended to read:

91.19 Subdivision 1. **Nonresident tuition rate; other costs.** (a) For fiscal year 2006,  
91.20 when a school district provides instruction and services outside the district of residence,  
91.21 board and lodging, and any tuition to be paid, shall be paid by the district of residence. The  
91.22 tuition rate to be charged for any child with a disability, excluding a pupil for whom tuition  
91.23 is calculated according to section 127A.47, subdivision 7, paragraph (d), must be the sum  
91.24 of (1) the actual cost of providing special instruction and services to the child including  
91.25 a proportionate amount for special transportation and unreimbursed building lease and  
91.26 debt service costs for facilities used primarily for special education, plus (2) the amount  
91.27 of general education revenue and referendum aid attributable to the pupil, minus (3) the  
91.28 amount of special education aid for children with a disability received on behalf of that  
91.29 child, minus (4) if the pupil receives special instruction and services outside the regular  
91.30 classroom for more than 60 percent of the school day, the amount of general education  
91.31 revenue and referendum aid, excluding portions attributable to district and school  
91.32 administration, district support services, operations and maintenance, capital expenditures,  
91.33 and pupil transportation, attributable to that pupil for the portion of time the pupil receives  
91.34 special instruction in and services outside of the regular classroom. If the boards involved  
91.35 do not agree upon the tuition rate, either board may apply to the commissioner to fix the

92.1 rate. Notwithstanding chapter 14, the commissioner must then set a date for a hearing or  
92.2 request a written statement from each board, giving each board at least ten days' notice,  
92.3 and after the hearing or review of the written statements the commissioner must make an  
92.4 order fixing the tuition rate, which is binding on both school districts. General education  
92.5 revenue and referendum aid attributable to a pupil must be calculated using the resident  
92.6 district's average general education and referendum revenue per adjusted pupil unit.

92.7 (b) For fiscal year 2007 and later, when a school district provides special instruction  
92.8 and services for a pupil with a disability as defined in section 125A.02 outside the district  
92.9 of residence, excluding a pupil for whom an adjustment to special education aid is  
92.10 calculated according to section 127A.47, subdivision 7, paragraph (e), special education  
92.11 aid paid to the resident district must be reduced by an amount equal to (1) the actual  
92.12 cost of providing special instruction and services to the pupil, including a proportionate  
92.13 amount for special transportation and unreimbursed building lease and debt service costs  
92.14 for facilities used primarily for special education, plus (2) the amount of general education  
92.15 revenue and referendum aid attributable to that pupil, minus (3) the amount of special  
92.16 education aid for children with a disability received on behalf of that child, minus (4) if the  
92.17 pupil receives special instruction and services outside the regular classroom for more than  
92.18 60 percent of the school day, the amount of general education revenue and referendum  
92.19 aid, excluding portions attributable to district and school administration, district support  
92.20 services, operations and maintenance, capital expenditures, and pupil transportation,  
92.21 attributable to that pupil for the portion of time the pupil receives special instruction in  
92.22 and services outside of the regular classroom. General education revenue and referendum  
92.23 aid attributable to a pupil must be calculated using the resident district's average general  
92.24 education revenue and referendum aid per adjusted pupil unit. Special education aid  
92.25 paid to the district or cooperative providing special instruction and services for the pupil  
92.26 must be increased by the amount of the reduction in the aid paid to the resident district.  
92.27 Amounts paid to cooperatives under this subdivision and section 127A.47, subdivision  
92.28 7, shall be recognized and reported as revenues and expenditures on the resident school  
92.29 district's books of account under sections 123B.75 and 123B.76. If the resident district's  
92.30 special education aid is insufficient to make the full adjustment, the remaining adjustment  
92.31 shall be made to other state aid due to the district.

92.32 (c) Notwithstanding paragraphs (a) and (b) and section 127A.47, subdivision 7,  
92.33 paragraphs (d) and (e), a charter school where more than 30 percent of enrolled students  
92.34 receive special education and related services, an intermediate district, ~~or~~ a special  
92.35 education cooperative, or a school district that served as the applicant agency for a group  
92.36 of school districts for federal special education aids for fiscal year 2006 may apply to the

93.1 commissioner for authority to charge the resident district an additional amount to recover  
93.2 any remaining unreimbursed costs of serving pupils with a disability. The application must  
93.3 include a description of the costs and the calculations used to determine the unreimbursed  
93.4 portion to be charged to the resident district. Amounts approved by the commissioner  
93.5 under this paragraph must be included in the tuition billings or aid adjustments under  
93.6 paragraph (a) or (b), or section 127A.47, subdivision 7, paragraph (d) or (e), as applicable.

93.7 (d) For purposes of this subdivision and section 127A.47, subdivision 7, paragraphs  
93.8 (d) and (e), "general education revenue and referendum aid" means the sum of the general  
93.9 education revenue according to section 126C.10, subdivision 1, excluding alternative  
93.10 teacher compensation revenue, plus the referendum aid according to section 126C.17,  
93.11 subdivision 7, as adjusted according to section 127A.47, subdivision 7, paragraphs (a)  
93.12 to (c).

93.13 **EFFECTIVE DATE.** This section is effective for fiscal year 2006.

93.14 Sec. 3. Minnesota Statutes 2004, section 125A.515, subdivision 1, is amended to read:

93.15 **Subdivision 1. Approval of education programs.** The commissioner shall  
93.16 approve education programs for placement of children and youth in ~~care and treatment~~  
93.17 residential facilities including detention centers, before being licensed by the Department  
93.18 of Human Services ~~under Minnesota Rules, parts 9545.0905 to 9545.1125 and 9545.1400~~  
93.19 ~~to 9545.1480~~, or the Department of Corrections ~~under Minnesota Rules, chapters 2925,~~  
93.20 ~~2930, 2935, and 2950.~~ Education programs in these facilities shall conform to state and  
93.21 federal education laws including the Individuals with Disabilities Education Act (IDEA).  
93.22 This section applies only to placements in facilities licensed by the Department of Human  
93.23 Services or the Department of Corrections.

93.24 Sec. 4. Minnesota Statutes 2004, section 125A.515, subdivision 3, is amended to read:

93.25 **Subd. 3. Responsibilities for providing education.** (a) The district in which the  
93.26 residential facility is located must provide education services, including special education  
93.27 if eligible, to all students placed in a facility ~~for care and treatment.~~

93.28 (b) For education programs operated by the Department of Corrections, the  
93.29 providing district shall be the Department of Corrections. For students remanded to the  
93.30 commissioner of corrections, the providing and resident district shall be the Department  
93.31 of Corrections.

93.32 ~~(c) Placement for care and treatment does not automatically make a student eligible~~  
93.33 ~~for special education. A student placed in a care and treatment facility is eligible for~~

94.1 ~~special education under state and federal law including the Individuals with Disabilities~~  
94.2 ~~Education Act under United States Code, title 20, chapter 33.~~

94.3 Sec. 5. Minnesota Statutes 2004, section 125A.515, subdivision 5, is amended to read:

94.4 **Subd. 5. Education programs for students placed in residential facilities for**  
94.5 **~~care and treatment~~.** (a) When a student is placed in a ~~care and treatment~~ facility  
94.6 approved under this section that has an on-site education program, the providing district,  
94.7 upon notice from the care and treatment facility, must contact the resident district within  
94.8 one business day to determine if a student has been identified as having a disability, and  
94.9 to request at least the student's transcript, and for students with disabilities, the most  
94.10 recent individualized education plan (IEP) and evaluation report, and to determine if the  
94.11 student has been identified as a student with a disability. The resident district must send a  
94.12 facsimile copy to the providing district within two business days of receiving the request.

94.13 (b) If a student placed ~~for care and treatment~~ under this section has been identified as  
94.14 having a disability and has an individual education plan in the resident district:

94.15 (1) the providing agency must conduct an individualized education plan meeting  
94.16 to reach an agreement about continuing or modifying special education services in  
94.17 accordance with the current individualized education plan goals and objectives and to  
94.18 determine if additional evaluations are necessary; and

94.19 (2) at least the following people shall receive written notice or documented phone  
94.20 call to be followed with written notice to attend the individualized education plan meeting:

94.21 (i) the person or agency placing the student;

94.22 (ii) the resident district;

94.23 (iii) the appropriate teachers and related services staff from the providing district;

94.24 (iv) appropriate staff from the ~~care and treatment~~ residential facility;

94.25 (v) the parents or legal guardians of the student; and

94.26 (vi) when appropriate, the student.

94.27 (c) For a student who has not been identified as a student with a disability, a  
94.28 screening must be conducted by the providing districts as soon as possible to determine  
94.29 the student's educational and behavioral needs and must include a review of the student's  
94.30 educational records.

94.31 Sec. 6. Minnesota Statutes 2004, section 125A.515, subdivision 6, is amended to read:

94.32 **Subd. 6. Exit report summarizing educational progress.** If a student has been  
94.33 placed in a ~~care and treatment~~ facility under this section for 15 or more business days, the  
94.34 providing district must prepare an exit report summarizing the regular education, special

95.1 education, evaluation, educational progress, and service information and must send the  
95.2 report to the resident district and the next providing district if different, the parent or  
95.3 legal guardian, and any appropriate social service agency. For students with disabilities,  
95.4 this report must include the student's IEP.

95.5 Sec. 7. Minnesota Statutes 2004, section 125A.515, subdivision 7, is amended to read:

95.6 Subd. 7. **Minimum educational services required.** When a student is placed in a  
95.7 facility approved under this section, at a minimum, the providing district is responsible for:

95.8 (1) the education necessary, including summer school services, for a student who is  
95.9 not performing at grade level as indicated in the education record or IEP; and

95.10 (2) a school day, of the same length as the school day of the providing district, unless  
95.11 the unique needs of the student, as documented through the IEP or education record in  
95.12 consultation with treatment providers, requires an alteration in the length of the school day.

95.13 Sec. 8. Minnesota Statutes 2004, section 125A.515, subdivision 9, is amended to read:

95.14 Subd. 9. **Reimbursement for education services.** (a) Education services  
95.15 provided to students who have been placed ~~for care and treatment~~ under this section are  
95.16 reimbursable in accordance with special education and general education statutes.

95.17 (b) Indirect or consultative services provided in conjunction with regular education  
95.18 prereferral interventions and assessment provided to regular education students suspected  
95.19 of being disabled and who have demonstrated learning or behavioral problems in a  
95.20 screening are reimbursable with special education categorical aids.

95.21 (c) Regular education, including screening, provided to students with or without  
95.22 disabilities is not reimbursable with special education categorical aids.

95.23 Sec. 9. Minnesota Statutes 2004, section 125A.515, subdivision 10, is amended to read:

95.24 Subd. 10. **Students unable to attend school but not placed in care and treatment**  
95.25 **facilities covered under this section.** Students who are absent from, or predicted to  
95.26 be absent from, school for 15 consecutive or intermittent days, and placed at home or  
95.27 in facilities not licensed by the Departments of Corrections or Human Services are ~~not~~  
95.28 ~~students placed for care and treatment~~ entitled to regular and special education services  
95.29 consistent with applicable law and rule. These students include students with and without  
95.30 disabilities who are home due to accident or illness, in a hospital or other medical facility,  
95.31 or in a day treatment center. ~~These students are entitled to education services through~~  
95.32 ~~their district of residence.~~

96.1 Sec. 10. Minnesota Statutes 2004, section 125A.63, subdivision 4, is amended to read:

96.2 Subd. 4. **Advisory committees.** ~~The Special Education Advisory Council~~  
96.3 commissioner shall establish an advisory committee for each resource center. The  
96.4 advisory committees shall develop recommendations regarding the resource centers and  
96.5 submit an annual report to the commissioner on the form and in the manner prescribed by  
96.6 the commissioner.

96.7 Sec. 11. Minnesota Statutes 2004, section 125A.75, subdivision 1, is amended to read:

96.8 Subdivision 1. **Travel aid.** The state must pay each district one-half of the sum  
96.9 actually expended by a district, based on mileage, for necessary travel of essential  
96.10 personnel providing home-based services to children with a disability under age five  
96.11 and their families.

6.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.

96.13 Sec. 12. Minnesota Statutes 2005 Supplement, section 125A.79, subdivision 1, is  
96.14 amended to read:

96.15 Subdivision 1. **Definitions.** For the purposes of this section, the definitions in this  
96.16 subdivision apply.

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

96.18 (1) expenditures for teachers' salaries, contracted services, supplies, equipment, and  
96.19 transportation services eligible for revenue under section 125A.76; plus

96.20 (2) expenditures for tuition bills received under sections 125A.03 to 125A.24 and  
96.21 125A.65 for services eligible for revenue under section 125A.76, subdivision 2; minus

96.22 (3) revenue for teachers' salaries, contracted services, supplies, and equipment under  
96.23 section 125A.76; minus

96.24 (4) tuition receipts under sections 125A.03 to 125A.24 and 125A.65 for services  
96.25 eligible for revenue under section 125A.76, subdivision 2.

96.26 (b) "General revenue" means the sum of the general education revenue according to  
96.27 section 126C.10, subdivision 1, ~~as adjusted according to section 127A.47, subdivisions~~  
96.28 ~~7 and 8~~ excluding alternative teacher compensation revenue, plus the total qualifying  
96.29 referendum revenue specified in paragraph (e) minus transportation sparsity revenue  
96.30 minus total operating capital revenue.

96.31 (c) "Average daily membership" has the meaning given it in section 126C.05.

96.32 (d) "Program growth factor" means 1.02 for fiscal year 2003, and 1.0 for fiscal  
96.33 year 2004 and later.

97.1 (e) "Total qualifying referendum revenue" means two-thirds of the district's total  
97.2 referendum revenue as adjusted according to section 127A.47, subdivision 7, paragraphs  
97.3 (a) to (c), for fiscal year 2006, one-third of the district's total referendum revenue for fiscal  
97.4 year 2007, and none of the district's total referendum revenue for fiscal year 2008 and later.

97.5 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2006.

97.6 **Sec. 13. SPECIAL EDUCATION FORECAST MAINTENANCE OF EFFORT.**

97.7 (a) If, on the basis of a forecast of general fund revenues and expenditures under  
97.8 Minnesota Statutes, section 16A.103; expenditures for special education aid under  
97.9 Minnesota Statutes, section 125A.76; transition for disabled students under Minnesota  
97.10 Statutes, section 124D.454; travel for home-based services under Minnesota Statutes,  
97.11 section 124A.75, subdivision 1; aid for students with disabilities under Minnesota Statutes,  
97.12 section 125A.75, subdivision 3; court-placed special education under Minnesota Statutes,  
97.13 section 125A.79, subdivision 4; or out-of-state tuition under Minnesota Statutes, section  
97.14 125A.79, subdivision 8, are projected to be less than the amount previously forecast for an  
97.15 enacted budget, the forecast excess from these programs, up to an amount sufficient to  
97.16 meet federal special education maintenance of effort, is added to the state total special  
97.17 education aid in Minnesota Statutes, section 125A.76, subdivision 4.

97.18 (b) If, on the basis of a forecast of general fund revenues and expenditures under  
97.19 Minnesota Statutes, section 16A.103, expenditures in the programs in this section are  
97.20 projected to be greater than previously forecast for an enacted budget, and an addition to  
97.21 state total special education aid has been made under paragraph (a), the state total special  
97.22 education aid must be reduced by the lesser of the amount of the expenditure increase or  
97.23 the amount previously added to state total special education aid, and this amount must be  
97.24 taken from the programs that were forecast to have a forecast excess.

97.25 (c) For the purpose of this section, "previously forecast for an enacted budget" means  
97.26 the allocation of funding for these programs in the most recent forecast of general fund  
97.27 revenues and expenditures or the act appropriating money for these programs, whichever  
97.28 occurred most recently. It does not include planning estimates for a future biennium.

97.29 **Sec. 14. INTERMEDIATE DISTRICT SPECIAL EDUCATION TUITION**  
97.30 **BILLING FOR FISCAL YEARS 2006 AND 2007.**

97.31 (a) Notwithstanding Minnesota Statutes, sections 125A.11, subdivision 1, paragraph  
97.32 (a), and 127A.47, subdivision 7, paragraph (d), for fiscal year 2006, an intermediate  
97.33 district is not subject to the uniform special education tuition billing calculations, but may

98.1 instead continue to bill the resident school districts for the actual unreimbursed costs of  
98.2 servicing pupils with a disability as determined by the intermediate district.

98.3 (b) Notwithstanding Minnesota Statutes, section 125A.11, subdivision 1, paragraph  
98.4 (c), for fiscal year 2007 only, an intermediate district may apply to the commissioner of  
98.5 education for a waiver from the uniform special education tuition calculations and aid  
98.6 adjustments under Minnesota Statutes, sections 125A.11, subdivision 1, paragraph (b), and  
98.7 127A.47, subdivision 7, paragraph (e). The commissioner must grant the waiver within 30  
98.8 days of receiving the following information from the intermediate district:

98.9 (1) a detailed description of the intermediate district's methodology for calculating  
98.10 special education tuition for fiscal years 2006 and 2007, as required by the intermediate  
98.11 district to recover the full cost of servicing pupils with a disability;

98.12 (2) sufficient data to determine the total amount of special education tuition actually  
98.13 charged for each student with a disability, as required by the intermediate district to  
98.14 recover the full cost of servicing pupils with a disability in fiscal year 2006; and

98.15 (3) sufficient data to determine the amount that would have been charged for each  
98.16 student for fiscal year 2006 using the uniform tuition billing methodology according  
98.17 to Minnesota Statutes, section 125A.11, subdivision 1, or 127A.47, subdivision 7, as  
98.18 applicable.

98.19 **EFFECTIVE DATE.** This section is effective the day following final enactment  
98.20 for fiscal year 2006.

98.21 **Sec. 15. SPECIAL EDUCATION STUDY.**

98.22 (a) The commissioner of education must contract with an independent consultant that  
98.23 has extensive experience working with various states on special education finance systems  
98.24 to evaluate Minnesota's special education funding structure and make recommendations  
98.25 to improve its effectiveness. The recommendations must be in conformance with Public  
98.26 Law 108-446, section 612(a) (5) (B) (i).

98.27 (b) The consultant must:

98.28 (1) conduct an in-depth analysis of the current special education finance system  
98.29 in Minnesota;

98.30 (2) convene a task force in Minnesota consisting of superintendents, special  
98.31 education directors, representatives from special education advocacy organizations,  
98.32 and parents of children receiving special education services to help formulate  
98.33 recommendations for improvement; and

98.34 (3) prepare a report to be submitted to the Department of Education and the  
98.35 legislature.

99.1 (c) In addition to the requirements in paragraph (b), the consultant must analyze  
 99.2 and report on the effectiveness of the current special education program in educating  
 99.3 Minnesota students. The consultant must use a statistical analysis to help explain  
 99.4 differences in spending across school districts while controlling for student performance.

99.5 (d) The commissioner must report on the findings on the contract to the legislative  
 99.6 committees having jurisdiction over kindergarten through grade 12 finance before  
 99.7 December 15, 2007.

99.8 **EFFECTIVE DATE.** This section is effective the day following final enactment.

99.9 **Sec. 16. APPROPRIATION.**

99.10 Subdivision 1. Department of Education. The sum indicated in this section is  
 99.11 appropriated from the general fund to the Department of Education for the fiscal year  
 99.12 designated.

99.13 Subd. 2. Special education study contract. For a contract to examine Minnesota's  
 99.14 special education funding structure under section 15:

99.15 \$ 250,000 ..... 2007

99.16 **Sec. 17. DEPARTMENT OF EDUCATION RULES.**

99.17 Before July 1, 2007, the Department of Education shall amend Minnesota Rules,  
 99.18 part 3525.2325, to conform with Minnesota Statutes, section 125A.515.

99.19 **Sec. 18. REPEALER.**

99.20 Minnesota Statutes 2004, sections 125A.10; and 125A.515, subdivision 2, are  
 99.21 repealed.

99.22 **ARTICLE 6**  
 99.23 **FACILITIES, ACCOUNTING, AND TECHNOLOGY**

99.24 **Section 1. Minnesota Statutes 2004, section 123A.44, is amended to read:**

99.25 **123A.44 CITATION.**

99.26 Sections 123A.441 to 123A.446 may be cited as the "Cooperative ~~Secondary~~  
 99.27 **Facilities Grant Act.**"

99.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

100.1 Sec. 2. Minnesota Statutes 2004, section 123A.441, is amended to read:

100.2 **123A.441 POLICY AND PURPOSE.**

100.3 Because of the rates of decline in school-aged population, population shifts and  
 100.4 economic changes that the state has experienced in recent years and anticipates in future  
 100.5 years, and because in some instances local districts have not, and will not be able to  
 100.6 provide the required construction funds through local property taxes, the purpose of the  
 100.7 cooperative ~~secondary~~ facilities grant program is to provide an incentive to encourage  
 100.8 cooperation in making available to all ~~secondary~~ students those educational programs,  
 100.9 services and facilities that are most efficiently and effectively provided by a cooperative  
 100.10 effort of ~~several~~ school districts. The policy and purpose of sections 123A.442 to  
 100.11 123A.446 is to use the credit of the state, to a limited degree, to provide grants to  
 100.12 cooperating groups of districts to improve and expand the educational opportunities and  
 100.13 facilities available to their ~~secondary~~ students.

100.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

100.15 Sec. 3. Minnesota Statutes 2004, section 123A.442, is amended to read:

100.16 **123A.442 APPROVAL AUTHORITY; APPLICATION FORMS.**

100.17 Subdivision 1. **Approval by commissioner.** To the extent money is available, the  
 100.18 commissioner may approve projects from applications submitted under section 123A.443.  
 100.19 The grant money must be used only to acquire, construct, remodel or improve the building  
 100.20 or site of a cooperative ~~secondary~~ facility under contracts to be entered into within 15  
 100.21 months after the date on which each grant is awarded.

100.22 Subd. 2. **Cooperation and combination.** Districts that have not already  
 100.23 consolidated and receive a cooperative ~~secondary~~ facilities grant ~~after May 1, 1991~~, shall:

100.24 (1) submit a consolidation plan as set forth in ~~under~~ section ~~123A.36~~ 123A.48 for  
 100.25 approval by the ~~State Board of Education before December 31, 1999~~, or Department of  
 100.26 Education ~~after December 30, 1999~~; and

100.27 (2) hold a referendum on the question of ~~combination~~ consolidation no later than  
 100.28 four years after a grant is awarded under subdivision 1.

100.29 The districts are eligible for ~~cooperation and combination~~ consolidation revenue  
 100.30 under section ~~123A.39~~, ~~subdivision 3~~ 123A.485.

100.31 **Subd. 3. Consolidated districts.** A school district that has consolidated with  
 100.32 another school district since July 1, 1980, is eligible for a cooperative facilities grant.

100.33 **EFFECTIVE DATE.** This section is effective the day following final enactment.

101.1 Sec. 4. Minnesota Statutes 2004, section 123A.443, is amended to read:

101.2 **123A.443 GRANT APPLICATION PROCESS.**

101.3 Subdivision 1. **Qualification.** Any group of districts or a consolidated district  
101.4 that meets the criteria required under subdivision 2 may apply for an incentive grant for  
101.5 construction of a new ~~secondary~~ facility or for remodeling and improving an existing  
101.6 ~~secondary~~ facility. A grant for new construction must not exceed the lesser of ~~\$5,000,000~~  
101.7 \$10,000,000 or 75 percent of the approved construction costs of a cooperative ~~secondary~~  
101.8 education facility. A grant for remodeling and improving an existing facility must not  
101.9 exceed ~~\$200,000~~ \$1,000,000.

101.10 Subd. 2. **Review by commissioner.** (a) A group of districts or a consolidated district  
101.11 that submits an application for a grant must submit a proposal to the commissioner for  
101.12 review and comment under section 123B.71. The commissioner shall prepare a review  
101.13 and comment on the proposed facility by July 1 of an odd-numbered year, regardless  
101.14 of the amount of the capital expenditure required to acquire, construct, remodel, or  
101.15 improve the ~~secondary~~ facility. The commissioner shall not approve an application for an  
101.16 incentive grant for any ~~secondary~~ facility unless the facility receives a favorable review  
101.17 and comment under section 123B.71 and the following criteria are met:

101.18 (1) the applicant is a consolidated district or a minimum of two or more districts;  
101.19 ~~with kindergarten to grade 12 enrollments in each district of no more than 1,200 pupils;~~  
101.20 ~~enter that have entered~~ into a joint powers agreement;

101.21 (2) for a group of districts, a joint powers board representing all participating  
101.22 districts is established under section 471.59 to govern the cooperative ~~secondary~~ facility;

101.23 ~~(3) the planned secondary facility will result in the joint powers district meeting the~~  
101.24 ~~requirements of Minnesota Rules, parts 3500.2010 and 3500.2110;~~

101.25 ~~(4) at least 198 pupils would be served in grades 10 to 12, 264 pupils would be~~  
101.26 ~~served in grades 9 to 12, or 396 pupils would be served in grades 7 to 12;~~

101.27 ~~(5)~~ (3) for a group of districts, no more than one superintendent is employed by the  
101.28 joint powers board as a result of the cooperative ~~secondary~~ facility agreement;

101.29 ~~(6)~~ (4) a statement of need is submitted, that may include reasons why the current  
101.30 ~~secondary~~ facilities are inadequate, unsafe or inaccessible to the ~~handicapped~~ disabled;

101.31 ~~(7)~~ (5) an educational plan is prepared, that includes input from both community and  
101.32 professional staff;

101.33 ~~(8)~~ (6) for a group of districts, a combined seniority list for all participating districts  
101.34 is developed by the joint powers board;

102.1 ~~(9)~~ (7) for a group of districts, an education program is developed that provides for  
102.2 more learning opportunities and course offerings, including the offering of advanced  
102.3 placement courses, for students than is currently available in any single member district;

102.4 ~~(10)~~ (8) a plan is developed for providing instruction of any resident students in  
102.5 other districts when distance to the secondary education facility makes attendance at the  
102.6 facility unreasonably difficult or impractical; and

102.7 ~~(11)~~ (9) for a secondary facility, the joint powers board established under clause (2)  
102.8 discusses with technical colleges located in the area how vocational education space in  
102.9 the cooperative secondary facility could be jointly used for secondary and postsecondary  
102.10 purposes.

102.11 (b) To the extent possible, the joint powers board is encouraged to provide for  
102.12 severance pay or for early retirement incentives under section 122A.48, for any teacher  
102.13 or administrator, as defined under section 122A.40, subdivision 1, who is placed on  
102.14 unrequested leave as a result of the cooperative secondary facility agreement.

102.15 (c) For the purpose of paragraph (a), clause ~~(8)~~ (6), each district must be considered  
102.16 to have started school each year on the same date.

102.17 (d) The districts may develop a plan that provides for the location of social service,  
102.18 health, and other programs serving pupils and community residents within the cooperative  
102.19 secondary facility. The commissioner shall consider this plan when preparing a review  
102.20 and comment on the proposed facility.

102.21 (e) The districts must schedule and conduct a meeting on library services. The  
102.22 school districts, in cooperation with the regional public library system and its appropriate  
102.23 member libraries, must discuss the possibility of including jointly operated library services  
102.24 at the cooperative secondary facility.

102.25 (f) The board of a district that has reorganized under section 123A.37 or 123A.48  
102.26 and that is applying for a grant for remodeling or improving an existing facility may act in  
102.27 the place of a joint powers board to meet the criteria of this subdivision.

102.28 **Subd. 3. Reorganizing districts.** A district that is a member of a joint powers  
102.29 board established under subdivision 2 and that is planning to reorganize under section  
102.30 123A.45, 123A.46, or 123A.48 must notify the joint powers board one year in advance of  
102.31 the effective date of the reorganization. Notwithstanding section 471.59 or any other law  
102.32 to the contrary, the board of a district that reorganizes under section 123A.45, 123A.46, or  
102.33 123A.48 may appoint representatives to the joint powers board who will serve on the joint  
102.34 powers board for two years after the effective date of the reorganization if authorized in  
102.35 the agreement establishing the joint powers board to govern the cooperative secondary

103.1 facility. These representatives shall have the same powers as representatives of any other  
103.2 school district under the joint powers agreement.

103.3 **Subd. 4. District procedures.** A joint powers board of a ~~secondary~~ district  
103.4 established under subdivision 2 or a school board of a reorganized district that intends  
103.5 to apply for a grant must adopt a resolution stating the proposed costs of the project,  
103.6 the purpose for which the costs are to be incurred, and an estimate of the dates when  
103.7 the facilities for which the grant is requested will be contracted for and completed.  
103.8 Applications for the state grants must be accompanied by (a) a copy of the resolution, (b)  
103.9 a certificate by the clerk and treasurer of the joint powers board showing the current  
103.10 outstanding indebtedness of each member district, and (c) a certificate by the county  
103.11 auditor of each county in which a portion of the joint powers district lies showing the  
103.12 information in the auditor's official records that is required to be used in computing the  
103.13 debt limit of the district under section 475.53, subdivision 4. The clerk's and treasurer's  
103.14 certificate must show, as to each outstanding bond issue of each member district, the  
103.15 amount originally issued, the purpose for which issued, the date of issue, the amount  
103.16 remaining unpaid as of the date of the resolution, and the interest rates and due dates  
103.17 and amounts of principal thereon. Applications and necessary data must be in the  
103.18 form prescribed by the commissioner ~~and the rules of the State Board of Education~~  
103.19 ~~before December 31, 1999, and after December 30, 1999, in the form prescribed by the~~  
103.20 ~~commissioner.~~ Applications must be received by the commissioner by September 1 of an  
103.21 odd-numbered year. When an application is received, the commissioner shall obtain from  
103.22 the commissioner of revenue, and from the Public Utilities Commission when required,  
103.23 the information in their official records that is required to be used in computing the debt  
103.24 limit of the joint powers district under section 475.53, subdivision 4.

103.25 **Subd. 5. Award of grants.** By November 1 of the odd-numbered year, the  
103.26 commissioner shall examine and consider all applications for grants, and if any district is  
103.27 found not qualified, the commissioner shall promptly notify that board.

103.28 A grant award is subject to verification by the district as specified in subdivision  
103.29 8. A grant award for a new facility must not be made until the site of the ~~secondary~~  
103.30 facility has been determined. A grant award to remodel or improve an existing facility  
103.31 must not be made until the districts have reorganized. If the total amount of the approved  
103.32 applications exceeds the amount that is or can be made available, the commissioner  
103.33 shall allot the available amount equally between the approved applicant districts. The  
103.34 commissioner shall promptly certify to each qualified district the amount, if any, of the  
103.35 grant awarded to it.

104.1           Subd. 6. **Collocation grant.** A group of districts that receives a grant for a new  
104.2 facility under subdivision 4 is also eligible to receive an additional grant in the amount of  
104.3 \$1,000,000. To receive the additional grant, the group of districts must develop a plan  
104.4 under subdivision 2, paragraph (d), that provides for the location of a significant number  
104.5 of noneducational student and community service programs within the cooperative  
104.6 ~~secondary~~ facility.

104.7           Subd. 7. **Referendum; bond issue.** Within 180 days after being awarded a grant  
104.8 for a new facility under subdivision 5, the joint powers board must submit the question  
104.9 of authorizing the borrowing of funds for the ~~secondary~~ facility to the voters of the joint  
104.10 powers district at a special election, which may be held in conjunction with the annual  
104.11 election of the school board members of the member districts. The question submitted  
104.12 must state the total amount of funding needed from all sources. A majority of those voting  
104.13 in the affirmative on the question is sufficient to authorize the joint powers board to accept  
104.14 the grant and to issue the bonds on public sale ~~in accordance with~~ according to chapter  
104.15 475. The clerk of the joint powers board must certify the vote of the bond election to the  
104.16 commissioner. If the question is approved by the voters, the commissioner shall notify the  
104.17 approved applicant districts that the grant amount certified under subdivision 5 is available  
104.18 and appropriated for payment under this subdivision. If a majority of those voting on the  
104.19 question do not vote in the affirmative, the grant must be canceled.

104.20           Subd. 8. **Contract.** Each grant must be evidenced by a contract between the board  
104.21 and the state acting through the commissioner. The contract obligates the state to pay to  
104.22 the board an amount computed according to subdivision 5, and according to a schedule,  
104.23 and terms and conditions acceptable to the commissioner of finance.

104.24           Subd. 9. **Consolidation.** A group of districts that operates a cooperative ~~secondary~~  
104.25 facility that was acquired, constructed, remodeled, or improved under this section and  
104.26 implements consolidation proceedings according to section 123A.48, may propose a  
104.27 temporary school board structure in the petition or resolution required under section  
104.28 123A.48, subdivision 2. The districts may propose the number of existing school board  
104.29 members of each district to become members of the board of the consolidated district  
104.30 and a method to gradually reduce the membership to six or seven. The proposal must  
104.31 be approved, disapproved, or modified by the ~~state board of education~~ commissioner.  
104.32 The election requirements of section 123A.48, subdivision 20, do not apply to a  
104.33 proposal approved by the state board. Elections conducted after the effective date of the  
104.34 consolidation are subject to the Minnesota Election Law.

104.35           **EFFECTIVE DATE.** This section is effective the day following final enactment.

105.1 Sec. 5. Minnesota Statutes 2004, section 123B.10, subdivision 1, is amended to read:

105.2 Subdivision 1. **Budgets.** ~~By October 1,~~ Every board must publish revenue and  
105.3 expenditure budgets for the current year and the actual revenues, expenditures, fund  
105.4 balances for the prior year and projected fund balances for the current year in a form  
105.5 prescribed by the commissioner within one week of the acceptance of the final audit by  
105.6 the board, or November 30, whichever is earlier. The forms prescribed must be designed  
105.7 so that year to year comparisons of revenue, expenditures and fund balances can be made.  
105.8 These budgets, reports of revenue, expenditures and fund balances must be published in  
105.9 a qualified newspaper of general circulation in the district or on the district's official  
105.10 Web site. If published on the district's official Web site, the district must also publish an  
105.11 announcement in a qualified newspaper of general circulation in the district that includes  
105.12 the Internet address where the information has been posted.

105.13 Sec. 6. Minnesota Statutes 2004, section 123B.57, subdivision 6, is amended to read:

105.14 Subd. 6. **Uses of health and safety revenue.** (a) Health and safety revenue may  
105.15 be used only for approved expenditures necessary to correct fire and life safety hazards,  
105.16 or for the removal or encapsulation of asbestos from school buildings or property  
105.17 owned or being acquired by the district, asbestos-related repairs, cleanup and disposal  
105.18 of polychlorinated biphenyls found in school buildings or property owned or being  
105.19 acquired by the district, or the cleanup, removal, disposal, and repairs related to storing  
105.20 heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel,  
105.21 as defined in section 296A.01, Minnesota occupational safety and health administration  
105.22 regulated facility and equipment hazards, indoor air quality mold abatement, upgrades  
105.23 or replacement of mechanical ventilation systems to meet American Society of Heating,  
105.24 Refrigerating and Air Conditioning Engineers standards and State Mechanical Code,  
105.25 Department of Health Food Code and swimming pool hazards excluding depth correction,  
105.26 and health, safety, and environmental management. Testing and calibration activities are  
105.27 permitted for existing mechanical ventilation systems at intervals no less than every five  
105.28 years. Health and safety revenue must not be used to finance a lease purchase agreement,  
105.29 installment purchase agreement, or other deferred payments agreement. Health and safety  
105.30 revenue must not be used for the construction of new facilities or the purchase of portable  
105.31 classrooms, for interest or other financing expenses, or for energy efficiency projects  
105.32 under section 123B.65. The revenue may not be used for a building or property or part  
105.33 of a building or property used for postsecondary instruction or administration or for a  
105.34 purpose unrelated to elementary and secondary education.

106.1 (b) Notwithstanding paragraph (a), health and safety revenue must not be used for  
106.2 replacement of building materials or facilities including roof, walls, windows, internal  
106.3 fixtures and flooring, nonhealth and safety costs associated with demolition of facilities,  
106.4 structural repair or replacement of facilities due to unsafe conditions, violence prevention  
106.5 and facility security, ergonomics, building and heating, ventilating and air conditioning  
106.6 supplies, maintenance, and cleaning, testing, and calibration activities. All assessments,  
106.7 investigations, inventories, and support equipment not leading to the engineering or  
106.8 construction of a project shall be included in the health, safety, and environmental  
106.9 management costs in subdivision 8, paragraph (a).

106.10 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008  
106.11 and later.

106.12 Sec. 7. Minnesota Statutes 2004, section 127A.41, subdivision 2, is amended to read:

106.13 Subd. 2. **Errors in distribution.** On determining that the amount of state aid  
106.14 distributed to a school district is in error, the commissioner is authorized to adjust the  
106.15 amount of aid consistent with this subdivision. On determining that the amount of aid is  
106.16 in excess of the school district's entitlement, the commissioner is authorized to recover  
106.17 the amount of the excess by any appropriate means. Notwithstanding the fiscal years  
106.18 designated by the appropriation, the excess may be recovered by reducing future aid  
106.19 payments to the district. Notwithstanding any law to the contrary, if the aid reduced is not  
106.20 of the same type as that overpaid, the district must adjust all necessary financial accounts  
106.21 to properly reflect all revenues earned in accordance with the uniform financial accounting  
106.22 and reporting standards pursuant to sections 123B.75 to 123B.83. Notwithstanding the  
106.23 fiscal years designated by the appropriation, on determining that the amount of an aid paid  
106.24 is less than the school district's entitlement, the commissioner is authorized to increase  
106.25 such aid from the current appropriation. If the aid program has been discontinued and has  
106.26 no appropriation, the appropriation for general education shall be used for recovery or  
106.27 payment of the aid decrease or increase. Any excess of aid recovery over aid payment  
106.28 shall be canceled to the state general fund.

106.29 Sec. 8. Minnesota Statutes 2004, section 181.101, is amended to read:

106.30 **181.101 WAGES; HOW OFTEN PAID.**

106.31 Every employer must pay all wages earned by an employee at least once every 31  
106.32 days on a regular pay day designated in advance by the employer regardless of whether  
106.33 the employee requests payment at longer intervals. Unless paid earlier, the wages earned

107.1 during the first half of the first 31-day pay period become due on the first regular payday  
 107.2 following the first day of work. If wages earned are not paid, the commissioner of labor  
 107.3 and industry or the commissioner's representative may demand payment on behalf of an  
 107.4 employee. If payment is not made within ten days of demand, the commissioner may  
 107.5 charge and collect the wages earned and a penalty in the amount of the employee's average  
 107.6 daily earnings at the rate agreed upon in the contract of employment, not exceeding 15  
 107.7 days in all, for each day beyond the ten-day limit following the demand. Money collected  
 107.8 by the commissioner must be paid to the employee concerned. This section does not  
 107.9 prevent an employee from prosecuting a claim for wages. This section does not prevent  
 107.10 a school district ~~or, other public school entity, or other school, as defined under section~~  
 107.11 120A.22, from paying any wages earned by its employees during a school year on regular  
 107.12 pay days in the manner provided by an applicable contract or collective bargaining  
 107.13 agreement, or a personnel policy adopted by the governing board. For purposes of this  
 107.14 section, "employee" includes a person who performs agricultural labor as defined in  
 107.15 section 181.85, subdivision 2. For purposes of this section, wages are earned on the  
 107.16 day an employee works.

107.17 Sec. 9. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision 3,  
 107.18 is amended to read:

107.19 Subd. 3. **Debt service equalization.** For debt service aid according to Minnesota  
 107.20 Statutes, section 123B.53, subdivision 6:

107.21	<del>25,654,000</del>		
107.22	\$ <u>27,194,000</u>	.....	2006
107.23	<del>24,134,000</del>		
107.24	\$ <u>18,410,000</u>	.....	2007

107.25 The 2006 appropriation includes ~~\$4,654,000~~ \$4,653,000 for 2005 and ~~\$21,000,000~~  
 107.26 \$22,541,000 for 2006.

107.27 The 2007 appropriation includes ~~\$3,911,000~~ \$2,504,000 for 2006 and ~~\$20,223,000~~  
 107.28 \$15,906,000 for 2007.

107.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

107.30 Sec. 10. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision  
 107.31 6, is amended to read:

108.1 Subd. 6. **Emergency aid, Red Lake.** For Independent School District No. 38, Red  
 108.2 Lake, for onetime emergency aid to repair infrastructure damage to the Red Lake High  
 108.3 School as a result of the March 21, 2005, school shooting:

108.4 ~~50,000~~  
 108.5 \$ 524,000 ..... 2006

108.6 The school district must submit ~~proposed expenditures for these funds for review~~  
 108.7 ~~and comment approval under Minnesota Statutes, section 123B.71~~ actual expenditure  
 108.8 information to support this appropriation to the Department of Education, before the  
 108.9 commissioner releases the funds to the district. ~~The district must report the amount of its~~  
 108.10 ~~unreimbursed costs to the commissioner.~~

108.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

108.12 Sec. 11. **HEALTH AND SAFETY REVENUE USES; BELLE PLAINE.**

108.13 Notwithstanding Minnesota Statutes, sections 123B.57 and 123B.59, upon approval  
 108.14 of the commissioner of education, Independent School District No. 716, Belle Plaine, may  
 108.15 use up to \$125,000 of its health and safety revenue raised through an alternative facilities  
 108.16 bond for other qualifying health and safety projects.

108.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

108.18 Sec. 12. **CONSOLIDATED FINANCIAL STATEMENT IMPLEMENTATION.**

108.19 The Department of Education shall pay for the implementation of the consolidated  
 108.20 financial statement system under section 5 from the department's existing biennial  
 108.21 appropriations for fiscal years 2006 and 2007.

108.22 Sec. 13. **LEVY; RED WING.**

108.23 For taxes payable in 2007 only, Independent School District No. 256, Red Wing,  
 108.24 may levy an amount up to \$158,000 for the construction deficit for building the community  
 108.25 ice arena.

108.26 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2007.

108.27 Sec. 14. **APPROPRIATION; WASECA LEVY.**

108.28 Independent School District No. 829, Waseca, may levy up to \$343,550 beginning  
 108.29 in 2006 over five years for health and safety revenue lost due to miscalculation. \$316,000  
 108.30 is appropriated in fiscal year 2007 to the commissioner of education for payment of the aid

109.1 portion of lost revenue. If the district does not levy the full amount authorized within the  
109.2 five-year period, other state aid due to the district shall be reduced proportionately. This is  
109.3 a onetime appropriation for fiscal year 2007.

109.4 **Sec. 15. APPROPRIATION; ROCORI SCHOOL DISTRICT.**

109.5 \$137,000 is appropriated in fiscal year 2007 from the general fund to the  
109.6 commissioner of education for a grant to Independent School District No. 750, Rocori.  
109.7 The grant is for a continuation of district activities that were developed in concert with  
109.8 the district's federal School Emergency Response to Violence, or Project SERV, grant.  
109.9 The grant may be used to continue the district's recovery efforts, and uses include: an  
109.10 academic program and impact of tragedy or program assessment of educational adequacy;  
109.11 an organizational analysis; a strategic planning overview; a district assessment survey;  
109.12 continued recovery support; staff development initiatives; and any other activities  
109.13 developed in response to the federal Project SERV grant.

109.14 The base budget for this program for fiscal year 2008 only is \$53,000.

109.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

109.16 **Sec. 16. FUND TRANSFERS.**

109.17 Subdivision 1. **A.C.G.C.** Notwithstanding Minnesota Statutes, sections 123B.79,  
109.18 123B.80, and 475.61, subdivision 4, Independent School District No. 2396, A.C.G.C., on  
109.19 June 30, 2006, may permanently transfer up to \$219,000 from its debt redemption fund  
109.20 to its reserved for operating capital account in its general fund and up to \$203,000 from  
109.21 its reserved account for disabled accessibility to its unrestricted general fund without  
109.22 making a levy reduction.

109.23 Subd. 2. **Alden-Conger.** Notwithstanding Minnesota Statutes, sections 123B.79 and  
109.24 123B.80, as of June 30, 2006, Independent School District No. 242, Alden-Conger, may  
109.25 permanently transfer up to \$164,000 from its reserved for disabled accessibility account to  
109.26 its unrestricted general fund account without making a levy reduction.

109.27 Subd. 3. **Eden Valley-Watkins.** Notwithstanding Minnesota Statutes, sections  
109.28 123B.79, 123B.80, and 475.61, subdivision 4, Independent School District No. 463, Eden  
109.29 Valley-Watkins, as of June 30, 2006, may permanently transfer up to \$50,000 from its debt  
109.30 redemption fund to the capital account in its general fund without making a levy reduction.

109.31 Subd. 4. **Fosston.** Notwithstanding Minnesota Statutes, sections 123B.79 and  
109.32 123B.80, as of June 30, 2006, Independent School District No. 601, Fosston, may  
109.33 permanently transfer up to \$80,000 from its reserved for disabled accessibility account to  
109.34 its unrestricted general fund account without making a levy reduction.

110.1           Subd. 5. Hopkins. Notwithstanding Minnesota Statutes, section 123B.79 or  
110.2 123B.80, on June 30, 2006, Independent School District No. 270, Hopkins, may  
110.3 permanently transfer up to \$300,000 from its community education reserve fund balance  
110.4 to its undesignated general fund balance to assist the district in decreasing its statutory  
110.5 operating debt.

110.6           Subd. 6. Lester Prairie. Notwithstanding Minnesota Statutes, sections 123B.79  
110.7 or 123B.80, on June 30, 2006, Independent School District No. 424, Lester Prairie, may  
110.8 permanently transfer up to \$150,000 from its reserved for operating capital account and up  
110.9 to \$107,000 from its reserved for severance account, to its undesignated balance in the  
110.10 general fund.

110.11           Subd. 7. Milroy. Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80,  
110.12 on June 30, 2006, Independent School District No. 635, Milroy, may permanently transfer  
110.13 up to \$26,000 from its reserved for disability accessibility account to its undesignated  
110.14 general fund balance without making a levy reduction.

110.15           Subd. 8. New London-Spicer. Notwithstanding Minnesota Statutes, sections  
110.16 123B.79, 123B.80, and 475.61, subdivision 4, Independent School District No. 345, New  
110.17 London-Spicer, may permanently transfer up to \$150,000 each year for five years from its  
110.18 debt redemption fund to its general fund without making a levy reduction for the purpose  
110.19 of replacing the roof on the Prairie Woods Elementary School. The district must make its  
110.20 initial transfer according to this section on June 30, 2006. The subsequent four transfers  
110.21 must be made on June 30 of each subsequent year.

110.22           Subd. 9. Northland Community Schools. Notwithstanding Minnesota Statutes,  
110.23 section 123B.79 or 123B.80, on or before June 30, 2006, Independent School District No.  
110.24 118, Northland Community Schools, may permanently transfer up to \$197,000 from its  
110.25 reserved for disabled accessibility account to its reserved for operating capital account in  
110.26 its general fund without making a levy reduction.

110.27           Subd. 10. Rocori. Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80,  
110.28 and 475.61, subdivision 4, on June 30, 2006, Independent School District No. 750, Rocori,  
110.29 may permanently transfer up to \$250,000 from its debt redemption fund to the operating  
110.30 capital account in its general fund without making a levy reduction.

110.31           Subd. 11. Roseville. Notwithstanding Minnesota Statutes, sections 123B.79,  
110.32 123B.80, and 475.61, subdivision 4, on June 30, 2006, Independent School District No.  
110.33 623, Roseville, may permanently transfer up to \$90,000 from its debt redemption fund to  
110.34 its general fund without making a levy reduction.

111.1 Subd. 12. Tyler. Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80,  
 111.2 Independent School District No. 409, Tyler, on June 30, 2006, may permanently transfer  
 111.3 up to \$451,000 from its reserved for capital operating account to its debt redemption fund.

111.4 Subd. 13. Willmar. Notwithstanding Minnesota Statutes, sections 123B.79,  
 111.5 123B.80, and 475.61, subdivision 4, Independent School District No. 347, Willmar, on  
 111.6 June 30, 2006, may permanently transfer up to \$335,200 from its debt redemption fund to  
 111.7 its unrestricted general fund without making a levy reduction.

111.8 EFFECTIVE DATE. This section is effective the day following final enactment.

111.9 **ARTICLE 7**  
 111.10 **NUTRITION AND LIBRARIES**

111.11 Section 1. Minnesota Statutes 2005 Supplement, section 124D.111, subdivision 1,  
 111.12 is amended to read:

111.13 **Subdivision 1. School lunch aid computation.** Each school year, the state must pay  
 111.14 participants in the national school lunch program the amount of ~~ten~~ 10.5 cents for each full  
 111.15 paid, reduced, and free student lunch served to students.

111.16 Sec. 2. Laws 2005, First Special Session chapter 5, article 5, section 17, subdivision 2,  
 111.17 is amended to read:

111.18 **Subd. 2. School lunch.** For school lunch aid according to Minnesota Statutes,  
 111.19 section 124D.111, and Code of Federal Regulations, title 7, section 210.17:

111.20	<del>8,998,000</del>		
111.21	\$ <u>9,760,000</u>	.....	2006
111.22	<del>9,076,000</del>		
111.23	\$ <u>10,391,000</u>	.....	2007

111.24 EFFECTIVE DATE. This section is effective the day following final enactment.

111.25 Sec. 3. Laws 2005, First Special Session chapter 5, article 6, section 1, subdivision 2,  
 111.26 is amended to read:

111.27  
 111.28 **Subd. 2. Basic system support.** For basic system support grants under Minnesota  
 111.29 Statutes, section 134.355:



113.1 (c) For fiscal year 2007 and later, the district of the child's residence shall  
113.2 claim general education revenue for the child, except as provided in this paragraph.  
113.3 Notwithstanding section 127A.47, subdivision 1, an amount equal to the general education  
113.4 revenue formula allowance times the pupil unit weighting factor pursuant to section  
113.5 126C.05 for that child for the amount of time the child is in the program, as adjusted  
113.6 according to subdivision 8, paragraph (d), must be paid to the Minnesota State Academies.  
113.7 Notwithstanding section 126C.15, subdivision 2, paragraph (d), the compensatory  
113.8 education revenue under section 126C.10, subdivision 3, attributable to children enrolled at  
113.9 the Minnesota State Academies on October 1 of the previous fiscal year must be paid to the  
113.10 Minnesota State Academies. General education aid paid to the Minnesota State Academies  
113.11 under this paragraph must be credited to their general operation account. Other general  
113.12 education aid attributable to the child must be paid to the district of the child's residence.

113.13 Sec. 2. Minnesota Statutes 2004, section 125A.65, subdivision 4, is amended to read:

113.14 Subd. 4. **Unreimbursed costs.** (a) For fiscal year 2006, in addition to the tuition  
113.15 charge allowed in subdivision 3, the academies may charge the child's district of residence  
113.16 for the academy's unreimbursed cost of providing an instructional aide assigned to that  
113.17 child, after deducting the special education aid under section 125A.76, attributable to the  
113.18 child, if that aide is required by the child's individual education plan. Tuition received  
113.19 under this paragraph must be used by the academies to provide the required service.

113.20 (b) For fiscal year 2007 and later, the special education aid paid to the academies  
113.21 shall be increased by the academy's unreimbursed cost of providing an instructional  
113.22 aide assigned to a child, after deducting the special education aid under section 125A.76  
113.23 attributable to the child, if that aide is required by the child's individual education plan.  
113.24 Aid received under this paragraph must be used by the academies to provide the required  
113.25 service.

113.26 (c) For fiscal year 2007 and later, the special education aid paid to the district of  
113.27 the child's residence shall be reduced by the amount paid to the academies for district  
113.28 residents under paragraph (b).

113.29 (d) Notwithstanding section 127A.45, subdivision 3, beginning in fiscal year 2008,  
113.30 the commissioner shall make an estimated final adjustment payment to the Minnesota  
113.31 State Academies for general education aid and special education aid for the prior fiscal  
113.32 year by August 15.

113.33 Sec. 3. Minnesota Statutes 2004, section 125A.65, subdivision 6, is amended to read:

114.1           **Subd. 6. Tuition reduction.** Notwithstanding the provisions of subdivisions 3 and  
114.2 5, the board of the Minnesota State Academies may agree to make a tuition charge, or  
114.3 receive an aid adjustment, as applicable, for less than the amount specified in subdivision  
114.4 3 for pupils attending the applicable school who are residents of the district where the  
114.5 institution is located and who do not board at the institution, if that district agrees to make  
114.6 a tuition charge to the board of the Minnesota State Academies for less than the amount  
114.7 specified in subdivision 5 for providing appropriate educational programs to pupils  
114.8 attending the applicable school.

114.9           Sec. 4. Minnesota Statutes 2004, section 125A.65, subdivision 8, is amended to read:

114.10           **Subd. 8. Student count; tuition.** (a) On May 1, 1996, and each year thereafter,  
114.11 the board of the Minnesota State Academies shall count the actual number of Minnesota  
114.12 resident special education eligible students enrolled and receiving education services at the  
114.13 Minnesota State Academy for the Deaf and the Minnesota State Academy for the Blind.

114.14           (b) For fiscal year 2006, the board of the Minnesota State Academies shall deposit in  
114.15 the state treasury an amount equal to all tuition received for the basic revenue according to  
114.16 subdivision 3, less the amount calculated in paragraph (b) (c).

114.17           ~~(b)~~ (c) For fiscal year 2006, the Minnesota State Academies shall credit to their  
114.18 general operation account an amount equal to the tuition received which represents tuition  
114.19 earned for the total number of students over 175 based on:

114.20           (1) the total number of enrolled students on May 1 less 175; times

114.21           (2) the ratio of the number of students in that grade category to the total number of  
114.22 students on May 1; times

114.23           (3) the general education revenue formula allowance; times

114.24           (4) the pupil unit weighting factor pursuant to section 126C.05.

114.25           (d) For fiscal year 2007 and later, the Minnesota State Academies shall report to  
114.26 the department the number of students by grade level counted according to paragraph (a).  
114.27 The amount paid to the Minnesota State Academies under subdivision 3, paragraph (c),  
114.28 must be reduced by an amount equal to:

114.29           (1) the ratio of 175 to the total number of students on May 1; times

114.30           (2) the total basic revenue determined according to subdivision 3, paragraph (c).

114.31           Sec. 5. Minnesota Statutes 2004, section 125A.65, subdivision 10, is amended to read:

114.32           **Subd. 10. Annual appropriation.** There is annually appropriated to the department  
114.33 for the Minnesota State Academies the tuition or aid payment amounts received and  
114.34 credited to the general operation account of the academies under this section. A balance

115.1 in an appropriation under this paragraph does not cancel but is available in successive  
115.2 fiscal years.

115.3 Sec. 6. Minnesota Statutes 2004, section 125A.69, subdivision 3, is amended to read:

115.4 Subd. 3. **Out-of-state admissions.** An applicant from another state who can benefit  
115.5 from attending either academy may be admitted to the academy if the admission does not  
115.6 prevent an eligible Minnesota resident from being admitted. The board of the Minnesota  
115.7 State Academies must obtain reimbursement from the other state for the costs of the  
115.8 out-of-state admission. The state board may enter into an agreement with the appropriate  
115.9 authority in the other state for the reimbursement. Money received from another state  
115.10 must be deposited in the ~~general~~ special revenue fund and credited to the general operating  
115.11 account of the academies. The money is appropriated to the academies.

115.12 **EFFECTIVE DATE.** This section is effective retroactively from fiscal year 2001.

115.13 Sec. 7. Laws 2005, First Special Session chapter 5, article 10, section 5, subdivision 2,  
115.14 is amended to read:

115.15

115.16 Subd. 2. [DEPARTMENT.] (a) For the Department of Education:

115.17

115.18 \$ 21,997,000 ..... 2006

115.19 ~~22,847,000~~

115.20 \$ 22,867,000 ..... 2007

115.21

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

115.23

115.24 (b) \$260,000 each year is for the Minnesota Children’s Museum.

115.25

115.26 (c) \$41,000 each year is for the Minnesota Academy of Science.

115.27

115.28 (d) \$605,000 each year is for the Board of Teaching.

115.29

115.30 (e) \$160,000 each year is for the Board of School Administrators.

115.31

115.32 (f) \$300,000 in fiscal year 2006 and \$1,150,000 in fiscal year 2007 are for the  
115.33 value-added index assessment model.

116.1

116.2 (g) The expenditures of federal grants and aids as shown in the biennial budget  
116.3 document and its supplements are approved and appropriated and shall be spent as  
116.4 indicated.

116.5 (h) The base for fiscal years 2008 and 2009 is \$22,847,000.

116.6

116.7 **ARTICLE 9**  
116.8 **PREKINDERGARTEN THROUGH GRADE 12 EDUCATION**  
116.9 **FORECAST ADJUSTMENTS**  
116.10 **A. GENERAL EDUCATION**

116.11 Section 1. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision  
116.12 2, is amended to read:

116.13 Subd. 2. **General education aid.** For general education aid under Minnesota  
116.14 Statutes, section 126C.13, subdivision 4:

116.15	<del>5,136,578,000</del>		
116.16	\$ <u>5,819,153,000</u>	.....	2006
116.17	<del>5,390,196,000</del>		
116.18	\$ <u>5,472,247,000</u>	.....	2007

116.19 The 2006 appropriation includes ~~\$784,978,000~~ \$787,978,000 for 2005 and  
116.20 ~~\$4,351,600,000~~ \$5,031,175,000 for 2006.

116.21 The 2007 appropriation includes ~~\$817,588,000~~ \$513,848,000 for 2006 and  
116.22 ~~\$4,572,608,000~~ \$4,958,399,000 for 2007.

116.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

116.24 Sec. 2. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 3,  
116.25 is amended to read:

116.26 Subd. 3. **Referendum tax base replacement aid.** For referendum tax base  
116.27 replacement aid under Minnesota Statutes, section 126C.17, subdivision 7a:

116.28	<del>8,704,000</del>		
116.29	\$ <u>9,200,000</u>	.....	2006
116.30	\$ 8,704,000	.....	2007

116.31 The 2006 appropriation includes \$1,366,000 for 2005 and ~~\$7,338,000~~ \$7,834,000  
116.32 for 2006.

117.1 The 2007 appropriation includes ~~\$1,366,000~~ \$870,000 for 2006 and ~~\$7,338,000~~  
 117.2 \$7,834,000 for 2007.

117.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

117.4 Sec. 3. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 5,  
 117.5 is amended to read:

117.6 Subd. 5. **Abatement revenue.** For abatement aid under Minnesota Statutes, section  
 117.7 127A.49:

117.8 ~~903,000~~  
 117.9 \$ 909,000 ..... 2006

117.10 ~~955,000~~  
 117.11 \$ 1,026,000 ..... 2007

117.12 The 2006 appropriation includes \$187,000 for 2005 and ~~\$716,000~~ \$722,000 for 2006.

117.13 The 2007 appropriation includes ~~\$133,000~~ \$80,000 for 2006 and ~~\$822,000~~ \$946,000  
 117.14 for 2007.

117.15 **EFFECTIVE DATE.** This section is effective the day following final enactment.

117.16 Sec. 4. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 6,  
 117.17 is amended to read:

117.18 Subd. 6. **Consolidation transition.** For districts consolidating under Minnesota  
 117.19 Statutes, section 123A.485:

117.20 ~~253,000~~  
 117.21 \$ 527,000 ..... 2007

117.22 The 2007 appropriation includes \$0 for 2006 and ~~\$253,000~~ \$527,000 for 2007.

117.23 Sec. 5. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 7,  
 117.24 is amended to read:

117.25 Subd. 7. **Nonpublic pupil education aid.** For nonpublic pupil education aid under  
 117.26 Minnesota Statutes, sections 123B.87 and 123B.40 to 123B.43:

117.27 ~~15,370,000~~  
 117.28 \$ 15,458,000 ..... 2006

117.29 ~~16,434,000~~  
 117.30 \$ 15,991,000 ..... 2007

118.1 The 2006 appropriation includes ~~\$2,305,000~~ \$1,864,000 for 2005 and ~~\$13,065,000~~  
 118.2 \$13,594,000 for 2006.

118.3 The 2007 appropriation includes ~~\$2,433,000~~ \$1,510,000 for 2006 and ~~\$14,001,000~~  
 118.4 \$14,481,000 for 2007.

118.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

118.6 Sec. 6. Laws 2005, First Special Session chapter 5, article 1, section 54, subdivision 8,  
 118.7 is amended to read:

118.8 Subd. 8. **Nonpublic pupil transportation.** For nonpublic pupil transportation aid  
 118.9 under Minnesota Statutes, section 123B.92, subdivision 9:

118.10 ~~21,451,000~~

118.11 \$ 21,371,000 ..... 2006

118.12 ~~23,043,000~~

118.13 \$ 20,843,000 ..... 2007

118.14 The 2006 appropriation includes \$3,274,000 for 2005 and ~~\$18,177,000~~ \$18,097,000  
 118.15 for 2006.

118.16 The 2007 appropriation includes ~~\$3,385,000~~ \$2,010,000 for 2006 and ~~\$19,658,000~~  
 118.17 \$18,833,000 for 2007.

118.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

118.19 **B. EDUCATION EXCELLENCE**

118.20 Sec. 7. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 2,  
 118.21 is amended to read:

118.22 Subd. 2. **Charter school building lease aid.** For building lease aid under Minnesota  
 118.23 Statutes, section 124D.11, subdivision 4:

118.24 ~~25,465,000~~

118.25 \$ 25,331,000 ..... 2006

118.26 ~~30,929,000~~

118.27 \$ 27,806,000 ..... 2007

118.28 The 2006 appropriation includes ~~\$3,324,000~~ \$3,173,000 for 2005 and ~~\$22,141,000~~  
 8.29 \$22,158,000 for 2006.

118.30 The 2007 appropriation includes ~~\$4,123,000~~ \$2,462,000 for 2006 and ~~\$26,806,000~~  
 118.31 \$25,344,000 for 2007.

119.1 **EFFECTIVE DATE. This section is effective the day following final enactment.**

119.2 Sec. 8. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 3,  
119.3 is amended to read:

119.4 Subd. 3. **Charter school startup aid.** For charter school startup cost aid under  
119.5 Minnesota Statutes, section 124D.11:

119.6	<del>1,393,000</del>		
119.7	\$ <u>1,291,000</u>	.....	2006
119.8	<del>3,185,000</del>		
119.9	\$ <u>2,347,000</u>	.....	2007

119.10 The 2006 appropriation includes \$0 for 2005 and ~~\$1,393,000~~ \$1,291,000 for 2006.

119.11 The 2007 appropriation includes ~~\$259,000~~ \$143,000 for 2006 and ~~\$2,926,000~~  
119.12 \$2,204,000 for 2007.

119.13 **EFFECTIVE DATE. This section is effective the day following final enactment.**

119.14 Sec. 9. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 4,  
119.15 is amended to read:

119.16 Subd. 4. **Integration aid.** For integration aid under Minnesota Statutes, section  
119.17 124D.86, subdivision 5:

119.18	<del>57,801,000</del>		
119.19	\$ <u>59,404,000</u>	.....	2006
119.20	<del>57,536,000</del>		
119.21	\$ <u>58,405,000</u>	.....	2007

119.22 The 2006 appropriation includes \$8,545,000 for 2005 and ~~\$49,256,000~~ \$50,859,000  
119.23 for 2006.

119.24 The 2007 appropriation includes ~~\$9,173,000~~ \$5,650,000 for 2006 and ~~\$48,363,000~~  
119.25 \$52,755,000 for 2007.

119.26 **EFFECTIVE DATE. This section is effective the day following final enactment.**

119.27 Sec. 10. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision  
119.28 6, is amended to read:

120.1            **Subd. 6. Interdistrict desegregation or integration transportation grants.** For  
 120.2 interdistrict desegregation or integration transportation grants under Minnesota Statutes,  
 120.3 section 124D.87:

120.4            ~~7,768,000~~  
 120.5            \$ 6,032,000     ....     2006  
 120.6            ~~9,908,000~~  
 120.7            \$ 10,134,000     ....     2007

120.8            **EFFECTIVE DATE.** This section is effective the day following final enactment.

120.9            Sec. 11. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision  
 120.10 7, is amended to read:

20.11            **Subd. 7. Success for the future.** For American Indian success for the future grants  
 120.12 under Minnesota Statutes, section 124D.81:

120.13            ~~2,137,000~~  
 120.14            \$ 2,240,000     ....     2006  
 120.15            \$ 2,137,000     ....     2007

120.16            The 2006 appropriation includes ~~\$335,000~~ \$316,000 for 2005 and ~~\$1,802,000~~  
 120.17 \$1,924,000 for 2006.

120.18            The 2007 appropriation includes ~~\$335,000~~ \$213,000 for 2006 and ~~\$1,802,000~~  
 120.19 \$1,924,000 for 2007.

20.20            **EFFECTIVE DATE.** This section is effective the day following final enactment.

120.21            Sec. 12. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision  
 120.22 10, is amended to read:

120.23            **Subd. 10. Tribal contract schools.** For tribal contract school aid under Minnesota  
 120.24 Statutes, section 124D.83:

120.25            ~~2,389,000~~  
 120.26            \$ 2,338,000     ....     2006  
 120.27            ~~2,603,000~~  
 0.28            \$ 2,357,000     ....     2007

120.29            The 2006 appropriation includes \$348,000 for 2005 and ~~\$2,041,000~~ \$1,990,000  
 120.30 for 2006.

121.1 The 2007 appropriation includes ~~\$380,000~~ \$221,000 for 2006 and ~~\$2,223,000~~  
 121.2 \$2,136,000 for 2007.

121.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

121.4 **C. SPECIAL PROGRAMS**

121.5 Sec. 13. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision  
 121.6 2, is amended to read:

121.7 Subd. 2. **Special education; regular.** For special education aid under Minnesota  
 121.8 Statutes, section 125A.75:

121.9	<del>528,846,000</del>		
121.10	\$ <u>559,485,000</u>	.....	2006
121.11	<del>527,446,000</del>		
121.12	\$ <u>528,106,000</u>	.....	2007

121.13 The 2006 appropriation includes \$83,078,000 for 2005 and ~~\$445,768,000~~  
 121.14 \$476,407,000 for 2006.

121.15 The 2007 appropriation includes ~~\$83,019,000~~ \$52,934,000 for 2006 and  
 121.16 ~~\$444,427,000~~ \$475,172,000 for 2007.

121.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

121.18 Sec. 14. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision  
 121.19 3, is amended to read:

121.20 Subd. 3. **Aid for children with disabilities.** For aid under Minnesota Statutes,  
 121.21 section 125A.75, subdivision 3, for children with disabilities placed in residential facilities  
 121.22 within the district boundaries for whom no district of residence can be determined:

121.23	<del>2,212,000</del>		
121.24	\$ <u>1,527,000</u>	.....	2006
121.25	<del>2,615,000</del>		
121.26	\$ <u>1,624,000</u>	.....	2007

121.27 If the appropriation for either year is insufficient, the appropriation for the other  
 121.28 year is available.

121.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

122.1 Sec. 15. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision  
122.2 4, is amended to read:

122.3 Subd. 4. **Travel for home-based services.** For aid for teacher travel for home-based  
122.4 services under Minnesota Statutes, section 125A.75, subdivision 1:

122.5 ~~187,000~~

122.6 \$ 198,000 ..... 2006

122.7 \$ 195,000 ..... 2007

122.8 The 2006 appropriation includes \$28,000 for 2005 and ~~\$159,000~~ \$170,000 for 2006.

122.9 The 2007 appropriation includes ~~\$29,000~~ \$18,000 for 2006 and ~~\$166,000~~ \$177,000  
122.10 for 2007.

122.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

122.12 Sec. 16. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision  
122.13 5, is amended to read:

122.14 Subd. 5. **Special education; excess costs.** For excess cost aid under Minnesota  
122.15 Statutes, section 125A.79, subdivision 7:

122.16 ~~102,083,000~~

122.17 \$ 106,453,000 ..... 2006

122.18 ~~104,286,000~~

122.19 \$ 104,333,000 ..... 2007

122.20 The 2006 appropriation includes \$37,455,000 for 2005 and ~~\$64,628,000~~ \$68,998,000  
122.21 for 2006.

122.22 The 2007 appropriation includes ~~\$38,972,000~~ \$34,602,000 for 2006 and ~~\$65,314,000~~  
122.23 \$69,731,000 for 2007.

122.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

122.25 Sec. 17. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision  
122.26 6, is amended to read:

122.27 Subd. 6. **Transition for disabled students.** For aid for transition programs for  
122.28 children with disabilities under Minnesota Statutes, section 124D.454:

123.1 ~~8,788,000~~

123.2 \$ 9,300,000 ..... 2006

123.3 ~~8,765,000~~

123.4 \$ 8,781,000 ..... 2007

123.5 The 2006 appropriation includes \$1,380,000 for 2005 and ~~\$7,408,000~~ \$7,920,000  
123.6 for 2006.

123.7 The 2007 appropriation includes ~~\$1,379,000~~ \$880,000 for 2006 and ~~\$7,386,000~~  
123.8 \$7,901,000 for 2007.

123.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

123.10 Sec. 18. Laws 2005, First Special Session chapter 5, article 3, section 18, subdivision  
123.11 7, is amended to read:

123.12 Subd. 7. **Court-placed special education revenue.** For reimbursing serving  
123.13 school districts for unreimbursed eligible expenditures attributable to children placed in  
123.14 the serving school district by court action under Minnesota Statutes, section 125A.79,  
123.15 subdivision 4:

123.16 ~~65,000~~

123.17 \$ 46,000 ..... 2006

123.18 \$ 70,000 ..... 2007

123.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

123.20 Sec. 19. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision  
123.21 2, is amended to read:

123.22 Subd. 2. **Health and safety revenue.** For health and safety aid according to  
123.23 Minnesota Statutes, section 123B.57, subdivision 5:

123.24 ~~802,000~~

123.25 \$ 823,000 ..... 2006

123.26 ~~578,000~~

123.27 \$ 352,000 ..... 2007

123.28 The 2006 appropriation includes \$211,000 for 2005 and ~~\$591,000~~ \$612,000 for 2006.

123.29 The 2007 appropriation includes ~~\$109,000~~ \$68,000 for 2006 and ~~\$469,000~~ \$284,000  
123.30 for 2007.

124.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

124.2 Sec. 20. Laws 2005, First Special Session chapter 5, article 4, section 25, subdivision  
124.3 4, is amended to read:

124.4 Subd. 4. **Alternative facilities bonding aid.** For alternative facilities bonding aid,  
124.5 according to Minnesota Statutes, section 123B.59, subdivision 1:

124.6 ~~19,287,000~~

124.7 \$ 20,387,000 ..... 2006

124.8 \$ 19,287,000 ..... 2007

124.9 The 2006 appropriation includes \$3,028,000 for 2005 and ~~\$16,259,000~~ \$17,359,000  
124.10 for 2006.

124.11 The 2007 appropriation includes ~~\$3,028,000~~ \$1,928,000 for 2006 and ~~\$16,259,000~~  
124.12 \$17,359,000 for 2007.

124.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

124.14 **D. NUTRITION AND ACCOUNTING**

124.15 Sec. 21. Laws 2005, First Special Session chapter 5, article 5, section 17, subdivision  
124.16 3, is amended to read:

124.17 Subd. 3. **Traditional school breakfast; kindergarten milk.** For traditional school  
124.18 breakfast aid and kindergarten milk under Minnesota Statutes, sections 124D.1158 and  
124.19 124D.118:

124.20 ~~4,878,000~~

124.21 \$ 4,856,000 ..... 2006

124.22 ~~4,968,000~~

124.23 \$ 5,044,000 ..... 2007

124.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

124.25 **E. LIBRARIES**

124.26 Sec. 22. Laws 2005, First Special Session chapter 5, article 6, section 1, subdivision 3,  
124.27 is amended to read:

124.28 Subd. 3. **Multicounty, multitype library systems.** For grants under Minnesota  
124.29 Statutes, sections 134.353 and 134.354, to multicounty, multitype library systems:

125.1 ~~903,000~~

125.2 \$ 954,000 ..... 2006

125.3 \$ 903,000 ..... 2007

125.4 The 2006 appropriation includes \$141,000 for 2005 and ~~\$762,000~~ \$813,000 for 2006.

125.5 The 2007 appropriation includes ~~\$141,000~~ \$90,000 for 2006 and ~~\$762,000~~ \$813,000  
125.6 for 2007.

125.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

125.8 Sec. 23. Laws 2005, First Special Session chapter 5, article 6, section 1, subdivision 5,  
125.9 is amended to read:

125.10 Subd. 5. **Regional library telecommunications aid.** For regional library  
125.11 telecommunications aid under Minnesota Statutes, section 134.355:

125.12 ~~1,200,000~~

125.13 \$ 1,268,000 ..... 2006

125.14 \$ 1,200,000 ..... 2007

125.15 The 2006 appropriation includes \$188,000 for 2005 and ~~\$1,012,000~~ \$1,080,000  
125.16 for 2006.

125.17 The 2007 appropriation includes ~~\$188,000~~ \$120,000 for 2006 and ~~\$1,012,000~~  
125.18 \$1,080,000 for 2007.

125.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

125.20 **F. EARLY CHILDHOOD EDUCATION**

125.21 Sec. 24. Laws 2005, First Special Session chapter 5, article 7, section 20, subdivision  
125.22 2, is amended to read:

125.23 Subd. 2. **School readiness.** For revenue for school readiness programs under  
125.24 Minnesota Statutes, sections 124D.15 and 124D.16:

125.25 ~~9,020,000~~

125.26 \$ 9,528,000 ..... 2006

125.27 ~~9,042,000~~

125.28 \$ 9,020,000 ..... 2007

125.29 The 2006 appropriation includes ~~\$1,417,000~~ \$1,415,000 for 2005 and ~~\$7,603,000~~  
125.30 \$8,113,000 for 2006.

126.1 The 2007 appropriation includes ~~\$1,415,000~~ \$901,000 for 2006 and ~~\$7,627,000~~  
 126.2 \$8,119,000 for 2007.

126.3 **EFFECTIVE DATE.** This section is effective the day following final enactment.

126.4 **G. PREVENTION**

126.5 Sec. 25. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 2,  
 126.6 is amended to read:

126.7 Subd. 2. **Community education aid.** For community education aid under  
 126.8 Minnesota Statutes, section 124D.20:

126.9	<del>1,918,000</del>		
126.10	\$ <u>2,043,000</u>	.....	2006
126.11	<del>1,837,000</del>		
126.12	\$ <u>1,949,000</u>	.....	2007

126.13 The 2006 appropriation includes ~~\$390,000~~ \$385,000 for 2005 and ~~\$1,528,000~~  
 126.14 \$1,658,000 for 2006.

126.15 The 2007 appropriation includes ~~\$284,000~~ \$184,000 for 2006 and ~~\$1,553,000~~  
 126.16 \$1,765,000 for 2007.

126.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

126.18 Sec. 26. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 3,  
 126.19 is amended to read:

126.20 Subd. 3. **Adults with disabilities program aid.** For adults with disabilities  
 126.21 programs under Minnesota Statutes, section 124D.56:

126.22	<del>710,000</del>		
126.23	\$ <u>750,000</u>	.....	2006
126.24	\$ 710,000	.....	2007

126.25 The 2006 appropriation includes \$111,000 for 2005 and ~~\$599,000~~ \$639,000 for 2006.

126.26 The 2007 appropriation includes ~~\$111,000~~ \$71,000 for 2006 and ~~\$599,000~~ \$639,000  
 126.27 for 2007.

126.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

126.29 Sec. 27. Laws 2005, First Special Session chapter 5, article 8, section 8, subdivision 5,  
 126.30 is amended to read:

127.1 Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes,  
127.2 section 124D.22:

127.3 \$ 17,000 ..... 2006

127.4 7,000

127.5 \$ 4,000 ..... 2007

127.6 The 2006 appropriation includes \$4,000 for 2005 and \$13,000 for 2006.

127.7 The 2007 appropriation includes ~~\$2,000~~ \$1,000 for 2006 and ~~\$5,000~~ \$3,000 for 2007.

127.8

127.9

## ARTICLE 10

127.10

### TECHNICAL AND CONFORMING AMENDMENTS

127.11 Section 1. Minnesota Statutes 2005 Supplement, section 120B.11, subdivision 2, is  
127.12 amended to read:

127.13 Subd. 2. **Adopting policies.** ~~(a)~~ A school board shall have in place an adopted  
127.14 written policy that includes the following:

127.15 (1) district goals for instruction including the use of best practices, district and  
127.16 school curriculum, and achievement for all student subgroups;

127.17 (2) a process for evaluating each student's progress toward meeting academic  
127.18 standards and identifying the strengths and weaknesses of instruction and curriculum  
127.19 affecting students' progress;

127.20 (3) a system for periodically reviewing and evaluating all instruction and curriculum;

127.21 (4) a plan for improving instruction, curriculum, and student achievement; and

127.22 (5) an education effectiveness plan aligned with section 122A.625 that integrates  
127.23 instruction, curriculum, and technology.

127.24 Sec. 2. Minnesota Statutes 2004, section 121A.15, subdivision 10, is amended to read:

127.25 Subd. 10. **Requirements for immunization statements.** (a) A statement required  
127.26 to be submitted under subdivisions 1, 2, and 4 to document evidence of immunization  
127.27 shall include month, day, and year for immunizations administered after January 1, 1990.

127.28 ~~(a) For persons enrolled in grades 7 and 12 during the 1996-1997 school term, the~~  
127.29 ~~statement must indicate that the person has received a dose of tetanus and diphtheria~~  
127.30 ~~toxoid no earlier than 11 years of age.~~

127.31 ~~(b) Except as specified in paragraph (c), for persons enrolled in grades 7, 8, and 12~~  
127.32 ~~during the 1997-1998 school term, the statement must indicate that the person has received~~  
127.33 ~~a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.~~

127.1 Subd. 5. **School-age care revenue.** For extended day aid under Minnesota Statutes,  
127.2 section 124D.22:

127.3 \$ 17,000 ..... 2006

127.4 ~~7,000~~

127.5 \$ 4,000 ..... 2007

127.6 The 2006 appropriation includes \$4,000 for 2005 and \$13,000 for 2006.

127.7 The 2007 appropriation includes ~~\$2,000~~ \$1,000 for 2006 and ~~\$5,000~~ \$3,000 for 2007.

127.8

127.9

**ARTICLE 10**

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127.16 school curriculum, and achievement for all student subgroups;

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127.18 standards and identifying the strengths and weaknesses of instruction and curriculum  
127.19 affecting students' progress;

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127.23 instruction, curriculum, and technology.

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127.26 to be submitted under subdivisions 1, 2, and 4 to document evidence of immunization  
127.27 shall include month, day, and year for immunizations administered after January 1, 1990.

127.28 ~~(a) For persons enrolled in grades 7 and 12 during the 1996-1997 school term, the~~  
127.29 ~~statement must indicate that the person has received a dose of tetanus and diphtheria~~  
30 ~~toxoid no earlier than 11 years of age.~~

127.31 ~~(b) Except as specified in paragraph (c), for persons enrolled in grades 7, 8, and 12~~  
127.32 ~~during the 1997-1998 school term, the statement must indicate that the person has received~~  
127.33 ~~a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.~~

128.1 ~~(e) Except as specified in paragraph (e), for persons enrolled in grades 7 through~~  
128.2 ~~12 during the 1998-1999 school term and for each year thereafter, the statement must~~  
128.3 ~~indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier~~  
128.4 ~~than 11 years of age.~~

128.5 ~~(d) For persons enrolled in grades 7 through 12 during the 1996-1997 school year~~  
128.6 ~~and for each year thereafter, the statement must indicate that the person has received at~~  
128.7 ~~least two doses of vaccine against measles, mumps, and rubella, given alone or separately~~  
128.8 ~~and given not less than one month apart.~~

128.9 ~~(e)~~ (b) A person who has received at least three doses of tetanus and diphtheria  
128.10 toxoids, with the most recent dose given after age six and before age 11, is not required to  
128.11 have additional immunization against diphtheria and tetanus until ten years have elapsed  
128.12 from the person's most recent dose of tetanus and diphtheria toxoid.

128.13 ~~(f)~~ (c) The requirement for hepatitis B vaccination shall apply to persons enrolling in  
128.14 kindergarten beginning with the 2000-2001 school term.

128.15 ~~(g)~~ (d) The requirement for hepatitis B vaccination shall apply to persons enrolling  
128.16 in grade 7 beginning with the 2001-2002 school term.

128.17 Sec. 3. Minnesota Statutes 2005 Supplement, section 123B.04, subdivision 2, is  
128.18 amended to read:

128.19 Subd. 2. **Agreement.** (a) Upon the request of 60 percent of the licensed employees  
128.20 of a site or a school site decision-making team, the school board shall enter into  
128.21 discussions to reach an agreement concerning the governance, management, or control of  
128.22 the school. A school site decision-making team may include the school principal, teachers  
128.23 in the school or their designee, other employees in the school, representatives of pupils  
128.24 in the school, or other members in the community. A school site decision-making team  
128.25 must include at least one parent of a pupil in the school. For purposes of formation of a  
128.26 new site, a school site decision-making team may be a team of teachers that is recognized  
128.27 by the board as a site. The school site decision-making team shall include the school  
128.28 principal or other person having general control and supervision of the school. The site  
128.29 decision-making team must reflect the diversity of the education site. At least one-half  
128.30 of the members shall be employees of the district, unless an employee is the parent of a  
128.31 student enrolled in the school site, in which case the employee may elect to serve as a  
128.32 parent member of the site team.

128.33 (b) School site decision-making agreements must delegate powers, duties, and  
128.34 broad management responsibilities to site teams and involve staff members, students as  
128.35 appropriate, and parents in decision making.

129.1 (c) An agreement shall include a statement of powers, duties, responsibilities, and  
129.2 authority to be delegated to and within the site.

129.3 (d) An agreement may include:

129.4 (1) an achievement contract according to subdivision 4;

129.5 (2) a mechanism to allow principals, a site leadership team, or other persons having  
129.6 general control and supervision of the school, to make decisions regarding how financial  
129.7 and personnel resources are best allocated at the site and from whom goods or services  
129.8 are purchased;

129.9 (3) a mechanism to implement parental involvement programs under section  
129.10 124D.895 and to provide for effective parental communication and feedback on this  
129.11 involvement at the site level;

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

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

129.16 (6) an amount of revenue allocated to the site under subdivision 3; and

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

129.18 The school board of the district remains the legal employer under clauses (4) and (5).

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

129.21 (f) Approved agreements shall be filed with the commissioner. If a school board  
129.22 denies a request or the school site and school board fail to reach an agreement to enter  
129.23 into a school site management agreement, the school board shall provide a copy of the  
129.24 request and the reasons for its denial to the commissioner.

129.25 (g) A site decision-making grant program is established, consistent with this  
129.26 subdivision, to allow sites to implement an agreement that at least:

129.27 (1) notwithstanding subdivision 3, allocates to the site all revenue that is attributable  
129.28 to the students at that site;

129.29 (2) includes a provision, consistent with current law and the collective bargaining  
129.30 agreement in effect, that allows the site team to decide who is selected from within the  
129.31 district for licensed and nonlicensed positions at the site and to make staff assignments  
129.32 in the site; and

129.33 (3) includes a completed performance agreement under subdivision 4.

129.34 The commissioner shall establish the form and manner of the application for a grant  
129.35 and annually, at the end of each fiscal year, report to the house of representatives and  
129.36 senate committees having jurisdiction over education on the progress of the program.

130.1 Sec. 4. Minnesota Statutes 2004, section 125A.62, subdivision 1, is amended to read:

130.2 Subdivision 1. **Governance.** The board of the Minnesota State Academies shall  
130.3 govern the State ~~Academies~~ Academy for the Deaf and the State Academy for the Blind.  
130.4 The board must promote academic standards based on high expectation and an assessment  
130.5 system to measure academic performance toward the achievement of those standards. The  
130.6 board must focus on the academies' needs as a whole and not prefer one school over the  
130.7 other. The board of the Minnesota State Academies shall consist of nine persons. The  
130.8 members of the board shall be appointed by the governor with the advice and consent of  
130.9 the senate. One member must be from the seven-county metropolitan area, one member  
130.10 must be from greater Minnesota, and one member may be appointed at-large. The board  
130.11 must be composed of:

130.12 (1) one present or former superintendent of an independent school district;

130.13 (2) one present or former special education director;

130.14 (3) the commissioner of education or the commissioner's designee;

130.15 (4) one member of the blind community;

130.16 (5) one member of the deaf community;

130.17 (6) two members of the general public with business, administrative, or financial  
130.18 expertise;

130.19 (7) one nonvoting, unpaid ex officio member appointed by the site council for the  
130.20 State Academy for the Deaf; and

130.21 (8) one nonvoting, unpaid ex officio member appointed by the site council for the  
130.22 State Academy for the Blind.

130.23 Sec. 5. Minnesota Statutes 2005 Supplement, section 126C.10, subdivision 24, is  
130.24 amended to read:

130.25 Subd. 24. **Equity revenue.** (a) A school district qualifies for equity revenue if:

130.26 (1) the school district's adjusted marginal cost pupil unit amount of basic revenue,  
130.27 supplemental revenue, transition revenue, and referendum revenue is less than the value of  
130.28 the school district at or immediately above the 95th percentile of school districts in its  
130.29 equity region for those revenue categories; and

130.30 (2) the school district's administrative offices are not located in a city of the first  
130.31 class on July 1, 1999.

130.32 (b) Equity revenue for a qualifying district that receives referendum revenue under  
130.33 section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal  
130.34 cost pupil units for that year; times (2) the sum of (i) \$13, plus (ii) \$75, times the school  
130.35 district's equity index computed under subdivision 27.

131.1 (c) Equity revenue for a qualifying district that does not receive referendum revenue  
131.2 under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal  
131.3 cost pupil units for that year times \$13.

131.4 (d) A school district's equity revenue is increased by the greater of zero or an amount  
131.5 equal to the district's resident marginal cost pupil units times the difference between ten  
131.6 percent of the statewide average amount of referendum revenue per resident marginal cost  
131.7 pupil unit for that year and the district's referendum revenue per resident marginal cost  
131.8 pupil unit. A school district's revenue under this paragraph must not exceed \$100,000 for  
131.9 that year.

131.10 (e) A school district's equity revenue for a school district located in the metro equity  
131.11 region equals the amount computed in paragraphs (b), (c), and (d) multiplied by 1.25.

131.12 (f) For fiscal year 2007 and later, notwithstanding paragraph (a), clause (2), a school  
131.13 district that has per pupil referendum revenue below the 95th percentile qualifies for  
131.14 additional equity revenue equal to \$46 times its adjusted marginal cost pupil unit.

131.15 (g) A district that does not qualify for revenue under paragraph (f) qualifies for  
131.16 equity revenue equal to one-half of the per pupil allowance in paragraph (f) times its  
131.17 adjusted marginal cost pupil units.

131.18 Sec. 6. Minnesota Statutes 2005 Supplement, section 626.556, subdivision 2, is  
131.19 amended to read:

131.20 Subd. 2. **Definitions.** As used in this section, the following terms have the meanings  
131.21 given them unless the specific content indicates otherwise:

131.22 (a) "Family assessment" means a comprehensive assessment of child safety, risk  
131.23 of subsequent child maltreatment, and family strengths and needs that is applied to a  
131.24 child maltreatment report that does not allege substantial child endangerment. Family  
131.25 assessment does not include a determination as to whether child maltreatment occurred  
131.26 but does determine the need for services to address the safety of family members and the  
131.27 risk of subsequent maltreatment.

131.28 (b) "Investigation" means fact gathering related to the current safety of a child  
131.29 and the risk of subsequent maltreatment that determines whether child maltreatment  
131.30 occurred and whether child protective services are needed. An investigation must be used  
131.31 when reports involve substantial child endangerment, and for reports of maltreatment in  
131.32 facilities required to be licensed under chapter 245A or 245B; under sections 144.50 to  
131.33 144.58 and 241.021; in a school as defined in sections 120A.05, subdivisions 9, 11, and  
131.34 13, and 124D.10; or in a nonlicensed personal care provider association as defined in  
131.35 sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

132.1 (c) "Substantial child endangerment" means a person responsible for a child's care, a  
132.2 person who has a significant relationship to the child as defined in section 609.341, or a  
132.3 person in a position of authority as defined in section 609.341, who by act or omission  
132.4 commits or attempts to commit an act against a child under their care that constitutes  
132.5 any of the following:

132.6 (1) egregious harm as defined in section 260C.007, subdivision 14;

132.7 (2) sexual abuse as defined in paragraph (d);

132.8 (3) abandonment under section 260C.301, subdivision 2;

132.9 (4) neglect as defined in paragraph (f), clause (2), that substantially endangers the  
132.10 child's physical or mental health, including a growth delay, which may be referred to as  
132.11 failure to thrive, that has been diagnosed by a physician and is due to parental neglect;

132.12 (5) murder in the first, second, or third degree under section 609.185, 609.19, or  
132.13 609.195;

132.14 (6) manslaughter in the first or second degree under section 609.20 or 609.205;

132.15 (7) assault in the first, second, or third degree under section 609.221, 609.222, or  
132.16 609.223;

132.17 (8) solicitation, inducement, and promotion of prostitution under section 609.322;

132.18 (9) criminal sexual conduct under sections 609.342 to 609.3451;

132.19 (10) solicitation of children to engage in sexual conduct under section 609.352;

132.20 (11) malicious punishment or neglect or endangerment of a child under section  
132.21 609.377 or 609.378;

132.22 (12) use of a minor in sexual performance under section 617.246; or

132.23 (13) parental behavior, status, or condition which mandates that the county attorney  
132.24 file a termination of parental rights petition under section 260C.301, subdivision 3,  
132.25 paragraph (a).

132.26 (d) "Sexual abuse" means the subjection of a child by a person responsible for the  
132.27 child's care, by a person who has a significant relationship to the child, as defined in  
132.28 section 609.341, or by a person in a position of authority, as defined in section 609.341,  
132.29 subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual  
132.30 conduct in the first degree), 609.343 (criminal sexual conduct in the second degree),  
132.31 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct  
132.32 in the fourth degree), or 609.3451 (criminal sexual conduct in the fifth degree). Sexual  
132.33 abuse also includes any act which involves a minor which constitutes a violation of  
132.34 prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes  
132.35 threatened sexual abuse.

133.1 (e) "Person responsible for the child's care" means (1) an individual functioning  
133.2 within the family unit and having responsibilities for the care of the child such as a  
133.3 parent, guardian, or other person having similar care responsibilities, or (2) an individual  
133.4 functioning outside the family unit and having responsibilities for the care of the child  
133.5 such as a teacher, school administrator, other school employees or agents, or other lawful  
133.6 custodian of a child having either full-time or short-term care responsibilities including,  
133.7 but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching,  
133.8 and coaching.

133.9 (f) "Neglect" means:

133.10 (1) failure by a person responsible for a child's care to supply a child with necessary  
133.11 food, clothing, shelter, health, medical, or other care required for the child's physical or  
133.12 mental health when reasonably able to do so;

133.13 (2) failure to protect a child from conditions or actions that seriously endanger the  
133.14 child's physical or mental health when reasonably able to do so, including a growth delay,  
133.15 which may be referred to as a failure to thrive, that has been diagnosed by a physician and  
133.16 is due to parental neglect;

133.17 (3) failure to provide for necessary supervision or child care arrangements  
133.18 appropriate for a child after considering factors as the child's age, mental ability, physical  
133.19 condition, length of absence, or environment, when the child is unable to care for the  
133.20 child's own basic needs or safety, or the basic needs or safety of another child in their care;

133.21 (4) failure to ensure that the child is educated as defined in sections 120A.22 and  
133.22 260C.163, subdivision 11, which does not include a parent's refusal to provide the parent's  
133.23 child with sympathomimetic medications, consistent with section 125A.091, subdivision 5;

133.24 (5) nothing in this section shall be construed to mean that a child is neglected solely  
133.25 because the child's parent, guardian, or other person responsible for the child's care in  
133.26 good faith selects and depends upon spiritual means or prayer for treatment or care of  
133.27 disease or remedial care of the child in lieu of medical care; except that a parent, guardian,  
133.28 or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report  
133.29 if a lack of medical care may cause serious danger to the child's health. This section does  
133.30 not impose upon persons, not otherwise legally responsible for providing a child with  
133.31 necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

133.32 (6) prenatal exposure to a controlled substance, as defined in section 253B.02,  
133.33 subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal  
133.34 symptoms in the child at birth, results of a toxicology test performed on the mother at  
133.35 delivery or the child at birth, or medical effects or developmental delays during the child's  
133.36 first year of life that medically indicate prenatal exposure to a controlled substance;

134.1 (7) "medical neglect" as defined in section 260C.007, subdivision 6, clause (5);

134.2 (8) chronic and severe use of alcohol or a controlled substance by a parent or

134.3 person responsible for the care of the child that adversely affects the child's basic needs

134.4 and safety; or

134.5 (9) emotional harm from a pattern of behavior which contributes to impaired

134.6 emotional functioning of the child which may be demonstrated by a substantial and

134.7 observable effect in the child's behavior, emotional response, or cognition that is not

134.8 within the normal range for the child's age and stage of development, with due regard to

134.9 the child's culture.

134.10 (g) "Physical abuse" means any physical injury, mental injury, or threatened injury,

134.11 inflicted by a person responsible for the child's care on a child other than by accidental

134.12 means, or any physical or mental injury that cannot reasonably be explained by the child's

134.13 history of injuries, or any aversive or deprivation procedures, or regulated interventions,

134.14 that have not been authorized under section 121A.67 or 245.825. Abuse does not include

134.15 reasonable and moderate physical discipline of a child administered by a parent or legal

134.16 guardian which does not result in an injury. Abuse does not include the use of reasonable

134.17 force by a teacher, principal, or school employee as allowed by section 121A.582. Actions

134.18 which are not reasonable and moderate include, but are not limited to, any of the following

134.19 that are done in anger or without regard to the safety of the child:

134.20 (1) throwing, kicking, burning, biting, or cutting a child;

134.21 (2) striking a child with a closed fist;

134.22 (3) shaking a child under age three;

134.23 (4) striking or other actions which result in any nonaccidental injury to a child

134.24 under 18 months of age;

134.25 (5) unreasonable interference with a child's breathing;

134.26 (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;

134.27 (7) striking a child under age one on the face or head;

134.28 (8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled

134.29 substances which were not prescribed for the child by a practitioner, in order to control

134.30 or punish the child; or other substances that substantially affect the child's behavior,

134.31 motor coordination, or judgment or that results in sickness or internal injury, or subjects

134.32 the child to medical procedures that would be unnecessary if the child were not exposed

134.33 to the substances;

134.34 (9) unreasonable physical confinement or restraint not permitted under section

134.35 609.379, including but not limited to tying, caging, or chaining; or

135.1 (10) in a school facility or school zone, an act by a person responsible for the child's  
135.2 care that is a violation under section 121A.58.

135.3 (h) "Report" means any report received by the local welfare agency, police  
135.4 department, county sheriff, or agency responsible for assessing or investigating  
135.5 maltreatment pursuant to this section.

135.6 (i) "Facility" means:

135.7 (1) a licensed or unlicensed day care facility, residential facility, agency, hospital,  
135.8 sanitarium, or other facility or institution required to be licensed under sections 144.50 to  
135.9 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B; or

135.10 (2) a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and  
135.11 124D.10; or

135.12 (3) a nonlicensed personal care provider organization as defined in sections 256B.04,  
135.13 subdivision 16, and 256B.0625, subdivision 19a.

135.14 (j) "Operator" means an operator or agency as defined in section 245A.02.

135.15 (k) "Commissioner" means the commissioner of human services.

135.16 (l) "Practice of social services," for the purposes of subdivision 3, includes but is  
135.17 not limited to employee assistance counseling and the provision of guardian ad litem and  
135.18 parenting time expeditor services.

135.19 (m) "Mental injury" means an injury to the psychological capacity or emotional  
135.20 stability of a child as evidenced by an observable or substantial impairment in the child's  
135.21 ability to function within a normal range of performance and behavior with due regard to  
135.22 the child's culture.

135.23 (n) "Threatened injury" means a statement, overt act, condition, or status that  
135.24 represents a substantial risk of physical or sexual abuse or mental injury. Threatened  
135.25 injury includes, but is not limited to, exposing a child to a person responsible for the  
135.26 child's care, as defined in paragraph (e), clause (1), who has:

135.27 (1) subjected a child to, or failed to protect a child from, an overt act or condition  
135.28 that constitutes egregious harm, as defined in section 260C.007, subdivision 14, or a  
135.29 similar law of another jurisdiction;

135.30 (2) been found to be palpably unfit under section 260C.301, paragraph (b), clause  
135.31 (4), or a similar law of another jurisdiction;

135.32 (3) committed an act that has resulted in an involuntary termination of parental rights  
135.33 under section 260C.301, or a similar law of another jurisdiction; or

135.34 (4) committed an act that has resulted in the involuntary transfer of permanent legal  
135.35 and physical custody of a child to a relative under section 260C.201, subdivision 11,  
135.36 paragraph (d), clause (1), or a similar law of another jurisdiction.

136.1 (o) Persons who conduct assessments or investigations under this section shall take  
 136.2 into account accepted child-rearing practices of the culture in which a child participates  
 136.3 and accepted teacher discipline practices, which are not injurious to the child's health,  
 136.4 welfare, and safety.

136.5 **ARTICLE 11**  
 136.6 **HIGHER EDUCATION**

136.7 Section 1. **HIGHER EDUCATION APPROPRIATIONS.**

136.8 The sums shown in the columns marked "APPROPRIATIONS" are added to or, if  
 136.9 shown in parentheses, subtracted from the appropriations in Laws 2005, chapter 107,  
 136.10 article 1, or other law to the agencies and for the purposes specified in this article. The  
 136.11 appropriations are from the general fund or another named fund and are available for the  
 136.12 fiscal years indicated for each purpose. The figures "2006" and "2007" used in this article  
 136.13 mean that the addition to the appropriation listed under them is available for the fiscal year  
 136.14 ending June 30, 2006, or June 30, 2007, respectively. "The first year" is fiscal year 2006.  
 136.15 "The second year" is fiscal year 2007. "The biennium" is fiscal years 2006 and 2007.

136.16 **SUMMARY BY FUND**

		<u>2006</u>		<u>2007</u>		<u>TOTAL</u>
136.17						
136.18	<b><u>General</u></b>	\$	<u>-0-</u>	\$	<u>4,700,000</u>	\$ <u>4,700,000</u>

136.19 **SUMMARY BY AGENCY - ALL FUNDS**

		<u>2006</u>		<u>2007</u>		<u>TOTAL</u>
136.20						
136.21	<b><u>Office of Higher Education</u></b>	\$	<u>-0-</u>	\$	<u>(300,000)</u>	\$ <u>(300,000)</u>
136.22	<b><u>Board of Regents of the</u></b>					
136.23	<b><u>University of Minnesota</u></b>		<u>-0-</u>		<u>5,000,000</u>	<u>5,000,000</u>

136.24 **APPROPRIATIONS**  
 136.25 **Available for the Year**  
 136.26 **Ending June 30**

		<u>2006</u>		<u>2007</u>
136.27				
136.28		\$		\$

136.29	Sec. 2. <b><u>OFFICE OF HIGHER EDUCATION</u></b>		<u>-0-</u>	<u>(300,000)</u>
136.30	<b><u>State grant program</u></b>			

136.1 (o) Persons who conduct assessments or investigations under this section shall take  
 136.2 into account accepted child-rearing practices of the culture in which a child participates  
 136.3 and accepted teacher discipline practices, which are not injurious to the child's health,  
 136.4 welfare, and safety.

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 136.11 appropriations are from the general fund or another named fund and are available for the  
 136.12 fiscal years indicated for each purpose. The figures "2006" and "2007" used in this article  
 136.13 mean that the addition to the appropriation listed under them is available for the fiscal year  
 136.14 ending June 30, 2006, or June 30, 2007, respectively. "The first year" is fiscal year 2006.  
 136.15 "The second year" is fiscal year 2007. "The biennium" is fiscal years 2006 and 2007.

136.16 **SUMMARY BY FUND**

		<u>2006</u>		<u>2007</u>		<u>TOTAL</u>
136.17						
136.18	<b><u>General</u></b>	\$	<u>-0-</u>	\$	<u>4,700,000</u>	\$ <u>4,700,000</u>

136.19 **SUMMARY BY AGENCY - ALL FUNDS**

		<u>2006</u>		<u>2007</u>		<u>TOTAL</u>
136.20						
136.21	<b><u>Office of Higher Education</u></b>	\$	<u>-0-</u>	\$	<u>(300,000)</u>	\$ <u>(300,000)</u>
136.22	<b><u>Board of Regents of the</u></b>					
136.23	<b><u>University of Minnesota</u></b>		<u>-0-</u>	<u>5,000,000</u>		<u>5,000,000</u>

136.24 **APPROPRIATIONS**  
 136.25 **Available for the Year**  
 136.26 **Ending June 30**

		<u>2006</u>		<u>2007</u>
136.27				
136.28		\$		\$
136.29	Sec. 2. <b><u>OFFICE OF HIGHER EDUCATION</u></b>		<u>-0-</u>	<u>(300,000)</u>

136.30 **State grant program**

137.1 The appropriation base is \$144,406,000 for  
 137.2 fiscal year 2008 and \$144,406,000 for fiscal  
 137.3 year 2009.

137.4 **Sec. 3. BOARD OF REGENTS OF THE**

137.5 **UNIVERSITY OF MINNESOTA** **-0-** **5,000,000**

137.6 **University of Minnesota - Rochester**

137.7 For academic programs supporting the

137.8 University of Minnesota - Rochester,

137.9 including faculty, staff, and program

137.10 planning and development in the areas

137.11 of biomedical technologies, engineering

137.12 and computer technologies, health care

137.13 administration, and allied health programs;

137.14 ongoing operations of industrial liaison

137.15 activities; and operation of leased facilities.

137.16 The appropriation base is \$5,000,000 for

137.17 fiscal year 2008 and \$6,330,000 for fiscal

137.18 year 2009.

137.19 **Sec. 4. Minnesota Statutes 2004, section 135A.031, subdivision 7, is amended to read:**

137.20 **Subd. 7. Reports.** Instructional expenditure and enrollment data ~~for each~~

137.21 ~~instructional category~~ shall be submitted to the Office of Higher Education and the

137.22 Department of Finance and included in the biennial budget document. The specific data

137.23 shall be submitted only after the director of the Office of Higher Education has consulted

137.24 with a data advisory task force to determine the need, content, and detail of the information.

137.25 **Sec. 5. [135A.043] RESIDENT TUITION.**

137.26 (a) A student shall qualify for a resident tuition rate or its equivalent at state

137.27 universities and colleges, including the University of Minnesota, if the student meets

137.28 all of the following requirements:

137.29 (1) high school attendance within the state for three or more years;

137.30 (2) graduation from a state high school or attainment within the state of the

137.31 equivalent of high school graduation; and

137.32 (3) registration as an entering student at, or current enrollment in, a public institution

137.33 of higher education.

138.1 (b) This section is in addition to any other statute, rule, or higher education  
138.2 institution regulation or policy providing eligibility for a resident tuition rate or its  
138.3 equivalent to a student.

138.4 (c) To qualify for resident tuition under this section an individual who is not a citizen  
138.5 or permanent resident of the United States must provide the college or university with  
138.6 an affidavit that the individual will file an application to become a permanent resident at  
138.7 the earliest opportunity the individual is eligible to do so.

138.8 **EFFECTIVE DATE.** This section is effective the day following final enactment  
138.9 and applies to tuition for school terms commencing on or after that date.

138.10 Sec. 6. Minnesota Statutes 2004, section 135A.053, subdivision 2, is amended to read:

138.11 Subd. 2. **Performance and accountability.** Higher education systems and  
138.12 campuses are expected to achieve the objectives in subdivision 1 and will be held  
138.13 accountable for doing so. The legislature is increasing the flexibility of the systems and  
138.14 campuses to provide greater responsibility to higher education in deciding how to achieve  
138.15 statewide objectives, and to decentralize authority so that those decisions can be made  
138.16 at the level where the education is delivered. ~~To demonstrate their accountability, the~~  
138.17 ~~legislature expects each system and campus to measure and report on its performance,~~  
138.18 ~~using meaningful indicators that are critical to achieving the objectives in subdivision 1,~~  
138.19 ~~as provided in section 135A.033.~~ Nothing in this section precludes a system or campus  
138.20 from determining its own objectives and performance measures beyond those identified  
138.21 in this section.

138.22 Sec. 7. Minnesota Statutes 2005 Supplement, section 135A.52, subdivision 1, is  
138.23 amended to read:

138.24 Subdivision 1. **Fees and tuition.** Except for an administration fee established by the  
138.25 governing board at a level to recover costs, to be collected only when a course is taken for  
138.26 credit, a senior citizen who is a legal resident of Minnesota is entitled without payment  
138.27 of tuition or activity fees to attend courses offered for credit, audit any courses offered  
138.28 for credit, or enroll in any noncredit courses in any state supported institution of higher  
138.29 education in Minnesota when space is available after all tuition-paying students have been  
138.30 accommodated. A senior citizen enrolled under this section must pay any materials,  
138.31 personal property, or service charges for the course. In addition, a senior citizen who is  
138.32 enrolled in a course for credit must pay an administrative fee in an amount established  
138.33 by the governing board of the institution to recover ~~the course~~ costs. There shall be no  
138.34 administrative fee charges to a senior citizen auditing a course. For the purposes of this

139.1 section and section 135A.51, the term "noncredit courses" shall not include those courses  
139.2 designed and offered specifically and exclusively for senior citizens.

139.3 The provisions of this section and section 135A.51 do not apply to noncredit courses  
139.4 designed and offered by the University of Minnesota, and the Minnesota State Colleges  
139.5 and Universities specifically and exclusively for senior citizens. Senior citizens enrolled  
139.6 under the provisions of this section and section 135A.51 shall not be included by such  
139.7 institutions in their computation of full-time equivalent students when requesting staff  
139.8 or appropriations.

139.9 Sec. 8. Minnesota Statutes 2005 Supplement, section 135A.52, subdivision 2, is  
139.10 amended to read:

139.11 Subd. 2. **Term; income of senior citizens.** (a) Except under paragraph (b), there  
139.12 shall be no limit to the number of terms, quarters, or semesters a senior citizen may attend  
139.13 courses, nor income limitation imposed in determining eligibility.

139.14 (b) A senior citizen enrolled in a closed enrollment contract training ~~or professional~~  
139.15 ~~continuing education~~ program is not eligible for benefits under subdivision 1.

139.16 Sec. 9. Minnesota Statutes 2004, section 136A.101, subdivision 4, is amended to read:

139.17 Subd. 4. **Eligible institution.** "Eligible institution" means a postsecondary  
139.18 educational institution that:

139.19 (1) is located in this state or in a state with which the office has entered into a higher  
139.20 education reciprocity agreement on state student aid programs ~~that either (1);~~

139.21 (2) is operated by this state or by the University of Minnesota, or (2) is operated  
139.22 publicly or privately and, as determined by the office, maintains academic standards  
139.23 substantially equivalent to those of comparable institutions operated in this state; and

139.24 (3) is licensed or registered as a postsecondary institution by the Office of Higher  
139.25 Education or another state agency.

139.26 Eligible institutions must participate in federal student aid programs under Title IV  
139.27 of the Higher Education Act of 1965, as amended. An institution that participated in  
139.28 the state grant program in fiscal year 2007 but did not participate in federal student aid  
139.29 programs under Title IV of the Higher Education Act of 1965, as amended, must become  
139.30 a participant in the federal student aid programs by July 1, 2009, or lose eligibility to  
139.31 participate in the state grant program.

139.32 Sec. 10. Minnesota Statutes 2004, section 136A.101, subdivision 8, is amended to read:

140.1           Subd. 8. **Resident student.** "Resident student" means a student who meets one of  
140.2 the following conditions:

140.3           (1) a student who has resided in Minnesota for purposes other than postsecondary  
140.4 education for at least 12 months without being enrolled at a postsecondary educational  
140.5 institution for more than five credits in any term;

140.6           (2) a dependent student whose parent or legal guardian resides in Minnesota at the  
140.7 time the student applies;

140.8           (3) a student who graduated from a Minnesota high school, if the student was a  
140.9 resident of Minnesota during the student's period of attendance at the Minnesota high  
140.10 school and the student is physically attending a Minnesota postsecondary educational  
140.11 institution; or

140.12           (4) a student who, after residing in the state for a minimum of one year, earned a  
140.13 high school equivalency certificate in Minnesota;

140.14           (5) a member, spouse, or dependent of a member of the armed forces of the United  
140.15 States stationed in Minnesota on active federal military service as defined in section  
140.16 190.05, subdivision 5c;

140.17           (6) a person or spouse of a person who relocated to Minnesota from an area that  
140.18 is declared a presidential disaster area within the preceding 12 months if the disaster  
140.19 interrupted the person's postsecondary education; or

140.20           (7) a person defined as a refugee under United States Code, title 8, section  
140.21 1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has  
140.22 continued to reside in Minnesota.

140.23           Sec. 11. Minnesota Statutes 2005 Supplement, section 136A.121, subdivision 7a,  
140.24 is amended to read:

140.25           Subd. 7a. **Surplus appropriation.** If the amount appropriated is determined by the  
140.26 office to be more than sufficient to fund projected grant demand in the second year of the  
140.27 biennium, the office may increase the living and miscellaneous expense allowance in the  
140.28 second year of the biennium by up to an amount that retains sufficient appropriations  
140.29 to fund the projected grant demand. The adjustment may be made one or more times.  
140.30 In making the determination that there are more than sufficient funds, the office shall  
140.31 balance the need for sufficient resources to meet the projected demand for grants with the  
140.32 goal of fully allocating the appropriation for state grants. An increase in the living and  
140.33 miscellaneous expense allowance under this subdivision does not carry forward into a  
140.34 subsequent biennium. This subdivision expires June 30, ~~2007~~ 2009.

141.1 Sec. 12. Minnesota Statutes 2004, section 136A.15, subdivision 6, is amended to read:

141.2 Subd. 6. **Eligible institution.** "Eligible institution" means a postsecondary  
141.3 educational institution that ~~either:~~

141.4 (1) is operated or regulated by this state or by the University of Minnesota, or ~~(2)~~ is  
141.5 operated publicly or privately in another state, is approved by the United States Secretary  
141.6 of Education, and, as determined by the office, maintains academic standards substantially  
141.7 equal to those of comparable institutions operated in this state. ~~It also includes any~~  
141.8 ~~institution chartered in a province;~~ or

141.9 (2) is licensed or registered as a postsecondary institution by the Office of Higher  
141.10 Education or another state agency.

141.11 Eligible institutions must participate in federal student aid programs under Title  
141.12 IV of the Higher Education Act of 1965, as amended. An institution that participated  
141.13 in the SELF program in fiscal year 2007 but did not participate in federal student aid  
141.14 programs under Title IV of the Higher Education Act of 1965, as amended, must become  
141.15 a participant in the federal student aid programs by July 1, 2009, or lose eligibility to  
141.16 participate in the SELF program.

141.17 An eligible institution must sign an institutional loan participation agreement with  
141.18 the office that lists the duties and responsibilities of both the institution and the office.

141.19 Sec. 13. Minnesota Statutes 2004, section 136A.15, subdivision 9, is amended to read:

141.20 Subd. 9. **Minnesota resident student.** "Minnesota resident student" means a  
141.21 student who meets one of the following conditions in section 136A.101, subdivision 8:

141.22 (1) a student who has resided in Minnesota for purposes other than postsecondary  
141.23 education for at least 12 months without being enrolled at a postsecondary educational  
141.24 institution for more than five credits in any term;

141.25 (2) a dependent student whose parent or legal guardian resides in Minnesota at the  
141.26 time the student applies;

141.27 (3) a student who graduated from a Minnesota high school, if the student was a  
141.28 resident of Minnesota during the student's period of attendance at the Minnesota high  
141.29 school and the student is physically attending a Minnesota postsecondary-educational  
141.30 institution; or

141.31 (4) a student who, after residing in the state for a minimum of one year, earned a  
141.32 high school equivalency certificate in Minnesota.

141.33 Sec. 14. Minnesota Statutes 2004, section 136A.15, is amended by adding a  
141.34 subdivision to read:

- 142.1 Subd. 10. Eligible cosigner. "Eligible cosigner" means a cosigner who:  
142.2 (1) is at least 24 years old, and at least 18 years old if a sibling;  
142.3 (2) is a United States citizen or permanent resident;  
142.4 (3) permanently resides in the United States; and  
142.5 (4) agrees to the release of information to a consumer credit reporting agency, as  
142.6 specified in section 136A.162, paragraph (b);  
142.7 (5) is creditworthy by meeting all of the following requirements:  
142.8 (i) no balances at a consumer credit reporting agency discharged through bankruptcy  
142.9 within the seven years prior to application for credit;  
142.10 (ii) no garnishments, attachments, foreclosure, repossession, or defendant in a suit to  
142.11 collect a debt appearing on the credit report;  
142.12 (iii) no tax or mechanics liens or judgments appearing on the credit report;  
142.13 (iv) no items that are charged off or are delinquent for 120 days or more, that  
142.14 in total exceed \$50;  
142.15 (v) no more than five percent of current balances at a consumer credit reporting  
142.16 agency past due, that in total exceed \$50.  
142.17 The office may establish alternative credit requirements using credit scoring.

142.18 Sec. 15. Minnesota Statutes 2004, section 136A.16, is amended by adding a  
142.19 subdivision to read:

142.20 Subd. 16. Interest rate swaps and other agreements. (a) The office may enter into  
142.21 interest rate exchange or swap agreements, hedges, forward purchase or sale agreements,  
142.22 or other comparable interest rate protection agreements with a third party in connection  
142.23 with the issuance or proposed issuance of bonds, outstanding bonds or notes, or existing  
142.24 comparable interest rate protection agreements.

142.25 (b) The agreements authorized by this subdivision include, without limitation, master  
142.26 agreements, options, or contracts to enter into those agreements in the future and related  
142.27 agreements, including, without limitation, agreements to provide credit enhancement,  
142.28 liquidity, or remarketing.

142.29 (c) The agreements authorized by this subdivision may be entered into on the basis  
142.30 of negotiation with a qualified third party or through a competitive proposal process on  
142.31 terms and conditions as and with covenants and provisions approved by the office and  
142.32 may include, without limitation:

- 142.33 (1) provisions establishing reserves;  
142.34 (2) pledging assets or revenues of the office for current or other payments or  
142.35 termination payments;

143.1 (3) contracting with the other parties to the agreements to provide for the custody,  
143.2 collection, securing, investment, and payment of money of the office or money held in  
143.3 trust; or

143.4 (4) requiring the issuance of bonds or other agreements authorized by this section  
143.5 in the future.

143.6 (d) With respect to bonds or notes outstanding or proposed to be issued bearing  
143.7 interest at a variable rate, the office may agree to pay sums equal to interest at a fixed rate  
143.8 or at a different variable rate determined in accordance with a formula set out in the  
143.9 agreement on an amount not exceeding the outstanding principal amount of the bonds or  
143.10 notes at the time of payment in exchange for an agreement by the third party to pay sums  
143.11 equal to interest on a like amount at a variable rate determined according to a formula  
143.12 set out in the agreement.

143.13 (e) With respect to bonds or notes outstanding or proposed to be issued bearing  
143.14 interest at a fixed rate or rates, the office may agree to pay sums equal to interest at a  
143.15 variable rate determined in accordance with a formula set out in the agreement on an  
143.16 amount not exceeding the outstanding principal amount of the bonds or notes at the time of  
143.17 payment in exchange for an agreement by the third party to pay sums equal to interest on a  
143.18 like amount at a fixed rate or rates determined according to a formula set in the agreement.

143.19 (f) Subject to any applicable covenants of the office, payments required to be made  
143.20 by the office under the agreement, including termination payments, may be made from  
143.21 amounts pledged or available to pay debt service on the bonds or notes with respect to  
143.22 which the agreement was made or from assets of the loan capital fund of the office.  
143.23 The office may issue bonds or notes to provide for any payments, including, without  
143.24 limitation, a termination payment due or to become due under an agreement authorized  
143.25 under this section.

143.26 Sec. 16. Minnesota Statutes 2004, section 136A.162, is amended to read:

143.27 **136A.162 CLASSIFICATION OF DATA.**

143.28 All data on applicants for financial assistance collected and used by the Higher  
143.29 Education Services Office for student financial aid programs administered by that office  
143.30 shall be classified as private data on individuals under section 13.02, subdivision 12.

143.31 Exceptions to this classification are that:

143.32 ~~(a) the names and addresses of program recipients or participants are public data;~~  
143.33 ~~(b) data on applicants may be disclosed to the commissioner of human services~~  
143.34 ~~to the extent necessary to determine eligibility under section 136A.121, subdivision 2,~~  
143.35 ~~clause (5); and~~

144.1 (e) (b) the following data collected in the Minnesota supplemental loan program  
144.2 under section 136A.1701 may be disclosed to a consumer credit reporting agency only  
144.3 if the borrower and the cosigner give informed consent, according to section 13.05,  
144.4 subdivision 4, at the time of application for a loan:

- 144.5 (1) the lender-assigned borrower identification number;
- 144.6 (2) the name and address of borrower;
- 144.7 (3) the name and address of cosigner;
- 144.8 (4) the date the account is opened;
- 144.9 (5) the outstanding account balance;
- 144.10 (6) the dollar amount past due;
- 144.11 (7) the number of payments past due;
- 144.12 (8) the number of late payments in previous 12 months;
- 144.13 (9) the type of account;
- 144.14 (10) the responsibility for the account; and
- 144.15 (11) the status or remarks code.

144.16 Sec. 17. Minnesota Statutes 2004, section 136A.1701, subdivision 4, is amended to  
144.17 read:

144.18 Subd. 4. **Terms and conditions of loans.** (a) The office may loan money upon such  
144.19 terms and conditions as the office may prescribe. The principal amount of a loan to an  
144.20 undergraduate student for a single academic year shall not exceed \$6,000 for grade levels  
144.21 1 and 2 effective July 1, 2006, through June 30, 2007. Effective July 1, 2007, the principal  
144.22 amount of a loan for grade levels 1 and 2 shall not exceed \$7,500. The principal amount  
144.23 of a loan for grade levels 3, 4, and 5 shall not exceed \$7,500 effective July 1, 2006. The  
144.24 aggregate principal amount of all loans made under this section to an undergraduate  
144.25 student shall not exceed ~~\$25,000~~ \$34,500 through June 30, 2007, and \$37,500 after June  
144.26 30, 2007. The principal amount of a loan to a graduate student for a single academic year  
144.27 shall not exceed \$9,000. The aggregate principal amount of all loans made under this  
144.28 section to a student as ~~a~~ an undergraduate and graduate student shall not exceed ~~\$40,000~~  
144.29 \$52,500 through June 30, 2007, and \$55,500 after June 30, 2007. The amount of the loan  
144.30 may not exceed the cost of attendance less all other financial aid, including PLUS loans or  
144.31 other similar parent loans borrowed on the student's behalf. The cumulative SELF loan  
144.32 debt must not exceed the borrowing maximums in paragraph (b).

144.33 (b) The cumulative undergraduate borrowing maximums for SELF loans are:

- 144.34 (1) effective July 1, 2006, through June 30, 2007:
- 144.35 (i) grade level 1, \$6,000;

- 145.1 (ii) grade level 2, \$12,000;  
145.2 (iii) grade level 3, \$19,500;  
145.3 (iv) grade level 4, \$27,000; and  
145.4 (v) grade level 5, \$34,500; and  
145.5 (2) effective July 1, 2007:  
145.6 (i) grade level 1, \$7,500;  
145.7 (ii) grade level 2, \$15,000;  
145.8 (iii) grade level 3, \$22,500;  
145.9 (iv) grade level 4, \$30,000; and  
145.10 (v) grade level 5, \$37,500.

145.11 Sec. 18. Minnesota Statutes 2004, section 136A.1701, subdivision 7, is amended to  
145.12 read:

145.13 Subd. 7. **Repayment of loans.** (a) The office shall establish repayment procedures  
145.14 for loans made under this section, but in no event shall the period of permitted repayment  
145.15 for SELF II or SELF III loans exceed ten years from the eligible student's termination of  
145.16 the student's postsecondary academic or vocational program, or 15 years from the date of  
145.17 the student's first loan under this section, whichever is less.

145.18 (b) For SELF loans from phases after SELF III, eligible students with aggregate  
145.19 principal loan balances from all SELF phases that are less than \$18,750 shall have a  
145.20 repayment period not exceeding ten years from the eligible student's graduation or  
145.21 termination date. For SELF loans from phases after SELF III, eligible students with  
145.22 aggregate principal loan balances from all SELF phases of \$18,750 or greater shall  
145.23 have a repayment period not exceeding 15 years from the eligible student's graduation  
145.24 or termination date. For SELF loans from phases after SELF III, the loans shall enter  
145.25 repayment no later than seven years after the first disbursement date on the loan.

145.26 Sec. 19. Minnesota Statutes 2005 Supplement, section 136A.1701, subdivision 12,  
145.27 is amended to read:

145.28 Subd. 12. **Eligible student.** "Eligible student" means a student who is a Minnesota  
145.29 resident who is enrolled or accepted for enrollment at an eligible institution in Minnesota  
145.30 or in another state ~~or province~~. Non-Minnesota residents are eligible students if they are  
145.31 enrolled or accepted for enrollment in a minimum of one course of at least 30 days in  
145.32 length during the academic year that requires physical attendance at an eligible institution  
145.33 located in Minnesota. Non-Minnesota resident students enrolled exclusively during the  
145.34 academic year in correspondence courses or courses offered over the Internet are not

146.1 eligible students. Non-Minnesota resident students not physically attending classes in  
146.2 Minnesota due to enrollment in a study abroad program for 12 months or less are eligible  
146.3 students. Non-Minnesota residents enrolled in study abroad programs exceeding 12  
146.4 months are not eligible students. For purposes of this section, an "eligible student" must  
146.5 also meet the eligibility requirements of section 136A.15, subdivision 8.

146.6 Sec. 20. Minnesota Statutes 2004, section 136A.1701, is amended by adding a  
146.7 subdivision to read:

146.8 Subd. 13. Cosigner requirement. All borrowers under this section must have an  
146.9 eligible cosigner. The cosigner is jointly and separately responsible for making loan  
146.10 payments, including principal, interest, and other charges.

146.11 Sec. 21. [136A.1704] LOAN REHABILITATION.

146.12 (a) For SELF loans that have defaulted, the borrower or cosigner has the option to  
146.13 rehabilitate the loan, as loan rehabilitation is not prohibited under any federal or state  
146.14 statute, rule, regulation, act, or requirement.

146.15 (b) A defaulted SELF loan can be rehabilitated only once and rehabilitation can  
146.16 only be attempted twice per loan.

146.17 (c) An agreement specifying the required payment amount and payment due date  
146.18 must be signed by the borrower or cosigner prior to the start of the rehabilitation process  
146.19 and within two years of the default date.

146.20 (d) Twelve consecutive months of on-time payments are required to consider the  
146.21 loan rehabilitated. There is a five business day grace period.

146.22 (e) If the loan is paid in full within 90 days of default, the loan will be considered  
146.23 rehabilitated upon receipt of a rehabilitation request.

146.24 (f) Rehabilitation results in removal of the defaulted status, but not the past due  
146.25 history, from the credit bureau.

146.26 Sec. 22. [136A.1705] TEMPORARY TOTAL DISABILITY.

146.27 A temporary total disability for up to three years may be granted to a borrower upon  
146.28 medical certification that the total disability is expected to last four months or longer. The  
146.29 total disability must have originated after the loan was fully disbursed. The borrower is  
146.30 required to provide a certification from a qualified physician. A qualified physician is a  
146.31 doctor of medicine or osteopathy who is legally authorized to practice medicine. Periodic  
146.32 recertifications of the total disability status must be provided upon request. During the

147.1 approved total disability period, the loan does not accrue interest. The borrower shall be  
147.2 given the option to sign a payment extension agreement at the time payments are resumed.

147.3 Sec. 23. Minnesota Statutes 2004, section 136A.233, subdivision 3, is amended to read:

147.4 Subd. 3. **Payments.** Work-study payments shall be made to eligible students by  
147.5 postsecondary institutions as provided in this subdivision.

147.6 (a) Students shall be selected for participation in the program by the postsecondary  
147.7 institution on the basis of student financial need.

147.8 (b) In selecting students for participation, priority must be given to students enrolled  
147.9 for at least 12 credits. In each academic year, a student may be awarded work-study  
147.10 payments for one period of nonenrollment or less than half-time enrollment if the student  
147.11 enrolls on at least a half-time basis during the following academic term.

147.12 (c) Students will be paid for hours actually worked and the maximum hourly rate  
147.13 of pay shall not exceed the maximum hourly rate of pay permitted under the federal  
147.14 college work-study program.

147.15 (d) Minimum pay rates will be determined by an applicable federal or state law.

147.16 (e) The office shall annually establish a minimum percentage rate of student  
147.17 compensation to be paid by an eligible employer.

147.18 (f) Each postsecondary institution receiving money for state work-study grants  
147.19 shall make a reasonable effort to place work-study students in employment with eligible  
147.20 employers outside the institution. However, a public employer other than the institution  
147.21 may not terminate, lay off, or reduce the working hours of a permanent employee for the  
147.22 purpose of hiring a work-study student, or replace a permanent employee who is on layoff  
147.23 from the same or substantially the same job by hiring a work-study student.

147.24 (g) The percent of the institution's work-study allocation provided to graduate  
147.25 students shall not exceed the percent of graduate student enrollment at the participating  
147.26 institution.

147.27 (h) An institution may use up to 30 percent of its allocation for student internships  
147.28 with private, for-profit employers.

147.29 Sec. 24. Minnesota Statutes 2004, section 136F.42, subdivision 1, is amended to read:

147.30 Subdivision 1. **Time reporting.** As provided in Executive Order 96-2, the board,  
147.31 in consultation with the commissioners of employee relations and finance, may develop  
147.32 policies to allow system office or campus employees on salaries, as defined in section  
147.33 43A.17, subdivision 1, to use negative time reporting in which employees report only that  
147.34 time for which leave is taken. ~~By the end of the 1997 fiscal year, the board, in consultation~~

148.1 ~~with the commissioners of employee relations and finance, shall evaluate the use of~~  
148.2 ~~negative time reporting and its potential for use with other state employees.~~

148.3 Sec. 25. Minnesota Statutes 2004, section 136F.02, subdivision 1, is amended to read:

148.4 Subdivision 1. **Membership.** The board consists of 15 members appointed by the  
148.5 governor with the advice and consent of the senate. At least one member of the board  
148.6 must be a resident of each congressional district. Three members must be students who are  
148.7 enrolled at least half time in a degree, diploma, or certificate program or have graduated  
148.8 from an institution governed by the board within one year of the date of appointment. The  
148.9 student members shall include: one member from a community college, one member from  
148.10 a state university, and one member from a technical college. The remaining members must  
148.11 be appointed to represent the state at large. At least one member must be a representative  
148.12 of organized labor and at least one member must be a representative of business.

148.13 **EFFECTIVE DATE.** This section is effective the day following final enactment,  
148.14 applies to appointments to the board made on and after that date, and must be complied  
148.15 with as soon as vacancies can be filled.

148.16 Sec. 26. Minnesota Statutes 2004, section 136F.71, subdivision 2, is amended to read:

148.17 Subd. 2. **Activity funds.** All receipts attributable to the state colleges and  
148.18 universities activity funds ~~and deposited in the state treasury~~ are appropriated to the board  
148.19 and are not subject to budgetary control as exercised by the commissioner of finance.

148.20 Sec. 27. Minnesota Statutes 2004, section 136F.71, is amended by adding a subdivision  
148.21 to read:

148.22 Subd. 4. **Banking services.** Notwithstanding section 16A.27, the board shall  
148.23 have authority to control the amount and manner of deposit of all receipts described in  
148.24 this section in depositories selected by the board. The board's authority shall include  
148.25 specifying the considerations, financial activities, and conditions required from the  
148.26 depository, including the requirement of collateral security or a corporate surety bond  
148.27 as described in section 118A.03. The board may compensate the depository, including  
148.28 paying a reasonable charge to the depository, maintaining appropriate compensating  
148.29 balances with the depository, or purchasing non-interest-bearing certificates of deposit  
3.30 from the depository for performing depository-related services.

148.31 Sec. 28. Minnesota Statutes 2004, section 137.17, subdivision 1, is amended to read:

149.1           Subdivision 1. **Establish.** The Board of Regents may establish a school of  
 149.2 ~~professional and graduate studies as a nonresidential~~ branch campus of the University of  
 149.3 ~~Minnesota, in~~ Rochester, to serve the educational needs of working adults and other  
 149.4 ~~nontraditional students in southeastern Minnesota~~ and to foster the economic goals of the  
 149.5 region and the state. The legislature intends that the University of Minnesota expand higher  
 149.6 education offerings in Rochester. It is the intent of the legislature that this be achieved  
 149.7 in part by developing new and strengthening existing partnerships with higher education  
 149.8 institutions in Rochester and the region in which the state already has a significant  
 149.9 investment. The campus shall be a joint partnership of the University of Minnesota with  
 149.10 ~~Rochester Community and Technical College, and Winona State University.~~

149.11           ~~The Board of Trustees of the Minnesota State Colleges and Universities shall~~  
 149.12 ~~cooperate to achieve the foregoing.~~

149.13           Sec. 29. Minnesota Statutes 2004, section 137.17, subdivision 3, is amended to read:

149.14           Subd. 3. **Missions.** The legislature intends that the mission of the expanded  
 149.15 education offerings in Rochester be congruent with the university's unique core mission of  
 149.16 teaching, research, and outreach in order to support the educational needs and economic  
 149.17 development of this region and the state. The legislature recognizes that the distinctiveness  
 149.18 of each of the partner higher education institutions in Rochester must be maintained to  
 149.19 achieve success in serving the higher education needs of the community and the economic  
 149.20 goals of the state. Further, the legislature intends that the University of Minnesota and the  
 149.21 ~~other partner institutions avoid duplicative offerings of courses and programs. Therefore,~~  
 149.22 ~~the University of Minnesota, Winona State University, and Rochester Community and~~  
 149.23 ~~Technical College shall develop jointly a statement of missions, roles, and responsibilities~~  
 149.24 ~~for the programs and services at Rochester which shall be submitted to the legislature by~~  
 149.25 ~~January 30, 2000, and any time thereafter that the missions, roles, and responsibilities~~  
 149.26 ~~change.~~

149.27           Sec. 30. **TEMPORARY PROVISION FOR APPROVAL OF CERTAIN HIGHER**  
 149.28 **EDUCATION DEGREES.**

149.29           Subdivision 1. Supersede. This section supersedes any conflicting Minnesota  
 149.30 Statute or Rule.

149.31           Subd. 2. Degree approval. A school licensed pursuant to Minnesota Statutes,  
 149.32 chapter 141, may not grant a degree as defined in Minnesota Statutes, section 136A.62,  
 149.33 subdivision 4, unless the degree is approved by the Office of Higher Education.

150.1 Subd. 3. Approval criteria. A school licensed pursuant to Minnesota Statutes,  
150.2 chapter 141, to obtain approval to grant a degree must provide evidence to the Office of  
150.3 Higher Education that the following requirements are met:

150.4 (1) the school employs qualified teaching personnel to provide the educational  
150.5 programs for each degree for which approval is sought;

150.6 (2) the educational program is appropriate to each degree for which approval is  
150.7 sought;

150.8 (3) the school has appropriate and accessible library, laboratory, and other physical  
150.9 facilities to support the education program for each degree for which approval is sought;  
150.10 and

150.11 (4) the school makes a rationale showing that the degree programs are consistent  
150.12 with the school's mission and goals.

150.13 Subd. 4. Effect of approval. Approval to grant a degree under this section has the  
150.14 same effect as approval under Minnesota Statutes, section 136A.65.

150.15 Subd. 5. Notice of changes. A school authorized to grant a degree under this section  
150.16 must notify the Office of Higher Education of proposed changes to the degree and the  
150.17 addition of majors or specialty areas to a degree.

150.18 Subd. 6. Expiration. This section expires June 30, 2007.

150.19 EFFECTIVE DATE. This section is effective the day following final enactment.

150.20 **Sec. 31. HIGHER EDUCATION TEXTBOOK COST STUDY.**

150.21 The Minnesota Office of Higher Education shall convene an advisory task force  
150.22 to study the costs of required textbooks for students attending public and nonpublic  
150.23 postsecondary institutions. The task force must, at a minimum, include students, faculty,  
150.24 and administrators. The study must, without limitation, examine textbook pricing trends  
150.25 and strategies, the practice of textbook rental, policies related to repurchase of textbooks  
150.26 from students, textbook selection policies, and purchasing practices of colleges and  
150.27 universities. The task force must review the findings and recommendations of other  
150.28 existing studies and any state or national laws that have been considered or adopted to  
150.29 reduce the financial burden of textbook costs. The office must report on its findings and  
150.30 present any recommendations by January 15, 2007, to the legislative committees with  
150.31 jurisdiction over higher education policy and finance.

150.32 **Sec. 32. MINNESOTA STATE UNIVERSITY, MANKATO, CONSTRUCTION**  
150.33 **AUTHORIZATION.**

151.1 The Board of Trustees of the Minnesota State Colleges and Universities may design,  
151.2 construct, furnish, and equip an academic building on the Minnesota State University,  
151.3 Mankato campus for the College of Business at a site approved by the board using  
151.4 nonstate money.

151.5 **Sec. 33. REVISOR'S INSTRUCTION.**

151.6 The revisor of statutes shall delete the term "sections 136A.15 to 136A.1702" and  
151.7 insert "sections 136A.15 to 136A.1705" wherever it appears in Minnesota Statutes and  
151.8 Minnesota Rules.

151.9 **Sec. 34. EXPIRATION OF RULE.**

151.10 Minnesota Rules, part 4830.0100, subpart 5, item F, expires on the effective date  
151.11 of this section.

151.12 **Sec. 35. REPEALER.**

151.13 Minnesota Statutes 2004, sections 135A.01; 135A.031, subdivisions 1, 2, 5, and 6;  
151.14 135A.032; 135A.033; 136A.15, subdivision 5; 136A.1702; and 137.17, subdivisions 2  
151.15 and 4; Minnesota Statutes 2005 Supplement, section 135A.031, subdivisions 3 and 4; and  
151.16 Minnesota Rules, parts 4850.0011, subparts 9, 10, 14, and 27; and 4850.0014, subpart  
151.17 1, are repealed.

151.18 **ARTICLE 12**

151.19 **ENVIRONMENT, NATURAL RESOURCES, AND AGRICULTURE**

151.20 **Section 1. ENVIRONMENTAL, NATURAL RESOURCES, AND**  
151.21 **AGRICULTURAL APPROPRIATIONS.**

151.22 The sums shown in the columns marked "APPROPRIATIONS" are added to the  
151.23 appropriations in Laws 2005, First Special Session, chapter 1, articles 1 and 2, or other  
151.24 specified law, to the named agencies and for the specified programs or activities. The sums  
151.25 shown are appropriated from the general fund, or another named fund, to be available for  
151.26 the fiscal years indicated for each purpose. The figures "2006" and "2007" used in this  
151.27 article mean that the appropriation or appropriations listed under them are available for  
151.28 the fiscal year ending June 30, 2006, or June 30, 2007, respectively. Appropriations in  
151.29 this article for the fiscal year ending June 30, 2006, are effective the day following final  
151.30 enactment.

151.1 The Board of Trustees of the Minnesota State Colleges and Universities may design,  
151.2 construct, furnish, and equip an academic building on the Minnesota State University,  
151.3 Mankato campus for the College of Business at a site approved by the board using  
151.4 nonstate money.

151.5 **Sec. 33. REVISOR'S INSTRUCTION.**

151.6 The revisor of statutes shall delete the term "sections 136A.15 to 136A.1702" and  
151.7 insert "sections 136A.15 to 136A.1705" wherever it appears in Minnesota Statutes and  
151.8 Minnesota Rules.

151.9 **Sec. 34. EXPIRATION OF RULE.**

151.10 Minnesota Rules, part 4830.0100, subpart 5, item F, expires on the effective date  
151.11 of this section.

151.12 **Sec. 35. REPEALER.**

151.13 Minnesota Statutes 2004, sections 135A.01; 135A.031, subdivisions 1, 2, 5, and 6;  
151.14 135A.032; 135A.033; 136A.15, subdivision 5; 136A.1702; and 137.17, subdivisions 2  
151.15 and 4; Minnesota Statutes 2005 Supplement, section 135A.031, subdivisions 3 and 4; and  
151.16 Minnesota Rules, parts 4850.0011, subparts 9, 10, 14, and 27; and 4850.0014, subpart  
151.17 1, are repealed.

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151.26 the fiscal years indicated for each purpose. The figures "2006" and "2007" used in this  
151.27 article mean that the appropriation or appropriations listed under them are available for  
151.28 the fiscal year ending June 30, 2006, or June 30, 2007, respectively. Appropriations in  
151.29 this article for the fiscal year ending June 30, 2006, are effective the day following final  
151.30 enactment.



153.1 food bank serving Minnesota according  
 153.2 to the formula used in the distribution of  
 153.3 United States Department of Agriculture  
 153.4 commodities under the Emergency Food  
 153.5 Assistance Program. Second Harvest  
 153.6 Heartland must submit quarterly reports  
 153.7 to the commissioner on forms prescribed  
 153.8 by the commissioner. The reports must  
 153.9 include, but are not limited to, information  
 153.10 on the expenditure of money, the amount  
 153.11 of milk purchased, and the organizations  
 153.12 to which the milk was distributed. Second  
 153.13 Harvest Heartland may enter into contracts  
 153.14 or agreements with food banks for shared  
 153.15 funding or reimbursement of the direct  
 153.16 purchase of milk. Each food bank receiving  
 153.17 money from this appropriation may use up to  
 153.18 two percent of the grant for administrative  
 153.19 expenses.

153.20 **(e) E85 Pump installation grants**

500,000

153.21 For grants to gasoline service station owners  
 153.22 who, after the effective date of this section,  
 153.23 install pumps in this state for dispensing E85  
 153.24 gasoline. The commissioner may reimburse  
 153.25 owners of gasoline service stations for up to  
 153.26 50 percent of the total cost of installing an  
 153.27 E85 pump, including the tank and any related  
 153.28 components, up to a maximum of \$15,000  
 153.29 per E85 pump. The commissioner shall grant  
 153.30 priority for E85 pumps installed in areas of  
 153.31 the state where gasoline service stations with  
 153.32 E85 pumps are not reasonably available to the  
 153.33 general public. \$15,000 of this appropriation  
 153.34 is for grants to organizations that promote  
 153.35 the installation of E85 pumps in service

154.1 stations. This is a onetime appropriation and  
 154.2 is available until spent.

154.3 **Sec. 3. BOARD OF ANIMAL HEALTH** **277,000** **408,000**

154.4 To eliminate bovine tuberculosis from cattle  
 154.5 herds in Minnesota. This is a onetime  
 154.6 appropriation.

154.7 **Sec. 4. NATURAL RESOURCES** **428,000** **2,007,000**

154.8 Summary by Fund

154.9 2006 2007

154.10 General 88,000 882,000

154.11 Natural Resources 1,065,000

154.12 Game and Fish 340,000 60,000

154.13 **(a) Bovine tuberculosis surveillance and**

154.14 **diagnosis** **88,000** **132,000**

154.15 To diminish the risk of disease transmission

154.16 in domestic livestock.

154.17 **(b) Prevention and control of harmful**

154.18 **invasive species** **550,000**

154.19 Of this amount, \$150,000 is for educational

154.20 and enforcement efforts with commercial

154.21 businesses to reduce the risk of introducing

154.22 harmful invasive species; \$150,000 is

154.23 for reducing the impact of terrestrial

154.24 invasive species on state recreational and

154.25 forest lands; \$50,000 is for implementing

154.26 best management practices designed to

154.27 prevent the spread of invasive species from

154.28 department field operations; \$50,000 is

154.29 for prevention education and awareness

154.30 programs; and \$150,000 is for grants to local

- 155.1 units of government and lake associations  
 155.2 to reduce the impacts of aquatic invasive  
 155.3 species. This appropriation includes money  
 155.4 for the control of curly leaf pondweed in  
 155.5 Lake Osakis.
- 155.6 **(c) Minnesota Shooting Sports Education**  
 155.7 **Center** 100,000
- 155.8 The commissioner may make direct  
 155.9 expenditures for the operation of the center  
 155.10 or contract with another entity to operate the  
 155.11 center. This appropriation is available only to  
 155.12 the extent matched by at least \$1 of nonstate  
 155.13 money from gifts or grants for each \$2 of  
 155.14 state money. This appropriation is added to  
 155.15 the agency base of the Department of Natural  
 155.16 Resources.
- 155.17 **(d) Canoe routes** 65,000
- 155.18 This appropriation is from the water  
 155.19 recreation account in the natural resources  
 155.20 fund to the commissioner of natural resources  
 155.21 to cooperate with local units of government  
 155.22 in marking routes and designating river  
 155.23 accesses and campsites under Minnesota  
 155.24 Statutes, section 85.32. This is a onetime  
 155.25 appropriation and is available until spent.
- 155.26 **(e) Emergency deterrent materials assistance** 340,000 60,000
- 155.27 This appropriation is from the game and fish  
 155.28 fund for the emergency deterrent materials  
 155.29 assistance program under Minnesota  
 155.30 Statutes, section 97A.028, subdivision 3.
- 155.31 **(f) All-terrain vehicle grants** 600,000

156.1 This appropriation is from the all-terrain  
156.2 vehicle account in the natural resources fund  
156.3 to the commissioner of natural resources for  
156.4 the all-terrain vehicle grant-in-aid program  
156.5 and rehabilitation and development of  
156.6 all-terrain vehicle trails.

156.7 (g) Federal recreation area operation 500,000

156.8 \$100,000 is from the general fund and  
156.9 \$400,000 is from the state parks account  
156.10 in the natural resources fund to operate  
156.11 and maintain the U.S. Army Corps of  
156.12 Engineers recreation sites on Cross Lake,  
156.13 Gull Lake, Sandy Lake, Leech Lake, Lake  
156.14 Pokegama, and Lake Winnibigoshish. This  
156.15 appropriation is contingent upon acceptance  
156.16 of a long-term agreement with the U.S.  
156.17 Army Corps of Engineers. Acceptance may  
156.18 be through a lease arrangement, a transfer  
156.19 of the recreation lands, or other agreement  
156.20 with the U.S. Army Corps of Engineers. The  
156.21 commissioner shall establish fees for these  
156.22 recreation sites as provided in Minnesota  
156.23 Statutes, section 85.052, subdivision 3. The  
156.24 money collected from fees established under  
156.25 this section shall be deposited in the natural  
156.26 resources fund and credited to the state parks  
156.27 account. This is a onetime appropriation and  
156.28 is available until spent.

156.29 Sec. 5. Minnesota Statutes 2004, section 18C.305, is amended by adding a subdivision  
156.30 to read:

156.31 Subd. 3. Exemption. A permit and safeguard is not required for a person who stores  
156.32 on the person's own property and for the person's own use no more than 6,000 gallons  
156.33 of liquid commercial fertilizer.

156.34 EFFECTIVE DATE. This section is effective January 1, 2007.

157.1        **Sec. 6. [18C.70] MINNESOTA AGRICULTURAL FERTILIZER RESEARCH**  
157.2 **AND EDUCATION COUNCIL.**

157.3        **Subdivision 1. Establishment; membership.** (a) The Minnesota Agricultural  
157.4 Fertilizer Research and Education Council is established. The council is composed of  
157.5 12 voting members as follows:

- 157.6        (1) two members of the Minnesota Crop Production Retailers;  
157.7        (2) one member of the Minnesota Corn Growers Association;  
157.8        (3) one member of the Minnesota Soybean Growers Association;  
157.9        (4) one member of the sugar beet growers industry;  
157.10       (5) one member of the Minnesota Association of Wheat Growers;  
157.11       (6) one member of the potato growers industry;  
157.12       (7) one member of the Minnesota Farm Bureau;  
157.13       (8) one member of the Minnesota Farmers Union;  
157.14       (9) one member from the Minnesota Irrigators Association;  
157.15       (10) one member of the Minnesota Grain and Feed Association; and  
157.16       (11) one member of the Minnesota Independent Crop Consultant Association or the  
157.17 Minnesota Certified Crop Advisor Program.

157.18       (b) Council members serve three-year terms. After the initial council is appointed,  
157.19 subsequent appointments must be staggered so that one-third of council membership is  
157.20 replaced each year. Council members are nominated by their organizations and appointed  
157.21 by the commissioner. The council may add ex officio, nonvoting members at its discretion.  
157.22 The council shall meet at least once per year, with all related expenses reimbursed by  
157.23 members' sponsoring organizations or by the members themselves.

157.24       **Subd. 2. Powers and duties.** The council shall review applications and select  
157.25 projects to receive agricultural fertilizer research and education program grants, as  
157.26 authorized in section 18C.71. The commissioner shall act as the fiscal agent in charge of  
157.27 collecting fees, distributing grants, and otherwise administering the program.

157.28       **Subd. 3. Checkoff fees.** Any person, whether in Minnesota or elsewhere, that sells  
157.29 fertilizer to producers must collect a checkoff of 40 cents per ton of fertilizer sold and  
157.30 forward the checkoff fee receipts at least semiannually to the commissioner along with  
157.31 forms provided by the commissioner. For the purposes of this section, a producer means  
157.32 any person who owns or operates an agricultural producing or growing facility for an  
157.33 agricultural commodity and shares in the profits and risk of loss from such operation, and  
157.34 who grows, raises, feeds, or produces the agricultural commodity in Minnesota during the  
157.35 current or preceding calendar year.

158.1 Subd. 4. Program account. There is established in the state treasury an agricultural  
158.2 fertilizer research and education program account in the agricultural fund. The checkoff  
158.3 fee raised under this section must be credited to the account. Money in the account,  
158.4 including interest earned, is appropriated to the commissioner to carry out the program.

158.5 Subd. 5. Rules. The commissioner's duties under this section and section 18C.71  
158.6 are not subject to the provisions of chapter 14.

158.7 Subd. 6. Expiration. This section expires on January 8, 2017.

158.8 EFFECTIVE DATE. This section is effective January 1, 2007.

158.9 Sec. 7. [18C.71] MINNESOTA AGRICULTURAL FERTILIZER RESEARCH  
158.10 AND EDUCATION PROGRAM.

158.11 Subdivision 1. Grant program. The council shall establish a program to provide  
158.12 grants to research, education, and technology transfer projects related to agricultural  
158.13 fertilizer, soil amendments, and plant amendments. For the purpose of this section,  
158.14 "fertilizer" includes soil amendments and plant amendments, but does not include  
158.15 vegetable or animal manures that are not manipulated.

158.16 Subd. 2. Eligible projects. Eligible project activities include research, education,  
158.17 and technology transfer related to the production and application of fertilizer, soil  
158.18 amendments, and other plant amendments. Chosen projects must contain a component  
158.19 of outreach that achieves a timely dissemination of findings and their applicability to the  
158.20 production agricultural community.

158.21 Subd. 3. Awarding of grants. Applications for grants must be submitted in  
158.22 the form prescribed by the Minnesota Agricultural Fertilizer Research and Education  
158.23 Council. Applications must be submitted on or before the deadline prescribed by the  
158.24 council. All applications are subject to a thorough review by a peer committee established  
158.25 and approved by the council. Each project meeting the basic qualifications must be  
158.26 approved or rejected by the council within 90 days after receiving the peer committee's  
158.27 recommendations. Projects chosen to receive a grant must receive an affirmative vote by  
158.28 at least eight of the 12 council members. Projects awarded a grant must submit a work  
158.29 program and progress reports as prescribed by the council. The council may direct the  
158.30 commissioner to withhold a grant for noncompliance with the work program.

158.31 Subd. 4. Annual audit. The program must have an annual financial audit, which  
158.32 the council must file with the commissioner by June 1 for the immediately preceding  
158.33 year ending December 31.

158.34 Subd. 5. Expiration. This section expires January 8, 2017.

159.1 **EFFECTIVE DATE.** This section is effective January 1, 2007.

159.2 Sec. 8. Minnesota Statutes 2005 Supplement, section 35.05, is amended to read:

159.3 **35.05 AUTHORITY OF STATE BOARD.**

159.4 (a) The state board may quarantine or kill any domestic animal infected with, or  
159.5 which has been exposed to, a contagious or infectious dangerous disease if it is necessary  
159.6 to protect the health of the domestic animals of the state.

159.7 (b) The board may regulate or prohibit the arrival in and departure from the state of  
159.8 infected or exposed animals and, in case of violation of any rule or prohibition, may detain  
159.9 any animal at its owner's expense. The board may regulate or prohibit the importation of  
159.10 domestic animals which, in its opinion, may injure the health of Minnesota livestock.

159.11 (c) When the governor declares an emergency under section 35.0661, the board,  
159.12 through its executive director, may assume control of such resources within the University  
159.13 of Minnesota's Veterinary Diagnostic Laboratory as necessary to effectively address the  
159.14 disease outbreak. The director of the laboratory and other laboratory personnel must  
159.15 cooperate fully in performing necessary functions related to the outbreak or threatened  
159.16 outbreak.

159.17 ~~(d) Rules adopted by the board under authority of this chapter must be published~~  
159.18 ~~in the State Register.~~ The board may test or require tests of any bovine or cervidae in  
159.19 the state when the board deems it necessary to achieve or maintain bovine tuberculosis  
159.20 accredited free state or zone status under the regulations and laws administered by the  
159.21 United States Department of Agriculture.

159.22 Sec. 9. Minnesota Statutes 2004, section 84.0835, subdivision 3, is amended to read:

159.23 **Subd. 3. Citation authority.** Employees designated by the commissioner under  
159.24 subdivision 1 may issue citations, as specifically authorized under this subdivision, for  
159.25 violations of:

159.26 (1) sections 85.052, subdivision 3 (payment of camping fees in state parks) ~~and,~~  
159.27 85.45, subdivision 1 (cross-country ski pass), and 85.46 (horse trail pass);

159.28 (2) rules relating to hours and days of operation, restricted areas, noise, fireworks,  
159.29 environmental protection, fires and refuse, pets, picnicking, camping and dispersed  
159.30 camping, nonmotorized uses, construction of unauthorized permanent trails, mooring of  
159.31 boats, fish cleaning, swimming, storage and abandonment of personal property, structures  
159.32 and stands, animal trespass, state park individual and group motor vehicle permits,  
159.33 licensed motor vehicles, designated roads, and snowmobile operation off trails;

160.1 (3) rules relating to off-highway vehicle registration, display of registration numbers,  
160.2 required equipment, operation restrictions, off-trail use for hunting and trapping, and  
160.3 operation in lakes, rivers, and streams;

160.4 (4) rules relating to off-highway vehicle and snowmobile operation causing damage  
160.5 or in closed areas within the Richard J. Dorer Memorial Hardwood State Forest;

160.6 (5) rules relating to parking, snow removal, and damage on state forest roads; and

160.7 (6) rules relating to controlled hunting zones on major wildlife management units.

160.8 **EFFECTIVE DATE.** This section is effective on January 1, 2007.

160.9 Sec. 10. Minnesota Statutes 2005 Supplement, section 85.053, subdivision 2, is  
160.10 amended to read:

160.11 Subd. 2. **Requirement.** Except as provided in section 85.054, a motor vehicle  
160.12 may not enter a state park, state recreation area, or state wayside over 50 acres in area,  
160.13 without a state park permit issued under this section. Except for vehicles permitted under  
160.14 ~~subdivision~~ subdivisions 7, paragraph (a), clause (2), and 8, the state park permit must be  
160.15 affixed to the lower right corner windshield of the motor vehicle and must be completely  
160.16 affixed by its own adhesive to the windshield, or the commissioner may, by written order,  
160.17 provide an alternative means to display and validate annual permits.

160.18 **EFFECTIVE DATE.** This section is effective on January 1, 2007.

160.19 Sec. 11. Minnesota Statutes 2004, section 85.053, is amended by adding a subdivision  
160.20 to read:

160.21 **Subd. 8. Towed vehicles.** The commissioner shall prescribe and issue a temporary  
160.22 permit for a vehicle that enters a park towed by a vehicle used for camping. The temporary  
160.23 permit must be issued with the camping permit and allows the towed vehicle to be driven  
160.24 in state parks until the camping permit expires.

160.25 **EFFECTIVE DATE.** This section is effective on January 1, 2007.

160.26 Sec. 12. Minnesota Statutes 2004, section 85.054, is amended by adding a subdivision  
160.27 to read:

160.28 **Subd. 12. Soudan Underground Mine State Park.** A state park permit is not  
160.29 required and a fee may not be charged for motor vehicle entry or parking at the visitor  
160.30 parking area of Soudan Underground Mine State Park.

160.31 **EFFECTIVE DATE.** This section is effective on January 1, 2007.

161.1 Sec. 13. Minnesota Statutes 2005 Supplement, section 85.055, subdivision 1, is  
161.2 amended to read:

161.3 Subdivision 1. **Fees.** The fee for state park permits for:

161.4 (1) an annual use of state parks is \$25;

161.5 (2) a second vehicle state park permit is \$18;

161.6 (3) a state park permit valid for one day is ~~\$7~~ \$5;

161.7 (4) a daily vehicle state park permit for groups is ~~\$5~~ \$3;

161.8 (5) an annual permit for motorcycles is \$20;

161.9 (6) an employee's state park permit is without charge; and

161.10 ~~(6)~~ (7) a state park permit for ~~handicapped~~ disabled persons under section 85.053,  
161.11 subdivision 7, clauses (1) and (2), is \$12.

161.12 The fees specified in this subdivision include any sales tax required by state law.

161.13 **EFFECTIVE DATE.** This section is effective on January 1, 2007.

161.14 Sec. 14. Minnesota Statutes 2004, section 85.32, subdivision 1, is amended to read:

161.15 Subdivision 1. **Areas marked.** The commissioner of natural resources is authorized  
161.16 in cooperation with local units of government and private individuals and groups when  
161.17 feasible to mark canoe and boating routes on the Little Fork, Big Fork, Minnesota,  
161.18 St. Croix, Snake, Mississippi, Red Lake, Cannon, Straight, Des Moines, Crow Wing,  
161.19 St. Louis, Pine, Rum, Kettle, Cloquet, Root, Zumbro, Pomme de Terre within Swift  
161.20 County, Watonwan, Cottonwood, Whitewater, Chippewa from Benson in Swift County  
161.21 to Montevideo in Chippewa County, Long Prairie, Red River of the North, Sauk, and  
161.22 Crow Rivers which have historic and scenic values and to mark appropriately points of  
161.23 interest, portages, camp sites, and all dams, rapids, waterfalls, whirlpools, and other  
161.24 serious hazards which are dangerous to canoe and watercraft travelers.

161.25 Sec. 15. **[85.46] HORSE TRAIL PASS.**

161.26 Subdivision 1. **Pass in possession.** While riding, leading, or driving a horse on  
161.27 horse trails and associated day use areas on state trails, in state parks, in state recreation  
161.28 areas, and in state forests, a person 16 years of age or over shall carry in immediate  
161.29 possession and visibly display on person or horse tack, a valid horse trail pass. The pass  
161.30 must be available for inspection by a peace officer, a conservation officer, or an employee  
161.31 designated under section 84.0835.

161.32 Subd. 2. **License agents.** (a) The commissioner of natural resources may appoint  
161.33 agents to issue and sell horse trail passes. The commissioner may revoke the appointment  
161.34 of an agent at any time.

162.1 (b) The commissioner may adopt additional rules as provided in section 97A.485,  
162.2 subdivision 11. An agent shall observe all rules adopted by the commissioner for the  
162.3 accounting and handling of passes according to section 97A.485, subdivision 11.

162.4 (c) An agent must promptly deposit and remit all money received from the sale of  
162.5 passes, except issuing fees, to the commissioner.

162.6 Subd. 3. Issuance. The commissioner of natural resources and agents shall issue  
162.7 and sell horse trail passes. The pass shall include the applicant's signature and other  
162.8 information deemed necessary by the commissioner. To be valid, a pass must be signed by  
162.9 the person riding, leading, or driving the horse.

162.10 Subd. 4. Pass fees. (a) The fee for an annual horse trail pass is \$20 for an individual  
162.11 16 years of age and over. The fee shall be collected at the time the pass is purchased.  
162.12 Annual passes are valid for one year beginning January 1 and ending December 31.

162.13 (b) The fee for a daily horse trail pass is \$4 for an individual 16 years of age and  
162.14 over. The fee shall be collected at the time the pass is purchased. The daily pass is valid  
162.15 only for the date designated on the pass form.

162.16 Subd. 5. Issuing fee. In addition to the fee for a horse trail pass, an issuing fee of  
162.17 \$1 per pass shall be charged. The issuing fee shall be retained by the seller of the pass.  
162.18 Issuing fees for passes sold by the commissioner of natural resources shall be deposited in  
162.19 the state treasury and credited to the horse trail account in the natural resources fund and  
162.20 are appropriated to the commissioner for the operation of the electronic licensing system.  
162.21 A pass shall indicate the amount of the fee that is retained by the seller.

162.22 Subd. 6. Disposition of receipts. Fees collected under this section, except for the  
162.23 issuing fee, shall be deposited in the state treasury and credited to the horse trail account  
162.24 in the natural resources fund. Except for the electronic licensing system commission  
162.25 established by the commissioner under section 84.027, subdivision 15, the fees are  
162.26 appropriated to the commissioner of natural resources for trail acquisition, trail and facility  
162.27 development, and maintenance, enforcement, and rehabilitation of horse trails or trails  
162.28 authorized for horse use, whether for riding, leading, or driving, on state trails and in state  
162.29 parks, state recreation areas, and state forests.

162.30 Subd. 7. Duplicate horse trail passes. The commissioner of natural resources and  
162.31 agents shall issue a duplicate pass to a person whose pass is lost or destroyed using the  
162.32 process established under section 97A.405, subdivision 3, and rules adopted thereunder.  
162.33 The fee for a duplicate horse trail pass is \$2, with an issuing fee of 50 cents.

162.34 **EFFECTIVE DATE.** This section is effective January 1, 2007.

162.35 Sec. 16. Minnesota Statutes 2004, section 97A.028, subdivision 3, is amended to read:

163.1           **Subd. 3. Emergency deterrent materials assistance.** (a) For the purposes of this  
163.2 subdivision, "cooperative damage management agreement" means an agreement between  
163.3 a landowner or tenant and the commissioner that establishes a program for addressing the  
163.4 problem of destruction of the landowner's or tenant's specialty crops or stored forage  
163.5 crops by wild animals, or destruction of agricultural crops by flightless Canada geese.

163.6           (b) A landowner or tenant may apply to the commissioner for emergency deterrent  
163.7 materials assistance in controlling destruction of the landowner's or tenant's specialty  
163.8 crops or stored forage crops by wild animals, or destruction of agricultural crops by  
163.9 flightless Canada geese. Subject to the availability of money appropriated for this purpose,  
163.10 the commissioner shall provide suitable deterrent materials when the commissioner  
163.11 determines that:

163.12           (1) immediate action is necessary to prevent significant damage from continuing,  
163.13 or to prevent the spread of disease in wild animals; and

163.14           (2) a cooperative damage management agreement cannot be implemented  
163.15 immediately.

163.16           (c) A person may receive emergency deterrent materials assistance under this  
163.17 subdivision more than once, but the cumulative total value of deterrent materials provided  
163.18 to a person, or for use on a parcel, may not exceed \$3,000 for specialty crops or measures  
163.19 to prevent the spread of disease in wild animals in animal disease quarantine areas  
163.20 established by the Board of Animal Health, ~~or~~ \$750 for protecting stored forage crops,  
163.21 or \$500 for agricultural crops damaged by flightless Canada geese. If a person is a  
163.22 co-owner or cotenant with respect to the specialty crops for which the deterrent materials  
163.23 are provided, the deterrent materials are deemed to be "provided" to the person for the  
163.24 purposes of this paragraph.

163.25           (d) As a condition of receiving emergency deterrent materials assistance under this  
163.26 subdivision, a landowner or tenant shall enter into a cooperative damage management  
163.27 agreement with the commissioner. Deterrent materials provided by the commissioner may  
163.28 include repellents, fencing materials, or other materials recommended in the agreement  
163.29 to alleviate the damage problem. If requested by a landowner or tenant, any fencing  
163.30 materials provided must be capable of providing long-term protection of specialty crops.  
163.31 A landowner or tenant who receives emergency deterrent materials assistance under  
163.32 this subdivision shall comply with the terms of the cooperative damage management  
163.33 agreement.

163.34           Sec. 17. Minnesota Statutes 2004, section 97A.045, subdivision 11, is amended to read:

164.1           **Subd. 11. Power to prevent or control wildlife disease.** (a) If the commissioner  
164.2 determines that action is necessary to prevent or control a wildlife disease, the  
164.3 commissioner may prevent or control wildlife disease in a species of wild animal in  
164.4 addition to the protection provided by the game and fish laws by further limiting, closing,  
164.5 expanding, or opening seasons or areas of the state; by reducing or increasing limits in  
164.6 areas of the state; by establishing disease management zones; by authorizing free licenses;  
164.7 by allowing shooting from motor vehicles by persons designated by the commissioner;  
164.8 by issuing replacement licenses for sick animals; by requiring sample collection from  
164.9 hunter-harvested animals; by limiting wild animal possession, transportation, and  
164.10 disposition; and by restricting wildlife feeding.

164.11           (b) The commissioner shall restrict wildlife feeding within a 15-mile radius of a  
164.12 cattle herd that is infected with bovine tuberculosis.

164.13           (c) The commissioner may prevent or control wildlife disease in a species of wild  
164.14 animal in the state by emergency rule adopted under section 84.027, subdivision 13.

164.15           Sec. 18. Minnesota Statutes 2004, section 115B.48, subdivision 3, is amended to read:

164.16           **Subd. 3. Dry cleaning facility.** "Dry cleaning facility" means a facility located in  
164.17 this state that is or has been used for a dry cleaning operation, other than:

164.18           (1) a coin-operated dry cleaning operation;

164.19           (2) a facility located on a United States military base;

164.20           (3) a uniform service or linen supply facility;

164.21           (4) a prison or other penal institution;

164.22           (5) a facility on the national priorities list established under the federal Superfund

164.23 Act; or

164.24           (6) a facility at which a response action has been taken or started ~~under section~~  
164.25 ~~115B.17~~ before July 1, 1995, except as authorized in a settlement agreement approved by  
164.26 the commissioner by July 1, 1997.

164.27           Sec. 19. Minnesota Statutes 2004, section 296A.18, subdivision 4, is amended to read:

164.28           **Subd. 4. All-terrain vehicle.** Approximately ~~0.15~~ 0.27 of one percent of all gasoline  
164.29 received in or produced or brought into this state, except gasoline used for aviation  
164.30 purposes, is being used for the operation of all-terrain vehicles in this state, and of the total  
164.31 revenue derived from the imposition of the gasoline fuel tax, ~~0.15~~ 0.27 of one percent is  
164.32 the amount of tax on fuel used in all-terrain vehicles operated in this state.

165.1 Sec. 20. Laws 2005, First Special Session chapter 1, article 2, section 3, subdivision 2,  
165.2 is amended to read:

165.3 Subd. 2. Land and Mineral Resources

165.4 Management

165.5 8,903,000 8,675,000

165.6 Summary by Fund

165.7 General 5,498,000 5,248,000

165.8 Natural Resources 2,222,000 2,222,000

165.9 Game and Fish 983,000 1,005,000

165.10 Permanent School 200,000 200,000

165.11

165.12

165.13 \$275,000 the first year and \$275,000 the  
165.14 second year are for iron ore cooperative  
165.15 research, of which \$137,500 the first year  
165.16 and \$137,500 the second year are available  
165.17 only as matched by \$1 of nonstate money for  
165.18 each \$1 of state money. The match may be  
165.19 cash or in-kind.

165.20

165.21 \$86,000 the first year and \$86,000 the  
165.22 second year are for minerals cooperative  
165.23 environmental research, of which \$43,000  
165.24 the first year and \$43,000 the second year are  
165.25 available only as matched by \$1 of nonstate  
165.26 money for each \$1 of state money. The  
165.27 match may be cash or in-kind.

165.28

165.29 \$2,046,000 the first year and \$2,046,000  
165.30 the second year are from the minerals  
165.31 management account in the natural resources  
165.32 fund for only the purposes specified in

165.33 new Minnesota Statutes, section 93.2236,  
166.1 paragraph (c). Of this amount, \$1,526,000  
166.2 the first year and \$1,526,000 the second  
166.3 year are for mineral resource management,  
166.4 \$420,000 the first year and \$420,000 the  
166.5 second year are for projects to enhance future  
166.6 income and promote new opportunities,  
166.7 including value-added iron products,  
166.8 geological mapping, and mercury research,  
166.9 and \$100,000 the first year and \$100,000 the  
166.10 second year are for environmental review and  
166.11 the processing of permits for mining projects  
166.12 that involve state-owned mineral rights. The  
166.13 appropriation is from the revenue deposited  
166.14 in the minerals management account  
166.15 under Minnesota Statutes, section 93.22,  
166.16 subdivision 1, paragraph (b). \$100,000 each  
166.17 year is a onetime appropriation.  
166.18  
166.19 \$150,000 the first year and \$150,000  
166.20 the second year are from the state forest  
166.21 suspense account in the permanent school  
166.22 fund to accelerate land exchanges, land  
166.23 sales, and commercial leasing of school  
166.24 trust lands. This appropriation is to be used  
166.25 toward meeting the provisions of Minnesota  
166.26 Statutes, section 92.121, to exchange school  
166.27 trust lands or put alternatives in effect when  
166.28 management practices have diminished  
166.29 or prohibited revenue generation, and the  
166.30 direction of Minnesota Statutes, section  
166.31 127A.31, to secure maximum long-term  
166.32 economic return from the school trust lands  
166.33 consistent with fiduciary responsibilities and  
166.34 sound natural resources conservation and  
166.35 management principles.

166.36

167.1 \$50,000 the first year and \$50,000 the second  
 167.2 year are from the state forest suspense  
 167.3 account in the permanent school fund to  
 167.4 identify, evaluate, and lease construction  
 167.5 aggregate located on school trust lands.

167.6

167.7 \$250,000 the first year is for a grant to  
 167.8 ~~the Board of Regents of the University of~~  
 167.9 ~~Minnesota to drill a 5,000 foot core sampling~~  
 167.10 ~~bore hole at the Tower-Soudan mine complex~~  
 167.11 ~~in support of a National Science Foundation~~  
 167.12 ~~grant building renovations at the International~~  
 167.13 Wolf Center. This is a onetime appropriation  
 167.14 and is available until June 30, 2007.

167.15

167.16 Sec. 21. Laws 2005, First Special Session chapter 1, article 2, section 11, subdivision  
 167.17 10, is amended to read:

167.18	Subd. 10. <b>Energy.</b>	1,896,000	1,896,000
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167.19	Summary by Fund
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167.20	Trust Fund	1,896,000	1,896,000
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167.21 (a) Clean Energy Resource Teams and  
 167.22 Community Wind Energy Rebate and  
 167.23 Financial Assistance Program

167.24 \$350,000 the first year and \$350,000 the  
 167.25 second year are from the trust fund to the  
 167.26 commissioner of commerce. \$300,000 of  
 167.27 this appropriation is to provide technical  
 167.28 assistance to implement cost-effective  
 167.29 conservation, energy efficiency, and  
 167.30 renewable energy projects. \$400,000 of this  
 167.31 appropriation is to assist ~~two~~ Minnesota

167.32 communities in developing locally owned  
168.1 wind energy projects by offering financial  
168.2 assistance and rebates. This appropriation  
168.3 is available until June 30, 2009, at which  
168.4 time the project must be completed and final  
168.5 products delivered, unless an earlier date is  
168.6 specified in the work program.

168.7 (b) [Paragraph (b) was vetoed by the  
168.8 governor.]

168.9 (c) Manure Methane Digester Compatible  
168.10 Wastes and Electrical Generation  
168.11 \$50,000 the first year and \$50,000 the  
168.12 second year are from the trust fund to the  
168.13 commissioner of agriculture to research the  
168.14 potential for a centrally located, multifarm  
168.15 manure digester and the potential use of  
168.16 compatible waste streams with manure  
168.17 digesters.

168.18 (d) Dairy Farm Digesters  
168.19 \$168,000 the first year and \$168,000 the  
168.20 second year are from the trust fund to the  
168.21 commissioner of natural resources for an  
168.22 agreement with the Minnesota Project for a  
168.23 pilot project to evaluate anaerobic digester  
168.24 technology on average size dairy farms of  
168.25 50 to 300 cows.

168.26 (e) Wind to Hydrogen Demonstration  
168.27 \$400,000 the first year and \$400,000 the  
168.28 second year are from the trust fund to the  
168.29 commissioner of natural resources for an  
168.30 agreement with the University of Minnesota,  
168.31 West Central Research and Outreach Center,  
168.32 to develop a model community-scale  
168.33 wind-to-hydrogen facility.

169.1 (f) Natural Gas Production from Agricultural

169.2 Biomass

169.3 \$50,000 the first year and \$50,000 the

169.4 second year are from the trust fund to the

169.5 commissioner of natural resources for an

169.6 agreement with Sebesta Blomberg and

169.7 Associates to demonstrate potential natural

169.8 gas yield using anaerobic digestion of blends

169.9 of chopped grasses or crop residue with hog

169.10 manure and determine optimum operating

169.11 conditions for conversion to natural gas.

169.12 (g) Biomass-Derived Oils for Generating

169.13 Electricity and Reducing Emissions

169.14 \$75,000 the first year and \$75,000 the second

169.15 year are from the trust fund to the University

169.16 of Minnesota to evaluate the environmental

169.17 and performance benefits of using renewable

169.18 biomass-derived oils, such as soybean oil,

169.19 for generating electricity.

169.20 (h) [Paragraph (h) was vetoed by the

169.21 governor.]

169.22 (i) [Paragraph (i) was vetoed by the

169.23 governor.]

169.24 Sec. 22. **CARRYFORWARD.**

169.25 The appropriation under Laws 2003, chapter 128, article 1, section 9, subdivision

169.26 6, paragraph (c), for local initiative grants - parks and natural areas, is available until

169.27 June 30, 2007.

169.28 Sec. 23. **REPEALER.**

169.29 Minnesota Statutes 2004, section 17.10, is repealed.

169.30 Sec. 24. **EFFECTIVE DATE.**

169.31 This article is effective the day following final enactment.

170.1  
170.2

**ARTICLE 13  
CLEAN WATER LEGACY**

170.3 Section 1. **CLEAN WATER LEGACY APPROPRIATIONS.**

170.4 The sums shown in the columns marked "APPROPRIATIONS" are appropriated  
170.5 from the general fund to the agencies and for the purposes specified in this article. Unless  
170.6 otherwise specified, the appropriations in this article are available for the fiscal year  
170.7 ending June 30, 2007. Appropriations in this article that are encumbered under contract,  
170.8 including grant contracts, on or before June 30, 2007, are available until June 30, 2009.  
170.9 All the appropriations in this article are onetime appropriations.

170.10 Notwithstanding any other law enacted during the 2006 regular legislative session,  
170.11 the maximum total general fund appropriation authorized for the purposes of this article  
170.12 under all laws enacted during the 2006 regular legislative session is \$20,000,000. Any  
170.13 amounts appropriated from the general fund in any other law enacted during the 2006  
170.14 regular legislative session that would cause the general fund appropriations to exceed  
170.15 \$20,000,000 are canceled.

170.16 The appropriations in this article must be used to protect, restore, and preserve  
170.17 the quality of Minnesota's surface waters. Allowable activities include surface water  
170.18 assessments, program activities that target identified impairments, and development of  
170.19 total maximum daily load studies (TMDL's) as required by section 303(d) of the federal  
170.20 Clean Water Act, United States Code, title 33, section 1313(d) and applicable federal  
170.21 regulations.

170.22 **SUMMARY BY FUND**

170.23			<b><u>2007</u></b>		<b><u>TOTAL</u></b>
170.24	<b><u>General</u></b>	<b><u>\$</u></b>	<b><u>20,000,000</u></b>	<b><u>\$</u></b>	<b><u>20,000,000</u></b>

170.25			<b><u>APPROPRIATIONS</u></b>	
170.26			<b><u>Available for the Year</u></b>	
170.27			<b><u>Ending June 30</u></b>	
170.28				<b><u>2007</u></b>
170.29				<b><u>\$</u></b>

170.30 **Sec. 2. POLLUTION CONTROL AGENCY** **5,030,000**

170.31 This appropriation may be spent for the  
170.32 following purposes:

171.1	<b><u>(a) Statewide assessment of surface water</u></b>	
71.2	<b><u>quality and trends</u></b>	<u>1,860,000</u>
171.3	<u>Up to \$1,010,000 is available for grants or</u>	
171.4	<u>contracts to support citizen monitoring of</u>	
171.5	<u>surface waters.</u>	
171.6	<b><u>(b) Develop TMDL's and TMDL</u></b>	
171.7	<b><u>Implementation Plans for waters listed</u></b>	
171.8	<b><u>on the United States Environmental</u></b>	
171.9	<b><u>Protection Agency approved 2004 impaired</u></b>	
171.10	<b><u>waters list</u></b>	<u>3,170,000</u>
171.11	<u>Up to \$1,740,000 is available for grants or</u>	
171.12	<u>contracts to develop TMDL's.</u>	
171.13	<b><u>Sec. 3. PUBLIC FACILITIES AUTHORITY</u></b>	<u>4,310,000</u>
171.14	<u>This appropriation may be spent for the</u>	
171.15	<u>following purposes and is available until</u>	
171.16	<u>spent:</u>	
171.17	<b><u>(a) Phosphorus reduction grants</u></b>	<u>2,000,000</u>
171.18	<u>This appropriation is for phosphorus</u>	
171.19	<u>reduction grants up to a maximum of</u>	
171.20	<u>\$500,000 per project.</u>	
171.21	<b><u>(b) Small community wastewater treatment</u></b>	
171.22	<b><u>loans and grants</u></b>	<u>1,000,000</u>
171.23	<b><u>(c) Wastewater, storm water, and TMDL</u></b>	
171.24	<b><u>grants</u></b>	<u>1,310,000</u>
171.25	<u>To the water pollution control revolving fund</u>	
171.26	<u>under Minnesota Statutes, section 446A.07,</u>	
171.27	<u>for wastewater treatment and storm water</u>	
171.28	<u>projects, and for total maximum daily load</u>	
171.29	<u>grants under Minnesota Statutes, section</u>	
171.30	<u>446A.073.</u>	

172.1	<b><u>Sec. 4. AGRICULTURE DEPARTMENT</u></b>	<b><u>2,600,000</u></b>
172.2	<u>This appropriation may be spent for the</u>	
172.3	<u>following purposes:</u>	
172.4	<b><u>(a) Agricultural best management practices</u></b>	
172.5	<b><u>loan program</u></b>	<b><u>1,400,000</u></b>
172.6	<u>For loans to producers and rural landowners.</u>	
172.7	<u>This appropriation is available until spent.</u>	
172.8	<u>\$1,200,000 is available for pass-through</u>	
172.9	<u>to local governments and lenders for</u>	
172.10	<u>low-interest loans.</u>	
172.11	<b><u>(b) Technical assistance</u></b>	<b><u>800,000</u></b>
172.12	<u>To expand technical assistance to producers</u>	
172.13	<u>and conservation professionals on nutrient</u>	
172.14	<u>and pasture management, target practices to</u>	
172.15	<u>sources of water impairments, coordinate</u>	
172.16	<u>federal and state farm conservation programs</u>	
172.17	<u>to fully utilize federal conservation funds,</u>	
172.18	<u>and expand conservation planning assistance</u>	
172.19	<u>for producers.</u>	
172.20	<u>\$210,000 is available for grants or contracts</u>	
172.21	<u>to develop nutrient and conservation</u>	
172.22	<u>planning assistance information materials.</u>	
172.23	<b><u>(c) Research, evaluation, and effectiveness</u></b>	
172.24	<b><u>monitoring of agricultural practices in</u></b>	
172.25	<b><u>restoring impaired waters</u></b>	<b><u>400,000</u></b>
172.26	<b><u>Sec. 5. BOARD OF WATER AND SOIL</u></b>	
172.27	<b><u>RESOURCES</u></b>	<b><u>5,930,000</u></b>
172.28	<u>All of the money appropriated in this section</u>	
172.29	<u>as grants to local governments shall be</u>	
172.30	<u>administered through the Board of Water</u>	
172.31	<u>and Soil Resources' local water resources</u>	

173.1	<u>protection and management program under</u>	
173.2	<u>Minnesota Statutes, section 103B.3369.</u>	
173.3	<u>This appropriation may be spent for the</u>	
173.4	<u>following purposes:</u>	
173.5	<u>(a) Targeted nonpoint restoration cost-share and</u>	
173.6	<u>incentive payments</u>	<u>1,500,000</u>
173.7	<u>Up to \$1,400,000 is available for grants.</u>	
173.8	<u>(b) Targeted nonpoint restoration technical,</u>	
173.9	<u>compliance, and engineering assistance</u>	
173.10	<u>activities</u>	<u>2,000,000</u>
173.11	<u>Up to \$1,900,000 is available for grants.</u>	
173.12	<u>(c) Reporting and evaluation of applied soil and</u>	
173.13	<u>water conservation practices</u>	<u>200,000</u>
173.14	<u>(d) Grants to implement county individual</u>	
173.15	<u>sewage treatment system programs</u>	<u>730,000</u>
173.16	<u>(e) Grants to support local nonpoint source</u>	
173.17	<u>protection activities related to lake and river</u>	
173.18	<u>protection and management</u>	<u>1,500,000</u>
173.19	<b>Sec. 6. <u>DEPARTMENT OF NATURAL</u></b>	
173.20	<b><u>RESOURCES</u></b>	<b><u>2,130,000</u></b>
173.21	<u>This appropriation may be spent for the</u>	
173.22	<u>following purposes:</u>	
173.23	<u>(a) Statewide assessment of surface water</u>	
173.24	<u>quality and trends</u>	<u>280,000</u>
173.25	<u>(b) Acquire high priority, sensitive riparian</u>	
173.26	<u>lands</u>	<u>1,000,000</u>

- 174.1 (c) Forest stewardship planning and
- 174.2 implementation; research, evaluation, and
- 174.3 monitoring; and technical assistance to local
- 174.4 units of government 850,000

174.5 Sec. 7. Minnesota Statutes 2004, section 115.03, is amended by adding a subdivision to  
 174.6 read:

174.7 Subd. 10. Nutrient loading offset. Prior to the completion of a total maximum  
 174.8 daily load for an impaired water, the Pollution Control Agency may issue a permit for  
 174.9 a new discharger or an expanding discharger if it does not result in increased loading to  
 174.10 an impaired water. Where a new discharger or an expanding existing discharger cannot  
 174.11 effectively implement zero discharge options, the agency may issue a permit if the  
 174.12 increased loading is offset by reductions from other sources of loading to the impaired  
 174.13 water. The term "new discharger" is as defined in Code of Federal Regulations, title  
 174.14 40, section 122.2.

174.15 **ARTICLE 14**  
 174.16 **ECONOMIC DEVELOPMENT**

174.17 Section 1. **ECONOMIC DEVELOPMENT APPROPRIATIONS.**

174.18 The sums shown in the columns marked "APPROPRIATIONS" are added to the  
 174.19 appropriations in Laws 2005, First Special Session, chapter 1, article 3, or other law to the  
 174.20 agencies and for the purposes specified in this article. The appropriations are from the  
 174.21 general fund or another named fund and are available for the fiscal years indicated for  
 174.22 each purpose. The figures "2006" and "2007" used in this article mean that the addition  
 174.23 to the appropriation listed under them is available for the fiscal year ending June 30,  
 174.24 2006, or June 30, 2007, respectively. "The first year" is fiscal year 2006. "The second  
 174.25 year" is fiscal year 2007. "The biennium" is fiscal years 2006 and 2007. Supplementary  
 174.26 appropriations and reductions to appropriations for the fiscal year ending June 30, 2006,  
 174.27 are effective the day following final enactment.

174.28 **SUMMARY BY FUND**

174.29	<u>2006</u>	<u>2007</u>	<u>TOTAL</u>
174.30 <b><u>General</u></b>	\$ <u>2,000,000</u>	\$ <u>2,850,000</u>	\$ <u>4,850,000</u>
174.31 <b><u>Special Revenue</u></b>		<u>300,000</u>	<u>300,000</u>

175.1	<u>Workforce Development</u>	<u>1,920,000</u>	<u>2,170,000</u>	<u>4,090,000</u>
175.2	<u>Petroleum Tank Cleanup</u>	<u>450,000</u>	<u>450,000</u>	<u>900,000</u>
175.3	<u>Telecommunications</u>			
175.4	<u>Access</u>		<u>240,000</u>	<u>240,000</u>
175.5	<u>TOTAL</u>	<u>\$ 4,370,000</u>	<u>\$ 6,010,000</u>	<u>\$ 10,380,000</u>

**APPROPRIATIONS**

**Available for the Year**

**Ending June 30**

2006

2007

175.6				
175.7				
175.8				
175.9				
175.10			\$	\$

175.11 **Sec. 2. DEPARTMENT OF EMPLOYMENT**

175.12 **AND ECONOMIC DEVELOPMENT**

1,920,000

4,970,000

175.13 This appropriation includes money for the  
 175.14 following purposes:

175.15 **(a) Business and community development**

500,000

175.16 For a grant to BioBusiness Alliance  
 175.17 of Minnesota for bioscience business  
 175.18 development programs that will work to grow  
 175.19 and create bioscience jobs in this state and  
 175.20 position Minnesota as a global biobusiness  
 175.21 leader. An annual report on the expenditure  
 175.22 of the appropriation must be submitted to  
 175.23 the senate Environment, Agriculture, and  
 175.24 Economic Development Budget Division,  
 175.25 and the house of representatives Jobs and  
 175.26 Economic Opportunity Policy and Finance  
 175.27 Committee by June 30 of each fiscal year  
 175.28 until the appropriation is expended. The  
 175.29 report must include the impact, if available,  
 175.30 of the subsidy on reducing consumer costs of  
 175.31 bioengineered products, and the jobs created,

176.1 including wages and benefits. This is a  
 176.2 onetime appropriation.

176.3 **(b) Biotech partnership** 2,000,000

176.4 For direct and indirect expenses of the  
 176.5 collaborative research partnership between  
 176.6 the University of Minnesota and the Mayo  
 176.7 Foundation for research in biotechnology  
 176.8 and medical genomics. The is a onetime  
 176.9 appropriation. An annual report on the  
 176.10 expenditure of this appropriation must be  
 176.11 submitted to the governor and the chairs  
 176.12 of the senate Higher Education Budget  
 176.13 Division, the house of representatives  
 176.14 Higher Education Finance Committee,  
 176.15 the senate Environment, Agriculture, and  
 176.16 Economic Development Budget Division,  
 176.17 and the house of representatives Jobs and  
 176.18 Economic Opportunity Policy and Finance  
 176.19 Committee by June 30 of each fiscal year  
 176.20 until the appropriation is expended. The  
 176.21 report must include the impact, if available,  
 176.22 of the subsidy on reducing consumer costs  
 176.23 of bioengineered products, and the jobs  
 176.24 created, including wages and benefits. This  
 176.25 appropriation is available until expended.

176.26 **(c) Programs for persons with developmental**  
 176.27 **and mental disabilities** 150,000

176.28 For a grant to Advocating Change Together.  
 176.29 The grant must be used to provide training,  
 176.30 technical assistance, and resource materials  
 176.31 to persons with developmental and mental  
 176.32 health disabilities. This appropriation  
 176.33 becomes part of the base appropriation

177.1 for the Department of Employment and  
177.2 Economic Development.

177.3 **(d) Wastewater treatment** 100,000

177.4 For a grant to the city of Cedar Mills for costs  
177.5 it incurred in construction of a wastewater  
177.6 treatment system for 28 properties. The  
177.7 city must use the money to reduce its  
177.8 indebtedness for additional costs of the  
177.9 system that was not part of the originally  
177.10 planned project and resulted in excessive  
177.11 costs to homeowners. This is a onetime  
177.12 appropriation.

177.13 **(e) Pilot workforce program** 250,000

177.14 This appropriation is from the workforce  
177.15 development fund for grants to the West  
177.16 Central Initiative in Fergus Falls. These  
177.17 grants must be used to implement and operate  
177.18 Northern Connections, a pilot workforce  
177.19 program that provides one-stop supportive  
177.20 services to assist individuals as they transition  
177.21 into the workforce. This appropriation is  
177.22 available to the extent matched by \$1 of  
177.23 nonstate money for each \$1 of state money.  
177.24 This is a onetime appropriation.

177.25 **(f) Summer youth employment** 1,920,000      1,920,000

177.26 This appropriation is from the workforce  
177.27 development fund for grants to fund summer  
177.28 youth employment in Minneapolis. The  
177.29 grants shall be used to fund up to 500 jobs for  
177.30 youth each summer. Of this appropriation,  
7.31 \$250,000 the first year and \$250,000 the  
177.32 second year are for a grant to the learn-to-earn  
177.33 summer youth employment program. The

178.1 commissioner shall establish criteria for  
 178.2 awarding the grants. This appropriation is  
 178.3 available in either year of the biennium and  
 178.4 is available until spent.

178.5 **(g) Veterans memorial** **50,000**

178.6 For a grant to the city of Worthington for  
 178.7 the construction of a veterans' memorial  
 178.8 in Freedom Veterans Memorial Park. This  
 178.9 appropriation is contingent upon the receipt  
 178.10 of local matching money on a \$1 to \$1 basis.  
 178.11 This is a onetime appropriation.

178.12 **Sec. 3. DEPARTMENT OF COMMERCE**

178.13 **Petroleum tank release cleanup** **450,000** **450,000**

178.14 Notwithstanding Minnesota Statutes, section  
 178.15 115C.09, subdivision 2a, this appropriation  
 178.16 is from the petroleum tank release cleanup  
 178.17 fund for costs reimbursable under Minnesota  
 178.18 Statutes, section 115C.09, that were incurred  
 178.19 before January 1, 2004.

178.20 **Sec. 4. HOUSING FINANCE AGENCY**

178.21 **Mortgage foreclosure prevention** **300,000**

178.22 This appropriation is from the real estate  
 178.23 education, research, and recovery fund  
 178.24 under Minnesota Statutes, section 82.43, for  
 178.25 mortgage foreclosure prevention under the  
 178.26 homeownership education, counseling, and  
 178.27 training program under Minnesota Statutes,  
 178.28 section 462A.209.

178.29 **Sec. 5. DEPARTMENT OF HUMAN**

178.30 **SERVICES** **240,000**

179.1 This appropriation is from the  
 179.2 telecommunications access Minnesota fund  
 179.3 under Minnesota Statutes, section 237.52,  
 179.4 to supplement the ongoing operational  
 179.5 expenses of the Minnesota commission  
 179.6 servicing deaf and hard-of-hearing people.  
 179.7 This appropriation shall become part of base  
 179.8 level funding for the commission for the  
 179.9 biennium beginning July 1, 2007.

179.10 **Sec. 6. BOXING COMMISSION 50,000**

179.11 To operate and administer the commission.  
 179.12 This appropriation is the annual base for  
 179.13 future years. This appropriation is contingent  
 179.14 upon enactment of new Minnesota Statutes,  
 179.15 sections 341.21 to 341.37..

179.16 **Sec. 7. EXPLORE MINNESOTA TOURISM 2,000,000**

179.17 For a grant to the Minnesota Film and  
 179.18 TV Board for reimbursements of up to 15  
 179.19 percent of film production costs incurred in  
 179.20 Minnesota, under Minnesota Statutes, section  
 179.21 116J.543. This appropriation is available for  
 179.22 films that begin filming on or after May 1,  
 179.23 2006, and is available until June 30, 2007.

179.24 **Sec. 8. Laws 2005, First Special Session chapter 1, article 3, section 2, subdivision 4,**  
 179.25 **is amended to read:**

179.26

179.27 **Subd. 4. Workforce Services 27,960,000 28,160,000**

179.28 **Summary by Fund**

9.29 **General 20,165,000 20,165,000**

179.30 **Workforce Development 7,795,000 7,995,000**

180.1 \$4,864,000 the first year and \$4,864,000 the  
180.2 second year are from the general fund and  
180.3 \$7,420,000 the first year and \$7,420,000  
180.4 the second year are from the workforce  
180.5 development fund for extended employment  
180.6 services for persons with severe disabilities  
180.7 or related conditions under Minnesota  
180.8 Statutes, section 268A.15. Of the amount  
180.9 from the workforce development fund,  
180.10 \$500,000 each year is onetime.

180.11 \$1,690,000 the first year and \$1,690,000  
180.12 the second year are from the general  
180.13 fund for grants under Minnesota Statutes,  
180.14 section 268A.11, for the eight centers for  
180.15 independent living. Money not expended the  
180.16 first year is available the second year.

180.17 \$150,000 the first year and \$150,000 the  
180.18 second year are from the general fund  
180.19 and \$175,000 the first year and \$175,000  
180.20 the second year are from the workforce  
180.21 development fund for grants under Minnesota  
180.22 Statutes, section 268A.03, to Rise, Inc.  
180.23 for the Minnesota Employment Center for  
180.24 People Who are Deaf or Hard-of-Hearing.  
180.25 Money not expended the first year is available  
180.26 the second year. Of the amount from the  
180.27 workforce development fund, \$150,000 each  
180.28 year is ~~onetime~~ added to the budget base.

180.29 \$1,000,000 the first year and \$1,000,000  
180.30 the second year are from the general fund  
180.31 and \$200,000 the first year and \$400,000  
180.32 the second year are from the workforce  
180.33 development fund for grants for programs  
180.34 that provide employment support services to  
180.35 persons with mental illness under Minnesota

181.1 Statutes, sections 268A.13 and 268A.14.  
181.2 Up to \$77,000 each year may be used  
181.3 for administrative and salary expenses.  
181.4 The appropriation from the workforce  
181.5 development fund is onetime.  
181.6 \$4,940,000 the first year and \$4,940,000 the  
181.7 second year are from the general fund for  
181.8 state services for the blind activities.  
181.9 \$7,521,000 the first year and \$7,521,000 the  
181.10 second year are from the general fund for the  
181.11 state's vocational rehabilitation program for  
181.12 people with significant disabilities to assist  
181.13 with employment, under Minnesota Statutes,  
181.14 chapter 268A.  
181.15 On or after July 1, 2005, the commissioner  
181.16 of finance shall cancel the unencumbered  
181.17 balance in the contaminated site cleanup and  
181.18 development account to the unrestricted fund  
181.19 balance in the general fund.

181.20 Sec. 9. Minnesota Statutes 2004, section 43A.08, subdivision 1a, is amended to read:

181.21 Subd. 1a. **Additional unclassified positions.** Appointing authorities for the  
181.22 following agencies may designate additional unclassified positions according to this  
181.23 subdivision: the Departments of Administration; Agriculture; Commerce; Corrections;  
181.24 Education; Employee Relations; Employment and Economic Development; Explore  
181.25 Minnesota Tourism; Finance; Health; Human Rights; Labor and Industry; Natural  
181.26 Resources; Public Safety; Human Services; Revenue; Transportation; and Veterans  
181.27 Affairs; the Housing Finance and Pollution Control Agencies; the State Lottery; the state  
181.28 Board of Investment; the Office of Administrative Hearings; the Office of Environmental  
181.29 Assistance; the Offices of the Attorney General, Secretary of State, and State Auditor;  
181.30 the Minnesota State Colleges and Universities; the Higher Education Services Office; the  
181.31 Perpich Center for Arts Education; and the Minnesota Zoological Board.

1.32 A position designated by an appointing authority according to this subdivision must  
181.33 meet the following standards and criteria:

- 182.1 (1) the designation of the position would not be contrary to other law relating  
182.2 specifically to that agency;
- 182.3 (2) the person occupying the position would report directly to the agency head or  
182.4 deputy agency head and would be designated as part of the agency head's management  
182.5 team;
- 182.6 (3) the duties of the position would involve significant discretion and substantial  
182.7 involvement in the development, interpretation, and implementation of agency policy;
- 182.8 (4) the duties of the position would not require primarily personnel, accounting, or  
182.9 other technical expertise where continuity in the position would be important;
- 182.10 (5) there would be a need for the person occupying the position to be accountable to,  
182.11 loyal to, and compatible with, the governor and the agency head, the employing statutory  
182.12 board or commission, or the employing constitutional officer;
- 182.13 (6) the position would be at the level of division or bureau director or assistant  
182.14 to the agency head; and
- 182.15 (7) the commissioner has approved the designation as being consistent with the  
182.16 standards and criteria in this subdivision.

182.17 Sec. 10. Minnesota Statutes 2004, section 80C.01, subdivision 4, is amended to read:

182.18 Subd. 4. **Franchise.** (a) "Franchise" means (1) a contract or agreement, either  
182.19 express or implied, whether oral or written, for a definite or indefinite period, between  
182.20 two or more persons:

182.21 (i) by which a franchisee is granted the right to engage in the business of offering or  
182.22 distributing goods or services using the franchisor's trade name, trademark, service mark,  
182.23 logotype, advertising, or other commercial symbol or related characteristics;

182.24 (ii) in which the franchisor and franchisee have a community of interest in the  
182.25 marketing of goods or services at wholesale, retail, by lease, agreement, or otherwise; and

182.26 (iii) for which the franchisee pays, directly or indirectly, a franchise fee; or

182.27 (2) a contract, lease, or other agreement, either express or implied, whether oral or  
182.28 written, for a definite or indefinite period, between two or more persons, whereby the  
182.29 franchisee is authorized, permitted, or granted the right to market motor vehicle fuel at  
182.30 retail under the franchisor's trade name, trademark, service mark, logotype, or other  
182.31 commercial symbol or related characteristics owned or controlled by the franchisor; or

182.32 (3) the sale or lease of any products, equipment, chattels, supplies, or services to the  
182.33 purchaser, other than the sale of sales demonstration equipment, materials or samples for a  
182.34 total price of \$500 or less to any one person, for the purpose of enabling the purchaser  
182.35 to start a business and in which the seller:

183.1 (i) represents that the seller, lessor, or an affiliate thereof will provide locations or  
183.2 assist the purchaser in finding locations for the use or operation of vending machines,  
183.3 racks, display cases, or similar devices, or currency operated amusement machines or  
183.4 devices, on premises neither owned or leased by the purchaser or seller; or

183.5 (ii) represents that the seller will purchase any or all products made, produced,  
183.6 fabricated, grown, bred, or modified by the purchaser using, in whole or in part, the  
183.7 supplies, services, or chattels sold to the purchaser; or

183.8 (iii) guarantees that the purchaser will derive income from the business which  
183.9 exceeds the price paid to the seller; or

183.10 (4) an oral or written contract or agreement, either expressed or implied, for a  
183.11 definite or indefinite period, between two or more persons, under which a manufacturer,  
183.12 selling security systems through dealers or distributors in this state, requires regular  
183.13 payments from the distributor or dealer as royalties or residuals for products purchased  
183.14 and paid for by the dealer or distributor.

183.15 (b) "Franchise" does not include any business which is operated under a lease or  
183.16 license on the premises of the lessor or licensor as long as such business is incidental to  
183.17 the business conducted by the lessor or licensor on such premises, including, without  
183.18 limitation, leased departments, licensed departments, and concessions.

183.19 (c) "Franchise" does not include any contract, lease or other agreement whereby the  
183.20 franchisee is required to pay less than \$100 on an annual basis, except those franchises  
183.21 identified in paragraph (a), clause (2).

183.22 (d) "Franchise" does not include a contract, lease or other agreement between a new  
183.23 motor vehicle manufacturer, distributor, or factory branch and a franchisee whereby the  
183.24 franchisee is granted the right to market automobiles, motorcycles, trucks, truck-tractors,  
183.25 or self-propelled motor homes or campers if the foregoing are designed primarily for the  
183.26 transportation of persons or property on public highways.

183.27 (e) "Franchise" does not include a contract, lease, or other agreement or arrangement  
183.28 between two or more air carriers, or between one or more air carriers and one or more  
183.29 foreign air carriers. The terms "air carrier" and "foreign air carrier" shall have the  
183.30 meanings assigned to them by the Federal Aviation Act, United States Code Appendix,  
183.31 title 49, sections 1301(3) and 1301(22), respectively.

183.32 (f) For purposes of paragraph (a), clause (2), "franchise" does not include the  
183.33 marketing of motor vehicle fuel in circumstances where all the following are present:

183.34 (1) the franchisor or an affiliate of the franchisor is not a refiner of motor vehicle  
183.35 fuel, diesel fuel, or gasoline;

184.1 (2) the franchisor's trade name, trademark, service mark, logotype, or other  
184.2 commercial symbol or related characteristics is not used to identify the marketing premises  
184.3 generally, but only the gasoline dispensers, canopy, and gasoline price signage, provided,  
184.4 however, this circumstance is not changed by a voluntary decision by the retailer to  
184.5 identify the buildings on the premises in the manner selected by the retailer;

184.6 (3) the franchisor does not impose any requirements or franchise fee on nonmotor  
184.7 vehicle fuel products or sales, provided this circumstance is not changed by a voluntary  
184.8 decision by the retailer to purchase nonmotor vehicle fuel products from the franchisor or  
184.9 an affiliate of the franchisor; and

184.10 (4) the facility is not leased from the franchisor or affiliate of the franchisor.

184.11 (f) (g) For purposes of this chapter, a person who sells motor vehicle fuel at  
184.12 wholesale who does not own or control, or is not an affiliate of a person who owns or  
184.13 controls, the trademark, trade name, service mark, logotype, or other commercial symbol  
184.14 or related characteristics under which the motor vehicle fuel is sold at retail, is not a  
184.15 franchisor or a franchisee, and is not considered to be part of a franchise relationship.

184.16 **Sec. 11. [80C.144] EXEMPT MOTOR FUEL FRANCHISES; ALTERNATIVE**  
184.17 **COMPLIANCE.**

184.18 A motor fuel franchise exempt from regulation under this chapter pursuant to section  
184.19 80C.01, subdivision 4, paragraph (f), is subject to regulation under chapter 80F.

184.20 **Sec. 12. Minnesota Statutes 2005 Supplement, section 115C.09, subdivision 3j,**  
184.21 **is amended to read:**

184.22 **Subd. 3j. Retail locations and transport vehicles.** (a) As used in this subdivision,  
184.23 "retail location" means a facility located in the metropolitan area as defined in section  
184.24 473.121, subdivision 2, where gasoline is offered for sale to the general public for use in  
184.25 automobiles and trucks. "Transport vehicle" means a liquid fuel cargo tank used to deliver  
184.26 gasoline into underground storage tanks during 2002 ~~and~~ or 2003 at a retail location.

184.27 (b) Notwithstanding any other provision in this chapter, and any rules adopted under  
184.28 this chapter, the board shall reimburse 90 percent of an applicant's cost for retrofits of  
184.29 retail locations and transport vehicles completed between January 1, 2001, and ~~January~~  
184.30 September 1, 2006, to comply with section 116.49, subdivisions 3 and 4, provided that the  
184.31 board determines the costs were incurred and reasonable. The reimbursement may not  
184.32 exceed \$3,000 per retail location and \$3,000 per transport vehicle.

184.33 **EFFECTIVE DATE. This section is effective retroactively from August 1, 2003.**

185.1 Sec. 13. Minnesota Statutes 2004, section 116J.421, subdivision 3, is amended to read:

185.2 Subd. 3. **Duties.** The center shall:

185.3 (1) research and identify present and emerging social and economic issues for rural  
185.4 Minnesota, including health care, transportation, crime, housing, and job training;

185.5 (2) forge alliances and partnerships with rural communities to find practical solutions  
185.6 to economic and social problems;

185.7 (3) provide a resource center for rural communities on issues of importance to them;

185.8 (4) encourage collaboration across higher education institutions to provide  
185.9 interdisciplinary team approaches to problem solving with rural communities; ~~and~~

185.10 (5) involve students in center projects; and

185.11 (6) submit to the legislature a report on the "State of Rural Minnesota" no later  
185.12 than March 1 in each odd-numbered year.

185.13 Sec. 14. Minnesota Statutes 2004, section 116J.543, is amended to read:

185.14 **116J.543 FILM PRODUCTION JOBS PROGRAM.**

185.15 (a) The film production jobs program is created. The program shall be operated  
185.16 by the Minnesota Film and TV Board with administrative oversight and control by the  
185.17 commissioner of employment and economic development. The program shall make  
185.18 payment to producers of ~~long-form and narrative film productions~~ feature films, national  
185.19 television programs, documentaries, music videos, and commercials that directly create  
185.20 new film jobs in Minnesota. To be eligible for a payment, a producer must submit  
185.21 documentation to the Minnesota Film and TV Board of expenditures for ~~wages for work~~  
185.22 ~~on new film production jobs in Minnesota by resident Minnesotans. The film jobs include~~  
185.23 ~~work such as technical crews, acting talent, set construction, soundstage or equipment~~  
185.24 ~~rental, local postproduction film processing, and other film production jobs~~ production  
185.25 costs incurred in Minnesota that are directly attributable to the production in Minnesota of  
185.26 a film product.

185.27 The Minnesota Film and TV Board ~~must~~ shall make recommendations to the  
185.28 commissioner about program payment, but ~~the recommendations are not binding and~~  
185.29 the commissioner has the authority to make the final determination on payments. The  
185.30 commissioner's determination must be based on ~~the amount of wages documented to the~~  
185.31 Film Board and the likelihood that the payment will lead to further documentable wage  
185.32 payments. Payment may not exceed \$100,000 for a single long-form and narrative film  
185.33 proper documentation of eligible production costs submitted for payments. No more than  
185.34 five percent of the funds appropriated for the program in any year may be expended for

186.1 administration. ~~Individual feature film projects shooting on or after January 1, 1997, will~~  
186.2 ~~be eligible for fund allocations:~~

186.3 (b) For the purposes of this section:

186.4 (1) "production costs" means the cost of the following:

186.5 (i) a story and scenario to be used for a film;

186.6 (ii) salaries of talent, management, and labor, including payments to personal  
186.7 services corporations for the services of a performing artist;

186.8 (iii) set construction and operations, wardrobe, accessories, and related services;

186.9 (iv) photography, sound synchronization, lighting, and related services;

186.10 (v) editing and related services;

186.11 (vi) rental of facilities and equipment; or

186.12 (vii) other direct costs of producing the film in accordance with generally accepted  
186.13 entertainment industry practice; and

186.14 (2) "film" means a movie, television show, documentary, music video, or television  
186.15 commercial, whether on film or video. Film does not include news, current events, public  
186.16 programming, or a program that includes weather or market reports; a talk show; a  
186.17 production with respect to a questionnaire or contest; a sports event or sports activity; a  
186.18 gala presentation or awards show; a finished production that solicits funds; or a production  
186.19 for which the production company is required under United States Code, title 18, section  
186.20 2257, to maintain records with respect to a performer portrayed in a single-media or  
186.21 multimedia program.

186.22 Sec. 15. Minnesota Statutes 2005 Supplement, section 116J.551, subdivision 1, is  
186.23 amended to read:

186.24 Subdivision 1. **Grant account.** A contaminated site cleanup and development grant  
186.25 account is created in the general fund. Money in the account may be used, as appropriated  
186.26 by law, to make grants as provided in section 116J.554 and to pay for the commissioner's  
186.27 costs in reviewing applications and making grants. Notwithstanding section 16A.28,  
186.28 ~~money appropriated to the account is available for four years~~ grant money appropriated  
186.29 for this program, from any source, is available until spent.

186.30 Sec. 16. [116J.656] SMALL BUSINESS ACCESS TO FEDERAL RESEARCH  
186.31 FUNDS.

186.32 (a) The commissioner shall assist small businesses to access federal money through  
186.33 the federal Small Business Innovation Research program and the Small Business  
186.34 Technology Transfer program. In providing this assistance, the commissioner shall

187.1 maintain connections to eligible federal programs, assess specific funding opportunities,  
187.2 review funding proposals, provide referrals to specific consulting services, and hold  
187.3 training workshops throughout the state.

187.4 (b) Unless prohibited by federal law, the commissioner must implement fees for  
187.5 services that help companies seek federal Phase II Small Business Innovation Research  
187.6 grants. The fees must be deposited in a special revenue account and are annually  
187.7 appropriated to the commissioner for the Small Business Innovation Research and Small  
187.8 Business Technology Transfer programs.

187.9 Sec. 17. Minnesota Statutes 2004, section 116L.04, subdivision 1, is amended to read:

187.10 **Subdivision 1. Partnership program.** (a) The partnership program may provide  
187.11 grants-in-aid to educational or other nonprofit educational institutions using the following  
187.12 guidelines:

187.13 (1) the educational or other nonprofit educational institution is a provider of training  
187.14 within the state in either the public or private sector;

187.15 (2) the program involves skills training that is an area of employment need; and

187.16 (3) preference will be given to educational or other nonprofit training institutions  
187.17 which serve economically disadvantaged people, minorities, or those who are victims of  
187.18 economic dislocation and to businesses located in rural areas.

187.19 (b) A single grant to any one institution shall not exceed \$400,000. ~~Up to 25 percent~~  
187.20 A portion of a grant may be used for preemployment training.

187.21 **EFFECTIVE DATE.** This section is effective the day following final enactment.

187.22 Sec. 18. Minnesota Statutes 2004, section 116L.04, subdivision 1a, is amended to read:

187.23 **Subd. 1a. Pathways program.** The pathways program may provide grants-in-aid  
187.24 for developing programs which assist in the transition of persons from welfare to work and  
187.25 assist individuals at or below 200 percent of the federal poverty guidelines. The program  
187.26 is to be operated by the board. The board shall consult and coordinate with program  
187.27 administrators at the Department of Employment and Economic Development to design  
187.28 and provide services for temporary assistance for needy families recipients.

187.29 Pathways grants-in-aid may be awarded to educational or other nonprofit training  
187.30 institutions for education and training programs and services supporting education and  
187.31 training programs that serve eligible recipients.

187.32 Preference shall be given to projects that:

187.33 (1) provide employment with benefits paid to employees;

187.34 (2) provide employment where there are defined career paths for trainees;

188.1 (3) pilot the development of an educational pathway that can be used on a continuing  
188.2 basis for transitioning persons from welfare to work; and

188.3 (4) demonstrate the active participation of Department of Employment and  
188.4 Economic Development workforce centers, Minnesota State College and University  
188.5 institutions and other educational institutions, and local welfare agencies.

188.6 Pathways projects must demonstrate the active involvement and financial  
188.7 commitment of private business. Pathways projects must be matched with cash or in-kind  
188.8 contributions on at least a one-to-one ratio by participating private business.

188.9 A single grant to any one institution shall not exceed \$400,000. ~~Up to 25 percent of~~  
188.10 A portion of a grant may be used for preemployment training.

188.11 **EFFECTIVE DATE.** This section is effective the day following final enactment.

188.12 Sec. 19. Minnesota Statutes 2004, section 116L.12, subdivision 4, is amended to read:

188.13 Subd. 4. **Grants.** Within the limits of available appropriations, the board shall make  
188.14 grants not to exceed \$400,000 each to qualifying consortia to operate local, regional, or  
188.15 statewide training and retention programs. Grants may be made from TANF funds, general  
188.16 fund appropriations, and any other funding sources available to the board, provided the  
188.17 requirements of those funding sources are satisfied. ~~Up to 25 percent~~ A portion of a  
188.18 grant may be used for preemployment training. Grant awards must establish specific,  
188.19 measurable outcomes and timelines for achieving those outcomes.

188.20 **EFFECTIVE DATE.** This section is effective the day following final enactment.

188.21 Sec. 20. Minnesota Statutes 2004, section 178.03, is amended by adding a subdivision  
188.22 to read:

188.23 Subd. 3a. **Apprentice wages.** (a) The graduated schedule of wages for an  
188.24 apprenticeship agreement will be determined by the percentage rate used in the majority of  
188.25 individual apprenticeship agreements on file with the Department of Labor and Industry,  
188.26 Division of Voluntary Apprenticeship, in any particular trade. The beginning rate must be  
188.27 at least the federal or state minimum wage rate, whichever is higher.

188.28 (b) The journeyman wage rate for apprenticeship agreements where no bargaining  
188.29 agreement exists must be determined by counties, for all trades. If there is either a state or  
188.30 federal prevailing wage determination or apprenticeship agreement for a trade, the most  
188.31 current rate of the determination or agreement must be used as the journeyman wage rate.

188.32 (c) This subdivision does not apply to programs in penal institutions including  
188.33 stipends paid by the Department of Corrections.

189.1 Sec. 21. Minnesota Statutes 2004, section 183.02, is amended by adding a subdivision  
189.2 to read:

189.3 Subd. 4. **Inland waters.** "Inland waters" means navigable bodies of water within  
189.4 the boundaries of this state, excluding boundary lakes and boundary rivers.

189.5 Sec. 22. Minnesota Statutes 2005 Supplement, section 216C.41, subdivision 3, is  
189.6 amended to read:

189.7 **Subd. 3. Eligibility window.** Payments may be made under this section only for  
189.8 electricity generated:

189.9 (1) from a qualified hydroelectric facility that is operational and generating  
189.10 electricity before December 31, ~~2007~~ 2009;

189.11 (2) from a qualified wind energy conversion facility that is operational and  
189.12 generating electricity before January 1, ~~2007~~ 2008; or

189.13 (3) from a qualified on-farm biogas recovery facility from July 1, 2001, through  
189.14 December 31, 2017.

189.15 Sec. 23. Minnesota Statutes 2004, section 216C.41, subdivision 4, is amended to read:

189.16 **Subd. 4. Payment period.** (a) A facility may receive payments under this section for  
189.17 a ten-year period. No payment under this section may be made for electricity generated:

189.18 (1) by a qualified hydroelectric facility after December 31, ~~2017~~ 2019;

189.19 (2) by a qualified wind energy conversion facility after December 31, ~~2017~~ 2018; or

189.20 (3) by a qualified on-farm biogas recovery facility after December 31, 2015.

189.21 (b) The payment period begins and runs consecutively from the date the facility  
189.22 begins generating electricity or, in the case of refurbishment of a hydropower facility, after  
189.23 substantial repairs to the hydropower facility dam funded by the incentive payments are  
189.24 initiated.

189.25 Sec. 24. [299F.50] DEFINITIONS.

189.26 Subdivision 1. Scope. As used in sections 299F.50 to 299F.52, the terms defined in  
189.27 this section have the meanings given them.

189.28 Subd. 2. Installed. "Installed" means that an approved carbon monoxide alarm is  
189.29 hardwired into the electrical wiring, directly plugged into an electrical outlet without a  
189.30 switch, or, if the alarm is battery-powered, attached to the wall of the dwelling.

189.31 Subd. 3. Single and multifamily dwelling. "Single and multifamily dwelling"  
189.32 means any building or structure that is wholly or partly used or intended to be used for  
189.33 living or sleeping by human occupants.

190.1 Subd. 4. Dwelling unit. "Dwelling unit" means an area meant for living or sleeping  
190.2 by human occupants.

190.3 Subd. 5. Approved carbon monoxide alarm. "Approved carbon monoxide alarm"  
190.4 means a device meant for the purpose of detecting carbon monoxide that is certified by a  
190.5 nationally recognized testing laboratory to conform to the latest Underwriters Laboratories  
190.6 Standards (known as UL2034 standards).

190.7 Subd. 6. Operational. "Operational" means working and in service according to  
190.8 manufacturer's directions.

190.9 **Sec. 25. [299F.51] REQUIREMENTS FOR CARBON MONOXIDE ALARMS.**

190.10 Subdivision 1. Generally Every single-family dwelling and every dwelling unit in  
190.11 a multifamily dwelling must have an approved and operational carbon monoxide alarm  
190.12 installed on each level of the residence and within ten feet of each room lawfully used for  
190.13 sleeping purposes.

190.14 Subd. 2. Owner's duties. The owner of a multifamily dwelling that is required to  
190.15 be equipped with one or more approved carbon monoxide alarms must:

190.16 (1) provide and install one approved and operational carbon monoxide alarm on each  
190.17 level of the dwelling and within ten feet of each room lawfully used for sleeping; and

190.18 (2) replace any approved carbon monoxide alarm that has been stolen, removed,  
190.19 found missing, or rendered inoperable during a prior occupancy of the dwelling unit  
190.20 and that has not been replaced by the prior occupant before the commencement of a  
190.21 new occupancy of a dwelling unit.

190.22 Subd. 3. Occupant's duties. The occupant of each dwelling unit in a multifamily  
190.23 dwelling in which an approved and operational carbon monoxide alarm has been provided  
190.24 and installed by the owner must:

190.25 (1) keep and maintain the device in good repair according to manufacturer's  
190.26 directions; and

190.27 (2) replace any device that is stolen, removed, missing, or rendered inoperable  
190.28 during the occupancy of the dwelling unit.

190.29 Subd. 4. Battery removal prohibited. A person shall not remove batteries from, or  
190.30 in any way render inoperable, a required carbon monoxide alarm.

190.31 **Sec. 26. [299F.52] ENFORCEMENT.**

190.32 A violation of section 299F.50 or 299F.51 subjects the owner of the single family  
190.33 dwelling, multifamily dwelling, or dwelling unit to the same penalty and enforcement

191.1 mechanism provided for violations of the Minnesota Fire Code provided in section  
191.2 299F.011, subdivision 6.

191.3 Sec. 27. Minnesota Statutes 2004, section 326.105, is amended to read:

191.4 **326.105 FEES.**

191.5 The fee for licensure or renewal of licensure as an architect, professional engineer,  
191.6 land surveyor, landscape architect, or geoscience professional is \$120 per biennium.

191.7 The fee for certification as a certified interior designer or for renewal of the certificate  
191.8 is \$120 per biennium. The fee for an architect applying for original certification as a

191.9 certified interior designer is \$50 per biennium. The initial license or certification fee for  
191.10 all professions is \$120. The renewal fee shall be paid biennially on or before June 30 of

191.11 each even-numbered year. The renewal fee, when paid by mail, is not timely paid unless it  
191.12 is postmarked on or before June 30 of each even-numbered year. The application fee is

191.13 \$25 for in-training applicants and \$75 for professional license applicants.

191.14 ~~The fee for monitoring licensing examinations for applicants is \$25, payable by~~  
191.15 ~~the applicant.~~

191.16 Sec. 28. Minnesota Statutes 2005 Supplement, section 327.201, is amended to read:

191.17 **327.201 STATE FAIR CAMPING AREA.**

191.18 Notwithstanding sections 327.14 to 327.28 or any rule adopted by the commissioner  
191.19 of health, the State Agricultural Society must operate and maintain a camping area on the  
191.20 State Fairgrounds during the State Fair and the Minnesota Street Rod Association's Back  
191.21 to the 50s event, subject to the following conditions:

191.22 (1) recreational camping vehicles and tents, including their attachments, must be  
191.23 separated from each other and from other structures by at least seven feet;

191.24 (2) a minimum area of 300 square feet per site must be provided and the total number  
191.25 of sites must not exceed one site for every 300 square feet of usable land area; and

191.26 (3) each site must face a driveway at least 16 feet in width and each driveway must  
191.27 have unobstructed access to a public roadway.

191.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

191.29 Sec. 29. **[341.21] DEFINITIONS.**

191.30 **Subdivision 1. Applicability.** The definitions in this section apply to this chapter.

191.31 **Subd. 2. Boxing.** "Boxing" means the act of attack and defense with the fists, using  
191.32 padded gloves, that is practiced as a sport under the rules of the World Boxing Association,

192.1 the World Boxing Council, the International Boxing Federation, or equivalent. Where  
192.2 applicable, boxing includes full contact karate.

192.3 Subd. 3. Commission. "Commission" means the Minnesota Boxing Commission.

192.4 Subd. 4. Contest. "Contest" means any boxing or nontraditional fighting contest,  
192.5 match, or exhibition.

192.6 Subd. 5. Nontraditional fighting contest. "Nontraditional fighting contest" means  
192.7 any competition between two or more persons, with or without gloves, who use any  
192.8 combination of fighting skills, including boxing, wrestling, hitting, kicking, martial arts,  
192.9 and other combative full contact techniques. Nontraditional fighting contests include, but  
192.10 are not limited to, ultimate fighting, extreme fighting, elimination contests, cage fighting,  
192.11 mixed martial arts fighting, tough man contests, shoot fighting, but do not include kick  
192.12 boxing or any recognized martial arts competition.

192.13 Subd. 6. Professional. "Professional" means any person who competes for any  
192.14 money prize or a prize that exceeds the value of \$50 or teaches, pursues, or assists in  
192.15 the practice of boxing or nontraditional fighting as a means of obtaining a livelihood  
192.16 or pecuniary gain.

192.17 Subd. 7. Director. "Director" means the executive director of the commission.

192.18 Subd. 8. Tough man contest. "Tough man contest" means any boxing match  
192.19 consisting of one-minute rounds between two or more persons who use their hands,  
192.20 wearing padded gloves that weigh not less than 12 ounces, or their feet, or both, in any  
192.21 manner. Tough man contest does not include kick boxing, any recognized martial arts  
192.22 competition, or boxing as defined in subdivision 2.

192.23 **Sec. 30. [341.22] BOXING COMMISSION.**

192.24 There is created the Minnesota Boxing Commission, consisting of seven members  
192.25 who are citizens of this state. Three members of the commission must be retired judges  
192.26 of the Minnesota district court, Minnesota Court of Appeals, Minnesota Supreme Court,  
192.27 the United States District Court for the District of Minnesota, or the Eighth Circuit Court  
192.28 of Appeals, two members must be licensed medical doctors, and two members must  
192.29 be boxers. No member may fulfill more than one of these requirements at the same  
192.30 time. Membership terms, compensation of members, removal of members, the filling of  
192.31 membership vacancies, and fiscal year and reporting requirements must be as provided  
192.32 in sections 214.07 to 214.09. The provision of staff, administrative services, and office  
192.33 space; the review and processing of complaints; the setting of fees; and other provisions  
192.34 relating to commission operations must be as provided in chapter 214.

193.1 Sec. 31. **[341.23] LIMITATIONS.**

193.2 No member of the boxing commission may directly or indirectly promote a boxing  
193.3 or nontraditional fighting contest, or directly or indirectly engage in the managing of a  
193.4 boxer or fighter, or have an interest in any manner in the proceeds from a boxing match or  
193.5 nontraditional fighting contest.

193.6 Sec. 32. **[341.24] EXECUTIVE DIRECTOR.**

193.7 The commission may appoint, and at its pleasure remove, an executive director and  
193.8 prescribe the powers and duties of the office. The executive director is not a member of  
193.9 the commission. The commission may employ personnel necessary to the performance of  
193.10 its duties.

193.11 Sec. 33. **[341.25] RULES.**

193.12 (a) The commission may adopt rules that include standards for the physical  
193.13 examination and condition of boxers, nontraditional fighters, and referees.

193.14 (b) The commission may adopt other rules necessary to carry out the purposes of this  
193.15 chapter, including, but not limited to, the conduct of boxing exhibitions, bouts, fights, and  
193.16 nontraditional fighting contests and events, and their manner, supervision, time, and place.

193.17 Sec. 34. **[341.26] MEETINGS.**

193.18 The commission shall hold a regular meeting quarterly and may hold special  
193.19 meetings. Except as otherwise provided in law, all meetings of the commission must be  
193.20 open to the public and reasonable notice of the meetings must be given under chapter 13D.

193.21 Sec. 35. **[341.27] COMMISSION DUTIES.**

193.22 The commission shall:

193.23 (1) issue, deny, renew, suspend, or revoke licenses;

193.24 (2) make and maintain records of its acts and proceedings including the issuance,  
193.25 denial, renewal, suspension, or revocation of licenses;

193.26 (3) keep public records of the commission open to inspection at all reasonable times;

193.27 (4) assist the director in the development of rules to be implemented under this  
193.28 chapter; and

193.29 (5) conform to the rules adopted under this chapter.

193.30 Sec. 36. **[341.28] REGULATION OF BOXING AND NONTRADITIONAL**  
193.31 **FIGHTING CONTESTS.**

194.1 Subdivision 1. Regulatory authority; boxing. All boxing contests are subject to  
194.2 this chapter. Every contestant in a boxing contest shall wear padded gloves that weigh at  
194.3 least eight ounces. The commission shall, for every boxing contest:

194.4 (1) direct a commission member to be present; and

194.5 (2) direct the attending commission member to make a written report of the contest.

194.6 All boxing contests must be conducted according to the provisions of this chapter.

194.7 Subd. 2. Regulatory authority; tough man contests. All tough man contests,  
194.8 including amateur tough man contests, are subject to this chapter. Every contestant in a  
194.9 tough man contest shall wear padded gloves that weight at least 12 ounces.

194.10 Subd. 3. Regulatory authority; nontraditional fighting. All nontraditional  
194.11 fighting, including amateur nontraditional fighting contests, are subject to this chapter and  
194.12 the rules adopted by the commission. Contestants in nontraditional fighting contests shall  
194.13 not strike other contestants in the spinal column or in the back of the head, and shall not  
194.14 strike with their knees or elbows.

194.15 **Sec. 37. [341.29] JURISDICTION OF COMMISSION.**

194.16 The commission shall:

194.17 (1) have sole direction, supervision, regulation, control, and jurisdiction over all  
194.18 boxing contests, tough man contests, and nontraditional fighting contests held within this  
194.19 state unless a contest is exempt from the application of this chapter under federal law;

194.20 (2) have sole control, authority, and jurisdiction over all licenses required by this  
194.21 chapter; and

194.22 (3) grant a license to an applicant if, in the judgment of the commission, the financial  
194.23 responsibility, experience, character, and general fitness of the applicant are consistent  
194.24 with the public interest, convenience, or necessity and the best interests of boxing and  
194.25 conforms with this chapter and the commission's rules.

194.26 **Sec. 38. [341.30] LICENSURE; PERSONS REQUIRED TO OBTAIN**  
194.27 **LICENSES; REQUIREMENTS; BACKGROUND INFORMATION; FEE; BOND.**

194.28 Subdivision 1. Licensure; individuals. All referees, judges, matchmakers,  
194.29 promoters, trainers, ring announcers, timekeepers, ringside physicians, boxers,  
194.30 nontraditional fighters, boxers' managers, and boxers' seconds are required to be licensed  
194.31 by the commission. The commission shall not permit any of these persons to participate  
194.32 in the holding or conduct of any boxing contest unless the commission has first issued  
194.33 the person a license.

195.1 Subd. 2. Entity licensure. Before participating in the holding or conduct of any  
195.2 boxing or nontraditional fighting contest, a corporation, partnership, limited liability  
195.3 company, or other business entity organized and existing under law, its officers and  
195.4 directors, and any person holding 25 percent or more of the ownership of the corporation  
195.5 shall obtain a license from the commission and must be authorized to do business under  
195.6 the laws of this state.

195.7 Subd. 3. Background investigation. The commission shall require referees,  
195.8 judges, matchmakers, promoters, boxers, and nontraditional fighters' managers to furnish  
195.9 fingerprints and background information under commission rules before licensure. The  
195.10 commission shall charge a fee for receiving fingerprints and background information  
195.11 in an amount determined by the commission. The commission may require referees,  
195.12 judges, matchmakers, promoters, boxers, and nontraditional fighters' managers to furnish  
195.13 fingerprints and background information before license renewal. The fee may include a  
195.14 reasonable charge for expenses incurred by the commission or the Department of Public  
195.15 Safety. For this purpose, the commission and the Department of Public Safety may enter  
195.16 into an interagency agreement.

195.17 Subd. 4. Prelicensure requirements. (a) Before the commission issues a license to  
195.18 a promoter, matchmaker, corporation, or other business entity, the applicant shall:

195.19 (1) provide the commission with a copy of any agreement between a contestant and  
195.20 the applicant that binds the applicant to pay the contestant a certain fixed fee or percentage  
195.21 of the gate receipts;

195.22 (2) show on the application the owner or owners of the applicant entity and the  
195.23 percentage of interest held by each owner holding a 25 percent or more interest in the  
195.24 applicant;

195.25 (3) provide the commission with a copy of the latest financial statement of the  
195.26 entity; and

195.27 (4) provide the commission with a copy or other proof acceptable to the commission  
195.28 of the insurance contract or policy required by this chapter.

195.29 (b) Before the commission issues a license to a promoter, the applicant shall deposit  
195.30 with the commission a cash bond or surety bond in an amount set by the commission.  
195.31 The bond shall be executed in favor of this state and shall be conditioned on the faithful  
195.32 performance by the promoter of the promoter's obligations under this chapter and the  
195.33 rules adopted under it.

195.34 (c) Before the commission issues a license to a boxer or nontraditional fighter, the  
195.35 applicant shall submit to the commission the results of a current medical examination on  
195.36 forms furnished or approved by the commission. The medical examination must include

196.1 an ophthalmological and neurological examination. The ophthalmological exam must be  
196.2 designed to detect any retinal defects or other damage or condition of the eye that could  
196.3 be aggravated by boxing or nontraditional fighting. The neurological examination must  
196.4 include an electroencephalogram or medically superior test if the boxer or nontraditional  
196.5 fighter has been knocked unconscious in a previous boxing, nontraditional fighting, or  
196.6 other athletic competition. The commission may also order an electroencephalogram or  
196.7 other appropriate neurological or physical exam before any contest, match, or exhibition  
196.8 if it determines that the examination is desirable to protect the health of the boxer or  
196.9 nontraditional fighter.

196.10 **Sec. 39. [341.31] SIMULCAST LICENSES.**

196.11 The commission shall issue a license to a person or organization holding, showing,  
196.12 or exhibiting a simultaneous telecast of any live, current, or spontaneous boxing or  
196.13 sparring match or nontraditional fighting exhibition or performance on a closed circuit  
196.14 telecast or subscription television program viewed within the state, whether originating  
196.15 in this state or elsewhere, and for which a charge is made. Each person or organization  
196.16 shall apply for such a license in advance of each showing. No showing may be licensed  
196.17 unless the person or organization applying for the license:

196.18 (1) certifies that the match is subject to the jurisdiction and regulation of a boxing or  
196.19 athletic regulatory authority in another state or country;

196.20 (2) certifies the match is in compliance with the requirements of the authority;

196.21 (3) identifies the authority; and

196.22 (4) provides any information the commission may require.

196.23 **Sec. 40. [341.32] LICENSE FEES; EXPIRATION; RENEWAL.**

196.24 Subdivision 1. **Annual licensure.** The commission may establish and issue annual  
196.25 licenses subject to the collection of advance fees by the commission for: promoters,  
196.26 matchmakers, managers, judges, referees, ring announcers, ringside physicians,  
196.27 timekeepers, boxers, nontraditional fighters, boxers' trainers, boxers' seconds, business  
196.28 entities filing for a license to participate in the holding of any boxing contest, and officers,  
196.29 directors, or other persons affiliated with the business entity.

196.30 Subd. 2. **Expiration and renewal.** A license expires December 31 at midnight in  
196.31 the year of its issuance and may be renewed by filing an application for renewal with the  
196.32 commission and payment of the license fee. An application for a license and renewal of a  
196.33 license must be on a form provided by the commission. There is a 30-day grace period  
196.34 during which a license may be renewed if a late filing penalty fee equal to the license fee

197.1 is submitted with the regular license fee. A licensee that files late shall not conduct any  
197.2 activity regulated by this chapter until the commission has renewed the license. If the  
197.3 licensee fails to apply to the commission within the 30-day grace period the licensee must  
197.4 apply for a new license under subdivision 1.

197.5 **Sec. 41. [341.33] CONTESTANTS AND REFEREES; PHYSICAL**  
197.6 **EXAMINATION; ATTENDANCE OF PHYSICIAN; PAYMENT OF FEES;**  
197.7 **INSURANCE.**

197.8 **Subdivision 1. Examination by physician. All boxers, nontraditional fighters,**  
197.9 **and referees shall be examined by a physician licensed by this state within three hours**  
197.10 **before entering the ring, and the examining physician shall immediately file with the**  
197.11 **commission a written report of the examination. The physician's examination shall report**  
197.12 **on the condition of the boxer's heart and general physical and neurological condition. The**  
197.13 **physician's report may record the condition of the boxer's nervous system and brain as**  
197.14 **required by the commission. The physician may prohibit the boxer from entering the ring**  
197.15 **if, in the physician's professional opinion, it is in the best interest of the boxer's health.**  
197.16 **The cost of the examination is payable by the person or entity conducting the contest**  
197.17 **or exhibition.**

197.18 **Subd. 2. Attendance of physician. A person holding or sponsoring a boxing or**  
197.19 **nontraditional fighting contest shall have in attendance a physician licensed by this state.**  
197.20 **The commission may establish a schedule of fees to be paid to each attending physician**  
197.21 **by the person holding or sponsoring the contest.**

197.22 **Sec. 42. [341.34] INSURANCE.**

197.23 **Subdivision 1. Required insurance. The commission shall:**

197.24 **(1) require insurance coverage for a boxer or nontraditional fighter to provide**  
197.25 **for medical, surgical, and hospital care for injuries sustained in the ring in an amount**  
197.26 **of \$100,000 with \$25 deductible and payable to the boxer or nontraditional fighter as**  
197.27 **beneficiary; and**

197.28 **(2) require life insurance for a boxer or nontraditional fighter in the amount of**  
197.29 **\$50,000 payable in case of accidental death resulting from injuries sustained in the ring.**

197.30 **Subd. 2. Payment for insurance. The cost of the insurance required by this section**  
197.31 **is payable by the promoter.**

197.32 **Sec. 43. [341.35] PENALTIES FOR NONLICENSED EXHIBITIONS.**

198.1 Any person or persons who send or cause to be sent, published, or otherwise made  
198.2 known, any challenge to fight what is commonly known as a prize fight, or engage in any  
198.3 public boxing or sparring match, or nontraditional exhibition or contest, with or without  
198.4 gloves, for any prize, reward or compensation, or for which any admission fee is charged  
198.5 directly or indirectly, or go into training preparatory for the fight, exhibition, or contest,  
198.6 or act as a trainer, aider, abettor, backer, umpire, referee, second, surgeon, assistant, or  
198.7 attendant at the fight, exhibition, or contest, or in any preparation for same, and any owner  
198.8 or lessee of any ground, building, or structure of any kind permitting the same to be  
198.9 used for any fight, exhibition, or contest, is guilty of a misdemeanor unless a license  
198.10 for the holding of the fight, exhibition, or contest has been issued by the commission in  
198.11 compliance with the rules adopted by it.

198.12 **Sec. 44. [341.36] GROSS RECEIPTS TAX.**

198.13 The promoter or promoters of all boxing or nontraditional fighting contests, shows,  
198.14 or exhibitions held under this chapter shall pay to the commissioner of finance, for credit  
198.15 to the Minnesota Boxing Commission account, a tax of five percent of the gross receipts  
198.16 from the contest or exhibition. This section also applies to all boxing, kick boxing, and  
198.17 nontraditional fighting contests or exhibitions that are simulcast or shown over closed  
198.18 circuit television and for which a fee is charged for the right to view the event in this state.

198.19 **Sec. 45. [341.37] APPROPRIATION.**

198.20 A Boxing Commission account is created in the special revenue fund. Money in  
198.21 the account is annually appropriated to the Boxing Commission for the purposes of  
198.22 conducting its statutory responsibilities and obligations.

198.23 **Sec. 46. Minnesota Statutes 2004, section 446A.03, subdivision 5, is amended to read:**

198.24 **Subd. 5. Executive director.** The commissioner shall employ, with the concurrence  
198.25 of the authority, an executive director in the unclassified service. The director shall  
198.26 perform duties that the authority may require in carrying out its responsibilities.

198.27 **Sec. 47. Minnesota Statutes 2004, section 446A.12, subdivision 1, is amended to read:**

198.28 **Subdivision 1. Bonding authority.** The authority may issue negotiable bonds in a  
198.29 principal amount that the authority determines necessary to provide sufficient funds for  
198.30 achieving its purposes, including the making of loans and purchase of securities, the  
198.31 payment of interest on bonds of the authority, the establishment of reserves to secure its  
198.32 bonds, the payment of fees to a third party providing credit enhancement, and the payment

199.1 of all other expenditures of the authority incident to and necessary or convenient to carry  
199.2 out its corporate purposes and powers, but not including the making of grants. Bonds of  
199.3 the authority may be issued as bonds or notes or in any other form authorized by law. The  
199.4 principal amount of bonds issued and outstanding under this section at any time may not  
199.5 exceed ~~\$1,250,000,000~~ \$1,500,000,000, excluding bonds for which refunding bonds or  
199.6 crossover refunding bonds have been issued.

199.7 Sec. 48. Minnesota Statutes 2004, section 473.252, subdivision 3, is amended to read:

199.8 Subd. 3. **Distribution of funds.** (a) The council must use the funds in the account  
199.9 to make grants to municipalities or development authorities for the cleanup of polluted  
199.10 land in the metropolitan area. A grant to a metropolitan county or a development authority  
199.11 must be used for a project in a participating municipality. The council shall prescribe  
199.12 and provide the grant application form to municipalities. The council must consider the  
199.13 probability of funding from other sources when making grants under this section.

199.14 (b)(1) The legislature expects that applications for grants will exceed the available  
199.15 funds and the council will be able to provide grants to only some of the applicant  
199.16 municipalities. If applications for grants for qualified sites exceed the available funds,  
199.17 the council shall make grants that provide the highest return in public benefits for the  
199.18 public costs incurred, that encourage development that will lead to the preservation or  
199.19 growth of living-wage jobs or the production of affordable housing, and that enhance the  
199.20 tax base of the recipient municipality. For purposes of ranking applications, equal weight  
199.21 shall be given to preservation or growth of living-wage jobs and to the production of  
199.22 affordable housing.

199.23 For purposes of this section, affordable housing includes both:

199.24 (i) affordable rental housing for persons or families whose income, at the time  
199.25 of initial occupancy, does not exceed 60 percent of median income as determined by  
199.26 the United States Department of Housing and Urban Development for the metropolitan  
199.27 area; and

199.28 (ii) affordable ownership housing units for persons or families whose income, at the  
199.29 time of initial occupancy, does not exceed 80 percent of median income as determined by  
199.30 the United States Department of Housing and Urban Development for the metropolitan  
199.31 area.

199.32 (2) In making grants, the council shall establish regular application deadlines in  
199.33 which grants will be awarded from the available money in the account. If the council  
199.34 provides for application cycles of less than six-month intervals, the council must reserve  
199.35 at least 40 percent of the receipts of the account for a year for application deadlines that

200.1 occur in the second half of the year. If the applications for grants exceed the available  
 200.2 funds for an application cycle, no more than one-half of the funds may be granted to  
 200.3 projects in a statutory or home rule charter city and no more than three-quarters of the  
 200.4 funds may be granted to projects located in cities of the first class.

200.5 (c) A municipality may use the grant to provide a portion of the local match  
 200.6 requirement for project costs that qualify for a grant under sections 116J.551 to 116J.557.

200.7 **Sec. 49. EFFECTIVE DATE.**

200.8 Sections 16 to 18 are effective January 1, 2007, for all newly constructed  
 200.9 single-family and multifamily dwelling units and August 1, 2008, for all existing and  
 200.10 newly constructed single family and multifamily dwelling units.

200.11 **ARTICLE 15**  
 200.12 **TRANSPORTATION**

200.13 **Section 1. TRANSPORTATION APPROPRIATIONS.**

200.14 The sums shown in the columns marked "APPROPRIATIONS" are added to  
 200.15 the appropriations in Laws 2005, First Special Session, chapter 6, article 1, or other  
 200.16 specified law, to the named agencies and for the specified purposes. The sums shown are  
 200.17 appropriated from the general fund, or another named fund, to be available for the fiscal  
 200.18 years indicated for each purpose. The figures "2006" and "2007" used in this article mean  
 200.19 that the appropriation or appropriations listed under them are available for the fiscal year  
 200.20 ending June 30, 2006, or June 30, 2007, respectively. Appropriations in this article for the  
 200.21 fiscal year ending June 30, 2006, are effective the day following final enactment.

200.22 **SUMMARY BY FUND**

200.23		<b><u>2006</u></b>		<b><u>2007</u></b>		<b><u>TOTAL</u></b>
200.24	<b><u>General</u></b>	<b>\$</b>	<b><u>-0-</u></b>	<b>\$</b>	<b><u>4,349,000</u></b>	<b>\$</b>
					<b><u>4,349,000</u></b>	

200.25			<b><u>APPROPRIATIONS</u></b>	
200.26			<b><u>Available for the Year</u></b>	
200.27			<b><u>Ending June 30</u></b>	
200.28			<b><u>2006</u></b>	<b><u>2007</u></b>
200.29		<b>\$</b>	<b>\$</b>	

200.30	<b>Sec. 2. <u>TRANSPORTATION</u></b>	<b><u>-0-</u></b>	<b><u>1,880,000</u></b>
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200.31 This onetime appropriation includes money  
 200.32 for the following purposes:

200.1 occur in the second half of the year. If the applications for grants exceed the available  
 200.2 funds for an application cycle, no more than one-half of the funds may be granted to  
 200.3 projects in a statutory or home rule charter city and no more than three-quarters of the  
 200.4 funds may be granted to projects located in cities of the first class.

200.5 (c) A municipality may use the grant to provide a portion of the local match  
 200.6 requirement for project costs that qualify for a grant under sections 116J.551 to 116J.557.

200.7 **Sec. 49. EFFECTIVE DATE.**

200.8 Sections 16 to 18 are effective January 1, 2007, for all newly constructed  
 200.9 single-family and multifamily dwelling units and August 1, 2008, for all existing and  
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200.11 **ARTICLE 15**

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 200.15 the appropriations in Laws 2005, First Special Session, chapter 6, article 1, or other  
 200.16 specified law, to the named agencies and for the specified purposes. The sums shown are  
 200.17 appropriated from the general fund, or another named fund, to be available for the fiscal  
 200.18 years indicated for each purpose. The figures "2006" and "2007" used in this article mean  
 200.19 that the appropriation or appropriations listed under them are available for the fiscal year  
 200.20 ending June 30, 2006, or June 30, 2007, respectively. Appropriations in this article for the  
 200.21 fiscal year ending June 30, 2006, are effective the day following final enactment.

200.22 **SUMMARY BY FUND**

200.23		<b><u>2006</u></b>		<b><u>2007</u></b>		<b><u>TOTAL</u></b>
200.24	<b><u>General</u></b>	\$	<b><u>-0-</u></b>	\$	<b><u>4,349,000</u></b>	\$ <b><u>4,349,000</u></b>

200.25			<b><u>APPROPRIATIONS</u></b>	
200.26			<b><u>Available for the Year</u></b>	
200.27			<b><u>Ending June 30</u></b>	
200.28			<b><u>2006</u></b>	<b><u>2007</u></b>
200.29		\$		\$

200.30	<b>Sec. 2. <u>TRANSPORTATION</u></b>		<b><u>-0-</u></b>	<b><u>1,880,000</u></b>
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200.31 This onetime appropriation includes money  
 200.32 for the following purposes:

201.1	<b><u>(a) Town road sign replacement program</u></b>	<b><u>1,500,000</u></b>
201.2	<u>To implement the town road sign replacement</u>	
201.3	<u>program established in Laws 2005, First</u>	
201.4	<u>Special Session chapter 6, article 3, section</u>	
201.5	<u>89. For the purpose of this appropriation,</u>	
201.6	<u>implementation includes the purchase and</u>	
201.7	<u>installation of new signs. This appropriation</u>	
201.8	<u>may be used to satisfy any local matching</u>	
201.9	<u>requirement for the receipt of federal funds.</u>	
201.10	<u>Designated funds not allocated by July 1,</u>	
201.11	<u>2008, cancel and revert to the general fund.</u>	
201.12	<b><u>(b) Department of transportation radio tower</u></b>	<b><u>380,000</u></b>
201.13	<u>To design and construct a new radio tower</u>	
201.14	<u>in Roseau County. This appropriation is</u>	
201.15	<u>available until expended.</u>	
201.16	Sec. 3. <b><u>METROPOLITAN COUNCIL</u></b>	<b><u>2,040,000</u></b>
201.17	<u>This onetime appropriation includes money</u>	
201.18	<u>for the following purposes:</u>	
201.19	<b><u>(a) Bus transit</u></b>	<b><u>1,540,000</u></b>
201.20	<u>For bus system operations.</u>	
201.21	<b><u>(b) Light rail transit feasibility study</u></b>	<b><u>500,000</u></b>
201.22	<u>For a study of and report on the feasibility</u>	
201.23	<u>of the use of light rail transit in the Marked</u>	
201.24	<u>Interstate Highway 394 corridor between</u>	
201.25	<u>downtown Minneapolis and Ridgedale</u>	
201.26	<u>Drive in Minnetonka, with the alternative</u>	
201.27	<u>of extending to Wayzata. The Metropolitan</u>	
201.28	<u>Council may hire a consultant to assist in the</u>	
201.29	<u>study and report.</u>	
201.30	<u>The light rail transit feasibility study shall</u>	
201.31	<u>include, without limitation:</u>	

- 202.1 (1) an identification of major operational
- 202.2 characteristics of light rail transit in the
- 202.3 corridor;
- 202.4 (2) a quantification of capital and operating
- 202.5 costs;
- 202.6 (3) an evaluation of the interface of the light
- 202.7 rail transit system with other transportation
- 202.8 systems in the corridor;
- 202.9 (4) an evaluation of the impact of the light
- 202.10 rail transit system on land-use and urban
- 202.11 development;
- 202.12 (5) an estimate of the cost and impact of
- 202.13 necessary associated exercise of eminent
- 202.14 domain;
- 202.15 (6) an evaluation of the impact of the
- 202.16 light rail transit system on energy and the
- 202.17 environment;
- 202.18 (7) a comparison of the light rail transit
- 202.19 system with multipassenger alternatives such
- 202.20 as buses and carpools;
- 202.21 (8) an estimate of ridership potential;
- 202.22 (9) a cost-benefit analysis that compares the
- 202.23 total cost of the project with the benefits of
- 202.24 the light rail transit line, to its users, other
- 202.25 users of the highway, and adjacent property
- 202.26 owners;
- 202.27 (10) an identification of potential sources of
- 202.28 federal, state, local, private, and other funds;
- 202.29 and
- 202.30 (11) an identification of the conditions
- 31 necessary for light rail transit to be feasible in
- 202.32 the Marked Interstate Highway 394 corridor.

202.33 **Sec. 4. STATE PATROL**

**429,000**

203.1 For purchase of automated external  
 203.2 defibrillators for State Patrol vehicles. This  
 203.3 is a onetime appropriation.

203.4 **Sec. 5. EFFECTIVE DATE.**

203.5 This article is effective the day following final enactment.

203.6 **ARTICLE 16**  
 203.7 **PUBLIC SAFETY**

203.8 **Section 1. PUBLIC SAFETY APPROPRIATIONS.**

203.9 The sums shown in the columns marked "APPROPRIATIONS" are added to the  
 203.10 appropriations in Laws 2005, chapter 136, article 1, or other law to the agencies and for  
 203.11 the purposes specified in this article. The appropriations are from the general fund or  
 203.12 another named fund and are available for the fiscal years indicated for each purpose. The  
 203.13 figures "2006" and "2007" used in this article mean that the addition to the appropriation  
 203.14 listed under them is available for the fiscal year ending June 30, 2006, or June 30,  
 203.15 2007, respectively. "The first year" is fiscal year 2006. "The second year" is fiscal year  
 203.16 2007. "The biennium" is fiscal years 2006 and 2007. Supplementary appropriations and  
 203.17 reductions to appropriations for the fiscal year ending June 30, 2006, are effective the  
 203.18 day following final enactment.

203.19 **SUMMARY BY FUND**

		<u>2006</u>		<u>2007</u>		<u>TOTAL</u>
203.20						
203.21	<b><u>General</u></b>	\$ 3,385,000	\$	6,473,000	\$	9,858,000
203.22	<b><u>Special Revenue</u></b>	-0-		200,000		200,000
203.23	<b><u>TOTAL</u></b>	\$ 3,385,000	\$	6,673,000	\$	10,058,000

203.24 **APPROPRIATIONS**

		<u>Available for the Year</u>	
		<u>Ending June 30</u>	
		<u>2006</u>	<u>2007</u>
203.25			
203.26			
203.27			
203.28		\$	\$

203.29 **Sec. 2. SUPREME COURT** -0- 600,000

203.30 **AOD offenders**

203.1 For purchase of automated external  
 203.2 defibrillators for State Patrol vehicles. This  
 203.3 is a onetime appropriation.

203.4 **Sec. 5. EFFECTIVE DATE.**

203.5 This article is effective the day following final enactment.

203.6 **ARTICLE 16**  
 203.7 **PUBLIC SAFETY**

203.8 **Section 1. PUBLIC SAFETY APPROPRIATIONS.**

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 203.10 appropriations in Laws 2005, chapter 136, article 1, or other law to the agencies and for  
 203.11 the purposes specified in this article. The appropriations are from the general fund or  
 203.12 another named fund and are available for the fiscal years indicated for each purpose. The  
 203.13 figures "2006" and "2007" used in this article mean that the addition to the appropriation  
 203.14 listed under them is available for the fiscal year ending June 30, 2006, or June 30,  
 203.15 2007, respectively. "The first year" is fiscal year 2006. "The second year" is fiscal year  
 203.16 2007. "The biennium" is fiscal years 2006 and 2007. Supplementary appropriations and  
 203.17 reductions to appropriations for the fiscal year ending June 30, 2006, are effective the  
 203.18 day following final enactment.

203.19 **SUMMARY BY FUND**

		<u>2006</u>		<u>2007</u>		<u>TOTAL</u>
203.20						
203.21	<b><u>General</u></b>	\$ 3,385,000	\$	6,473,000	\$	9,858,000
203.22	<b><u>Special Revenue</u></b>	-0-		200,000		200,000
203.23	<b><u>TOTAL</u></b>	\$ 3,385,000	\$	6,673,000	\$	10,058,000

203.24 **APPROPRIATIONS**

		<u>Available for the Year</u>	
		<u>Ending June 30</u>	
		<u>2006</u>	<u>2007</u>
203.25			
203.26			
203.27			
203.28		\$	\$

29 **Sec. 2. SUPREME COURT** -0- 600,000

203.30 **AOD offenders**

204.1 For the first phase of a judicial initiative  
 204.2 to more effectively address the increasing  
 204.3 numbers of alcohol and other drug (AOD)  
 204.4 offenders coming into Minnesota courts,  
 204.5 including the increase in methamphetamine  
 204.6 offenders. This is a onetime appropriation.  
 204.7 Of this amount:  
 204.8 (1) \$300,000 is for a study to recommend a  
 204.9 more uniform and cost-effective structure  
 204.10 for creating statewide applications of the  
 204.11 problem-solving court model;  
 204.12 (2) \$100,000 is to augment treatment services  
 204.13 for problem-solving courts; and  
 204.14 (3) \$200,000 is for development of a  
 204.15 multicounty pilot problem-solving court.

204.16 **Sec. 3. BOARD ON JUDICIAL**  
 204.17 **STANDARDS**

172,000

-0-

204.18 **Special hearings**  
 204.19 For costs of special hearings and an  
 204.20 investigation regarding complaints of judicial  
 204.21 misconduct. This is a onetime appropriation  
 204.22 and is available until June 30, 2007.

204.23 **Sec. 4. BOARD OF PUBLIC DEFENSE**

-0-

60,000

204.24 **Appellate transcripts**  
 204.25 For additional costs associated with appellate  
 204.26 transcripts.

204.27 **Sec. 5. PUBLIC SAFETY**

204.28 **Subdivision 1. Total appropriation**

-0-

1,883,000



206.1 but not limited to, DNA samples and dental  
206.2 records get entered into all relevant federal  
206.3 and state databases.

206.4 By February 1, 2007, the superintendent shall  
206.5 report to the chairs and ranking minority  
206.6 members of the senate and house committees  
206.7 and divisions having jurisdiction over  
206.8 criminal justice policy and funding on the  
206.9 efforts to reduce the state's backlog. The  
206.10 report must give detailed information on how  
206.11 this appropriation was spent and how this  
206.12 affected the backlog. In addition, the report  
206.13 must make recommendations for changes  
206.14 to state law, including suggested legislative  
206.15 language, to improve reporting, data entry,  
206.16 and record keeping relating to future cases  
206.17 involving missing persons and unidentified  
206.18 bodies.

206.19 (c) Missing adults model policy

206.20 The superintendent, in consultation with  
206.21 the Minnesota Sheriffs Association and the  
206.22 Minnesota Chiefs of Police Association,  
206.23 shall develop a model policy to address law  
206.24 enforcement efforts and duties regarding  
206.25 missing adults and provide training to local  
206.26 law enforcement agencies on this model  
206.27 policy.

206.28 By February 1, 2007, the superintendent shall  
206.29 report to the chairs and ranking minority  
206.30 members of the senate and house committees  
206.31 and divisions having jurisdiction over  
206.32 criminal justice policy and funding on the  
206.33 model policy and training.

206.34 Subd. 4. Office of justice programs

207.1	<b><u>(a) Gang strike force and narcotic task forces</u></b>	<b><u>-0-</u></b>	<b><u>800,000</u></b>
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207.2 For expanded operations of the criminal gang  
 207.3 strike force and narcotics task forces. This  
 207.4 money is to be used to expand the activities  
 207.5 of the criminal gang strike force and narcotics  
 207.6 task forces to include investigations of gang  
 207.7 or narcotics-related human trafficking and  
 207.8 domestic or international drug trafficking  
 207.9 cases. This appropriation must be used to  
 207.10 increase the complement of individuals  
 207.11 assigned to the criminal gang strike force and  
 207.12 narcotics task forces throughout the state.

207.13	<b><u>(b) Safe harbor for sexually exploited youth</u></b>		
207.14	<b><u>pilot project</u></b>	<b><u>-0-</u></b>	<b><u>98,000</u></b>

207.15 For a grant to Ramsey County to implement  
 207.16 the safe harbor for sexually exploited youth  
 207.17 pilot project. The project must develop a  
 207.18 victim services model to address the needs  
 207.19 of sexually exploited youth. The project  
 207.20 must focus on intervention and prevention  
 207.21 methods; training for law enforcement,  
 207.22 educators, social services providers, health  
 207.23 care workers, advocates, court officials,  
 207.24 prosecutors, and public defenders; and  
 207.25 programs promoting positive outcomes  
 207.26 for victims. The project must include  
 207.27 development and implementation of a  
 207.28 statewide model protocol for intervention  
 207.29 and response methods for professionals,  
 207.30 individuals, and agencies that may encounter  
 207.31 sexually exploited youth. "Sexually  
 207.32 exploited youth" include juvenile runaways,  
 207.33 truants, and victims of criminal sexual  
 207.34 conduct, prostitution, labor trafficking, sex

208.1 trafficking, domestic abuse, and assault. This  
 208.2 is a onetime appropriation.

208.3 By January 15, 2008, Ramsey County shall  
 208.4 report to the chairs and ranking minority  
 208.5 members of the senate and house committees  
 208.6 and divisions having jurisdiction over  
 208.7 criminal justice funding and policy on the  
 208.8 results of the pilot project.

208.9 (c) Human trafficking task force and plan -0- 75,000

208.10 To implement new Minnesota Statutes,  
 208.11 sections 299A.78 to 299A.7955, relating to  
 208.12 the human trafficking task force and plan.  
 208.13 This is a onetime appropriation.

208.14 (d) Legal advocacy trafficking victims -0- 60,000

208.15 For grants to three weekly clinics in  
 208.16 Hennepin County that are staffed by  
 208.17 attorneys from a nonprofit organization that  
 208.18 provides free legal services to immigrants.  
 208.19 This is a onetime appropriation.

208.20 (e) Toll-free hotline -0- 35,000

208.21 To implement the toll-free hotline for  
 208.22 trafficking victims described in new  
 208.23 Minnesota Statutes, section 299A.7957. The  
 208.24 base budget for this activity is \$15,000 in  
 208.25 fiscal year 2008 and fiscal year 2009.

208.26 (f) Youth intervention programs -0- 200,000

208.27 For youth intervention programs under  
 208.28 Minnesota Statutes, section 299A.73.  
 208.29 This money must be used to help existing  
 208.30 programs serve unmet needs in communities  
 208.31 and to create new programs in underserved  
 208.32 areas of the state. This appropriation is added

209.1	<u>to the program's base budget and is available</u>		
209.2	<u>until spent.</u>		
209.3	<b><u>(g) Crime victim support grant</u></b>	<u>-0-</u>	<u>150,000</u>
209.4	<u>For a grant to a private, nonprofit</u>		
209.5	<u>organization dedicated to providing</u>		
209.6	<u>immediate and long-term emotional support</u>		
209.7	<u>and practical help for the families and friends</u>		
209.8	<u>of individuals who have died by homicide,</u>		
209.9	<u>suicide, or accident. This is a onetime</u>		
209.10	<u>appropriation.</u>		
209.11	<b><u>(h) Minneapolis Security Collaborative</u></b>	<u>-0-</u>	<u>180,000</u>
209.12	<u>For a grant to the city of Minneapolis. This</u>		
209.13	<u>grant money is to be used by the Minneapolis</u>		
209.14	<u>Police Department to expand the worksite</u>		
209.15	<u>system throughout the city that supports the</u>		
209.16	<u>downtown security collaborative currently in</u>		
209.17	<u>use in the city's first precinct. The city shall</u>		
209.18	<u>give the highest priority to expanding the</u>		
209.19	<u>system to neighborhoods having the highest</u>		
209.20	<u>crime rate per capita.</u>		
209.21	<b>Sec. 6. <u>CORRECTIONS</u></b>		
209.22	<b><u>Subdivision 1. Total appropriation</u></b>	<b><u>3,213,000</u></b>	<b><u>3,930,000</u></b>
209.23	<u>These appropriations are added to the</u>		
209.24	<u>appropriations in Laws 2005, chapter 136,</u>		
209.25	<u>article 1, section 13. The amounts that may</u>		
209.26	<u>be spent from these appropriations for each</u>		
209.27	<u>program are specified in subdivisions 2 and</u>		
209.28	<u>3.</u>		
209.29	<b><u>Subd. 2. Correctional institutions</u></b>	<b><u>2,668,000</u></b>	<b><u>3,209,000</u></b>
209.30	<u>The commissioner may not cut correctional</u>		
209.31	<u>officer positions. To the degree feasible,</u>		

210.1 the commissioner shall maintain chemical  
 210.2 dependency programs at or near current  
 210.3 levels. If cuts to chemical dependency  
 210.4 programs are necessary, the commissioner  
 210.5 shall attempt to preserve the state match for  
 210.6 federal funding.

210.7 Subd. 3. Community services

210.8 (a) General operations 545,000 -0-

210.9 (b) Mentoring program 250,000

210.10 For a grant to a nonprofit organization that  
 210.11 is located in the greater Twin Cities and  
 210.12 provides one-to-one mentoring relationships  
 210.13 to youth enrolled between the ages of seven  
 210.14 to 13 whose parent or other significant  
 210.15 family member is incarcerated in a county  
 210.16 workhouse, a county jail, state prison, or other  
 210.17 type of correctional facility or is subject to  
 210.18 correctional supervision. The grant must be  
 210.19 used to provide children with adult mentors  
 210.20 to strengthen developmental outcomes,  
 210.21 including enhanced self-confidence and  
 210.22 esteem; improved academic performance;  
 210.23 and improved relationships with peers,  
 210.24 family, and other adults designed to prevent  
 210.25 the mentored youth from entering the  
 210.26 juvenile justice system.

210.27 As a condition of receiving the grant, the  
 210.28 grant recipient must:

210.29 (1) collaborate with other organizations  
 210.30 that have a demonstrated history of  
 210.31 providing services to youth and families in  
 210.32 disadvantaged situations;

211.1 (2) implement procedures to ensure that the  
 211.2 mentors pose no safety risk to the child and  
 211.3 have the skills to participate in a mentoring  
 211.4 relationship;  
 211.5 (3) provide enhanced training to mentors  
 211.6 focusing on asset building and family  
 211.7 dynamics when a parent is incarcerated; and  
 211.8 (4) provide individual family plan and  
 211.9 aftercare.  
 211.10 The grant recipient must submit an evaluation  
 211.11 plan to the commissioner delineating the  
 211.12 program and student outcome goals and  
 211.13 activities implemented to achieve the stated  
 211.14 outcomes. The goals must be clearly stated  
 211.15 and measurable. The grant recipient must  
 211.16 collect, analyze, and report on participation  
 211.17 and outcome data that enable the department  
 211.18 to verify that the program goals were met.

211.19 **(c) Scott County** -0- 196,000

211.20 To increase the Community Corrections Act  
 211.21 subsidy for the addition of Scott County.  
 211.22 The money must be distributed according  
 211.23 to the community corrections aid formula  
 211.24 contained in Minnesota Statutes, section  
 211.25 401.10.

211.26 **(d) Discharge planning** -0- 200,000

211.27 For discharge planning for inmates with  
 211.28 mental illness.

211.29 **(e) Immigration specialist** -0- 75,000

211.30 For a departmental immigration specialist to  
 211.31 serve as a statewide resource for counties  
 211.32 with noncitizens convicted of criminal  
 211.33 offenses. The specialist shall provide

212.1 information on, and actively seek any  
 212.2 federal reimbursement programs that provide  
 212.3 funding to states and localities for both the  
 212.4 direct costs under the state criminal alien  
 212.5 assistance program and indirect costs related  
 212.6 to the incarceration of noncitizens convicted  
 212.7 of criminal offenses.

212.8 **Sec. 7. PEACE OFFICER STANDARDS**  
 212.9 **AND TRAINING BOARD (POST)**

212.10 The board shall conduct a training audit of its  
 212.11 practitioners, including chiefs of police and  
 212.12 county sheriffs, to determine what training  
 212.13 is currently offered, what new training is  
 212.14 necessary, and how it should be implemented.  
 212.15 Training topics shall include the policing of  
 212.16 immigrant communities and racial profiling.

212.17 Sec. 8. Laws 2005, chapter 136, article 1, section 10, is amended to read:

212.18	<b>Sec. 10. PEACE OFFICER STANDARDS</b>		<del>4,014,000</del>
212.19	<b>AND TRAINING BOARD (POST)</b>	4,154,000	<u>4,214,000</u>

212.20 **EXCESS AMOUNTS TRANSFERRED.**

212.21 This appropriation is from the peace officer  
 212.22 training account in the special revenue fund.  
 212.23 Any new receipts credited to that account in  
 212.24 the first year in excess of \$4,154,000 must be  
 212.25 transferred and credited to the general fund.  
 212.26 Any new receipts credited to that account  
 212.27 in the second year in excess of ~~\$4,014,000~~  
 212.28 \$4,214,000 must be transferred and credited  
 212.29 to the general fund.

212.30 **TECHNOLOGY IMPROVEMENTS.**

212.31 \$140,000 the first year is for technology  
 212.32 improvements.

213.1 **PEACE OFFICER TRAINING**  
 213.2 **REIMBURSEMENT. \$2,909,000 each the**  
 213.3 **first year and \$3,109,000 the second year is**  
 213.4 **for reimbursements to local governments for**  
 213.5 **peace officer training costs.**

213.6 Sec. 9. Laws 2005, chapter 136, article 1, section 13, subdivision 3, is amended to read:  
 213.7 **Subd. 3. Community Services** 103,556,000 103,369,000

213.8	Summary by Fund		
213.9	General Fund	103,456,000	103,269,000
213.10	Special Revenue	100,000	100,000

3.11 **SHORT-TERM OFFENDERS. \$1,207,000**  
 213.12 each year is for costs associated with the  
 213.13 housing and care of short-term offenders.  
 213.14 The commissioner may use up to 20 percent  
 213.15 of the total amount of the appropriation  
 213.16 for inpatient medical care for short-term  
 213.17 offenders with less than six months to  
 213.18 serve as affected by the changes made to  
 213.19 Minnesota Statutes, section 609.105, in  
 213.20 2003. All funds remaining at the end of  
 213.21 the fiscal year not expended for inpatient  
 213.22 medical care shall be added to and distributed  
 213.23 with the housing funds. These funds shall  
 213.24 be distributed proportionately based on the  
 213.25 total number of days short-term offenders are  
 213.26 placed locally, not to exceed \$70 per day.  
 213.27 Short-term offenders may be housed in a  
 213.28 state correctional facility at the discretion of  
 213.29 the commissioner.  
 213.30 The Department of Corrections is exempt  
 31 from the state contracting process for the  
 213.32 purposes of Minnesota Statutes, section  
 213.33 609.105, as amended by Laws 2003, First

214.1 Special Session chapter 2, article 5, sections  
214.2 7 to 9.

214.3 **GPS MONITORING OF SEX**

214.4 **OFFENDERS.** \$500,000 the first  
214.5 year and \$162,000 the second year are for the  
214.6 acquisition and service of bracelets equipped  
214.7 with tracking devices designed to track  
214.8 and monitor the movement and location of  
214.9 criminal offenders. The commissioner shall  
214.10 use the bracelets to monitor high-risk sex  
214.11 offenders who are on supervised release,  
214.12 conditional release, parole, or probation to  
214.13 help ensure that the offenders do not violate  
214.14 conditions of their release or probation.

214.15 **END OF CONFINEMENT REVIEWS.**

214.16 \$94,000 each year is for end of confinement  
214.17 reviews.

214.18 **COMMUNITY SURVEILLANCE AND**

214.19 **SUPERVISION.** \$1,370,000 each year is  
214.20 to provide housing options to maximize  
214.21 community surveillance and supervision.

214.22 **INCREASE IN INTENSIVE**

214.23 **SUPERVISED RELEASE SERVICES.**

214.24 \$1,800,000 each year is to increase intensive  
214.25 supervised release services.

214.26 **SEX OFFENDER ASSESSMENT**

214.27 **REIMBURSEMENTS.** \$350,000 each year  
214.28 is to ~~provide grants to~~ reimburse counties or  
214.29 their designees, or courts for reimbursements  
214.30 ~~for~~ sex offender assessments as required  
214.31 under Minnesota Statutes, section 609.3452,  
214.32 subdivision 1, which is being renumbered as  
214.33 section 609.3457.

214.34 **SEX OFFENDER TREATMENT AND**

214.35 **POLYGRAPHS.** \$1,250,000 each year

215.1 is to provide treatment for sex offenders  
215.2 on community supervision and to pay for  
215.3 polygraph testing.

215.4 **INCREASED SUPERVISION OF SEX**  
215.5 **OFFENDERS, DOMESTIC VIOLENCE**  
215.6 **OFFENDERS, AND OTHER VIOLENT**  
215.7 **OFFENDERS.** \$1,500,000 each year is for  
215.8 the increased supervision of sex offenders  
215.9 and other violent offenders, including  
215.10 those convicted of domestic abuse. These  
215.11 appropriations may not be used to supplant  
215.12 existing state or county probation officer  
215.13 positions.

215.14 The commissioner shall distribute \$1,050,000  
215.15 in grants each year to Community Corrections  
215.16 Act counties and \$450,000 each year to the  
215.17 Department of Corrections Probation and  
215.18 Supervised Release Unit. The commissioner  
215.19 shall distribute the funds to the Community  
215.20 Corrections Act counties according to the  
215.21 formula contained in Minnesota Statutes,  
215.22 section 401.10.

215.23 Prior to the distribution of these funds, each  
215.24 Community Corrections Act jurisdiction and  
215.25 the Department of Corrections Probation  
215.26 and Supervised Release Unit shall submit  
215.27 to the commissioner an analysis of need  
215.28 along with a plan to meet their needs and  
215.29 reduce the number of sex offenders and other  
215.30 violent offenders, including domestic abuse  
215.31 offenders, on probation officer caseloads.

215.32 **COUNTY PROBATION OFFICERS.**  
33 \$500,000 each year is to increase county  
215.34 probation officer reimbursements.

216.1 **INTENSIVE SUPERVISION AND**  
216.2 **AFTERCARE FOR CONTROLLED**  
216.3 **SUBSTANCES OFFENDERS; REPORT.**

216.4 \$600,000 each year is for intensive  
216.5 supervision and aftercare services for  
216.6 controlled substances offenders released  
216.7 from prison under Minnesota Statutes,  
216.8 section 244.055. These appropriations are  
216.9 not added to the department's base budget.  
216.10 By January 15, 2008, the commissioner  
216.11 shall report to the chairs and ranking  
216.12 minority members of the senate and house  
216.13 of representatives committees and divisions  
216.14 having jurisdiction over criminal justice  
216.15 policy and funding on how this appropriation  
216.16 was spent.

216.17 **REPORT ON ELECTRONIC**  
216.18 **MONITORING OF SEX OFFENDERS.**

216.19 By March 1, 2006, the commissioner shall  
216.20 report to the chairs and ranking minority  
216.21 members of the senate and house of  
216.22 representatives committees and divisions  
216.23 having jurisdiction over criminal justice  
216.24 policy and funding on implementing an  
216.25 electronic monitoring system for sex  
216.26 offenders who are under community  
216.27 supervision. The report must address the  
216.28 following:

- 216.29 (1) the advantages and disadvantages in  
216.30 implementing this system, including the  
216.31 impact on public safety;
- 216.32 (2) the types of sex offenders who should be  
216.33 subject to the monitoring;
- 216.34 (3) the time period that offenders should be  
216.35 subject to the monitoring;

217.1 (4) the financial costs associated with the  
217.2 monitoring and who should be responsible  
217.3 for these costs; and  
217.4 (5) the technology available for the  
217.5 monitoring.

217.6 Sec. 10. Minnesota Statutes 2004, section 13.6905, is amended by adding a subdivision  
217.7 to read:

217.8 Subd. 1a. Facility security assessments and plans. Hazardous substance or oil  
217.9 facility security assessments and plans are classified under section 115E.04, subdivision  
217.10 4b.

217.11 **EFFECTIVE DATE.** This section is effective July 1, 2006.

217.12 Sec. 11. Minnesota Statutes 2004, section 115E.01, subdivision 5, is amended to read:

217.13 Subd. 5. **Facility.** "Facility" means a structure, group of structures, equipment,  
217.14 or device, other than a vessel, that is used for one or more of the following purposes:  
217.15 exploring for, drilling for, producing, storing, handling, transferring, processing, or  
217.16 transporting oil or a hazardous substance. Facility includes a motor vehicle, rolling stock,  
217.17 or pipeline used for one or more of these purposes. Facility also includes a research and  
217.18 development laboratory, which means a specially designated area used primarily for  
217.19 research, development, and testing activity and not primarily involved in the production of  
217.20 goods for commercial sale. A facility may be in, on, or under land, or in, on, or under  
217.21 waters of the state as defined in section 115.01, subdivision 22.

217.22 **EFFECTIVE DATE.** This section is effective July 1, 2006.

217.23 Sec. 12. Minnesota Statutes 2004, section 115E.01, subdivision 6, is amended to read:

217.24 Subd. 6. **Hazardous substance.** "Hazardous substance" has the meaning given  
217.25 in section 115B.02, subdivision 8. In addition, hazardous substance includes the  
217.26 substances listed under section 112r of the Clean Air Act, as provided by Code of Federal  
217.27 Regulations, title 40, part 68.

217.28 **EFFECTIVE DATE.** This section is effective July 1, 2006.

217.29 Sec. 13. Minnesota Statutes 2004, section 115E.01, subdivision 7, is amended to read:

217.30 Subd. 7. **Lead agency.** "Lead agency" means:

218.1 (1) the Department of Agriculture, with respect to agricultural chemicals; or  
218.2 (2) the Pollution Control Agency, for other hazardous substances or oil; or  
218.3 (3) the Department of Public Safety, with respect to the security planning and  
218.4 security measures.

218.5 **EFFECTIVE DATE. This section is effective July 1, 2006.**

218.6 Sec. 14. Minnesota Statutes 2004, section 115E.01, is amended by adding a subdivision  
218.7 to read:

218.8 **Subd. 11d. Security measure. "Security measure" means an action carried out to**  
218.9 **increase the security of a facility, including employee training and background checks,**  
218.10 **limitation and prevention of access to controls of the facility, protection of the perimeter**  
218.11 **of the facility, installation and operation of an intrusion detection sensor, or a measure to**  
218.12 **increase computer or computer network security.**

218.13 **EFFECTIVE DATE. This section is effective July 1, 2006.**

218.14 Sec. 15. Minnesota Statutes 2004, section 115E.01, is amended by adding a subdivision  
218.15 to read:

218.16 **Subd. 11e. Use of inherently safer technology. "Use of inherently safer**  
218.17 **technology" means the use of a technology, product, raw material, or practice that, as**  
218.18 **compared with the technologies, products, raw materials, or practices currently in use,**  
218.19 **reduces or eliminates the possibility of a release, and reduces or eliminates the threats to the**  
218.20 **public health or safety and environment associated with the release or threatened release.**

218.21 **EFFECTIVE DATE. This section is effective July 1, 2006.**

218.22 Sec. 16. Minnesota Statutes 2004, section 115E.01, subdivision 13, is amended to read:

218.23 **Subd. 13. Worst case discharge. "Worst case discharge" means:**

218.24 (1) in the case of a vessel, sudden loss of the entire contents of the vessel in weather  
218.25 conditions that impede cleanup;

218.26 (2) for each tank of a storage tank facility, sudden loss of the entire contents of the  
218.27 tank in weather conditions that impede cleanup;

218.28 (3) in the case of railroad rolling stock facilities, sudden loss of the contents of the  
218.29 maximum expected number of the rail cars containing oil or hazardous substance of a train  
218.30 onto land or into water in weather conditions that impede cleanup;

219.1 (4) in the case of truck and trailer rolling stock facilities, sudden loss of the entire  
219.2 contents of the truck or trailer onto land or into water in weather conditions that impede  
9.3 cleanup;

219.4 (5) in the case of a pipeline facility, sudden loss of the contents of the pipeline  
219.5 which would be expected from complete failure of the pipeline onto land or into water in  
219.6 weather conditions that impede cleanup;

219.7 (6) in the case of oil or hazardous substance transfer facilities, sudden loss of the  
219.8 largest volume which could occur during transfer into or out of a facility; or

219.9 (7) in the case of a facility with more than the threshold quantity of any substance  
219.10 listed in Code of Federal Regulations, title 40, part 68, under section 112r of the Clean  
219.11 Air Act, on the property at any point in the year, sudden loss of the maximum expected  
219.12 inventory of the substances; or

219.13 (8) the worst case discharge for the facility as described by regulations under the  
219.14 Oil Pollution Act of 1990 if the regulations, when adopted, describe a discharge worse  
219.15 than one described in clauses (1) to ~~(6)~~ (7).

219.16 EFFECTIVE DATE. This section is effective July 1, 2006.

219.17 Sec. 17. [115E.025] DUTY TO SECURE FACILITIES.

219.18 Subdivision 1. General security. A person who owns or operates a vessel or  
219.19 facility transporting, storing, or otherwise handling hazardous substances or oil, or who  
219.20 is otherwise in control of hazardous substances or oil, shall take reasonable security  
219.21 measures to prevent the unauthorized access of persons to the facilities or to the control  
219.22 mechanisms of the facility.

219.23 Subd. 2. Specific security measures. The following persons shall comply with the  
219.24 specific requirements of section 115E.04, subdivision 2:

219.25 (1) persons who own or operate facilities subject to Code of Federal Regulations,  
219.26 title 40, part 68, under section 112r of the Clean Air Act, except for retail facilities at  
219.27 which more than one-half of the income is obtained from direct sales of ammonia or  
219.28 propane to end users; and

219.29 (2) persons who own or operate facilities containing 1,000,000 gallons or more of  
219.30 oil or hazardous substance in tank storage at any time.

219.31 EFFECTIVE DATE. This section is effective July 1, 2006.

219.32 Sec. 18. Minnesota Statutes 2004, section 115E.04, is amended by adding a subdivision  
219.33 to read:

220.1 Subd. 1a. Security plan. Persons required to show specific security measures  
220.2 under section 115E.025, subdivision 2, shall prepare and maintain a facility security  
220.3 plan. The security plan must be completed in consultation with local law enforcement  
220.4 agencies. The security plan must:

220.5 (1) summarize the methods used and results of an assessment of vulnerability of  
220.6 the facility to a terrorist attack or other unauthorized entry and release, the expertise  
220.7 and affiliation of the evaluators, and any direct or indirect relationship between the  
220.8 vulnerability evaluators and the owner or operator of the facility;

220.9 (2) provide an inventory of the hazardous substance or oil subject to the security  
220.10 plan, with ranges of the quantity of each substance expected to be in the facility and  
220.11 entering and leaving the facility during the course of a year;

220.12 (3) assess the use of inherently safe technology in reducing or eliminating the  
220.13 vulnerability of the facility and the possibility of an unauthorized release;

220.14 (4) describe actions and procedures, including safer design and maintenance of  
220.15 the facility, use of inherently safer technology, and all appropriate security measures  
220.16 undertaken to eliminate or significantly lessen the vulnerability to an unauthorized entry to  
220.17 the facility or an unauthorized release of oil or a hazardous substance; and

220.18 (5) the names of all insurance carriers underwriting the facility's environmental  
220.19 liability and workers' compensation insurance policies and the scope of the policies,  
220.20 including any limitations and exclusions.

220.21 A plan submitted to the federal government under the Oil Pollution Act of 1990 or  
220.22 prepared under any other law may be used to satisfy the security plan requirement, if the  
220.23 information required by this subdivision is included in the plan. A community water  
220.24 system vulnerability assessment and emergency response plan prepared under the Public  
220.25 Health Security and Bioterrorism Preparedness and Response Act of 2002 may be used  
220.26 to satisfy the security plan requirement.

220.27 **EFFECTIVE DATE.** This section is effective July 1, 2006.

220.28 Sec. 19. Minnesota Statutes 2004, section 115E.04, subdivision 2, is amended to read:

220.29 Subd. 2. **Timing.** (a) A person required to be prepared under section 115E.03, other  
220.30 than a person who owns or operates a motor vehicle, rolling stock, or a facility that stores  
220.31 less than 250,000 gallons of oil or a hazardous substance, shall complete the response plan  
220.32 required by this section by March 1, 1993, unless one of the commissioners orders the  
220.33 person to demonstrate preparedness at an earlier date under section 115E.05.

221.1 (b) A person who owns or operates a motor vehicle, rolling stock, or a facility  
221.2 that stores less than 250,000 gallons of oil or a hazardous substance shall complete the  
221.3 response plan required by this section by January 1, 1994.

221.4 (c) A person required to prepare a security plan shall complete it within 90 days of  
221.5 the effective date of this section. The security plan must be amended following significant  
221.6 change in the security measures, vulnerability, or presence of hazardous substances on  
221.7 the facility.

221.8 (d) Plans required under section 115E.04 or 115E.045 must be updated every three  
221.9 years. Plans must be updated before three years following a significant discharge, upon  
221.10 significant change in vessel or facility operation or ownership, upon significant change in  
221.11 the national or area contingency plans under the Oil Pollution Act of 1990, or upon change  
221.12 in the capabilities or role of a person named in a plan who has an important response role.

1.13 **EFFECTIVE DATE.** This section is effective July 1, 2006.

221.14 Sec. 20. Minnesota Statutes 2004, section 115E.04, is amended by adding a subdivision  
221.15 to read:

221.16 **Subd. 4a. Review of security plans.** (a) A person required to complete a security  
221.17 plan under section 115E.025, subdivision 2, must submit a copy of the security plan to the  
221.18 commissioner of public safety within five business days of its completion.

221.19 (b) The commissioner of public safety or a person authorized by the commissioner  
221.20 must be granted access to the facility for the purpose of inspecting security measures.

221.21 (c) Upon the request of the commissioner of public safety or a person authorized  
221.22 by the commissioner, a person shall demonstrate the adequacy of the security plan and  
221.23 security measures by conducting announced or unannounced drills, calling persons and  
221.24 organizations named in a security plan and verifying roles and capabilities, locating and  
221.25 testing security measure procedures or equipment, questioning facility personnel, or other  
221.26 means that in the judgment of the commissioner or sheriff demonstrate security. Before  
221.27 requesting an unannounced security drill, the commissioner of public safety or authorized  
221.28 person shall invite the county sheriff to participate in or witness the drill. If an announced  
221.29 drill is conducted to the satisfaction of the commissioner, the person conducting the  
221.30 security drill may not be required to conduct an additional unannounced security drill in  
221.31 the same calendar year.

32 **EFFECTIVE DATE.** This section is effective July 1, 2006.

222.1 Sec. 21. Minnesota Statutes 2004, section 115E.04, is amended by adding a subdivision  
222.2 to read:

222.3 Subd. 4b. Data. Assessments and plans prepared under this section and material  
222.4 specifically related to preparation, review, or approval of a plan are nonpublic data as  
222.5 defined in section 13.02, except that the data may be provided to law enforcement,  
222.6 firefighters, members of the National Guard, or other representatives of a government  
222.7 entity responding to a request for services at a facility that is the subject of the assessment  
222.8 and plan.

222.9 EFFECTIVE DATE. This section is effective July 1, 2006.

222.10 Sec. 22. Minnesota Statutes 2004, section 115E.05, subdivision 1, is amended to read:

222.11 Subdivision 1. **Amendment to plan.** If one or more of the commissioners finds  
222.12 the prevention and response plans or preparedness measures of a person do not meet the  
222.13 requirements of this chapter, or if the commissioner or public safety finds that the security  
222.14 plan does not meet the requirements of this chapter, the commissioner or commissioners  
222.15 making the finding may by order require that reasonable amendments to the plan or  
222.16 reasonable additional preventive ~~or~~ preparedness, or security measures be implemented  
222.17 in a timely fashion. If more than one commissioner makes the finding, the order must  
222.18 be a joint order.

222.19 EFFECTIVE DATE. This section is effective July 1, 2006.

222.20 Sec. 23. Minnesota Statutes 2004, section 115E.05, subdivision 2, is amended to read:

222.21 Subd. 2. **Compliance.** If oil or a hazardous substance is discharged while it is  
222.22 under the control of a person not identified in section 115E.03, subdivision 2, or in  
222.23 section 115E.025, any one of the commissioners with appropriate jurisdiction may by  
222.24 order require the person to comply with the prevention and response plan or security plan  
222.25 requirements of sections 115E.03 and 115E.04 in a timely manner if:

- 222.26 (1) land, water, or air of the state is polluted or threatened; or
- 222.27 (2) human life, safety, health, natural resources, or property is damaged or threatened.

222.28 EFFECTIVE DATE. This section is effective July 1, 2006.

222.29 Sec. 24. Minnesota Statutes 2004, section 115E.08, subdivision 3, is amended to read:

222.30 Subd. 3. **Jurisdiction.** Except as otherwise provided, the following agencies have  
222.31 primary responsibility for the specified areas in carrying out the duties and authorities  
222.32 of this chapter:

- 223.1 (1) the Department of Agriculture, for agricultural chemicals;
- 223.2 (2) the Department of Public Safety, for public safety and protection of property,
- 223.3 and security measures;
- 223.4 (3) the Department of Natural Resources, for assessment and rehabilitation of water
- 223.5 resources;
- 223.6 (4) the Pollution Control Agency, for all other matters subject to this chapter; and
- 223.7 (5) the Department of Transportation, with respect to requirements related to the
- 223.8 packaging, labeling, placarding, routing, and written reporting on releases of hazardous
- 223.9 materials that are being transported.

223.10 **EFFECTIVE DATE.** This section is effective July 1, 2006.

223.11 Sec. 25. Minnesota Statutes 2005 Supplement, section 299A.78, is amended to read:

223.12 **299A.78 STATEWIDE HUMAN TRAFFICKING ASSESSMENT.**

223.13 Subdivision 1. **Definitions.** For purposes of sections 299A.78 to ~~299A.785~~

223.14 299A.7955, the following definitions apply:

- 223.15 (a) "Commissioner" means the commissioner of the Department of Public Safety.
- 223.16 (b) "Nongovernmental organizations" means nonprofit, nongovernmental
- 223.17 organizations that provide legal, social, or other community services.
- 223.18 (c) "Blackmail" has the meaning given in section 609.281, subdivision 2.
- 223.19 (d) "Debt bondage" has the meaning given in section 609.281, subdivision 3.
- 223.20 (e) "Forced labor or services" has the meaning given in section 609.281, subdivision
- 223.21 4.
- 223.22 (f) "Labor trafficking" has the meaning given in section 609.281, subdivision 5.
- 223.23 (g) "Labor trafficking victim" has the meaning given in section 609.281, subdivision
- 223.24 6.
- 223.25 (h) "Sex trafficking" has the meaning given in section 609.321, subdivision 7a.
- 223.26 (i) "Sex trafficking victim" has the meaning given in section 609.321, subdivision 7b.
- 223.27 (j) "Trafficking" includes "labor trafficking" and "sex trafficking."
- 223.28 (k) "Trafficking victim" includes "labor trafficking victim" and "sex trafficking
- 223.29 victim."

223.30 Subd. 2. **General duties.** The commissioner of public safety, in cooperation with

223.31 local authorities, shall:

- 223.32 (1) collect, share, and compile trafficking data among government agencies to assess
- 223.33 the nature and extent of trafficking in Minnesota; and

224.1 (2) analyze the collected data to develop a plan to address and prevent human  
224.2 trafficking.

224.3 Subd. 3. **Outside services.** As provided for in section 15.061, the commissioner of  
224.4 public safety may contract with professional or technical services in connection with the  
224.5 duties to be performed under ~~section~~ sections 299A.785, 299A.79, and 299A.795. The  
224.6 commissioner may also contract with other outside organizations to assist with the duties  
224.7 to be performed under ~~section~~ sections 299A.785, 299A.79, and 299A.795.

224.8 **EFFECTIVE DATE.** This section is effective July 1, 2006.

224.9 Sec. 26. **[299A.79] TRAFFICKING STUDY; ANALYSIS AND USE OF DATA.**

224.10 Subdivision 1. **Data analysis.** The commissioner shall analyze the data collected  
224.11 in section 299A.785 to develop a plan to address current trafficking and prevent future  
224.12 trafficking in this state. The commissioner may evaluate various approaches used by  
224.13 other state and local governments to address trafficking. The plan must include, but not  
224.14 be limited to:

224.15 (1) ways to train agencies, organizations, and officials involved in law enforcement,  
224.16 prosecution, and social services;

224.17 (2) ways to increase public awareness of trafficking; and

224.18 (3) procedures to enable the state government to work with nongovernmental  
224.19 organizations to prevent trafficking.

224.20 Subd. 2. **Training plan.** The training plan required in subdivision 1 must include:

224.21 (1) methods used in identifying trafficking victims, including preliminary interview  
224.22 techniques and appropriate interrogation methods;

224.23 (2) methods for prosecuting traffickers;

224.24 (3) methods for protecting the rights of trafficking victims, taking into account  
224.25 the need to consider human rights and special needs of women and children trafficking  
224.26 victims; and

224.27 (4) methods for promoting the safety of trafficking victims.

224.28 Subd. 3. **Public awareness initiative.** The public awareness initiative required in  
224.29 subdivision 1 must address, at a minimum, the following subjects:

224.30 (1) the risks of becoming a trafficking victim;

224.31 (2) common recruitment techniques; use of debt bondage, blackmail, forced labor  
224.32 and services, prostitution, and other coercive tactics; and risks of assault, criminal sexual  
224.33 conduct, exposure to sexually transmitted diseases, and psychological harm;

224.34 (3) crime victims' rights; and

224.35 (4) reporting recruitment activities involved in trafficking.

225.1 Subd. 4. Report to legislature. The commissioner shall report the plan to the chairs  
225.2 and ranking minority members of the senate and house committees and divisions having  
225.3 jurisdiction over criminal justice policy and funding by December 15, 2006.

225.4 EFFECTIVE DATE. This section is effective July 1, 2006.

225.5 Sec. 27. [299A.795] TRAFFICKING VICTIM ASSISTANCE.

225.6 The commissioner may review the existing services and facilities to meet trafficking  
225.7 victims' needs and recommend a plan that would coordinate the services including, but  
225.8 not limited to:

225.9 (1) medical and mental health services;

225.10 (2) housing;

225.11 (3) education and job training;

225.12 (4) English as a second language;

225.13 (5) interpreting services;

225.14 (6) legal and immigration services; and

225.15 (7) victim compensation.

225.16 EFFECTIVE DATE. This section is effective July 1, 2006.

225.17 Sec. 28. [299A.7955] HUMAN TRAFFICKING TASK FORCE.

225.18 Subdivision 1. Creation and duties. By September 1, 2006, the commissioner shall  
225.19 appoint a 22-member task force on human trafficking to advise the commissioner on the  
225.20 commissioner's duties in sections 299A.78 to 299A.795. The task force shall also serve as  
225.21 a liaison between the commissioner and agencies and nongovernmental organizations that  
225.22 provide services to trafficking victims. The members must receive expense reimbursement  
225.23 as specified in section 15.059.

225.24 Subd. 2. Membership. To the extent possible, the human trafficking task force  
225.25 consists of the following individuals, or their designees, who are knowledgeable in  
225.26 trafficking, crime victims' rights, or violence protection:

225.27 (1) a representative of the Minnesota Police Chiefs' Association;

225.28 (2) a representative of the Bureau of Criminal Apprehension;

225.29 (3) a representative of the Minnesota Sheriffs' Association;

225.30 (4) a peace officer who works and resides in the metropolitan area, composed of

225.31 Hennepin, Ramsey, Anoka, Dakota, Scott, Washington, and Carver Counties;

225.32 (5) a peace officer who works and resides in the nonmetropolitan area;

225.33 (6) a county attorney who works in Hennepin County;

- 226.1 (7) a county attorney who works in Ramsey County;  
226.2 (8) a representative of the attorney general's office;  
226.3 (9) a representative of the Department of Public Safety's office of justice program;  
226.4 (10) a representative of the federal Homeland Security Department;  
226.5 (11) a representative of the Department of Health and Human Services;  
226.6 (12) the chair or executive director of the Council on Asian-Pacific Minnesotans;  
226.7 (13) the chair or executive director of the Minnesota Chicano Latino Affairs Council;  
226.8 (14) a representative of the United States Attorney's Office; and  
226.9 (15) eight representatives from nongovernmental organizations, which may include  
226.10 representatives of:  
226.11 (i) the Minnesota Coalition for Battered Women;  
226.12 (ii) the Minnesota Coalition Against Sexual Assault;  
226.13 (iii) a statewide or local organization that provides civil legal services to women  
226.14 and children;  
226.15 (iv) a statewide or local organization that provides mental health services to women  
226.16 and children;  
226.17 (v) a statewide or local human rights and social justice advocacy organization;  
226.18 (vi) a statewide or local organization that provides services to victims of torture,  
226.19 trauma, or human trafficking;  
226.20 (vii) a statewide or local organization that serves the needs of immigrants and  
226.21 refugee women and children from diverse ethnic communities; and  
226.22 (viii) a statewide or local organization that provides legal services to low income  
226.23 immigrants.  
226.24 Subd. 3. Officers; meetings. (a) The task force shall annually elect a chair and  
226.25 vice-chair from among its members, and may elect other officers as necessary. The task  
226.26 force shall meet at least quarterly, or upon the call of its chair. The task force shall meet  
226.27 sufficiently enough to accomplish the tasks identified in this section.  
226.28 (b) The task force shall seek out and enlist the cooperation and assistance of  
226.29 nongovernmental organizations and academic researchers, especially those specializing in  
226.30 trafficking, representing diverse communities disproportionately affected by trafficking, or  
226.31 focusing on child services and runaway services.  
226.32 Subd. 4. Expiration. Notwithstanding section 15.059, the task force expires June  
226.33 30, 2011, or once it has implemented and evaluated the programs and policies in sections  
226.34 299A.78 to 299A.795 to the satisfaction of the commissioner, whichever occurs first.  
226.35 EFFECTIVE DATE. This section is effective July 1, 2006.

227.1 **Sec. 29. [299A.7957] TOLL-FREE HOTLINE FOR TRAFFICKING VICTIMS.**

227.2 (a) As used in this section, "trafficking victim" has the meaning given in section  
 227.3 299A.78, subdivision 1.

227.4 (b) The commissioner of public safety shall contract with a nonprofit organization  
 227.5 that provides legal services to domestic and international trafficking victims to maintain a  
 227.6 toll-free telephone hotline for trafficking victims.

227.7 The hotline must be in place by January 1, 2007, and must be operated 24 hours  
 227.8 a day, 365 days a year. The hotline must offer language interpreters for languages  
 227.9 commonly spoken in Minnesota, including, but not limited to, Spanish, Vietnamese,  
 227.10 Hmong, and Somali. At a minimum, the hotline must screen trafficking victims, both  
 227.11 domestic and international, and provide appropriate referrals to attorneys and victims'  
 227.12 services organizations.

27.13 **EFFECTIVE DATE. This section is effective July 1, 2006.**

227.14 **Sec. 30. Minnesota Statutes 2004, section 488A.03, subdivision 6, is amended to read:**

227.15 **Subd. 6. Disposition of fines, fees and other money; accounts.** (a) Except as  
 227.16 otherwise provided ~~herein~~ within this subdivision and except as otherwise provided by law,  
 227.17 the court administrator shall pay ~~to the Hennepin county treasurer~~ all fines and penalties  
 227.18 collected by the court administrator, all fees collected by the court administrator for court  
 227.19 administrator's services, all sums forfeited to the court as ~~hereinafter~~ provided in this  
 227.20 subdivision, and all other money received by the court administrator: to the subdivision  
 227.21 of government entitled to it as follows on or before the 20th day after the last day of  
 227.22 the month in which the money was collected. Eighty percent of all fines and penalties  
 227.23 collected during the previous month shall be paid to the treasurer of the municipality or  
 227.24 subdivision of government where the crime was committed. The remainder of the fines  
 227.25 and penalties shall be credited to the general fund of the state. In all cases in which the  
 227.26 county attorney had charge of the prosecution, all fines and penalties shall be credited  
 227.27 to the state general fund.

227.28 (b) The court administrator shall ~~provide the county treasurer with~~ identify the name  
 227.29 of the municipality or other subdivision of government where the offense was committed  
 227.30 ~~and the name and official position of the officer who prosecuted the offense for each fine~~  
 227.31 ~~or penalty, and the total amount of fines or penalties collected for each such municipality~~  
 227.32 ~~or other subdivision of government, or for the county, or for the state.~~

227.33 ~~(c) At the beginning of the first day of any month the amount owing to any~~  
 227.34 ~~municipality or county in the hands of the court administrator shall not exceed \$5,000.~~

228.1 ~~(d) On or before the last day of each month the county treasurer shall pay over to~~  
228.2 ~~the treasurer of each municipality or subdivision of government in Hennepin County all~~  
228.3 ~~finances or penalties collected during the previous month for offenses committed within~~  
228.4 ~~such municipality or subdivision of government, except that all such fines and penalties~~  
228.5 ~~attributable to cases in which the county attorney had charge of the prosecution shall be~~  
228.6 ~~retained by the county treasurer and credited to the county general revenue fund.~~

228.7 ~~(e)~~ (c) Amounts represented by checks issued by the court administrator or received  
228.8 by the court administrator which have not cleared by the end of the month may be shown  
228.9 on the monthly account as having been paid or received, subject to adjustment on later  
228.10 monthly accounts.

228.11 ~~(f)~~ (d) The court administrator may receive negotiable instruments in payment  
228.12 of fines, penalties, fees or other obligations as conditional payments, and is not held  
228.13 accountable ~~therefor~~ for this until collection in cash is made and then only to the extent of  
228.14 the net collection after deduction of the necessary expense of collection.

228.15 **EFFECTIVE DATE.** This section is effective July 1, 2006.

228.16 Sec. 31. Minnesota Statutes 2004, section 488A.03, subdivision 11, is amended to read:

228.17 Subd. 11. **Fees payable to administrator.** (a) The civil fees payable to the  
228.18 administrator for services are the same in amount as the fees then payable to the District  
228.19 Court of Hennepin County for like services. Library and filing fees are not required of  
228.20 the defendant in an eviction action. The fees payable to the administrator for all other  
228.21 services of the administrator or the court shall be fixed by rules promulgated by a majority  
228.22 of the judges.

228.23 (b) Fees are payable to the administrator in advance.

228.24 (c) Judgments will be entered only upon written application.

228.25 ~~(d) The following fees shall be taxed for all charges filed in court where applicable:~~  
228.26 ~~(a) The state of Minnesota and any governmental subdivision within the jurisdictional area~~  
228.27 ~~of any district court herein established may present cases for hearing before said district~~  
228.28 ~~court; (b) In the event the court takes jurisdiction of a prosecution for the violation of a~~  
228.29 ~~statute or ordinance by the state or a governmental subdivision other than a city or town~~  
228.30 ~~in Hennepin County, all fines, penalties, and forfeitures collected shall be paid over to~~  
228.31 ~~the treasurer of the governmental subdivision which submitted charges for prosecution~~  
228.32 ~~under ordinance violation and to the county treasurer in all other charges except where~~  
228.33 ~~a different disposition is provided by law, in which case, payment shall be made to~~  
228.34 ~~the public official entitled thereto. The following fees shall be taxed to the county or~~  
228.35 ~~to the state or governmental subdivision which would be entitled to payment of the~~

229.1  ~~fines, forfeiture or penalties in any case, and shall be paid to the court administrator for~~  
229.2  ~~disposing of the matter:~~

229.3  ~~(1) For each charge where the defendant is brought into court and pleads guilty and~~  
229.4  ~~is sentenced, or the matter is otherwise disposed of without trial ..... \$5.~~

229.5  ~~(2) In arraignments where the defendant waives a preliminary examination .....~~  
229.6  ~~\$10.~~

229.7  ~~(3) For all other charges where the defendant stands trial or has a preliminary~~  
229.8  ~~examination by the court ..... \$15.~~

229.9  ~~(c) This paragraph applies to the distribution of fines paid by defendants without a~~  
229.10  ~~court appearance in response to a citation. On or before the tenth day after the last day of~~  
229.11  ~~the month in which the money was collected, the county treasurer shall pay 80 percent~~  
229.12  ~~of the fines to the treasurer of the municipality or subdivision within the county where~~  
229.13  ~~the violation was committed. The remainder of the fines shall be credited to the general~~  
229.14  ~~revenue fund of the county.~~

229.15  EFFECTIVE DATE. This section is effective July 1, 2006.

229.16  **Sec. 32.  SENTENCING GUIDELINES MODIFICATIONS; DELAY IN**  
229.17  **IMPLEMENTATION.**

229.18  The modifications related to sex offenses proposed by the Minnesota Sentencing  
229.19  Guidelines Commission and described in the January 2006 Report to the Legislature,  
229.20  pages 31 to 45, take effect on August 1, 2007.

229.21  EFFECTIVE DATE. This section is effective July 1, 2006.

229.22  **Sec. 33.  REPEALER.**

229.23  Minnesota Statutes 2004, section 488A.03, subdivision 11b, is repealed.

229.24  EFFECTIVE DATE. This section is effective July 1, 2006.

229.25  **ARTICLE 17**

229.26  **STATE GOVERNMENT**

229.27  **Section 1.  STATE GOVERNMENT APPROPRIATIONS.**

229.28  The sums shown in the columns marked "APPROPRIATIONS" are added to the  
229.29  appropriations in Laws 2005, chapter 156, article 1, or other law to the agencies and for  
229.30  the purposes specified in this article. The appropriations are from the general fund or  
229.31  another named fund and are available for the fiscal years indicated for each purpose. The

229.1 ~~finer, forfeiture or penalties in any case, and shall be paid to the court administrator for~~  
229.2 ~~disposing of the matter:~~

229.3 ~~(1) For each charge where the defendant is brought into court and pleads guilty and~~  
229.4 ~~is sentenced, or the matter is otherwise disposed of without trial ..... \$5.~~

229.5 ~~(2) In arraignments where the defendant waives a preliminary examination .....~~  
229.6 ~~\$10.~~

229.7 ~~(3) For all other charges where the defendant stands trial or has a preliminary~~  
229.8 ~~examination by the court ..... \$15.~~

229.9 ~~(c) This paragraph applies to the distribution of fines paid by defendants without a~~  
229.10 ~~court appearance in response to a citation. On or before the tenth day after the last day of~~  
229.11 ~~the month in which the money was collected, the county treasurer shall pay 80 percent~~  
229.12 ~~of the fines to the treasurer of the municipality or subdivision within the county where~~  
229.13 ~~the violation was committed. The remainder of the fines shall be credited to the general~~  
229.14 ~~revenue fund of the county.~~

229.15 **EFFECTIVE DATE.** This section is effective July 1, 2006.

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229.17 **IMPLEMENTATION.**

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229.19 Guidelines Commission and described in the January 2006 Report to the Legislature,  
229.20 pages 31 to 45, take effect on August 1, 2007.

229.21 **EFFECTIVE DATE.** This section is effective July 1, 2006.

229.22 **Sec. 33. REPEALER.**

229.23 Minnesota Statutes 2004, section 488A.03, subdivision 11b, is repealed.

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229.25 **ARTICLE 17**  
229.26 **STATE GOVERNMENT**

229.27 **Section 1. STATE GOVERNMENT APPROPRIATIONS.**

229.28 The sums shown in the columns marked "APPROPRIATIONS" are added to the  
229.29 appropriations in Laws 2005, chapter 156, article 1, or other law to the agencies and for  
229.30 the purposes specified in this article. The appropriations are from the general fund or  
229.31 another named fund and are available for the fiscal years indicated for each purpose. The

230.1 figures "2006" and "2007" used in this article mean that the addition to the appropriation  
 230.2 listed under them is available for the fiscal year ending June 30, 2006, or June 30,  
 230.3 2007, respectively. "The first year" is fiscal year 2006. "The second year" is fiscal year  
 230.4 2007. "The biennium" is fiscal years 2006 and 2007. Supplementary appropriations and  
 230.5 reductions to appropriations for the fiscal year ending June 30, 2006, are effective the  
 230.6 day following final enactment.

230.7 **SUMMARY BY FUND**

230.8	<u>2006</u>	<u>2007</u>	<u>TOTAL</u>
230.9 <b><u>General</u></b>	\$ <u>4,250,000</u> \$	<u>5,132,000</u> \$	<u>9,382,000</u>

230.10 **APPROPRIATIONS**

230.11	<u>Available for the Year</u>	
230.12	<u>Ending June 30</u>	
230.13	<u>2006</u>	<u>2007</u>
230.14	\$	\$

230.15 **Sec. 2. LEGISLATURE** -0- 37,000

230.16 The appropriations in this section are to the  
 230.17 Legislative Coordinating Commission for  
 230.18 the following purposes:

230.19 **(a) Legislative forums** 30,000

230.20 For the cost of annual forums to improve  
 230.21 legislative effectiveness, as required by new  
 230.22 Minnesota Statutes, section 3.051.

230.23 **(b) International Legislators' Forum** 7,000

230.24 For the International Legislators' Forum,  
 230.25 to allow Minnesota legislators to meet with  
 230.26 counterparts from South Dakota, North  
 230.27 Dakota, and Manitoba, Canada, to discuss  
 230.28 issues of mutual concern. This is a onetime  
 230.29 appropriation.

231.1	Sec. 3. <u>GOVERNOR AND LIEUTENANT</u>		
231.2	<u>GOVERNOR</u>		<u>(700,000)</u>
231.3	<u>Inter-agency agreements</u>		
231.4	<u>This reduction is intended to offset the value</u>		
231.5	<u>of employees provided to the Office of the</u>		
231.6	<u>Governor and Lieutenant Governor through</u>		
231.7	<u>inter-agency agreements.</u>		
231.8	Sec. 4. <u>FINANCE</u>	<u>-0-</u>	<u>275,000</u>
231.9	<u>Northwest Airlines bankruptcy counsel</u>		
231.10	<u>For the state's share of the cost of bankruptcy</u>		
231.11	<u>counsel representing joint interests of the</u>		
231.12	<u>state and the city of Duluth in the Northwest</u>		
231.13	<u>Airlines bankruptcy. The commissioner</u>		
231.14	<u>must request the city of Duluth to pay</u>		
231.15	<u>its proportional share of the cost of the</u>		
231.16	<u>bankruptcy counsel. This is a onetime</u>		
231.17	<u>appropriation.</u>		
231.18	Sec. 5. <u>OFFICE OF ENTERPRISE</u>		
231.19	<u>TECHNOLOGY</u>	<u>-0-</u>	<u>1,900,000</u>
231.20	<u>For comprehensive planning,</u>		
231.21	<u>implementation, and administration of</u>		
231.22	<u>enterprise information technology security</u>		
231.23	<u>according to Minnesota Statutes, sections</u>		
231.24	<u>16E.01 and 16E.03. \$1,700,000 is added</u>		
231.25	<u>to the appropriation base for fiscal years</u>		
231.26	<u>2008 and thereafter to provide for continuing</u>		
231.27	<u>administration of enterprise security.</u>		
231.28	Sec. 6. <u>EMPLOYEE RELATIONS</u>	<u>4,000,000</u>	<u>100,000</u>
231.29	<u>This appropriation may be spent for the</u>		
231.30	<u>following purposes:</u>		

- 232.1 (a) Government shutdown reimbursement 4,000,000
- 232.2 To reimburse state employees, as defined
- 232.3 in Minnesota Statutes, section 43A.02,
- 232.4 subdivision 21, for hours for which they
- 232.5 were not compensated due to the partial
- 232.6 government shutdown of July 1, 2005, to
- 232.7 July 14, 2005.
- 232.8 The commissioner of employee relations
- 232.9 must determine the number of hours an
- 232.10 employee was prevented from working due
- 232.11 to the partial government shutdown. The
- 232.12 commissioner must credit an employee's
- 232.13 vacation bank with the number of hours
- 232.14 so determined. Notwithstanding any law
- 232.15 or policy to the contrary, an employee
- 232.16 credited with hours under this paragraph may
- 232.17 choose to be paid in cash for these hours,
- 232.18 rather than having the hours credited to the
- 232.19 employee's vacation bank. If a memorandum
- 232.20 of understanding or other agreement or
- 232.21 policy provides an employee with partial
- 232.22 compensation for hours not worked due to the
- 232.23 partial government shutdown, compensation
- 232.24 provided under that agreement or policy must
- 232.25 be subtracted from compensation in cash or
- 232.26 in credit to the employee's vacation bank that
- 232.27 otherwise would be due under this paragraph.
- 232.28 The commissioner must make payments or
- 232.29 credits required by this paragraph within 30
- 232.30 days of the effective date of this section. The
- 232.31 commissioner must also use this general fund
- 232.32 appropriation to reimburse funds other than
- 232.33 the general fund for the cost of the payments
- 232.34 or credits required by this paragraph. If
- 232.35 the appropriation is insufficient to cover all

233.1 reimbursements, it must be prorated among  
 233.2 the eligible agencies and funds in proportion  
 233.3 to their share of the total amount reimbursed.

233.4 This is a onetime appropriation.

233.5 (b) Center for Health Care Purchasing

233.6 Improvement

100,000

233.7 To establish and operate the Center for

233.8 Health Care Purchasing Improvement. This

233.9 is a onetime appropriation.

233.10 Sec. 7. VETERANS AFFAIRS

250,000

3,430,000

233.11 This appropriation may be spent for the

233.12 following purposes:

233.13 (a) Soldiers' assistance fund

1,900,000

233.14 For deposit in the state soldiers' assistance

233.15 fund established in Minnesota Statutes,

233.16 section 197.03.

233.17 (b) Web site development

100,000

233.18 To create a centralized Web site to contain

233.19 information on all state, federal, local, and

233.20 private agencies and organizations that

233.21 provide goods or services to veterans or their

233.22 families.

233.23 (c) Grants to counties

200,000

233.24 For grants to counties under the terms of this

233.25 paragraph. The commissioner shall issue a

233.26 request for proposals for grants to enhance

233.27 the benefits, programs, and services provided

233.28 to veterans. The request must specify that

233.29 priority will be given to proposals that meet

233.30 the programmatic goals established by the

233.31 commissioner, including proposals that:

234.1 (1) will provide the most effective outreach  
234.2 to veterans;

234.3 (2) reintegrate combat veterans into society;

234.4 (3) collaborate with other social service  
234.5 agencies, educational institutions, and other  
234.6 relevant community resources;

234.7 (4) reduce homelessness among veterans;  
234.8 and

234.9 (5) provide measurable outcomes.

234.10 The commissioner may provide incentives to  
234.11 encourage regional collaboration for service  
234.12 delivery.

234.13 The grants may be for a term of up to two  
234.14 years. The commissioner shall ensure that  
234.15 grants are made throughout all regions of the  
234.16 state and shall develop a description of best  
234.17 practices for the use of these grants. A county  
234.18 may not reduce its veterans service office  
234.19 budget by any amount received as a grant  
234.20 under this paragraph. Grants made under this  
234.21 paragraph are in addition to and not subject  
234.22 to the requirements for grants made under  
234.23 Minnesota Statutes, section 197.608. The  
234.24 Vinland Center and the Minnesota Assistance  
234.25 Council for Veterans may apply for grants  
234.26 under this paragraph in fiscal year 2007.

234.27 This appropriation must be included in the  
234.28 appropriation base through fiscal year 2009.

234.29 (d) Higher education veterans assistance  
234.30 offices

234.31 For the higher education veterans assistance  
234.32 program in section 13. This appropriation  
234.33 must be included in the appropriation base  
234.34 through fiscal year 2009.

900,000

235.1	<b><u>(e) Outreach and assistance</u></b>	<b><u>250,000</u></b>	<b><u>250,000</u></b>
235.2	<u>For an outreach and assistance initiative for</u>		
235.3	<u>underserved veterans.</u>		
235.4	<b><u>(f) Veterans organizations</u></b>		<b><u>80,000</u></b>
235.5	<u>For veterans' services provided by Veterans</u>		
235.6	<u>of Foreign Wars, the Military Order of the</u>		
235.7	<u>Purple Heart, Disabled American Veterans,</u>		
235.8	<u>and the Vietnam Veterans of America. This</u>		
235.9	<u>is a onetime appropriation.</u>		
235.10	<b>Sec. 8. <u>AMATEUR SPORTS COMMISSION</u></b>	<b><u>-0-</u></b>	<b><u>90,000</u></b>
235.11	<u>This is a onetime appropriation.</u>		
235.12	<b>Sec. 9. <u>[3.051] LEGISLATIVE TRAINING FORUMS.</u></b>		
235.13	<u>Subdivision 1. Purposes. The Legislative Coordinating Commission shall oversee</u>		
235.14	<u>two legislative training forums each year. The commission shall:</u>		
235.15	<u>(1) create an annual gathering of legislators to be held within the first two weeks of</u>		
235.16	<u>January each year, and one other legislative training forum each year;</u>		
235.17	<u>(2) select speakers, including executive or nonpartisan legislative staff, who</u>		
235.18	<u>will provide an overview of the issues affecting Minnesota, including demographic,</u>		
235.19	<u>environmental, sociological, and economic perspectives on Minnesota, background on key</u>		
235.20	<u>policy issues the legislature is expected to address that year, training to improve legislative</u>		
235.21	<u>skills in running effective meetings, and training on other issues; and</u>		
235.22	<u>(3) invite current executive branch officials in order to provide opportunities for</u>		
235.23	<u>legislators and invited executive branch officials to interact and work to form cooperative</u>		
235.24	<u>solutions to Minnesota issues, problems, and challenges.</u>		
235.25	<u>Subd. 2. Partners. The Legislative Coordinating Commission may select a partner</u>		
235.26	<u>or partners from Minnesota's institutions of higher education and nonprofit communities,</u>		
235.27	<u>and if such a choice is made, must give all interested institutions an opportunity to submit</u>		
235.28	<u>a proposal to conduct the training, schedule activities, and create meeting agendas. The</u>		
235.29	<u>commission may accept donations from foundations, corporations, and individuals to</u>		
235.30	<u>defray costs of the forums, and shall publish those donations on the legislature's Web site.</u>		
235.31	<u>A registered lobbyist or principal may not contribute for this purpose. Donations received</u>		
235.32	<u>are appropriated to the Legislative Coordinating Commission for purposes of this section.</u>		

236.1       Sec. 10. [16E.21] INFORMATION AND TELECOMMUNICATIONS  
236.2 ACCOUNT.

236.3       Subdivision 1. Account established; appropriation. The information and  
236.4 telecommunications technology systems and services account is created in the special  
236.5 revenue fund. Receipts credited to the account are appropriated to the Office of Enterprise  
236.6 Technology for the purpose of defraying the costs of personnel and technology for  
236.7 activities that create government efficiencies in accordance with this chapter.

236.8       Subd. 2. Charges. Upon agreement of the participating agency, the Office  
236.9 of Enterprise Technology may collect a charge for purchases of information and  
236.10 telecommunications technology systems and services by state agencies and other  
236.11 governmental entities through state contracts for purposes described in subdivision  
236.12 1. Charges collected under this section must be credited to the information and  
236.13 telecommunications technology systems and services account.

236.14       Sec. 11. [43A.312] CENTER FOR HEALTH CARE PURCHASING  
236.15 IMPROVEMENT.

236.16       Subdivision 1. Establishment; administration. The commissioner shall establish  
236.17 and administer the Center for Health Care Purchasing Improvement as an administrative  
236.18 unit within the Department of Employee Relations. The Center for Health Care Purchasing  
236.19 Improvement shall support the state in its efforts to be a more prudent and efficient  
236.20 purchaser of quality health care services. The center shall aid the state in developing and  
236.21 using more common strategies and approaches for health care performance measurement  
236.22 and health care purchasing. The common strategies and approaches shall promote greater  
236.23 transparency of health care costs and quality, and greater accountability for health  
236.24 care results and improvement. The center shall also identify barriers to more efficient,  
236.25 effective, quality health care and options for overcoming the barriers.

236.26       Subd. 2. Staffing; duties; scope. (a) The commissioner may appoint a director, and  
236.27 up to three additional senior-level staff or codirectors, and other staff as needed who are  
236.28 under the direction of the commissioner. The staff of the center are in the unclassified  
236.29 service.

236.30       (b) With the authorization of the commissioner of employee relations, and in  
236.31 consultation or interagency agreement with the appropriate commissioners of state  
236.32 agencies, the director, or codirectors, may:

236.33       (1) initiate projects to develop plan designs for state health care purchasing;

236.34       (2) require reports or surveys to evaluate the performance of current health care  
236.35 purchasing strategies;

- 237.1 (3) calculate fiscal impacts, including net savings and return on investment, of health  
 237.2 care purchasing strategies and initiatives;
- 237.3 (4) conduct policy audits of state programs to measure conformity to state statute or  
 237.4 other purchasing initiatives or objectives;
- 237.5 (5) support the Administrative Uniformity Committee under section 62J.50 and  
 237.6 other relevant groups or activities to advance agreement on health care administrative  
 237.7 process streamlining;
- 237.8 (6) consult with the Health Economics Unit of the Department of Health regarding  
 237.9 reports and assessments of the health care marketplace;
- 237.10 (7) consult with the departments of Health and Commerce regarding health care  
 237.11 regulatory issues and legislative initiatives;
- 237.12 (8) work with appropriate Department of Human Services staff and the Centers for  
 237.13 Medicare and Medicaid Services to address federal requirements and conformity issues  
 237.14 for health care purchasing;
- 237.15 (9) assist the Minnesota Comprehensive Health Association in health care  
 237.16 purchasing strategies;
- 237.17 (10) convene medical directors of agencies engaged in health care purchasing for  
 237.18 advice, collaboration, and exploring possible synergies;
- 237.19 (11) contact and participate with other relevant health care task forces, study  
 237.20 activities, and similar efforts with regard to health care performance measurement and  
 237.21 performance-based purchasing; and
- 237.22 (12) assist in seeking external funding through appropriate grants or other funding  
 237.23 opportunities and may administer grants and externally funded projects.
- 237.24 Subd. 3. Report. The commissioner must report annually to the legislature and the  
 237.25 governor on the operations, activities, and impacts of the center. The report must be  
 237.26 posted on the Department of Employee Relations Web site and must be available to the  
 237.27 public. The report must include a description of the state's efforts to develop and use more  
 237.28 common strategies for health care performance measurement and health care purchasing.  
 237.29 The report must also include an assessment of the impacts of these efforts, especially in  
 237.30 promoting greater transparency of health care costs and quality, and greater accountability  
 237.31 for health care results and improvement.

237.32 Sec. 12. Laws 1998, chapter 404, section 15, subdivision 2, as amended by Laws  
 237.33 2005, chapter 20, article 1, section 40, as amended by Laws 2005, chapter 156, article 2,  
 237.34 section 43, is amended to read:

237.35 Subd. 2. National Sports Center 4,800,000

238.1 \$1,700,000 is to purchase and develop land  
238.2 adjacent to the National Sports Center in  
238.3 Blaine for use as athletic fields.

238.4 \$3,100,000 is to develop the National  
238.5 Children's Golf Course. The primary  
238.6 purpose of the National Children's Golf  
238.7 Course is to serve youth of 18 years and  
238.8 younger. Market rates must be charged for  
238.9 adult golf.

238.10 Notwithstanding Minnesota Statutes, section  
238.11 16B.24, subdivision 5, the Minnesota  
238.12 Amateur Sports Commission may lease  
238.13 up to 20 percent of the area of the land  
238.14 purchased with money from the general  
238.15 fund appropriations in this subdivision for  
238.16 a term of up to 30 years, plus two renewals  
238.17 for a term of up to 30 years each, to one or  
238.18 more governmental or private entities for  
238.19 any use by the lessee, whether public or  
238.20 private, so long as the use provides some  
238.21 benefit to amateur sports. The commission  
238.22 must submit proposed leases for the land  
238.23 described in this subdivision to the chairs of  
238.24 the legislative committees with jurisdiction  
238.25 over state government policy and finance for  
238.26 review at least 30 days before the leases may  
238.27 be entered into by the commission. Up to  
238.28 \$300,000 of lease payments received by the  
238.29 commission each fiscal year is appropriated  
238.30 to the commission for the purposes specified  
238.31 in Minnesota Statutes, chapter 240A. The  
238.32 land purchased from the general fund  
238.33 appropriations may be used for any amateur  
238.34 sport.

239.1 Sec. 13. Laws 2005, chapter 156, article 1, section 11, subdivision 5, is amended to  
 239.2 read:

239.3 **Subd. 5. Public Broadcasting**

239.4 1,855,000 1,855,000

239.5 \$963,000 the first year and \$963,000 the  
 239.6 second year are for matching grants for  
 239.7 public television.

239.8 \$398,000 the first year and \$398,000  
 239.9 the second year are for public television  
 239.10 equipment grants.

239.11 Equipment or matching grant allocations  
 239.12 shall be made after considering the  
 239.13 recommendations of the Minnesota Public  
 239.14 Television Association.

239.15 \$17,000 the first year and \$17,000 the second  
 239.16 year are for grants to the Twin Cities regional  
 239.17 cable channel.

239.18 \$287,000 the first year and \$287,000 the  
 239.19 second year are for community service grants  
 239.20 to public educational radio stations. The  
 239.21 grants must be allocated after considering  
 239.22 the recommendations of the Association of  
 239.23 Minnesota Public Educational Radio Stations  
 239.24 under Minnesota Statutes, section 129D.14.

239.25 \$190,000 the first year and \$190,000 the  
 239.26 second year are for equipment grants  
 239.27 to Minnesota Public Radio, Inc. ~~This~~  
 239.28 ~~appropriation is contingent on Minnesota~~  
 239.29 ~~Public Radio, Inc. making public a list~~  
 239.30 ~~containing the position and salary of each~~  
 239.31 ~~employee and single individual providing~~  
 239.32 ~~personal services under a contract who is paid~~  
 239.33 ~~more than \$100,000 per year by Minnesota~~  
 239.34 ~~Public Radio, Inc. or a related organization~~

240.1 ~~as defined in Minnesota Statutes, section~~  
240.2 ~~317A.011, subdivision 18.~~  
240.3 Any unencumbered balance remaining the  
240.4 first year for grants to public television or  
240.5 radio stations does not cancel and is available  
240.6 for the second year.

240.7 **EFFECTIVE DATE.** This section is effective the day following final enactment.

240.8 Sec. 14. **HIGHER EDUCATION VETERANS ASSISTANCE PROGRAM.**

240.9 Subdivision 1. Assistance provided. The commissioner of veterans affairs shall  
240.10 provide central liaison staff and campus veterans assistance officers to serve the needs  
240.11 of students who are veterans at higher education institutions in Minnesota. Methods of  
240.12 assistance may include, but are not limited to, work-study positions for veterans, and  
240.13 providing information and assistance regarding the availability of state, federal, local,  
240.14 and private resources.

240.15 Subd. 2. Steering committee. The commissioner of veterans affairs shall chair a  
240.16 higher education veterans assistance program steering committee composed of:

240.17 (1) the adjutant general or the adjutant general's designee;

240.18 (2) a representative of Minnesota State Colleges and Universities, designated by  
240.19 the chancellor;

240.20 (3) a representative of the University of Minnesota, appointed by the president of  
240.21 the university;

240.22 (4) a representative of private colleges and universities in Minnesota, appointed by  
240.23 the governor;

240.24 (5) a representative of the Higher Education Services Office, appointed by the  
240.25 executive director;

240.26 (6) a representative of county veterans service offices, appointed by the  
240.27 commissioner of veterans affairs; and

240.28 (7) a representative of the Department of Employment and Economic Development,  
240.29 appointed by the commissioner of that department.

240.30 The steering committee shall advise the commissioner of veterans affairs regarding the  
240.31 allocation of appropriations for the purposes of this section and shall develop a long-range  
240.32 plan to serve the needs of students at higher education institutions in Minnesota who are  
240.33 veterans.

241.1 Subd. 3. Office space provided. Each campus of the University of Minnesota and  
 241.2 each institution within the Minnesota State Colleges and Universities system shall provide  
 241.3 adequate space for a veterans assistance office to be administered by the commissioner  
 241.4 of veterans affairs, and each private college and university in Minnesota is encouraged  
 241.5 to provide adequate space for a veterans assistance office to be administered by the  
 241.6 commissioner of veterans affairs. The veterans assistance office must provide information  
 241.7 and assistance to veterans who are students or family members of students at the school  
 241.8 regarding the availability of state, federal, local, and private resources.

241.9 Subd. 4. Report. Beginning January 15, 2007, and each year thereafter, the steering  
 241.10 committee established in subdivision 2 shall report to the chairs of the legislative  
 241.11 committees with jurisdiction over veterans affairs policy and finance and higher education  
 241.12 policy and finance regarding the implementation and effectiveness of the program  
 241.13 established in this section.

241.14 Subd. 5. Expiration. This section expires on June 30, 2009.

241.15 **Sec. 15. EFFECTIVE DATE.**

241.16 This article is effective the day following final enactment.

241.17 **ARTICLE 18**

241.18 **HUMAN SERVICES FORECAST ADJUSTMENTS**

241.19 **Section 1. DEPARTMENT OF HUMAN SERVICES FORECAST ADJUSTMENT**

241.20 The dollar amounts shown are added to or, if shown in parentheses, are subtracted  
 241.21 from the appropriations in Laws 2005, First Special Session chapter 4, and are  
 241.22 appropriated from the general fund, or any other fund named, to the Department of  
 241.23 Human Services for the purposes specified in this article, to be available for the fiscal year  
 241.24 indicated for each purpose. The figures "2006" and "2007" used in this article means  
 241.25 that the appropriation or appropriations listed are available for the respective fiscal year  
 241.26 ending June 30, 2006 or June 30, 2007.

241.27 **SUMMARY BY FUND**

	<u>2006</u>	<u>2007</u>
241.28		
241.29	\$ (58,333,000)	\$ (17,589,000)
241.30	(44,511,000)	(62,360,000)
241.31	(13,807,000)	(3,866,000)
241.32	\$ (116,651,000)	\$ (83,815,000)

241.1 Subd. 3. Office space provided. Each campus of the University of Minnesota and  
 241.2 each institution within the Minnesota State Colleges and Universities system shall provide  
 241.3 adequate space for a veterans assistance office to be administered by the commissioner  
 241.4 of veterans affairs, and each private college and university in Minnesota is encouraged  
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 241.6 commissioner of veterans affairs. The veterans assistance office must provide information  
 241.7 and assistance to veterans who are students or family members of students at the school  
 241.8 regarding the availability of state, federal, local, and private resources.

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 241.10 committee established in subdivision 2 shall report to the chairs of the legislative  
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 241.13 established in this section.

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 241.24 indicated for each purpose. The figures "2006" and "2007" used in this article means  
 241.25 that the appropriation or appropriations listed are available for the respective fiscal year  
 241.26 ending June 30, 2006 or June 30, 2007.

241.27 **SUMMARY BY FUND**

	<u>2006</u>	<u>2007</u>
241.28		
241.29 <b><u>General Fund</u></b>	\$ (58,333,000)	\$ (17,589,000)
30 <b><u>Health Care Access</u></b>	(44,511,000)	(62,360,000)
241.31 <b><u>TANF</u></b>	(13,807,000)	(3,866,000)
241.32 <b><u>TOTAL</u></b>	\$ (116,651,000)	\$ (83,815,000)

242.1	<b>Sec. 2. <u>COMMISSIONER OF HUMAN</u></b>		
242.2	<b><u>SERVICES</u></b>		
242.3	<b><u>Subdivision 1. Total Appropriation</u></b>	<b>\$ (116,651,000)</b>	<b>\$ (83,815,000)</b>
242.4	<b><u>Summary by Fund</u></b>		
242.5	<b><u>General</u></b>	<b>(58,333,000)</b>	<b>(17,589,000)</b>
242.6	<b><u>Health Care Access</u></b>	<b>(44,511,000)</b>	<b>(62,360,000)</b>
242.7	<b><u>TANF</u></b>	<b>(13,807,000)</b>	<b>(3,866,000)</b>
242.8	<b><u>Subd. 2. Revenue and Pass-Through</u></b>		
242.9	<b><u>TANF</u></b>	<b>(1,446,000)</b>	<b>(1,177,000)</b>
242.10	<b><u>Subd. 3. Children and Economic Assistance</u></b>		
242.11	<b><u>Grants</u></b>		
242.12	<b><u>General</u></b>	<b>(4,469,000)</b>	<b>1,785,000</b>
242.13	<b><u>TANF</u></b>	<b>(12,361,000)</b>	<b>(2,689,000)</b>
242.14	<b><u>The amount that may be spent from this</u></b>		
242.15	<b><u>appropriation for each purpose is as follows:</u></b>		
242.16	<b><u>(a) Minnesota Family Investment Program</u></b>		
242.17	<b><u>General</u></b>	<b>6,048,000</b>	<b>(393,000)</b>
242.18	<b><u>TANF</u></b>	<b>(12,361,000)</b>	<b>(2,689,000)</b>
242.19	<b><u>(b) MFIP Child Care Assistance Grants</u></b>	<b>(5,090,000)</b>	<b>2,751,000</b>
242.20	<b><u>(c) General Assistance</u></b>	<b>2,540,000</b>	<b>3,947,000</b>
242.21	<b><u>(d) Minnesota Supplemental Aid</u></b>	<b>(285,000)</b>	<b>551,000</b>
242.22	<b><u>(e) Group Residential</u></b>		
242.23	<b><u>Housing</u></b>	<b>(7,682,000)</b>	<b>(5,071,000)</b>
242.24	<b><u>Subd. 4. Basic Health Care Grants</u></b>		

243.1	<u>General</u>	<u>(19,022,000)</u>	<u>10,499,000</u>
3.2	<u>Health Care Access</u>	<u>(44,511,000)</u>	<u>(62,360,000)</u>
243.3	<u>The amount that may be spent from this</u>		
243.4	<u>appropriation for each purpose is as follows:</u>		
243.5	<u>(a) MinnesotaCare</u>	<u>(44,511,000)</u>	<u>(62,360,000)</u>
243.6	<u>This appropriation is from the health care</u>		
243.7	<u>access fund.</u>		
243.8	<u>(b) MA Basic Health Care - Families and</u>		
243.9	<u>Children</u>	<u>(29,882,000)</u>	<u>(54,401,000)</u>
3.10	<u>(c) MA Basic Health Care - Elderly and</u>		
243.11	<u>Disabled</u>	<u>(2,857,000)</u>	<u>33,179,000</u>
243.12	<u>(d) General Assistance Medical Care</u>	<u>13,717,000</u>	<u>31,721,000</u>
243.13	<u>Subd. 5. Continuing Care Grants</u>	<u>(34,842,000)</u>	<u>(29,873,000)</u>
243.14	<u>The amount that may be spent from this</u>		
243.15	<u>appropriation for each purpose is as follows:</u>		
243.16	<u>(a) MA Long-Term Care Waivers</u>	<u>(23,368,000)</u>	<u>(35,953,000)</u>
3.17	<u>(b) MA Long-Term Care Facilities</u>	<u>(16,251,000)</u>	<u>(5,202,000)</u>
243.18	<u>(c) Chemical Dependency Entitlement Grants</u>	<u>4,777,000</u>	<u>11,282,000</u>

243.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.

243.20

## ARTICLE 19

243.21

### HEALTH DEPARTMENT

243.22 Section 1. **[144.366] INTERCONNECTED ELECTRONIC HEALTH RECORD**

243.23 **GRANTS.**

243.24 **Subdivision 1. Definitions.** The following definitions are used for the purposes

243.25 of this section.

243.26 **(a) "Eligible community e-health collaborative" means an existing or newly**

243.27 **established collaborative to support the adoption and use of interoperable electronic**

244.1 health records. A collaborative must consist of at least three or more eligible health  
244.2 care entities in at least two of the categories listed in paragraph (b) and have a focus on  
244.3 interconnecting the members of the collaborative for secure and interoperable exchange of  
244.4 health care information.

244.5 (b) "Eligible health care entity" means one of the following:

244.6 (1) community clinics, as defined under section 145.9268;

244.7 (2) hospitals eligible for rural hospital capital improvement grants, as defined  
244.8 in section 144.148;

244.9 (3) physician clinics located in a community with a population of less than 50,000  
244.10 according to United States Census Bureau statistics and outside the seven-county  
244.11 metropolitan area;

244.12 (4) nursing facilities licensed under sections 144A.01 to 144A.27;

244.13 (5) community health boards as established under chapter 145A;

244.14 (6) nonprofit entities with a purpose to provide health information exchange  
244.15 coordination governed by a representative, multi-stakeholder board of directors; and

244.16 (7) other providers of health or health care services approved by the commissioner  
244.17 for which interoperable electronic health record capability would improve quality of  
244.18 care, patient safety, or community health.

244.19 Subd. 2. Grants authorized. The commissioner of health shall award grants to  
244.20 eligible community e-health collaborative projects to improve the implementation and  
244.21 use of interoperable electronic health records including but not limited to the following  
244.22 projects:

244.23 (1) collaborative efforts to host and support fully functional interoperable electronic  
244.24 health records in multiple care settings;

244.25 (2) electronic medication history and electronic patient registration information;

244.26 (3) electronic personal health records for persons with chronic diseases and for  
244.27 prevention services;

244.28 (4) rural and underserved community models for electronic prescribing; and

244.29 (5) enabling local public health systems to rapidly and electronically exchange  
244.30 information needed to participate in community e-health collaboratives or for public  
244.31 health emergency preparedness and response.

244.32 Grant funds may not be used for construction of health care or other buildings or  
244.33 facilities.

244.34 Subd. 3. Allocation of grants. (a) To receive a grant under this section, an eligible  
244.35 community e-health collaborative must submit an application to the commissioner of  
244.36 health by the deadline established by the commissioner. A grant may be awarded upon the

245.1 signing of a grant contract. In awarding grants, the commissioner shall give preference to  
245.2 projects benefiting providers located in rural and underserved areas of Minnesota which  
245.3 the commissioner has determined have an unmet need for the development and funding  
245.4 of electronic health records. Applicants may apply for and the commissioner may award  
245.5 grants for one-year, two-year, or three-year periods.

245.6 (b) An application must be on a form and contain information as specified by the  
245.7 commissioner but at a minimum must contain:

245.8 (1) a description of the purpose or project for which grant funds will be used;

245.9 (2) a description of the problem or problems the grant funds will be used to address,  
245.10 including an assessment likelihood of the project occurring absent grant funding;

245.11 (3) a description of achievable objectives, a workplan, budget, budget narrative, a  
245.12 project communications plan, a timeline for implementation and completion of processes  
245.13 or projects enabled by the grant, and an assessment of privacy and security issues and a  
245.14 proposed approach to address these issues;

245.15 (4) a description of the health care entities and other groups participating in the  
245.16 project, including identification of the lead entity responsible for applying for and  
245.17 receiving grant funds;

245.18 (5) a plan for how patients and consumers will be involved in development of  
245.19 policies and procedures related to the access to and interchange of information;

245.20 (6) evidence of consensus and commitment among the health care entities and others  
245.21 who developed the proposal and are responsible for its implementation; and

245.22 (7) a plan for documenting and evaluating results of the grant.

245.23 (c) The commissioner shall review each application to determine whether the  
245.24 application is complete and whether the applicant and the project are eligible for a  
245.25 grant. In evaluating applications, the commissioner shall take into consideration factors,  
245.26 including but not limited to, the following:

245.27 (1) the degree to which the proposal interconnects the various providers of care  
245.28 in the applicant's geographic community;

245.29 (2) the degree to which the project provides for the interoperability of electronic  
245.30 health records or related health information technology between the members of the  
245.31 collaborative, and presence and scope of a description of how the project intends to  
245.32 interconnect with other providers not part of the project into the future;

245.33 (3) the degree to which the project addresses current unmet needs pertaining  
34 to interoperable electronic health records in a geographic area of Minnesota and the  
245.35 likelihood that the needs would not be met absent grant funds;

246.1 (4) the applicant's thoroughness and clarity in describing the project, how the project  
246.2 will improve patient safety, quality of care, and consumer empowerment, and the role of  
246.3 the various collaborative members;

246.4 (5) the recommendations of the Health Information and Technology Infrastructure  
246.5 Advisory Committee; and

246.6 (6) other factors that the commissioner deems relevant.

246.7 (d) Grant funds shall be awarded on a three-to-one match basis. Applicants shall be  
246.8 required to provide one dollar in the form of cash or in-kind staff or services for each three  
246.9 dollars provided under the grant program.

246.10 (e) Grants shall not exceed \$900,000 per grant. The commissioner has discretion  
246.11 over the size and number of grants awarded.

246.12 Subd. 4. Evaluation and report. The commissioner of health shall evaluate the  
246.13 overall effectiveness of the grant program. The commissioner shall collect progress  
246.14 and expenditure reports to evaluate the grant program from the eligible community  
246.15 collaboratives receiving grants. Every two years, as part of this evaluation, the  
246.16 commissioner shall, in coordination with the Health Information Technology and  
246.17 Infrastructure Advisory Committee, report to the legislature on the needs of the  
246.18 community, and provide any recommendations for adding or changing eligible activities.

246.19 Sec. 2. Minnesota Statutes 2005 Supplement, section 144.551, subdivision 1, is  
246.20 amended to read:

246.21 Subdivision 1. **Restricted construction or modification.** (a) The following  
246.22 construction or modification may not be commenced:

246.23 (1) any erection, building, alteration, reconstruction, modernization, improvement,  
246.24 extension, lease, or other acquisition by or on behalf of a hospital that increases the bed  
246.25 capacity of a hospital, relocates hospital beds from one physical facility, complex, or site  
246.26 to another, or otherwise results in an increase or redistribution of hospital beds within  
246.27 the state; and

246.28 (2) the establishment of a new hospital.

246.29 (b) This section does not apply to:

246.30 (1) construction or relocation within a county by a hospital, clinic, or other health  
246.31 care facility that is a national referral center engaged in substantial programs of patient  
246.32 care, medical research, and medical education meeting state and national needs that  
246.33 receives more than 40 percent of its patients from outside the state of Minnesota;

- 247.1 (2) a project for construction or modification for which a health care facility held  
247.2 an approved certificate of need on May 1, 1984, regardless of the date of expiration of  
247.3 the certificate;
- 247.4 (3) a project for which a certificate of need was denied before July 1, 1990, if a  
247.5 timely appeal results in an order reversing the denial;
- 247.6 (4) a project exempted from certificate of need requirements by Laws 1981, chapter  
247.7 200, section 2;
- 247.8 (5) a project involving consolidation of pediatric specialty hospital services within  
247.9 the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the  
247.10 number of pediatric specialty hospital beds among the hospitals being consolidated;
- 247.11 (6) a project involving the temporary relocation of pediatric-orthopedic hospital  
247.12 beds to an existing licensed hospital that will allow for the reconstruction of a new  
247.13 philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a  
247.14 net increase in the number of hospital beds. Upon completion of the reconstruction,  
247.15 the licenses of both hospitals must be reinstated at the capacity that existed on each site  
247.16 before the relocation;
- 247.17 (7) the relocation or redistribution of hospital beds within a hospital building or  
247.18 identifiable complex of buildings provided the relocation or redistribution does not result  
247.19 in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds  
247.20 from one physical site or complex to another; or (iii) redistribution of hospital beds within  
247.21 the state or a region of the state;
- 247.22 (8) relocation or redistribution of hospital beds within a hospital corporate system  
247.23 that involves the transfer of beds from a closed facility site or complex to an existing site  
247.24 or complex provided that: (i) no more than 50 percent of the capacity of the closed facility  
247.25 is transferred; (ii) the capacity of the site or complex to which the beds are transferred  
247.26 does not increase by more than 50 percent; (iii) the beds are not transferred outside of a  
247.27 federal health systems agency boundary in place on July 1, 1983; and (iv) the relocation or  
247.28 redistribution does not involve the construction of a new hospital building;
- 247.29 (9) a construction project involving up to 35 new beds in a psychiatric hospital in  
247.30 Rice County that primarily serves adolescents and that receives more than 70 percent of its  
247.31 patients from outside the state of Minnesota;
- 247.32 (10) a project to replace a hospital or hospitals with a combined licensed capacity  
247.33 of 130 beds or less if: (i) the new hospital site is located within five miles of the current  
247.34 site; and (ii) the total licensed capacity of the replacement hospital, either at the time of  
247.35 construction of the initial building or as the result of future expansion, will not exceed 70

248.1 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is  
248.2 less;

248.3 (11) the relocation of licensed hospital beds from an existing state facility operated  
248.4 by the commissioner of human services to a new or existing facility, building, or complex  
248.5 operated by the commissioner of human services; from one regional treatment center  
248.6 site to another; or from one building or site to a new or existing building or site on the  
248.7 same campus;

248.8 (12) the construction or relocation of hospital beds operated by a hospital having a  
248.9 statutory obligation to provide hospital and medical services for the indigent that does not  
248.10 result in a net increase in the number of hospital beds, notwithstanding section 144.552, 27  
248.11 beds, of which 12 serve mental health needs, may be transferred from Hennepin County  
248.12 Medical Center to Regions Hospital under this clause;

248.13 (13) a construction project involving the addition of up to 31 new beds in an existing  
248.14 nonfederal hospital in Beltrami County;

248.15 (14) a construction project involving the addition of up to eight new beds in an  
248.16 existing nonfederal hospital in Otter Tail County with 100 licensed acute care beds;

248.17 (15) a construction project involving the addition of 20 new hospital beds  
248.18 used for rehabilitation services in an existing hospital in Carver County serving the  
248.19 southwest suburban metropolitan area. Beds constructed under this clause shall not be  
248.20 eligible for reimbursement under medical assistance, general assistance medical care,  
248.21 or MinnesotaCare;

248.22 (16) a project for the construction or relocation of up to 20 hospital beds for the  
248.23 operation of up to two psychiatric facilities or units for children provided that the operation  
248.24 of the facilities or units have received the approval of the commissioner of human services;

248.25 (17) a project involving the addition of 14 new hospital beds to be used for  
248.26 rehabilitation services in an existing hospital in Itasca County;

248.27 (18) a project to add 20 licensed beds in existing space at a hospital in Hennepin  
248.28 County that closed 20 rehabilitation beds in 2002, provided that the beds are used only  
248.29 for rehabilitation in the hospital's current rehabilitation building. If the beds are used for  
248.30 another purpose or moved to another location, the hospital's licensed capacity is reduced  
248.31 by 20 beds; or

248.32 (19) a critical access hospital established under section 144.1483, clause (9), and  
248.33 section 1820 of the federal Social Security Act, United States Code, title 42, section  
248.34 1395i-4, that delicensed beds since enactment of the Balanced Budget Act of 1997, Public  
248.35 Law 105-33, to the extent that the critical access hospital does not seek to exceed the  
248.36 maximum number of beds permitted such hospital under federal law;

- 249.1 (20) a project for the construction of a hospital with up to 25 beds in Cass County  
249.2 within a 20-mile radius of the state Ah-Gwah-Ching facility, provided the hospital's  
249.3 license holder is approved by the Cass County Board; or  
249.4 (21) a project approved under section 144.553.

249.5 Sec. 3. Minnesota Statutes 2004, section 144.552, is amended to read:

249.6 **144.552 PUBLIC INTEREST REVIEW.**

249.7 (a) The following entities must submit a plan to the commissioner:

249.8 (1) a hospital seeking to increase its number of licensed beds; or

249.9 (2) an organization seeking to obtain a hospital license ~~must submit a plan to~~  
249.10 ~~the commissioner of health~~ and notified by the commissioner under section 144.553,  
249.11 subdivision 1, paragraph (c), that it is subject to this section.

249.12 The plan must include information that includes an explanation of how the expansion will  
249.13 meet the public's interest. When submitting a plan to the commissioner, an applicant shall  
249.14 pay the commissioner for the commissioner's cost of reviewing the plan, as determined  
249.15 by the commissioner and notwithstanding section 16A.1283. Money received by the  
249.16 commissioner under this section is appropriated to the commissioner for the purpose of  
249.17 administering this section.

249.18 (b) Plans submitted under this section shall include detailed information necessary  
249.19 for the commissioner to review the plan and reach a finding. The commissioner may  
249.20 request additional information from the hospital submitting a plan under this section and  
249.21 from others affected by the plan that the commissioner deems necessary to review the  
249.22 plan and make a finding.

249.23 (c) The commissioner shall review the plan and, within 90 days, but no more than  
249.24 six months if extenuating circumstances apply, issue a finding on whether the plan is in  
249.25 the public interest. In making the recommendation, the commissioner shall consider  
249.26 issues including but not limited to:

249.27 (1) whether the new hospital or hospital beds are needed to provide timely access to  
249.28 care or access to new or improved services;

249.29 (2) the financial impact of the new hospital or hospital beds on existing acute-care  
249.30 hospitals that have emergency departments in the region;

249.31 (3) how the new hospital or hospital beds will affect the ability of existing hospitals  
249.32 in the region to maintain existing staff;

249.33 (4) the extent to which the new hospital or hospital beds will provide services to  
249.34 nonpaying or low-income patients relative to the level of services provided to these groups  
249.35 by existing hospitals in the region; and

250.1 (5) the views of affected parties.

250.2 Prior to making a recommendation, the commissioner shall conduct a public hearing in the  
250.3 affected hospital service area to take testimony from interested persons.

250.4 (d) Upon making a recommendation under paragraph (c), the commissioner shall  
250.5 provide a copy of the recommendation to the chairs of the house and senate committees  
250.6 having jurisdiction over health and human services policy and finance.

250.7 **Sec. 4. [144.553] ALTERNATIVE APPROVAL PROCESS FOR NEW**  
250.8 **HOSPITAL CONSTRUCTION.**

250.9 **Subdivision 1. Letter of intent; publication; acceptance of additional proposals.**

250.10 (a) An organization seeking to obtain a hospital license must submit a letter of intent to the  
250.11 commissioner, specifying the community in which the proposed hospital would be located  
250.12 and the number of beds proposed for the new hospital. When multiple letters of intent are  
250.13 received, the commissioner shall determine whether they constitute requests for separate  
250.14 projects or are competing proposals to serve the same or a similar service area.

250.15 (b) Upon receipt of a letter under paragraph (a), the commissioner shall publish a  
250.16 notice in the State Register that includes the information received from the organization  
250.17 under paragraph (a). The notice must state that another organization interested in seeking  
250.18 a hospital license to serve the same or a similar service area must notify the commissioner  
250.19 within 30 days.

250.20 (c) If no responses are received from additional organizations under paragraph (b),  
250.21 the commissioner shall notify the entity seeking a license that it is required to submit a  
250.22 plan under section 144.552 and shall notify the chairs of the house of representatives and  
250.23 senate committees having jurisdiction over health and human services policy and finance  
250.24 that the project is subject to sections 144.551 and 144.552.

250.25 **Subd. 2. Needs assessment.** (a) If one or more responses are received by the  
250.26 commissioner under subdivision 1, paragraph (b), the commissioner shall complete within  
250.27 90 days a needs assessment to determine if a new hospital is needed in the proposed  
250.28 service area.

250.29 (b) The organizations that have filed or responded to a letter of intent under  
250.30 subdivision 1 shall provide to the commissioner within 30 days of a request from the  
250.31 commissioner a statement justifying the need for a new hospital in the service area and  
250.32 sufficient information, as determined by the commissioner, to allow the commissioner to  
250.33 determine the need for a new hospital. The information may include, but is not limited  
250.34 to, a demographic analysis of the proposed service area, the number of proposed beds,

251.1 the types of hospital services to be provided, and distances and travel times to existing  
251.2 hospitals currently providing services in the service area.

251.3 (c) The commissioner shall make a determination of need for the new hospital. If  
251.4 the commissioner determines that a new hospital in the service area is not justified, the  
251.5 commissioner shall notify the applicants in writing, stating the reasons for the decision.

251.6 Subd. 3. Process when hospital need is determined. (a) If the commissioner  
251.7 determines that a new hospital is needed in the proposed service area, the commissioner  
251.8 shall notify the applicants of that finding and shall select the applicant determined under  
251.9 the process established in this subdivision to be best able to provide services consistent  
251.10 with the review criteria established in this subdivision.

251.11 (b) The commissioner shall:

251.12 (1) determine market-specific criteria that shall be used to evaluate all proposals.

251.13 The criteria must include standards regarding:

251.14 (i) access to care;

251.15 (ii) quality of care;

251.16 (iii) cost of care; and

251.17 (iv) overall project feasibility;

251.18 (2) establish additional criteria at the commissioner's discretion. In establishing the  
251.19 criteria, the commissioner shall consider the need for:

251.20 (i) mental health services in the service area, including both inpatient and outpatient  
251.21 services for adults, adolescents, and children;

251.22 (ii) a significant commitment to providing uncompensated care, including discounts  
251.23 for uninsured patients and coordination with other providers of care to low-income  
251.24 uninsured persons; and

251.25 (iii) coordination with other hospitals so that specialized services are not  
251.26 unnecessarily duplicated and are provided in sufficient volume to ensure the maintenance  
251.27 of high-quality care. The criteria determined under this paragraph shall constitute the sole  
251.28 criteria under which the competing proposals shall be evaluated; and

251.29 (3) define a service area for the proposed hospital. The service area shall consist of:

251.30 (i) in the 11-county metropolitan area, in St. Cloud, and in Duluth, the zip codes  
251.31 located within a 20-mile radius of the proposed new hospital location; and

251.32 (ii) in the remainder of the state, the zip codes within a 30-mile radius of the  
251.33 proposed new hospital location.

1.34 (c) The commissioner shall publish the criteria determined under paragraph (b) in the  
251.35 State Register within 60 days of the determination under subdivision 2. Once published,  
251.36 the criteria shall not be modified with respect to the particular project and applicants

252.1 to which they apply. The commissioner shall publish with the criteria guidelines for a  
252.2 proposal and submission review process.

252.3 (d) For 60 days after the publication under paragraph (c), the commissioner shall  
252.4 accept proposals to construct a hospital from organizations that have submitted a letter  
252.5 of intent under subdivision 1, paragraph (a), or have notified the commissioner under  
252.6 subdivision 1, paragraph (b). The proposal must include a plan for the new hospital and  
252.7 evidence of compliance with the criteria specified under paragraph (b). Once submitted,  
252.8 the proposal may not be revised except:

252.9 (1) to submit corrections of material facts; or

252.10 (2) in response to a request from the commissioner to provide clarification or  
252.11 further information.

252.12 (e) The commissioner shall determine within 90 days of the deadline for applications  
252.13 under paragraph (d), which applicant has demonstrated that it is best able to provide  
252.14 services consistent with the published criteria. The commissioner shall make this  
252.15 determination by order following a hearing according to this paragraph. The hearing  
252.16 shall not constitute or be considered to be a contested case hearing under chapter 14 and  
252.17 shall be conducted solely under the procedures specified in this paragraph. The hearing  
252.18 shall commence upon at least 30 days' notice to the applicants by the commissioner.  
252.19 The hearing may be conducted by the commissioner or by a person designated by the  
252.20 commissioner. The designee may be an administrative law judge. The purpose of the  
252.21 hearing shall be to receive evidence to assist the commissioner in determining which  
252.22 applicant has demonstrated that it best meets the published criteria.

252.23 The parties to the hearing shall consist only of those applicants who have submitted  
252.24 a completed application. Each applicant shall have the right to be represented by  
252.25 counsel, to present evidence deemed relevant by the commissioner, and to examine and  
252.26 cross-examine witnesses. Persons who are not parties to the proceeding but who wish to  
252.27 present comments or submit information may do so in the manner determined by the  
252.28 commissioner or the commissioner's designee. Any person who is not a party shall have  
252.29 no right to examine or cross-examine witnesses. The commissioner may participate as an  
252.30 active finder of fact in the hearing and may ask questions to elicit information or clarify  
252.31 answers or responses.

252.32 (f) Prior to making a determination selecting an application, the commissioner shall  
252.33 hold a public hearing in the proposed hospital service area to accept comments from  
252.34 members of the public. The commissioner shall take this information into consideration in  
252.35 making the determination. The commissioner must also consider the input and preferences  
252.36 of legislators and local elected officials who represent the service area regarding the

253.1 selection of the hospital provider. The commissioner shall issue an order selecting an  
253.2 application following the closing of the record of the hearing as determined by the hearing  
253.3 officer. The commissioner's order shall include a statement of the reasons the selected  
253.4 application best meets the published criteria.

253.5 (g) Following the determination under paragraph (e), the commissioner shall  
253.6 recommend the selected proposal to the legislature on or before March 1 in an  
253.7 odd-numbered year and within 15 days of the first day of the regular session in  
253.8 an even-numbered year to be accepted or rejected. Legislative acceptance of the  
253.9 commissioner's recommendation constitutes approval of the proposal under section  
253.10 144.551. Legislative rejection of the recommendation concludes the process but does not  
253.11 prohibit a new application under this section and section 144.552.

253.12 (h) In the event of legislative failure to act on the recommendation made under this  
253.13 subdivision, upon the conclusion of the legislative session the commissioner shall make  
253.14 the commissioner's recommendation the final approval of the project. The commissioner's  
253.15 decision to grant final approval to the commissioner's recommendation constitutes  
253.16 approval of the proposal under section 144.551.

253.17 (i) For purposes of this subdivision, "legislative acceptance" means the  
253.18 recommended project is approved by law; "legislative rejection" means the recommended  
253.19 project is rejected by law; and "legislative failure to act" means any other action or lack of  
253.20 action taken by the legislature.

253.21 Subd. 4. Payment of commissioner's expenses. Notwithstanding section  
253.22 16A.1283, applicants who are a party at any stage of the administrative process established  
253.23 in this section shall pay the cost of that stage of the process, as determined by the  
253.24 commissioner. The cost of the needs assessment, criteria development, and hearing shall  
253.25 be divided equally among the applicants. Money received by the commissioner under  
253.26 this subdivision is appropriated to the commissioner for the purpose of administering  
253.27 this section.

253.28 Sec. 5. [144.90] STATE-LEVEL METHAMPHETAMINE COORDINATOR.

253.29 Subdivision 1. Establishment; purpose; appointment. A state-level,  
253.30 statewide methamphetamine coordinator is created in the Department of Health. The  
253.31 methamphetamine coordinator shall coordinate Minnesota's efforts to reduce the incidence  
253.32 of methamphetamine addiction and the related consequences, by working with various  
3.33 state agencies, local units of government, law enforcement, the courts, the chemical  
253.34 dependency treatment community, the federal government, other states, and other  
253.35 interested individuals and parties in order to coordinate the state's resources to provide

254.1 and oversee education, research, and training related to methamphetamine. To the extent  
254.2 possible, the coordinator must coordinate efforts with tribal governments. The coordinator  
254.3 shall be appointed by the governor.

254.4 Subd. 2. Duties. The duties of the methamphetamine coordinator include, but  
254.5 are not limited to:

254.6 (1) providing health-based information and safety training materials to law  
254.7 enforcement, first responders, and others exposed to methamphetamine use and  
254.8 manufacturing;

254.9 (2) promoting and tracking first responder training provided by the Minnesota Bureau  
254.10 of Criminal Apprehension, the United States Drug Enforcement Agency, and others;

254.11 (3) providing train-the-trainer materials for state and local agencies and community  
254.12 groups working to respond to methamphetamine problems in their communities;

254.13 (4) serving as a clearinghouse for information and materials on all aspects  
254.14 of methamphetamine response, including treatment and treatment providers, law  
254.15 enforcement, corrections and drug courts, education, prevention, children's issues, staff  
254.16 training and safety, and K-12 curricula;

254.17 (5) tracking of grant and other funding opportunities available to Minnesota  
254.18 agencies, organizations, and communities;

254.19 (6) coordinating media-based prevention opportunities, including methamphetamine  
254.20 and other antidrug materials available for use by local communities;

254.21 (7) establishing a speaker's bureau of experts on methamphetamine and other  
254.22 addictions;

254.23 (8) fielding methamphetamine-related calls;

254.24 (9) maintaining current knowledge and understanding of methamphetamine-related  
254.25 research in the areas of remediation, children's health, health of users, best prevention  
254.26 and treatment practices, and other issues;

254.27 (10) tracking trends in use, manufacturing, incidence of methamphetamine labs  
254.28 and seizures, costs, incarcerations, and child involvement nationwide and for Minnesota  
254.29 specifically;

254.30 (11) making recommendations to the legislature for methamphetamine policy  
254.31 changes and funding;

254.32 (12) serving as coordinator or point-of-contact for a Minnesota drug endangered  
254.33 children's alliance; and

254.34 (13) coordinating prevention information efforts related to methamphetamine with  
254.35 the Minnesota Prevention Resource Center.

255.1 Subd. 3. Toll-free telephone number. The coordinator shall establish a toll-free  
255.2 telephone number during business hours for providing information and counseling on  
255.3 methamphetamine use and addiction.

255.4 Subd. 4. Annual report. The methamphetamine coordinator shall submit to the  
255.5 legislature an annual report by January 15 of each year beginning January 15, 2008,  
255.6 summarizing goals that have been established and met, and plans for the upcoming year.

255.7 Subd. 5. Office space. The commissioner of health shall provide the coordinator  
255.8 with adequate office space and administrative services.

255.9 **Sec. 6. [144.995] HEALTHY MINNESOTANS BIOMONITORING PROGRAM.**

255.10 Subdivision 1. Citation. Sections 144.995 to 144.999 may be cited as the healthy  
255.11 Minnesotans biomonitoring program.

255.12 Subd. 2. Definitions. (a) For purposes of sections 144.995 to 144.999, the following  
255.13 definitions apply.

255.14 (b) "Biomonitoring" means the process by which the presence and concentration  
255.15 of toxic chemicals and their metabolites are identified within a biospecimen as a means  
255.16 to assess the accumulation of pollutants in a human body.

255.17 (c) "Biospecimen" means a sample of human blood, hair, urine, breast milk, body  
255.18 fat, or other body tissue or any other biophysical substance that is reasonably available as  
255.19 a medium to measure the presence and concentration of toxic chemicals.

255.20 (d) "Commissioner" means the commissioner of health.

255.21 (e) "Panel" means the Healthy Minnesotans Biomonitoring Program Advisory Panel  
255.22 established under section 144.996.

255.23 (f) "Toxic chemical" means a chemical:

255.24 (1) for which data provided by scientific, peer-reviewed animal, cell, or human  
255.25 studies have demonstrated the chemical is known or strongly suspected to negatively  
255.26 impact human health by contributing to an increase in serious illness or mortality; and

255.27 (2) that has been identified according to section 144.997.

255.28 Subd. 3. Establishment; duties. (a) The commissioner shall establish the healthy  
255.29 Minnesotans biomonitoring program. The program shall provide community-based  
255.30 biomonitoring on a strictly voluntary and confidential basis by utilizing biospecimens, as  
255.31 appropriate, to identify toxic chemicals that may be present in the environment.

255.32 (b) Initially, to the extent that funds are available, the program shall examine breast  
255.33 milk in three economically, racially, and geographically diverse communities and identify  
255.34 any toxic chemical that is present in the breast milk. The commissioner shall expand

256.1 the program, to the extent that funds are available, by examining other biospecimens in  
256.2 additional communities.

256.3 (c) When a toxic chemical is detected in a program participant, the commissioner, in  
256.4 consultation with the commissioners of agriculture, natural resources, and the Pollution  
256.5 Control Agency, and other public or private entities, as appropriate, shall examine the  
256.6 possible presence of the toxic chemical in the surrounding environment and possible  
256.7 routes of exposure and disease outcomes and shall develop recommendations to reduce or  
256.8 minimize possible contamination or exposure to the toxic chemical.

256.9 Subd. 4. Participation. (a) Participation in the biomonitoring program is voluntary.  
256.10 All participants shall be evaluated for the presence of toxic chemicals as a component of  
256.11 the biomonitoring process. Participants shall receive consultation, health care referrals,  
256.12 and follow-up counseling and shall be offered educational materials, including, but not  
256.13 limited to, information regarding possible routes of exposure, ways to reduce exposure,  
256.14 and the availability of state and local resources.

256.15 (b) Data collected under the biomonitoring program are health data for purposes of  
256.16 section 13.3805 and shall not be made public without the written and informed consent of  
256.17 the individual to whom it pertains.

256.18 Subd. 5. Program guidelines. (a) The commissioner, in consultation with the  
256.19 panel, shall develop:

256.20 (1) model protocols or program guidelines that address the science and practice of  
256.21 biomonitoring to be utilized and procedures for changing those protocols to incorporate  
256.22 new and more accurate or efficient technologies as they become available. The model  
256.23 protocols shall be developed utilizing a peer review process in a manner that is  
256.24 participatory and community-based in design, implementation, and evaluation;

256.25 (2) guidelines for ensuring confidentiality; informed consent; follow-up counseling  
256.26 and support; and communicating findings to participants, communities, and the general  
256.27 public;

256.28 (3) educational and outreach materials that are culturally appropriate for  
256.29 dissemination to program participants and communities. Priority shall be given to the  
256.30 development of materials specifically designed to ensure that parents are informed about  
256.31 all of the benefits of breastfeeding so that the program does not result in an unjustified fear  
256.32 of toxins in breast milk, which might inadvertently lead parents to avoid breastfeeding.  
256.33 The materials shall communicate relevant scientific findings; data on the accumulation of  
256.34 pollutants; possible routes of exposure; population-based health effects and toxicity; the  
256.35 benefits of linking the accumulation of pollutants to community health; and the required  
256.36 responses by local, state, and other governmental entities in regulating toxicant exposures;

257.1 (4) a training program that is culturally sensitive specifically for health care  
257.2 providers, health educators, and other program administrators; and

257.3 (5) a designation process for state and private laboratories that are qualified to  
257.4 analyze biospecimens and report the findings.

257.5 (b) The commissioner may enter into contractual agreements with health clinics,  
257.6 community-based organizations, or experts in a particular field to perform any of the  
257.7 activities described under this subdivision.

257.8 **EFFECTIVE DATE.** This section is effective July 1, 2006, or upon receiving  
257.9 sufficient nonstate funds to implement the healthy Minnesotan's biomonitoring program,  
257.10 whichever is later. In the event that nonstate funds are not secured by the commissioner  
257.11 of health to adequately fund the implementation of the program, the commissioner is  
257.12 not required to implement these sections without subsequent appropriation from the  
257.13 legislature.

257.14 Sec. 7. [144.996] **HEALTHY MINNESOTANS BIOMONITORING PROGRAM**  
257.15 **ADVISORY PANEL.**

257.16 Subdivision 1. **Creation.** (a) The commissioner shall establish the Healthy  
257.17 Minnesotans Biomonitoring Program Advisory Panel. The panel shall be composed of  
257.18 two committees, the scientific committee and the community representative committee,  
257.19 with a membership of eight voting members on each committee. The community  
257.20 representative committee shall also include nonvoting members appointed according  
257.21 to subdivision 2, paragraph (d).

257.22 (b) The commissioner shall appoint, from the panel's membership, the chair of each  
257.23 of the committees, who shall also serve as cochairs of the panel.

257.24 (c) The panel shall meet as often as it deems necessary but at a minimum on a  
257.25 quarterly basis.

257.26 (d) Members of the panel and the committees shall serve without compensation but  
257.27 shall be reimbursed for travel and other necessary expenses incurred through performance  
257.28 of their duties under sections 144.995 to 144.997.

257.29 Subd. 2. **Membership.** (a) Eight of the voting members shall be appointed by  
257.30 the commissioner, four of the voting members shall be appointed under the rules of the  
257.31 senate, and four of the voting members shall be appointed under the rules of the house of  
257.32 representatives. Nonvoting members shall be appointed by the commissioner according  
257.33 to paragraph (d). All members shall be appointed to the panel by July 1, 2006. Each  
257.34 voting member shall be appointed for a three-year term. All appointments made by the  
257.35 commissioner shall be approved by the governor.

258.1 (b) The scientific committee shall be composed of eight members with background  
258.2 or training in interpreting biomonitoring studies or in related fields or science, including,  
258.3 but not limited to, the fields of health tracking, social science, laboratory science,  
258.4 occupational health, industrial hygiene, toxicology, epidemiology, environmental health,  
258.5 environmental hazards, and public health.

258.6 (c) The community representative committee shall be composed of eight members  
258.7 from the following nongovernmental organizations:

258.8 (1) one member from a breast cancer awareness organization;

258.9 (2) one member from an organization with a focus on environmental health;

258.10 (3) one member from an organization with a focus on environmental justice;

258.11 (4) one member from an organization with a focus on child environmental health;

258.12 (5) one member from an organization promoting breastfeeding;

258.13 (6) one member from a labor organization;

258.14 (7) one member from private industry with a verifiable and consistent commitment  
258.15 to sustainable core business practices that reduce environmental toxins; and

258.16 (8) one member from a public health organization.

258.17 (d) The commissioner shall appoint the following additional nonvoting members to  
258.18 the community representative committee:

258.19 (1) one representative from the Maternal and Child Health Division of the  
258.20 Department of Health; and

258.21 (2) one member from each participating community.

258.22 Members appointed under this paragraph may be reappointed at any time and are not  
258.23 subject to the three-year term.

258.24 Subd. 3. Committee duties. (a) The scientific committee shall make  
258.25 recommendations to the panel on:

258.26 (1) chemicals that should be added to or deleted from the list of chemicals identified  
258.27 under section 144.997;

258.28 (2) priorities for biomonitoring in Minnesota;

258.29 (3) the adequacy and appropriate interpretation of biomonitoring investigations  
258.30 carried out under the program; and

258.31 (4) collecting and analyzing data, including the tracking of diseases for which there  
258.32 is scientific evidence of an environmental etiology.

258.33 (b) The community representative committee shall make recommendations to the  
258.34 panel on:

258.35 (1) study sites or communities for the program;

258.36 (2) identifying possible community partners;

259.1 (3) training programs and educational and outreach materials; and  
259.2 (4) dissemination of findings to biomonitoring program participants and to the  
.59.3 general public.

259.4 **EFFECTIVE DATE.** This section is effective July 1, 2006, or upon receiving  
259.5 sufficient nonstate funds to implement the healthy Minnesotan's biomonitoring program,  
259.6 whichever is later. In the event that nonstate funds are not secured by the commissioner  
259.7 of health to adequately fund the implementation of the program, the commissioner is  
259.8 not required to implement these sections without subsequent appropriation from the  
259.9 legislature.

259.10 **Sec. 8. [144.997] TOXIC CHEMICALS.**

259.11 Subdivision 1. Identification. The commissioner shall identify and list toxic  
59.12 chemicals that shall be included within the scope of the healthy Minnesotans biomonitoring  
259.13 program. To be included on the list, all of the following criteria must be met:

259.14 (1) the chemical is recommended for inclusion by the scientific committee under  
259.15 section 144.996;

259.16 (2) the scientific, peer-reviewed data from animal, cell, or human studies have  
259.17 demonstrated the chemical is known or strongly suspected to negatively impact human  
259.18 health by contributing to an increase in serious illness or mortality;

259.19 (3) Minnesotans are exposed to the chemical; and

259.20 (4) the chemical is listed as a toxic chemical on either a state or federal list.

259.21 Subd. 2. Implementation. (a) The commissioner shall prioritize the toxic chemicals  
759.22 under subdivision 1 according to the threat the chemicals pose to public health.

259.23 (b) The commissioner shall initially implement the biomonitoring activities of the  
259.24 program with regard to the 20 toxic chemicals that present the greatest public health risk.

259.25 (c) The commissioner shall add additional chemicals in order of priority to the  
259.26 extent funds are available.

259.27 **EFFECTIVE DATE.** This section is effective July 1, 2006, or upon receiving  
259.28 sufficient nonstate funds to implement the healthy Minnesotan's biomonitoring program,  
259.29 whichever is later. In the event that nonstate funds are not secured by the commissioner  
259.30 of health to adequately fund the implementation of the program, the commissioner is  
259.31 not required to implement these sections without subsequent appropriation from the  
9.32 legislature.

259.33 **Sec. 9. [144.998] BIOMONITORING FISCAL PROVISIONS.**

260.1 Subdivision 1. Creation of account. A healthy Minnesotans biomonitoring program  
260.2 account is established in the state government special revenue fund. The account consists  
260.3 of money appropriated by the legislature and any other funds identified for use by the  
260.4 healthy Minnesotans biomonitoring program. All interest earned on money deposited into  
260.5 the account shall be retained in the account. Money in the account is appropriated to the  
260.6 commissioner for the purpose of implementing the healthy Minnesotan biomonitoring  
260.7 program.

260.8 Subd. 2. Other funding. The commissioner shall seek funding from federal and  
260.9 private sources.

260.10 EFFECTIVE DATE. This section is effective July 1, 2006, or upon receiving  
260.11 sufficient nonstate funds to implement the healthy Minnesotan's biomonitoring program,  
260.12 whichever is later. In the event that nonstate funds are not secured by the commissioner  
260.13 of health to adequately fund the implementation of the program, the commissioner is  
260.14 not required to implement these sections without subsequent appropriation from the  
260.15 legislature.

260.16 Sec. 10. [144.999] BIOMONITORING REPORTS.

260.17 (a) By January 15, 2008, the commissioner shall submit a report to the legislature  
260.18 summarizing the initial activities of the healthy Minnesotans biomonitoring program,  
260.19 including a program description, the methodology used, and the initial outcomes.

260.20 (b) Thereafter, the commissioner shall prepare a biennial report describing the  
260.21 effectiveness of the program, including analysis of the health and environmental exposure  
260.22 data collected to adequately monitor the activities under section 144.995. The report shall  
260.23 be made available to local public health departments and the general public in a summary  
260.24 format that protects the confidentiality of program participants. The commissioner shall  
260.25 disseminate the report via the Department of Health's Web site.

260.26 EFFECTIVE DATE. This section is effective July 1, 2006, or upon receiving  
260.27 sufficient nonstate funds to implement the healthy Minnesotan's biomonitoring program,  
260.28 whichever is later. In the event that nonstate funds are not secured by the commissioner  
260.29 of health to adequately fund the implementation of the program, the commissioner is  
260.30 not required to implement these sections without subsequent appropriation from the  
260.31 legislature.

260.32 Sec. 11. Laws 2005, First Special Session chapter 4, article 9, section 3, subdivision 2,  
260.33 is amended to read:

261.1 **Subd. 2. Community and Family Health**  
 261.2 **Improvement**

261.3 **Summary by Fund**

261.4	General	40,413,000	40,382,000
261.5	State Government Special		
261.6	Revenue	141,000	128,000
261.7	Health Care Access	3,510,000	3,516,000
261.8	Federal TANF	6,000,000	6,000,000

261.9 ~~[FAMILY PLANNING BASE~~  
 261.10 ~~REDUCTION.] Base level funding for~~  
 261.11 ~~the family planning special projects grant~~  
 261.12 ~~program is reduced by \$1,877,000 each~~  
 261.13 ~~year of the biennium beginning July 1,~~  
 261.14 ~~2007, provided that this reduction shall~~  
 261.15 ~~only take place upon full implementation of~~  
 261.16 ~~the family planning project section of the~~  
 261.17 ~~1115 waiver. Notwithstanding Minnesota~~  
 261.18 ~~Statutes, section 145.925, the commissioner~~  
 261.19 ~~shall give priority to community health care~~  
 261.20 ~~clinics providing family planning services~~  
 261.21 ~~that either serve a high number of women~~  
 261.22 ~~who do not qualify for medical assistance~~  
 261.23 ~~or are unable to participate in the medical~~  
 261.24 ~~assistance program as a medical assistance~~  
 261.25 ~~provider when allocating the remaining~~  
 261.26 ~~appropriations. Notwithstanding section 15,~~  
 261.27 ~~this paragraph shall not expire.~~

261.28 **[SHAKEN BABY VIDEO.]** Of the  
 261.29 state government special revenue fund  
 261.30 appropriation, \$13,000 in 2006 is  
 261.31 appropriated to the commissioner of health  
 261.32 to provide a video to hospitals on shaken  
 261.33 baby syndrome. The commissioner of health

262.1 shall assess a fee to hospitals to cover the  
262.2 cost of the approved shaken baby video and  
262.3 the revenue received is to be deposited in the  
262.4 state government special revenue fund.

262.5 **ARTICLE 20**  
262.6 **HEALTH CARE**

262.7 Section 1. Minnesota Statutes 2004, section 47.58, subdivision 8, is amended to read:

262.8 **Subd. 8. Counseling; requirement; penalty.** A lender, mortgage banking company,  
262.9 or other mortgage lender not related to the mortgagor must keep a certificate on file  
262.10 documenting that the borrower, prior to entering into the reverse mortgage loan, received  
262.11 counseling as defined in this subdivision from an organization that meets the requirements  
262.12 of section 462A.209 and is a housing counseling agency approved by the Department of  
262.13 Housing and Urban Development. The certificate must be signed by the mortgagor and  
262.14 the counselor and include the date of the counseling, the name, address, and telephone  
262.15 number of both the mortgagor and the organization providing counseling. A failure by  
262.16 the lender to comply with this subdivision results in a \$1,000 civil penalty payable to  
262.17 the mortgagor. For the purposes of this subdivision, "counseling" means the following  
262.18 services are provided to the borrower:

- 262.19 (1) a review of the advantages and disadvantages of reverse mortgage programs;  
262.20 (2) an explanation of how the reverse mortgage affects the borrower's estate and  
262.21 public benefits;  
262.22 (3) an explanation of the lending process;  
262.23 (4) a discussion of the borrower's supplemental income needs; ~~and~~  
262.24 (5) an explanation of the provisions of sections 256B.0913, subdivision 17, and  
262.25 462A.05, subdivision 42; and  
262.26 (6) an opportunity to ask questions of the counselor.

262.27 Sec. 2. Minnesota Statutes 2004, section 144A.071, subdivision 4c, is amended to read:

262.28 **Subd. 4c. Exceptions for replacement beds after June 30, 2003.** (a) The  
262.29 commissioner of health, in coordination with the commissioner of human services, may  
262.30 approve the renovation, replacement, upgrading, or relocation of a nursing home or  
262.31 boarding care home, under the following conditions:

- 262.32 (1) to license and certify an 80-bed city-owned facility in Nicollet County to be  
262.33 constructed on the site of a new city-owned hospital to replace an existing 85-bed facility  
262.34 attached to a hospital that is also being replaced. The threshold allowed for this project

263.1 under section 144A.073 shall be the maximum amount available to pay the additional  
263.2 medical assistance costs of the new facility;

263.3 (2) to license and certify 29 beds to be added to an existing 69-bed facility in St.  
263.4 Louis County, provided that the 29 beds must be transferred from active or layaway status  
263.5 at an existing facility in St. Louis County that had 235 beds on April 1, 2003.

263.6 The licensed capacity at the 235-bed facility must be reduced to 206 beds, but the payment  
263.7 rate at that facility shall not be adjusted as a result of this transfer. The operating payment  
263.8 rate of the facility adding beds after completion of this project shall be the same as it was  
263.9 on the day prior to the day the beds are licensed and certified. This project shall not  
263.10 proceed unless it is approved and financed under the provisions of section 144A.073; ~~and~~

263.11 (3) to license and certify a new 60-bed facility in Austin, provided that: (i) 45 of  
263.12 the new beds are transferred from a 45-bed facility in Austin under common ownership  
263.13 that is closed and 15 of the new beds are transferred from a 182-bed facility in Albert Lea  
263.14 under common ownership; (ii) the commissioner of human services is authorized by the  
263.15 2004 legislature to negotiate budget-neutral planned nursing facility closures; and (iii)  
263.16 money is available from planned closures of facilities under common ownership to make  
263.17 implementation of this clause budget-neutral to the state. The bed capacity of the Albert  
263.18 Lea facility shall be reduced to 167 beds following the transfer. Of the 60 beds at the  
263.19 new facility, 20 beds shall be used for a special care unit for persons with Alzheimer's  
263.20 disease or related dementias; and

263.21 (4) to license and certify up to 80 beds transferred from an existing state-owned  
263.22 nursing facility in Cass County to a new facility in the same county. The operating  
263.23 cost payment rates for the new facility shall be determined based on the interim and  
263.24 settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement  
263.25 provisions of section 256B.431. The property payment rate for the first three years of  
263.26 operation shall be \$25 per day.

263.27 (b) Projects approved under this subdivision shall be treated in a manner equivalent  
263.28 to projects approved under subdivision 4a.

263.29 **Sec. 3. [144A.441] ASSISTED LIVING BILL OF RIGHTS ADDENDUM.**

263.30 Assisted living clients, as defined in section 144G.01, subdivision 3, shall be  
263.31 provided with the home care bill of rights required by section 144A.44, except that the  
263.32 home care bill of rights provided to these clients must include the following provision in  
263.33 place of the provision in section 144A.44, subdivision 1, clause (16):

264.1 "(16) the right to reasonable, advance notice of changes in services or charges,  
264.2 including at least 30 days' advance notice of the termination of a service by a provider,  
264.3 except in cases where:  
264.4 (i) the recipient of services engages in conduct that alters the conditions of  
264.5 employment as specified in the employment contract between the home care provider  
264.6 and the individual providing home care services, or creates an abusive or unsafe work  
264.7 environment for the individual providing home care services;  
264.8 (ii) an emergency for the informal caregiver or a significant change in the recipient's  
264.9 condition has resulted in service needs that exceed the current service provider agreement  
264.10 and that cannot be safely met by the home care provider; or  
264.11 (iii) the provider has not received payment for services, for which at least ten days'  
264.12 advance notice of the termination of a service shall be provided."

264.13 **EFFECTIVE DATE.** This section is effective January 1, 2007.

264.14 **Sec. 4. [144A.442] TERMINATION OF HOME CARE SERVICES FOR**  
264.15 **ASSISTED LIVING CLIENTS.**

264.16 If an arranged home care provider, as defined in section 144D.01, subdivision 2a,  
264.17 who is not also Medicare certified terminates a service agreement or service plan with  
264.18 an assisted living client, as defined in section 144G.01, subdivision 3, the home care  
264.19 provider shall provide the assisted living client and the legal or designated representatives  
264.20 of the client, if any, with a written notice of termination which includes the following  
264.21 information:

264.22 (1) the effective date of termination;

264.23 (2) the reason for termination;

264.24 (3) without extending the termination notice period, an affirmative offer to meet with  
264.25 the assisted living client or client representatives within no more than five business days of  
264.26 the date of the termination notice to discuss the termination;

264.27 (4) contact information for a reasonable number of other home care providers in  
264.28 the geographic area of the assisted living client, as required by Minnesota Rules, part  
264.29 4668.0050;

264.30 (5) a statement that the provider will participate in a coordinated transfer of the care  
264.31 of the client to another provider or caregiver, as required by section 144A.44, subdivision  
264.32 1, clause (17);

264.33 (6) the name and contact information of a representative of the home care provider  
264.34 with whom the client may discuss the notice of termination;

264.35 (7) a copy of the home care bill of rights; and

265.1 (8) a statement that the notice of termination of home care services by the home care  
265.2 provider does not constitute notice of termination of the housing with services contract  
265.3 with a housing with services establishment.

265.4 **EFFECTIVE DATE.** This section is effective January 1, 2007.

265.5 Sec. 5. Minnesota Statutes 2004, section 144A.4605, is amended to read:

265.6 **144A.4605 ~~ASSISTED-LIVING HOME CARE~~ CLASS F PROVIDER.**

265.7 Subdivision 1. **Definitions.** For purposes of this section, the term "~~assisted~~  
265.8 living class F home care provider" means a home care provider who provides nursing  
265.9 services, delegated nursing services, other services performed by unlicensed personnel, or  
265.10 central storage of medications solely for residents of one or more housing with services  
265.11 establishments registered under chapter 144D.

265.12 Subd. 2. ~~Assisted living Class F~~ home care license established. A home care  
265.13 provider license category entitled ~~assisted living class F~~ home care provider is hereby  
265.14 established. A home care provider may obtain ~~an assisted living a class F~~ a class F license if the  
265.15 program meets the following requirements:

265.16 (a) nursing services, delegated nursing services, other services performed by  
265.17 unlicensed personnel, or central storage of medications under the ~~assisted living class~~  
265.18 F license are provided solely for residents of one or more housing with services  
265.19 establishments registered under chapter 144D;

265.20 (b) unlicensed personnel perform home health aide and home care aide tasks  
265.21 identified in Minnesota Rules, parts 4668.0100, subparts 1 and 2, and 4668.0110, subpart 1.  
265.22 Qualifications to perform these tasks shall be established in accordance with subdivision 3;

265.23 (c) periodic supervision of unlicensed personnel is provided as required by rule;

265.24 (d) notwithstanding Minnesota Rules, part 4668.0160, subpart 6, item D, client  
265.25 records shall include:

265.26 (1) daily records or a weekly summary of home care services provided;

265.27 (2) documentation each time medications are administered to a client; and

265.28 (3) documentation on the day of occurrence of any significant change in the client's  
265.29 status or any significant incident, such as a fall or refusal to take medications.

265.30 All entries must be signed by the staff providing the services and entered into the  
265.31 record no later than two weeks after the end of the service day, except as specified in  
265.32 clauses (2) and (3);

266.1 (e) medication and treatment orders, if any, are included in the client record and  
266.2 are renewed at least every 12 months, or more frequently when indicated by a clinical  
266.3 assessment;

266.4 (f) the central storage of medications in a housing with services establishment  
266.5 registered under chapter 144D is managed under a system that is established by a  
266.6 registered nurse and addresses the control of medications, handling of medications,  
266.7 medication containers, medication records, and disposition of medications; and

266.8 (g) in other respects meets the requirements established by rules adopted under  
266.9 sections 144A.45 to 144A.47.

266.10 **Subd. 3. Training or competency evaluations required.** (a) Unlicensed personnel  
266.11 must:

266.12 (1) satisfy the training or competency requirements established by rule under  
266.13 sections 144A.45 to 144A.47; or

266.14 (2) be trained or determined competent by a registered nurse in each task identified  
266.15 under Minnesota Rules, part 4668.0100, subparts 1 and 2, when offered to clients in a  
266.16 housing with services establishment as described in paragraphs (b) to (e).

266.17 (b) Training for tasks identified under Minnesota Rules, part 4668.0100, subparts  
266.18 1 and 2, shall use a curriculum which meets the requirements in Minnesota Rules, part  
266.19 4668.0130.

266.20 (c) Competency evaluations for tasks identified under Minnesota Rules, part  
266.21 4668.0100, subparts 1 and 2, must be completed and documented by a registered nurse.

266.22 (d) Unlicensed personnel performing tasks identified under Minnesota Rules, part  
266.23 4668.0100, subparts 1 and 2, shall be trained or demonstrate competency in the following  
266.24 topics:

266.25 (1) an overview of sections 144A.43 to 144A.47 and rules adopted thereunder;

266.26 (2) recognition and handling of emergencies and use of emergency services;

266.27 (3) reporting the maltreatment of vulnerable minors or adults under sections 626.556  
266.28 and 626.557;

266.29 (4) home care bill of rights;

266.30 (5) handling of clients' complaints and reporting of complaints to the Office of  
266.31 Health Facility Complaints;

266.32 (6) services of the ombudsman for older Minnesotans;

266.33 (7) observation, reporting, and documentation of client status and of the care or  
266.34 services provided;

266.35 (8) basic infection control;

266.36 (9) maintenance of a clean, safe, and healthy environment;

- 267.1 (10) communication skills;
- 267.2 (11) basic elements of body functioning and changes in body function that must be  
267.3 reported to an appropriate health care professional; and
- 267.4 (12) physical, emotional, and developmental needs of clients, and ways to work with  
267.5 clients who have problems in these areas, including respect for the client, the client's  
267.6 property, and the client's family.
- 267.7 (e) Unlicensed personnel who administer medications must comply with rules  
267.8 relating to the administration of medications in Minnesota Rules, part 4668.0100, subpart  
267.9 2, except that unlicensed personnel need not comply with the requirements of Minnesota  
267.10 Rules, part 4668.0100, subpart 5.
- 267.11 Subd. 4. License required. (a) A housing with services establishment registered  
267.12 under chapter 144D that is required to obtain a home care license must obtain ~~an assisted~~  
267.13 ~~living~~ a class F home care license according to this section or a class A or class ~~E~~ B license  
267.14 according to rule. A housing with services establishment that obtains a class ~~E~~ B license  
267.15 under this subdivision remains subject to the payment limitations in sections 256B.0913,  
267.16 subdivision 5f, paragraph (b), and 256B.0915, subdivision 3d.
- 267.17 (b) A board and lodging establishment registered for special services as of December  
267.18 31, 1996, and also registered as a housing with services establishment under chapter  
267.19 144D, must deliver home care services according to sections 144A.43 to 144A.47, and  
267.20 may apply for a waiver from requirements under Minnesota Rules, parts 4668.0002 to  
267.21 4668.0240, to operate a licensed agency under the standards of section 157.17. Such  
267.22 waivers as may be granted by the department will expire upon promulgation of home care  
267.23 rules implementing section 144A.4605.
- 267.24 ~~(c) An adult foster care provider licensed by the Department of Human Services and~~  
267.25 ~~registered under chapter 144D may continue to provide health-related services under its~~  
267.26 ~~foster care license until the promulgation of home care rules implementing this section.~~
- 267.27 ~~(d) An assisted living~~ (c) A class F home care provider licensed under this section  
267.28 must comply with the disclosure provisions of section 325F.72 to the extent they are  
267.29 applicable.
- 267.30 Subd. 5. License fees. The license fees for ~~assisted living~~ class F home care  
267.31 providers shall be as follows:
- 267.32 (1) \$125 annually for those providers serving a monthly average of 15 or fewer  
267.33 clients, and for ~~assisted living~~ class F providers of all sizes during the first year of  
267.34 operation;
- 267.35 (2) \$200 annually for those providers serving a monthly average of 16 to 30 clients;

268.1 (3) \$375 annually for those providers serving a monthly average of 31 to 50 clients;  
268.2 and  
268.3 (4) \$625 annually for those providers serving a monthly average of 51 or more  
268.4 clients.

268.5 Subd. 6. Waiver. Upon request of the home care provider, the commissioner may  
268.6 waive the provisions of this section relating to registered nurse duties.

268.7 **EFFECTIVE DATE. This section is effective January 1, 2007.**

268.8 Sec. 6. Minnesota Statutes 2004, section 144D.01, is amended by adding a subdivision  
268.9 to read:

268.10 **Subd. 2a. Arranged home care provider. "Arranged home care provider" means a**  
268.11 **home care provider licensed under Minnesota Rules, chapter 4668, that provides services**  
268.12 **to some or all of the residents of a housing with services establishment and that is either**  
268.13 **the establishment itself or another entity with which the establishment has an arrangement.**

268.14 **EFFECTIVE DATE. This section is effective January 1, 2007.**

268.15 Sec. 7. Minnesota Statutes 2004, section 144D.015, is amended to read:

268.16 **144D.015 ASSISTED LIVING FACILITY OR ASSISTED LIVING**  
268.17 **RESIDENCE DEFINITION FOR PURPOSES OF LONG-TERM CARE**  
268.18 **INSURANCE.**

268.19 For purposes of consistency with terminology commonly used in long-term  
268.20 care insurance policies and notwithstanding chapter 144G, a housing with services  
268.21 establishment that is registered under section 144D.03 and that holds, or ~~contracts~~ makes  
268.22 arrangements with an individual or entity that holds, ~~a~~ any type of home care license and  
268.23 all other licenses, permits, registrations, or other governmental approvals legally required  
268.24 for delivery of the services the establishment offers or provides to its residents, constitutes  
268.25 an "assisted living facility" or "assisted living residence."

268.26 **EFFECTIVE DATE. This section is effective January 1, 2007.**

268.27 Sec. 8. Minnesota Statutes 2004, section 144D.02, is amended to read:

268.28 **144D.02 REGISTRATION REQUIRED.**

268.29 No entity may establish, operate, conduct, or maintain ~~an elderly~~ a housing with  
268.30 services establishment in this state without registering and operating as required in  
268.31 sections 144D.01 to 144D.06.

269.1 **EFFECTIVE DATE. This section is effective January 1, 2007.**

269.2 Sec. 9. Minnesota Statutes 2004, section 144D.03, subdivision 2, is amended to read:

269.3 Subd. 2. **Registration information.** The establishment shall provide the following  
269.4 information to the commissioner in order to be registered:

269.5 (1) the business name, street address, and mailing address of the establishment;

269.6 (2) the name and mailing address of the owner or owners of the establishment and, if  
269.7 the owner or owners are not natural persons, identification of the type of business entity  
269.8 of the owner or owners, and the names and addresses of the officers and members of the  
269.9 governing body, or comparable persons for partnerships, limited liability corporations, or  
269.10 other types of business organizations of the owner or owners;

269.11 (3) the name and mailing address of the managing agent, whether through  
269.12 management agreement or lease agreement, of the establishment, if different from the  
269.13 owner or owners, and the name of the on-site manager, if any;

269.14 (4) verification that the establishment has entered into ~~an elderly~~ a housing with  
269.15 services contract, as required in section 144D.04, with each resident or resident's  
269.16 representative;

269.17 (5) verification that the establishment is complying with the requirements of section  
269.18 325F.72, if applicable;

269.19 (6) the name and address of at least one natural person who shall be responsible  
269.20 for dealing with the commissioner on all matters provided for in sections 144D.01 to  
269.21 144D.06, and on whom personal service of all notices and orders shall be made, and who  
269.22 shall be authorized to accept service on behalf of the owner or owners and the managing  
269.23 agent, if any; and

269.24 (7) the signature of the authorized representative of the owner or owners or, if  
269.25 the owner or owners are not natural persons, signatures of at least two authorized  
269.26 representatives of each owner, one of which shall be an officer of the owner.

269.27 Personal service on the person identified under clause (6) by the owner or owners in  
269.28 the registration shall be considered service on the owner or owners, and it shall not be a  
269.29 defense to any action that personal service was not made on each individual or entity. The  
269.30 designation of one or more individuals under this subdivision shall not affect the legal  
269.31 responsibility of the owner or owners under sections 144D.01 to 144D.06.

269.32 **EFFECTIVE DATE. This section is effective January 1, 2007.**

270.1 Sec. 10. Minnesota Statutes 2004, section 144D.04, is amended to read:

270.2 **144D.04 ELDERLY HOUSING WITH SERVICES CONTRACTS.**

270.3 Subdivision 1. **Contract required.** No ~~elderly~~ housing with services establishment  
270.4 may operate in this state unless a written ~~elderly~~ housing with services contract, as defined  
270.5 in subdivision 2, is executed between the establishment and each resident or resident's  
270.6 representative and unless the establishment operates in accordance with the terms of the  
270.7 contract. The resident or the resident's representative shall be given a complete copy of  
270.8 the contract and all supporting documents and attachments and any changes whenever  
270.9 changes are made.

270.10 Subd. 2. **Contents of contract.** ~~An elderly~~ A housing with services contract, which  
270.11 need not be entitled as such to comply with this section, shall include at least the following  
270.12 elements in itself or through supporting documents or attachments:

270.13 (1) the name, street address, and mailing address of the establishment;

270.14 (2) the name and mailing address of the owner or owners of the establishment and, if  
270.15 the owner or owners is not a natural person, identification of the type of business entity  
270.16 of the owner or owners;

270.17 (3) the name and mailing address of the managing agent, through management  
270.18 agreement or lease agreement, of the establishment, if different from the owner or owners;

270.19 (4) the name and address of at least one natural person who is authorized to accept  
270.20 service of process on behalf of the owner or owners and managing agent;

270.21 (5) a statement describing the registration and licensure status of the establishment  
270.22 and any provider providing health-related or supportive services under an arrangement  
270.23 with the establishment;

270.24 (6) the term of the contract;

270.25 (7) a description of the services to be provided to the resident in the base rate to  
270.26 be paid by resident;

270.27 (8) a description of any additional services, including home care services, available  
270.28 for an additional fee from the establishment directly or through arrangements with the  
270.29 establishment, and a schedule of fees charged for these services;

270.30 ~~(9) fee schedules outlining the cost of any additional services;~~

270.31 ~~(10)~~ (9) a description of the process through which the contract may be modified,  
270.32 amended, or terminated;

270.33 ~~(11)~~ (10) a description of the establishment's complaint resolution process available  
270.34 to residents including the toll-free complaint line for the Office of Ombudsman for Older  
270.35 Minnesotans;

270.36 ~~(12)~~ (11) the resident's designated representative, if any;

271.1 ~~(13)~~ (12) the establishment's referral procedures if the contract is terminated;  
271.2 ~~(14) criteria~~ (13) requirements of residency used by the establishment to determine  
271.3 who may reside or continue to reside in the ~~elderly~~ housing with services establishment;  
271.4 ~~(15)~~ (14) billing and payment procedures and requirements;  
271.5 ~~(16)~~ (15) a statement regarding the ability of residents to receive services from  
271.6 service providers with whom the establishment does not have an arrangement; ~~and~~  
271.7 ~~(17)~~ (16) a statement regarding the availability of public funds for payment for  
271.8 residence or services in the establishment; and  
271.9 (17) a statement regarding the availability of and contact information for long-  
271.10 term care consultation services under section 256B.0911 in the county in which the  
271.11 establishment is located.

271.12 Subd. 3. **Contracts in permanent files.** ~~Elderly~~ Housing with services contracts  
271.13 and related documents executed by each resident or resident's representative shall be  
271.14 maintained by the establishment in files from the date of execution until three years after  
271.15 the contract is terminated. The contracts and the written disclosures required under section  
271.16 325F.72, if applicable, shall be made available for on-site inspection by the commissioner  
271.17 upon request at any time.

271.18 **EFFECTIVE DATE.** This section is effective January 1, 2007.

271.19 Sec. 11. **[144D.045] INFORMATION CONCERNING ARRANGED HOME**  
271.20 **CARE PROVIDERS.**

271.21 If a housing with services establishment has one or more arranged home care  
271.22 providers, the establishment shall arrange to have that arranged home care provider deliver  
271.23 the following information in writing to a prospective resident, prior to the date on which  
271.24 the prospective resident executes a contract with the establishment or the prospective  
271.25 resident's move-in date, whichever is earlier:

271.26 (1) the name, mailing address, and telephone number of the arranged home care  
271.27 provider;

271.28 (2) the name and mailing address of at least one natural person who is authorized to  
271.29 accept service of process on behalf of the entity described in clause (1) ;

271.30 (3) a description of the process through which a home care service agreement or  
271.31 service plan between a resident and the arranged home care provider, if any, may be  
271.32 modified, amended, or terminated;

271.33 (4) the arranged home care provider's billing and payment procedures and  
271.34 requirements; and

271.35 (5) any limits to the services available from the arranged provider.

272.1 **EFFECTIVE DATE. This section is effective January 1, 2007.**

272.2 Sec. 12. Minnesota Statutes 2004, section 144D.05, is amended to read:

272.3 **144D.05 AUTHORITY OF COMMISSIONER.**

272.4 The commissioner shall, upon receipt of information which may indicate the failure  
272.5 of the ~~elderly~~ housing with services establishment, a resident, a resident's representative,  
272.6 or a service provider to comply with a legal requirement to which one or more of them  
272.7 may be subject, make appropriate referrals to other governmental agencies and entities  
272.8 having jurisdiction over the subject matter. The commissioner may also make referrals  
272.9 to any public or private agency the commissioner considers available for appropriate  
272.10 assistance to those involved.

272.11 The commissioner shall have standing to bring an action for injunctive relief  
272.12 in the district court in the district in which an establishment is located to compel the  
272.13 ~~elderly~~ housing with services establishment to meet the requirements of this chapter or  
272.14 other requirements of the state or of any county or local governmental unit to which the  
272.15 establishment is otherwise subject. Proceedings for securing an injunction may be brought  
272.16 by the commissioner through the attorney general or through the appropriate county  
272.17 attorney. The sanctions in this section do not restrict the availability of other sanctions.

272.18 **EFFECTIVE DATE. This section is effective January 1, 2007.**

272.19 Sec. 13. Minnesota Statutes 2004, section 144D.065, is amended to read:

272.20 **144D.065 ESTABLISHMENTS THAT SERVE PERSONS WITH**  
272.21 **ALZHEIMER'S DISEASE OR RELATED DISORDERS.**

272.22 (a) If a housing with services establishment registered under this chapter markets or  
272.23 otherwise promotes services for persons with Alzheimer's disease or related disorders,  
272.24 whether in a segregated or general unit, the ~~facility's~~ establishment's direct care staff and  
272.25 their supervisors must be trained in dementia care.

272.26 (b) Areas of required training include:

272.27 (1) an explanation of Alzheimer's disease and related disorders;

272.28 (2) assistance with activities of daily living;

272.29 (3) problem solving with challenging behaviors; and

272.30 (4) communication skills.

272.31 (c) The establishment shall provide to consumers in written or electronic form a  
272.32 description of the training program, the categories of employees trained, the frequency

273.1 of training, and the basic topics covered. This information satisfies the disclosure  
273.2 requirements of section 325F.72, subdivision 2, clause (4).

273.3 **EFFECTIVE DATE.** This section is effective January 1, 2007.

273.4 Sec. 14. **[144G.01] DEFINITIONS.**

273.5 **Subdivision 1. Scope; other definitions.** For purposes of sections 144G.01 to  
273.6 144G.05, the following definitions apply. In addition, the definitions provided in section  
273.7 144D.01 also apply to sections 144G.01 to 144G.05.

273.8 **Subd. 2. Assisted living.** "Assisted living" means a service or package of services  
273.9 advertised, marketed, or otherwise described, offered, or promoted using the phrase  
273.10 "assisted living" either alone or in combination with other words, whether orally or in  
273.11 writing, and which is subject to the requirements of this chapter.

273.12 **Subd. 3. Assisted living client.** "Assisted living client" or "client" means a housing  
273.13 with services resident who receives assisted living that is subject to the requirements  
273.14 of this chapter.

273.15 **Subd. 4. Commissioner.** "Commissioner" means the commissioner of health.

273.16 **EFFECTIVE DATE.** This section is effective January 1, 2007.

273.17 Sec. 15. **[144G.02] ASSISTED LIVING; PROTECTED TITLE; RESTRICTION**  
273.18 **ON USE; REGULATORY FUNCTIONS.**

273.19 **Subdivision 1. Protected title; restriction on use.** No person or entity may use the  
273.20 phrase "assisted living," whether alone or in combination with other words and whether  
273.21 orally or in writing, to advertise, market, or otherwise describe, offer, or promote itself, or  
273.22 any housing, service, service package, or program that it provides within this state, unless  
273.23 the person or entity is a housing with services establishment that meets the requirements of  
273.24 this chapter, or is a person or entity that provides some or all components of assisted living  
273.25 that meet the requirements of this chapter. A person or entity entitled to use the phrase  
273.26 "assisted living" shall use the phrase only in the context of its participation in assisted  
273.27 living that meets the requirements of this chapter. A housing with services establishment  
273.28 offering or providing assisted living that is not made available to residents in all of its  
273.29 housing units shall identify the number or location of the units in which assisted living  
273.30 is available, and may not use the term "assisted living" in the name of the establishment  
273.31 registered with the commissioner under chapter 144D, or in the name the establishment  
273.32 uses to identify itself to residents or the public.

274.1 Subd. 2. Authority of commissioner. (a) The commissioner, upon receipt of  
274.2 information that may indicate the failure of a housing with services establishment, the  
274.3 arranged home care provider, an assisted living client, or an assisted living client's  
274.4 representative to comply with a legal requirement to which one or more of the entities may  
274.5 be subject, shall make appropriate referrals to other governmental agencies and entities  
274.6 having jurisdiction over the subject matter. The commissioner may also make referrals  
274.7 to any public or private agency the commissioner considers available for appropriate  
274.8 assistance to those involved.

274.9 (b) In addition to the authority with respect to licensed home care providers under  
274.10 sections 144A.45 and 144A.46 and with respect to housing with services establishments  
274.11 under chapter 144D, the commissioner shall have standing to bring an action for injunctive  
274.12 relief in the district court in the district in which a housing with services establishment  
274.13 is located to compel the housing with services establishment or the arranged home care  
274.14 provider to meet the requirements of this chapter or other requirements of the state or of  
274.15 any county or local governmental unit to which the establishment or arranged home care  
274.16 provider is otherwise subject. Proceedings for securing an injunction may be brought by  
274.17 the commissioner through the attorney general or through the appropriate county attorney.  
274.18 The sanctions in this section do not restrict the availability of other sanctions.

274.19 **EFFECTIVE DATE.** This section is effective January 1, 2007.

274.20 **Sec. 16. [144G.03] ASSISTED LIVING REQUIREMENTS.**

274.21 Subdivision 1. Verification in annual registration. A registered housing with  
274.22 services establishment using the phrase "assisted living," pursuant to section 144G.02,  
274.23 subdivision 1, shall verify to the commissioner in its annual registration pursuant to chapter  
274.24 144D that the establishment is complying with sections 144G.01 to 144G.05, as applicable.

274.25 Subd. 2. Minimum requirements for assisted living. (a) Assisted living shall  
274.26 be provided or made available only to individuals residing in a registered housing with  
274.27 services establishment. Except as expressly stated in this chapter, a person or entity  
274.28 offering assisted living may define the available services and may offer assisted living to  
274.29 all or some of the residents of a housing with services establishment. The services that  
274.30 comprise assisted living may be provided or made available directly by a housing with  
274.31 services establishment or by persons or entities with which the housing with services  
274.32 establishment has made arrangements.

274.33 (b) A person or entity entitled to use the phrase "assisted living," according to  
274.34 section 144G.02, subdivision 1, shall do so only with respect to a housing with services

275.1 establishment, or a service, service package, or program available within a housing with  
275.2 services establishment that, at a minimum:

275.3 (1) provides or makes available health related services under a class A or class F  
275.4 home care license. At a minimum, health related services must include:

275.5 (i) assistance with self-administration of medication as defined in Minnesota Rules,  
275.6 part 4668.0003, subpart 2a, or medication administration as defined in Minnesota Rules,  
275.7 part 4668.0003, subpart 21a; and

275.8 (ii) assistance with at least three of the following seven activities of daily living:  
275.9 bathing, dressing, grooming, eating, transferring, continence care, and toileting.

275.10 All health related services shall be provided in a manner that complies with applicable  
275.11 home care licensure requirements in chapter 144A and Minnesota Rules, chapter 4668,  
275.12 and with sections 148.171 to 148.285;

275.13 (2) provides necessary assessments of the physical and cognitive needs of assisted  
275.14 living clients by a registered nurse, as required by applicable home care licensure  
275.15 requirements in chapter 144A and Minnesota Rules, chapter 4668, and by sections  
275.16 148.171 to 148.285;

275.17 (3) has and maintains a system for delegation of health care activities to unlicensed  
275.18 assistive health care personnel by a registered nurse, including supervision and evaluation  
275.19 of the delegated activities as required by applicable home care licensure requirements in  
275.20 chapter 144A and Minnesota Rules, chapter 4668, and by sections 148.171 to 148.285;

275.21 (4) provides staff access to an on-call registered nurse 24 hours per day, seven  
275.22 days per week;

275.23 (5) has and maintains a system to check on each assisted living client at least daily;

275.24 (6) provides a means for assisted living clients to request assistance for health and  
275.25 safety needs 24 hours per day, seven days per week, from the establishment or a person or  
275.26 entity with which the establishment has made arrangements;

275.27 (7) has a person or persons available 24 hours per day, seven days per week, who  
275.28 is responsible for responding to the requests of assisted living clients for assistance with  
275.29 health or safety needs, who shall be:

275.30 (i) awake;

275.31 (ii) located in the same building, in an attached building, or on a contiguous campus  
275.32 with the housing with services establishment in order to respond within a reasonable  
275.33 amount of time;

275.34 (iii) capable of communicating with assisted living clients;

275.35 (iv) capable of recognizing the need for assistance;

276.1 (v) capable of providing either the assistance required or summoning the appropriate  
276.2 assistance; and

276.3 (vi) capable of following directions;

276.4 (8) offers to provide or make available at least the following supportive services  
276.5 to assisted living clients:

276.6 (i) two meals per day;

276.7 (ii) weekly housekeeping;

276.8 (iii) weekly laundry service;

276.9 (iv) upon the request of the client, reasonable assistance with arranging for  
276.10 transportation to medical and social services appointments, and the name of or other  
276.11 identifying information about the person or persons responsible for providing this  
276.12 assistance;

276.13 (v) upon the request of the client, reasonable assistance with accessing community  
276.14 resources and social services available in the community, and the name of or other  
276.15 identifying information about the person or persons responsible for providing this  
276.16 assistance; and

276.17 (vi) periodic opportunities for socialization; and

276.18 (9) makes available to all prospective and current assisted living clients information  
276.19 consistent with the uniform format and the required components adopted by the  
276.20 commissioner under section 144G.06. This information must be made available beginning  
276.21 no later than six months after the commissioner makes the uniform format and required  
276.22 components available to providers according to section 144G.06.

276.23 **Subd. 3. Exemption from awake-staff requirement. (a) A housing with services**  
276.24 **establishment that offers or provides assisted living is exempt from the requirement in**  
276.25 **subdivision 2, paragraph (b), clause (7), item (i), that the person or persons available and**  
276.26 **responsible for responding to requests for assistance must be awake, if the establishment**  
276.27 **meets the following requirements:**

276.28 (1) the establishment has a maximum capacity to serve 12 or fewer assisted living  
276.29 clients;

276.30 (2) the person or persons available and responsible for responding to requests for  
276.31 assistance are physically present within the housing with services establishment in which  
276.32 the assisted living clients reside;

276.33 (3) the establishment has a system in place that is compatible with the health, safety,  
276.34 and welfare of the establishment's assisted living clients;

277.1 (4) the establishment's housing with services contract, as required by section  
277.2 144D.04, includes a statement disclosing the establishment's qualification for, and  
277.3 intention to rely upon, this exemption;

277.4 (5) the establishment files with the commissioner, for purposes of public information  
277.5 but not review or approval by the commissioner, a statement describing how the  
277.6 establishment meets the conditions in clauses (1) to (5), and makes a copy of this statement  
277.7 available to actual and prospective assisted living clients; and

277.8 (6) the establishment indicates on its housing with services registration, under  
277.9 section 144D.02 or 144D.03, as applicable, that it qualifies for and intends to rely upon  
277.10 the exemption under this subdivision.

277.11 Subd. 4. Nursing assessment. (a) A housing with services establishment offering or  
277.12 providing assisted living shall:

277.13 (1) offer to have the arranged home care provider conduct a nursing assessment by  
277.14 a registered nurse of the physical and cognitive needs of the prospective resident and  
277.15 propose a service agreement or service plan prior to the date on which a prospective  
277.16 resident executes a contract with a housing with services establishment or the date on  
277.17 which a prospective resident moves in, whichever is earlier; and

277.18 (2) inform the prospective resident of the availability of and contact information for  
277.19 long-term care consultation services under section 256B.0911, prior to the date on which a  
277.20 prospective resident executes a contract with a housing with services establishment or the  
277.21 date on which a prospective resident moves in, whichever is earlier.

277.22 (b) An arranged home care provider is not obligated to conduct a nursing assessment  
277.23 by a registered nurse when requested by a prospective resident if either the geographic  
277.24 distance between the prospective resident and the provider, or urgent or unexpected  
277.25 circumstances, do not permit the assessment to be conducted prior to the date on which  
277.26 the prospective resident executes a contract or moves in, whichever is earlier. When such  
277.27 circumstances occur, the arranged home care provider shall offer to conduct a telephone  
277.28 conference whenever reasonably possible.

277.29 (c) The arranged home care provider shall comply with applicable home care  
277.30 licensure requirements in chapter 144A and Minnesota Rules, chapter 4668, and with  
277.31 sections 148.171 to 148.285 with respect to the provision of a nursing assessment prior  
277.32 to the delivery of nursing services and the execution of a home care service plan or  
277.33 service agreement.

277.34 Subd. 5. Assistance with arranged home care provider. The housing with services  
277.35 establishment shall provide each assisted living client with identifying information about a  
277.36 person or persons reasonably available to assist the client with concerns the client may

278.1 have with respect to the services provided by the arranged home care provider. The  
278.2 establishment shall keep each assisted living client reasonably informed of any changes in  
278.3 the personnel referenced in this subdivision. Upon request of the assisted living client,  
278.4 such personnel or designee shall provide reasonable assistance to the assisted living client  
278.5 in addressing concerns regarding services provided by the arranged home care provider.

278.6 Subd. 6. Termination of housing with services contract. If a housing with  
278.7 services establishment terminates a housing with services contract with an assisted living  
278.8 client, the establishment shall provide the assisted living client, and the legal or designated  
278.9 representative of the assisted living client, if any, with a written notice of termination  
278.10 which includes the following information:

278.11 (1) the effective date of termination;

278.12 (2) the section of the contract that authorizes the termination;

278.13 (3) without extending the termination notice period, an affirmative offer to meet with  
278.14 the assisted living client and, if applicable, client representatives, within no more than five  
278.15 business days of the date of the termination notice to discuss the termination;

278.16 (4) an explanation that:

278.17 (i) the assisted living client must vacate the apartment, along with all personal  
278.18 possessions, on or before the effective date of termination;

278.19 (ii) failure to vacate the apartment by the date of termination may result in the filing  
278.20 of an eviction action in court by the establishment, and that the assisted living client may  
278.21 present a defense, if any, to the court at that time; and

278.22 (iii) the assisted living client may seek legal counsel in connection with the notice  
278.23 of termination;

278.24 (5) a statement that, with respect to the notice of termination, reasonable  
278.25 accommodation is available for the disability of the assisted living client, if any; and

278.26 (6) the name and contact information of the representative of the establishment  
278.27 with whom the assisted living client or client representatives may discuss the notice of  
278.28 termination.

278.29 **EFFECTIVE DATE.** This section is effective January 1, 2007.

278.30 Sec. 17. [144G.04] RESERVATION OF RIGHTS.

278.31 Subdivision 1. Use of services. Nothing in this chapter requires an assisted living  
278.32 client to utilize any service provided or made available in assisted living.

278.33 Subd. 2. Housing with services contracts. Nothing in this chapter requires a  
278.34 housing with services establishment to execute or refrain from terminating a housing with

279.1 services contract with a prospective or current resident who is unable or unwilling to meet  
279.2 the requirements of residency, with or without assistance.

279.3 Subd. 3. Provision of services. Nothing in this chapter requires the arranged home  
279.4 care provider to offer or continue to provide services under a service agreement or service  
279.5 plan to a prospective or current resident of the establishment whose needs cannot be  
279.6 met by the arranged home care provider.

279.7 Subd. 4. Altering operations; service packages. Nothing in this chapter requires  
279.8 a housing with services establishment or arranged home care provider offering assisted  
279.9 living to fundamentally alter the nature of the operations of the establishment or the  
279.10 provider in order to accommodate the request or need for facilities or services by any  
279.11 assisted living client, or to refrain from requiring, as a condition of residency, that an  
279.12 assisted living client pay for a package of assisted living services even if the client does  
279.13 not choose to utilize all or some of the services in the package.

279.14 EFFECTIVE DATE. This section is effective January 1, 2007.

279.15 **Sec. 18. [144G.05] REIMBURSEMENT UNDER ASSISTED LIVING SERVICE**  
279.16 **PACKAGES.**

279.17 Notwithstanding the provisions of this chapter, the requirements for the Elderly  
279.18 Waiver program's assisted living payment rates under section 256B.0915, subdivision  
279.19 3e, shall continue to be effective and providers who do not meet the requirements of  
279.20 this chapter may continue to receive payment under section 256B.0915, subdivision 3e,  
279.21 as long as they continue to meet the definitions and standards for assisted living and  
279.22 assisted living plus set forth in the federally approved Elderly Home and Community  
279.23 Based Services Waiver Program (Control Number 0025.91).

279.24 Providers of assisted living for the Community Alternatives for Disabled Individuals  
279.25 (CADI) and Traumatic Brain Injury (TBI) waivers shall continue to receive payment as  
279.26 long as they continue to meet the definitions and standards for assisted living and assisted  
279.27 living plus set forth in the federally approved CADI and TBI waiver plans.

279.28 EFFECTIVE DATE. This section is effective January 1, 2007.

279.29 **Sec. 19. [144G.06] UNIFORM CONSUMER INFORMATION GUIDE.**

279.30 (a) The commissioner of health shall establish an advisory committee consisting  
279.31 of representatives of consumers, providers, county and state officials, and other  
279.32 groups the commissioner considers appropriate. The advisory committee shall present  
279.33 recommendations to the commissioner on:

280.1 (1) a format for a guide to be used by individual providers of assisted living, as  
280.2 defined in Minnesota Statutes, section 144G.01, that includes information about services  
280.3 offered by that provider, service costs, and other relevant provider-specific information, as  
280.4 well as a statement of philosophy and values associated with assisted living, presented in  
280.5 uniform categories that facilitate comparison with guides issued by other providers; and  
280.6 (2) requirements for informing assisted living clients, as defined in Minnesota  
280.7 Statutes, section 144G.01, of their applicable legal rights.

280.8 (b) The commissioner, after reviewing the recommendations of the advisory  
280.9 committee, shall adopt a uniform format for the guide to be used by individual providers,  
280.10 and the required components of materials to be used by providers to inform assisted  
280.11 living clients of their legal rights, and shall make the uniform format and the required  
280.12 components available to assisted living providers.

280.13 Sec. 20. Minnesota Statutes 2004, section 256.01, is amended by adding a subdivision  
280.14 to read:

280.15 Subd. 2b. Performance payments. The commissioner shall develop and implement  
280.16 a pay-for-performance system to provide performance payments to medical groups that  
280.17 demonstrate optimum care in serving individuals with chronic diseases who are enrolled  
280.18 in health care programs administered by the commissioner under chapters 256B, 256D,  
280.19 and 256L.

280.20 Sec. 21. Minnesota Statutes 2004, section 256.01, is amended by adding a subdivision  
280.21 to read:

280.22 Subd. 23. Reverse mortgage information and referral. The commissioner, in  
280.23 cooperation with the commissioner of the Minnesota Housing Finance Agency, shall:

280.24 (1) establish an information and referral system to inform eligible persons regarding  
280.25 the availability of reverse mortgages and state incentives available to persons who take  
280.26 out certain reverse mortgages. The information and referral system shall be established  
280.27 involving the Senior LinkAge Line, county and tribal agencies, community housing  
280.28 agencies and organizations, reverse mortgage counselors and lenders, senior and elder  
280.29 community organizations, and other relevant entities; and

280.30 (2) coordinate necessary training for Senior LinkAge Line employees, mortgage  
280.31 counselors, and lenders regarding the provisions of sections 256B.0913, subdivision  
280.32 17, and 462A.05, subdivision 42.

280.33 Sec. 22. [256.9545] PRESCRIPTION DRUG DISCOUNT PROGRAM.

281.1 Subdivision 1. Establishment; administration. The commissioner shall establish  
281.2 and administer the prescription drug discount program.

281.3 Subd. 2. Commissioner's authority. The commissioner shall administer a drug  
281.4 rebate program for drugs purchased according to the prescription drug discount program.  
281.5 The commissioner shall execute a rebate agreement from all manufacturers that choose to  
281.6 participate in the program for those drugs covered under the medical assistance program.  
281.7 For each drug, the amount of the rebate shall be equal to the rebate as defined for purposes  
281.8 of the federal rebate program in United States Code, title 42, section 1396r-8. The  
281.9 rebate program shall utilize the terms and conditions used for the federal rebate program  
281.10 established according to section 1927 of title XIX of the federal Social Security Act.

281.11 Subd. 3. Definitions. For purposes of this section, the following terms have the  
281.12 meanings given them.

281.13 (a) "Commissioner" means the commissioner of human services.

281.14 (b) "Covered prescription drug" means a prescription drug as defined in section  
281.15 151.44, paragraph (d), that is covered under medical assistance as described in section  
281.16 256B.0625, subdivision 13, and that is provided by a participating manufacturer that has a  
281.17 fully executed rebate agreement with the commissioner under this section and complies  
281.18 with that agreement.

281.19 (c) "Enrolled individual" means a person who is eligible for the program under  
281.20 subdivision 4 and has enrolled in the program according to subdivision 5.

281.21 (d) "Health carrier" means an insurance company licensed under chapter 60A to  
281.22 offer, sell, or issue an individual or group policy of accident and sickness insurance as  
281.23 defined in section 62A.01; a nonprofit health service plan corporation operating under  
281.24 chapter 62C; a health maintenance organization operating under chapter 62D; a joint  
281.25 self-insurance employee health plan operating under chapter 62H; a community integrated  
281.26 service network licensed under chapter 62N; a fraternal benefit society operating under  
281.27 chapter 64B; a city, county, school district, or other political subdivision providing  
281.28 self-insured health coverage under section 471.617 or sections 471.98 to 471.982; and a  
281.29 self-funded health plan under the Employee Retirement Income Security Act of 1974, as  
281.30 amended.

281.31 (e) "Participating manufacturer" means a manufacturer as defined in section 151.44,  
281.32 paragraph (c), that agrees to participate in the prescription drug discount program.

281.33 (f) "Participating pharmacy" means a pharmacy as defined in section 151.01,  
1.34 subdivision 2, that agrees to participate in the prescription drug discount program.

281.35 Subd. 4. Eligibility. (a) To be eligible for the program, an applicant must:

282.1 (1) be a permanent resident of Minnesota as defined in section 256L.09, subdivision  
282.2 4;

282.3 (2) not be enrolled in medical assistance, general assistance medical care, or  
282.4 MinnesotaCare;

282.5 (3) not be enrolled in and have currently available prescription drug coverage under  
282.6 a health plan offered by a health carrier or employer or under a pharmacy benefit program  
282.7 offered by a pharmaceutical manufacturer;

282.8 (4) not be enrolled in and have currently available prescription drug coverage under  
282.9 a Medicare supplement policy, as defined in sections 62A.31 to 62A.44; and

282.10 (5) have individual or family gross income equal to or less than 300 percent of the  
282.11 federal poverty guidelines. The commissioner shall adjust the income limit each July 1 by  
282.12 the annual update of the federal poverty guidelines following publication by the United  
282.13 States Department of Health and Human Services.

282.14 (b) Notwithstanding paragraph (a), clause (3), an individual who is enrolled in a  
282.15 Medicare Part D prescription drug plan or Medicare Advantage plan is eligible for the  
282.16 program but only for drugs that are not covered under the Medicare Part D plan or for  
282.17 drugs that are covered under the plan, but according to the conditions of the plan, the  
282.18 individual is responsible for 100 percent of the cost of the prescription drug.

282.19 Subd. 5. Application procedure. (a) Applications and information on the program  
282.20 must be made available at county social services agencies, health care provider offices, and  
282.21 agencies and organizations serving senior citizens. Individuals shall submit applications  
282.22 and any information specified by the commissioner as being necessary to verify eligibility  
282.23 directly to the commissioner. The commissioner shall determine an applicant's eligibility  
282.24 for the program within 30 days from the date the application is received. Upon notice of  
282.25 approval, the applicant must submit to the commissioner the enrollment fee specified in  
282.26 subdivision 10. Eligibility begins the month after the enrollment fee is received by the  
282.27 commissioner.

282.28 (b) An enrollee's eligibility must be renewed every 12 months with the 12-month  
282.29 period beginning in the month after the application is approved.

282.30 (c) The commissioner shall develop an application form that does not exceed one  
282.31 page in length and requires information necessary to determine eligibility for the program.

282.32 Subd. 6. Participating pharmacy. (a) Upon implementation of the prescription  
282.33 drug discount program, and until January 1, 2008, a participating pharmacy, with a  
282.34 valid prescription, must sell a covered prescription drug to an enrolled individual at the  
282.35 medical assistance rate.

283.1 (b) After January 1, 2008, a participating pharmacy, with a valid prescription, must  
283.2 sell a covered prescription drug to an enrolled individual at the medical assistance rate,  
283.3 minus an amount that is equal to the rebate amount described in subdivision 8.

283.4 (c) Each participating pharmacy shall provide the commissioner with all information  
283.5 necessary to administer the program, including, but not limited to, information on  
283.6 prescription drug sales to enrolled individuals and usual and customary retail prices.

283.7 Subd. 7. Notification of rebate amount. The commissioner shall notify each  
283.8 participating manufacturer, each calendar quarter or according to a schedule established  
283.9 by the commissioner, of the amount of the rebate owed on the prescription drugs sold by  
283.10 participating pharmacies to enrolled individuals.

283.11 Subd. 8. Provision of rebate. To the extent that a participating manufacturer's  
283.12 prescription drugs are prescribed to a resident of this state, the manufacturer must provide  
283.13 a rebate equal to the rebate provided under the medical assistance program for any  
283.14 prescription drug distributed by the manufacturer that is purchased at a participating  
283.15 pharmacy by an enrolled individual. The participating manufacturer must provide full  
283.16 payment within 38 days of receipt of the state invoice for the rebate, or according to  
283.17 a schedule to be established by the commissioner. The commissioner shall deposit all  
283.18 rebates received into the Minnesota prescription drug dedicated fund established under  
283.19 subdivision 11. The manufacturer must provide the commissioner with any information  
283.20 necessary to verify the rebate determined per drug.

283.21 Subd. 9. Payment to pharmacies. Beginning January 1, 2008, the commissioner  
283.22 shall distribute on a biweekly basis an amount that is equal to an amount collected under  
283.23 subdivision 8 to each participating pharmacy based on the prescription drugs sold by that  
283.24 pharmacy to enrolled individuals on or after January 1, 2008.

283.25 Subd. 10. Enrollment fee. Beginning July 1, 2008, the commissioner shall establish  
283.26 an annual enrollment fee that covers the commissioner's expenses for enrollment,  
283.27 processing claims, and distributing rebates under this program.

283.28 Subd. 11. Dedicated fund; creation; use of fund. (a) The Minnesota prescription  
283.29 drug dedicated fund is established as an account in the state treasury. The commissioner  
283.30 of finance shall credit to the dedicated fund all rebates paid under subdivision 8, any  
283.31 federal funds received for the program, all enrollment fees paid by the enrollees, and  
283.32 any appropriations or allocations designated for the fund. The commissioner of finance  
283.33 shall ensure that fund money is invested under section 11A.25. All money earned by the  
283.34 fund must be credited to the fund. The fund shall earn a proportionate share of the total  
283.35 state annual investment income.

284.1 (b) Money in the fund is appropriated to the commissioner to reimburse participating  
284.2 pharmacies for prescription drugs provided to enrolled individuals under subdivision 6,  
284.3 paragraph (b); to reimburse the commissioner for costs related to enrollment, processing  
284.4 claims, and distributing rebates and for other reasonable administrative costs related to  
284.5 administration of the prescription drug discount program; and to repay the appropriation  
284.6 provided by law for this section. The commissioner must administer the program so that  
284.7 the costs total no more than funds appropriated plus the drug rebate proceeds.

284.8 **EFFECTIVE DATE.** This section is effective July 1, 2007.

284.9 Sec. 23. Minnesota Statutes 2004, section 256.975, subdivision 7, is amended to read:

284.10 **Subd. 7. Consumer information and assistance; Senior LinkAge.** (a) The  
284.11 Minnesota Board on Aging shall operate a statewide information and assistance service  
284.12 to aid older Minnesotans and their families in making informed choices about long-term  
284.13 care options and health care benefits. Language services to persons with limited English  
284.14 language skills may be made available. The service, known as Senior LinkAge Line, must  
284.15 be available during business hours through a statewide toll-free number and must also  
284.16 be available through the Internet.

284.17 (b) The service must assist older adults, caregivers, and providers in accessing  
284.18 information about choices in long-term care services that are purchased through private  
284.19 providers or available through public options. The service must:

284.20 (1) develop a comprehensive database that includes detailed listings in both  
284.21 consumer- and provider-oriented formats;

284.22 (2) make the database accessible on the Internet and through other telecommunication  
284.23 and media-related tools;

284.24 (3) link callers to interactive long-term care screening tools and make these tools  
284.25 available through the Internet by integrating the tools with the database;

284.26 (4) develop community education materials with a focus on planning for long-term  
284.27 care and evaluating independent living, housing, and service options;

284.28 (5) conduct an outreach campaign to assist older adults and their caregivers in  
284.29 finding information on the Internet and through other means of communication;

284.30 (6) implement a messaging system for overflow callers and respond to these callers  
284.31 by the next business day;

284.32 (7) link callers with county human services and other providers to receive more  
284.33 in-depth assistance and consultation related to long-term care options; and

285.1 (8) provide information and assistance to inform older adults about reverse  
285.2 mortgages, including the provisions of sections 47.58; 256B.0913, subdivision 17; and  
285.3 462A.05, subdivision 42; and

285.4 (9) link callers with quality profiles for nursing facilities and other providers  
285.5 developed by the commissioner of health.

285.6 (c) The Minnesota Board on Aging shall conduct an evaluation of the effectiveness  
285.7 of the statewide information and assistance, and submit this evaluation to the legislature  
285.8 by December 1, 2002. The evaluation must include an analysis of funding adequacy, gaps  
285.9 in service delivery, continuity in information between the service and identified linkages,  
285.10 and potential use of private funding to enhance the service.

285.11 Sec. 24. Minnesota Statutes 2004, section 256B.0625, is amended by adding a  
285.12 subdivision to read:

285.13 Subd. 13i. Medicare Part D co-payments. For recipients who are enrolled in a  
285.14 Medicare Part D prescription drug plan or Medicare Advantage plan, medical assistance  
285.15 covers the co-payments in which the recipient is responsible for under the Medicare Part  
285.16 D prescription drug plan or Medicare Advantage plan.

285.17 EFFECTIVE DATE. This section is effective July 1, 2006.

285.18 Sec. 25. Minnesota Statutes 2005 Supplement, section 256B.075, subdivision 2,  
285.19 is amended to read:

285.20 Subd. 2. Fee-for-service. (a) The commissioner shall develop and implement  
285.21 a disease management program for medical assistance and general assistance medical  
285.22 care recipients who are not enrolled in the prepaid medical assistance or prepaid general  
285.23 assistance medical care programs and who are receiving services on a fee-for-service  
285.24 basis. The commissioner may contract with an outside organization to provide these  
285.25 services under this subdivision.

285.26 (b) The commissioner shall seek any federal approval necessary to implement this  
285.27 section and to obtain federal matching funds.

285.28 (c) The commissioner shall develop and implement a pilot intensive care  
285.29 management program for medical assistance children with complex and chronic medical  
285.30 issues who are not able to participate in the metro-based U Special Kids program due  
285.31 to geographic distance.

285.32 (d) The commissioner shall develop and implement an intensive care management  
285.33 pilot program for children, adults, and families who have complex and chronic medical  
285.34 conditions, or who are high risk of developing them, and who receive their primary care

286.1 through a federally qualified health center or community clinic. For purposes of this  
286.2 paragraph, "federally qualified health center" means an entity that is receiving a grant  
286.3 under United States Code, title 42, section 254b, or, based on the recommendation of  
286.4 the Health Resources and Services Administration within the Public Health Service, is  
286.5 determined by the secretary to meet the requirements for receiving such a grant; and  
286.6 "community clinic" means a clinic that is not a federally qualified health center, but is  
286.7 certified by the Minnesota Department of Health as being eligible to receive a grant under  
286.8 section 145.9268.

286.9 **EFFECTIVE DATE.** This section is effective July 1, 2006.

286.10 Sec. 26. Minnesota Statutes 2005 Supplement, section 256B.0911, subdivision 1a,  
286.11 is amended to read:

286.12 Subd. 1a. **Definitions.** For purposes of this section, the following definitions apply:

286.13 (a) "Long-term care consultation services" means:

286.14 (1) providing information and education to the general public regarding availability  
286.15 of the services authorized under this section;

286.16 (2) an intake process that provides access to the services described in this section;

286.17 (3) assessment of the health, psychological, and social needs of referred individuals;

286.18 (4) assistance in identifying services needed to maintain an individual in the least  
286.19 restrictive environment;

286.20 (5) providing recommendations on cost-effective community services that are  
286.21 available to the individual;

286.22 (6) development of an individual's community support plan, which may include the  
286.23 use of reverse mortgage payments to pay for services needed to maintain the individual in  
286.24 the person's home;

286.25 (7) providing information regarding eligibility for Minnesota health care programs;

286.26 (8) preadmission screening to determine the need for a nursing facility level of care;

286.27 (9) preliminary determination of Minnesota health care programs eligibility for  
286.28 individuals who need a nursing facility level of care, with appropriate referrals for final  
286.29 determination;

286.30 (10) providing recommendations for nursing facility placement when there are no  
286.31 cost-effective community services available; and

286.32 (11) assistance to transition people back to community settings after facility  
286.33 admission.

286.34 (b) "Minnesota health care programs" means the medical assistance program under  
286.35 chapter 256B and the alternative care program under section 256B.0913.

287.1 Sec. 27. Minnesota Statutes 2004, section 256B.0911, subdivision 3a, is amended to  
287.2 read:

287.3 Subd. 3a. **Assessment and support planning.** (a) Persons requesting assessment,  
287.4 services planning, or other assistance intended to support community-based living must be  
287.5 visited by a long-term care consultation team within ten working days after the date on  
287.6 which an assessment was requested or recommended. Assessments must be conducted  
287.7 according to paragraphs (b) to (g).

287.8 (b) The county may utilize a team of either the social worker or public health nurse,  
287.9 or both, to conduct the assessment in a face-to-face interview. The consultation team  
287.10 members must confer regarding the most appropriate care for each individual screened or  
287.11 assessed.

287.12 (c) The long-term care consultation team must assess the health and social needs of  
287.13 the person, using an assessment form provided by the commissioner.

287.14 (d) The team must conduct the assessment in a face-to-face interview with the  
287.15 person being assessed and the person's legal representative, if applicable.

287.16 (e) The team must provide the person, or the person's legal representative, with  
287.17 written recommendations for facility- or community-based services. The team must  
287.18 document that the most cost-effective alternatives available were offered to the individual.  
287.19 For purposes of this requirement, "cost-effective alternatives" means community services  
287.20 and living arrangements that cost the same as or less than nursing facility care.

287.21 (f) If the person chooses to use community-based services, the team must provide  
287.22 the person or the person's legal representative with a written community support plan,  
287.23 regardless of whether the individual is eligible for Minnesota health care programs.  
287.24 The person may request assistance in developing a community support plan without  
287.25 participating in a complete assessment. If the person chooses to obtain a reverse mortgage  
287.26 under section 47.58 as part of the community support plan, the plan must include a  
287.27 spending plan for the reverse mortgage payments.

287.28 (g) The team must give the person receiving assessment or support planning, or  
287.29 the person's legal representative, materials supplied by the commissioner containing  
287.30 the following information:

287.31 (1) the purpose of preadmission screening and assessment;

287.32 (2) information about Minnesota health care programs and about reverse mortgages,  
287.33 including the provisions of sections 47.58; 256B.0913, subdivision 17; and 462A.05,  
287.34 subdivision 42;

287.35 (3) the person's freedom to accept or reject the recommendations of the team;

288.1 (4) the person's right to confidentiality under the Minnesota Government Data  
288.2 Practices Act, chapter 13; and  
288.3 (5) the person's right to appeal the decision regarding the need for nursing facility  
288.4 level of care or the county's final decisions regarding public programs eligibility according  
288.5 to section 256.045, subdivision 3.

288.6 Sec. 28. Minnesota Statutes 2004, section 256B.0913, is amended by adding a  
288.7 subdivision to read:

288.8 Subd. 17. Services for persons using reverse mortgages. (a) Alternative care  
288.9 services are available to a person who satisfies the following criteria:

288.10 (1) the person qualifies for the reverse mortgage incentive program under section  
288.11 462A.05, subdivision 42, and has received the final payment on a qualifying reverse  
288.12 mortgage, or the person satisfies the criteria in section 462A.05, subdivision 42, paragraph  
288.13 (b), clauses (1) to (5), and has otherwise obtained a reverse mortgage and payments from  
288.14 the reverse mortgage for a period of at least 24 months or in an amount of at least \$15,000  
288.15 are used for services and supports, including basic shelter needs, home maintenance, and  
288.16 modifications or adaptations, necessary to allow the person to remain in the home as an  
288.17 alternative to a nursing facility placement; and

288.18 (2) the person satisfies the eligibility criteria under this section, other than age,  
288.19 income, and assets, and verifies that reverse mortgage expenditures were made according  
288.20 to the spending plan established under section 256B.0911, if one has been established.

288.21 (b) In addition to the other services provided under this section, a person who  
288.22 qualifies under this subdivision shall not be assessed a monthly participation fee under  
288.23 subdivision 12 nor be subject to an estate claim under section 256B.15 for services  
288.24 received under this section.

288.25 (c) The commissioner shall require a certification of loan satisfaction or other  
288.26 documentation that the person qualifies under this subdivision.

288.27 Sec. 29. Minnesota Statutes 2005 Supplement, section 256B.0918, subdivision 1,  
288.28 is amended to read:

288.29 Subdivision 1. **Program criteria.** Beginning on or after October 1, 2005, within  
288.30 the limits of appropriations specifically available for this purpose, the commissioner shall  
288.31 provide funding to qualified provider applicants for employee scholarships for education  
288.32 in nursing and other health care fields. Employee scholarships must be for a course of  
288.33 study that is expected to lead to career advancement with the provider or in the field  
288.34 of long-term care, including home care or care of persons with disabilities, or nursing.

289.1 Providers that secure this funding must use it to award scholarships to employees who  
289.2 work an average of at least 20 hours per week for the provider. Executive management  
289.3 staff without direct care duties, registered nurses, and therapists are not eligible to receive  
289.4 scholarships under this section.

289.5 Sec. 30. Minnesota Statutes 2005 Supplement, section 256B.0918, subdivision 3,  
289.6 is amended to read:

289.7 Subd. 3. **Provider selection criteria.** To be considered for scholarship funding,  
289.8 the provider shall submit a completed application within the time frame specified by the  
289.9 commissioner. In awarding funding, the commissioner shall consider the following:

289.10 (1) the size of the provider as measured in annual billing to the medical assistance  
289.11 program. To be eligible, a provider must receive at least ~~\$500,000~~ \$300,000 annually  
289.12 in medical assistance payments;

289.13 (2) the percentage of employees meeting the scholarship program recipient  
289.14 requirements;

289.15 (3) staff retention rates for paraprofessionals; and

289.16 (4) other criteria determined by the commissioner.

289.17 Sec. 31. Minnesota Statutes 2005 Supplement, section 256B.0918, subdivision 4,  
289.18 is amended to read:

289.19 Subd. 4. **Funding specifics.** Within the limits of appropriations specifically  
289.20 available for this purpose, for the rate period beginning on or after October 1, 2005, to  
289.21 September 30, 2007, the commissioner shall provide to each provider listed in subdivision  
289.22 2 and awarded funds under subdivision 3 a medical assistance rate increase to fund  
289.23 scholarships up to ~~two-tenths~~ three-tenths percent of the medical assistance reimbursement  
289.24 rate. The commissioner shall require providers to repay any portion of funds awarded  
289.25 under subdivision 3 that is not used to fund scholarships. If applications exceed available  
289.26 funding, funding shall be targeted to providers that employ a higher percentage of  
289.27 paraprofessional staff or have lower rates of turnover of paraprofessional staff. During  
289.28 the subsequent years of the program, the rate adjustment may be recalculated, at the  
289.29 discretion of the commissioner. In making a recalculation the commissioner may consider  
289.30 the provider's success at granting scholarships based on the amount spent during the  
289.31 previous year and the availability of appropriations to continue the program.

289.32 Sec. 32. Minnesota Statutes 2004, section 256B.15, is amended by adding a  
289.33 subdivision to read:

290.1           **Subd. 9. Recovery of alternative care and certain reverse mortgages.** The state  
290.2 and a county agency shall not recover alternative care paid for a person under section  
290.3 256B.0913, subdivision 17, under this section.

290.4           Sec. 33. Minnesota Statutes 2005 Supplement, section 256B.434, subdivision 4,  
290.5 is amended to read:

290.6           **Subd. 4. Alternate rates for nursing facilities.** (a) For nursing facilities which  
290.7 have their payment rates determined under this section rather than section 256B.431, the  
290.8 commissioner shall establish a rate under this subdivision. The nursing facility must enter  
290.9 into a written contract with the commissioner.

290.10           (b) A nursing facility's case mix payment rate for the first rate year of a facility's  
290.11 contract under this section is the payment rate the facility would have received under  
290.12 section 256B.431.

290.13           (c) A nursing facility's case mix payment rates for the second and subsequent years  
290.14 of a facility's contract under this section are the previous rate year's contract payment  
290.15 rates plus an inflation adjustment and, for facilities reimbursed under this section or  
290.16 section 256B.431, an adjustment to include the cost of any increase in Health Department  
290.17 licensing fees for the facility taking effect on or after July 1, 2001. The index for the  
290.18 inflation adjustment must be based on the change in the Consumer Price Index-All Items  
290.19 (United States City average) (CPI-U) forecasted by the commissioner of finance's national  
290.20 economic consultant, as forecasted in the fourth quarter of the calendar year preceding  
290.21 the rate year. The inflation adjustment must be based on the 12-month period from the  
290.22 midpoint of the previous rate year to the midpoint of the rate year for which the rate is  
290.23 being determined. For the rate years beginning on July 1, 1999, July 1, 2000, July 1, 2001,  
290.24 July 1, 2002, July 1, 2003, July 1, 2004, July 1, 2005, July 1, 2006, July 1, 2007, and July  
290.25 1, 2008, this paragraph shall apply only to the property-related payment rate, except  
290.26 that adjustments to include the cost of any increase in Health Department licensing fees  
290.27 taking effect on or after July 1, 2001, shall be provided. Beginning in 2005, adjustment to  
290.28 the property payment rate under this section and section 256B.431 shall be effective on  
290.29 October 1. In determining the amount of the property-related payment rate adjustment  
290.30 under this paragraph, the commissioner shall determine the proportion of the facility's  
290.31 rates that are property-related based on the facility's most recent cost report. Beginning  
290.32 October 1, 2006, facilities reimbursed under this section shall be allowed to receive a  
290.33 property rate adjustment for building projects under section 144A.071, subdivision 2.

290.34           **(d) The commissioner shall develop additional incentive-based payments of up to**  
290.35 **five percent above a facility's operating payment rate for achieving outcomes specified**

291.1 in a contract. The commissioner may solicit contract amendments and implement those  
291.2 which, on a competitive basis, best meet the state's policy objectives. The commissioner  
291.3 shall limit the amount of any incentive payment and the number of contract amendments  
291.4 under this paragraph to operate the incentive payments within funds appropriated for this  
291.5 purpose. The contract amendments may specify various levels of payment for various  
291.6 levels of performance. Incentive payments to facilities under this paragraph may be in  
291.7 the form of time-limited rate adjustments or supplemental payments. In establishing the  
291.8 specified outcomes and related criteria, the commissioner shall consider the following  
291.9 state policy objectives:

291.10 (1) successful diversion or discharge of residents to the residents' prior home or  
291.11 other community-based alternatives;

291.12 (2) adoption of new technology to improve quality or efficiency;

291.13 (3) improved quality as measured in the Nursing Home Report Card;

291.14 (4) reduced acute care costs; and

291.15 (5) any additional outcomes proposed by a nursing facility that the commissioner  
291.16 finds desirable.

291.17 Sec. 34. Minnesota Statutes 2004, section 256B.437, subdivision 3, is amended to read:

291.18 **Subd. 3. Applications for planned closure of nursing facilities.** (a) By August  
291.19 15, 2001, the commissioner of human services shall implement and announce a program  
291.20 for closure or partial closure of nursing facilities. Names and identifying information  
291.21 provided in response to the announcement shall remain private unless approved, according  
291.22 to the timelines established in the plan. The announcement must specify:

291.23 (1) the criteria in subdivision 4 that will be used by the commissioner to approve or  
291.24 reject applications;

291.25 (2) the information that must accompany an application; and

291.26 (3) that applications may combine planned closure rate adjustments with moratorium  
291.27 exception funding, in which case a single application may serve both purposes.

291.28 Between August 1, 2001, and June 30, 2003, the commissioner may approve planned  
291.29 closures of up to 5,140 nursing facility beds, less the number of beds delicensed in  
291.30 facilities during the same time period without approved closure plans or that have notified  
291.31 the commissioner of health of their intent to close without an approved closure plan.  
291.32 Beginning July 1, 2004, the commissioner may negotiate a planned closure for nursing  
291.33 facilities providing the proposal has no cost to the state.

291.34 (b) A facility or facilities reimbursed under section 256B.431 or 256B.434 with a  
291.35 closure plan approved by the commissioner under subdivision 5 may assign a planned

292.1 closure rate adjustment to another facility or facilities that are not closing or in the case of  
292.2 a partial closure, to the facility undertaking the partial closure. A facility may also elect to  
292.3 have a planned closure rate adjustment shared equally by the five nursing facilities with  
292.4 the lowest total operating payment rates in the state development region designated under  
292.5 section 462.385, in which the facility that is closing is located. The planned closure  
292.6 rate adjustment must be calculated under subdivision 6. Facilities that delicense beds  
292.7 without a closure plan, or whose closure plan is not approved by the commissioner, are not  
292.8 eligible to assign a planned closure rate adjustment under subdivision 6, unless they are  
292.9 delicensing five or fewer beds, or less than six percent of their total licensed bed capacity,  
292.10 whichever is greater, are located in a county in the top three quartiles of beds per 1,000  
292.11 persons aged 65 or older, and have not delicensed beds in the prior three months. Facilities  
292.12 meeting these criteria are eligible to assign the amount calculated under subdivision 6 to  
292.13 themselves. If a facility is delicensing the greater of six or more beds, or six percent or  
292.14 more of its total licensed bed capacity, and does not have an approved closure plan or is  
292.15 not eligible for the adjustment under subdivision 6, the commissioner shall calculate the  
292.16 amount the facility would have been eligible to assign under subdivision 6, and shall use  
292.17 this amount to provide equal rate adjustments to the five nursing facilities with the lowest  
292.18 total operating payment rates in the state development region designated under section  
292.19 462.385, in which the facility that delicensed beds is located.

292.20 (c) To be considered for approval, an application must include:

292.21 (1) a description of the proposed closure plan, which must include identification of  
292.22 the facility or facilities to receive a planned closure rate adjustment;

292.23 (2) the proposed timetable for any proposed closure, including the proposed dates  
292.24 for announcement to residents, commencement of closure, and completion of closure;

292.25 (3) if available, the proposed relocation plan for current residents of any facility  
292.26 designated for closure. If a relocation plan is not available, the application must include a  
292.27 statement agreeing to develop a relocation plan designed to comply with section 144A.161;

292.28 (4) a description of the relationship between the nursing facility that is proposed for  
292.29 closure and the nursing facility or facilities proposed to receive the planned closure rate  
292.30 adjustment. If these facilities are not under common ownership, copies of any contracts,  
292.31 purchase agreements, or other documents establishing a relationship or proposed  
292.32 relationship must be provided;

292.33 (5) documentation, in a format approved by the commissioner, that all the nursing  
292.34 facilities receiving a planned closure rate adjustment under the plan have accepted joint  
292.35 and several liability for recovery of overpayments under section 256B.0641, subdivision  
292.36 2, for the facilities designated for closure under the plan; and

293.1 (6) an explanation of how the application coordinates with planning efforts under  
293.2 subdivision 2. If the planning group does not support a level of nursing facility closures  
293.3 that the commissioner considers to be reasonable, the commissioner may approve a  
293.4 planned closure proposal without its support.

293.5 (d) The application must address the criteria listed in subdivision 4.

293.6 (e) After April 1, 2006, in consideration of the authority provided in section  
293.7 144A.071, subdivision 4c, paragraph (a), clause (4), the commissioner shall not approve  
293.8 an application for planned closure and shall not provide a planned closure rate adjustment  
293.9 under this subdivision, and shall not provide a single-bed incentive under section  
293.10 256B.431, subdivision 42, for any bed closures in Cass County.

293.11 Sec. 35. Minnesota Statutes 2004, section 256B.69, subdivision 9, is amended to read:

293.12 Subd. 9. **Reporting.** (a) Each demonstration provider shall submit information as  
293.13 required by the commissioner, including data required for assessing client satisfaction,  
293.14 quality of care, cost, and utilization of services for purposes of project evaluation. The  
293.15 commissioner shall also develop methods of data reporting and collection from county  
293.16 advocacy activities in order to provide aggregate enrollee information on encounters  
293.17 and outcomes to determine access and quality assurance. Required information shall be  
293.18 specified before the commissioner contracts with a demonstration provider.

293.19 (b) Aggregate nonpersonally identifiable health plan encounter data, aggregate  
293.20 spending data for major categories of service as reported to the commissioners of health  
293.21 and commerce under section 62D.08, subdivision 3, and criteria for service authorization  
293.22 and service use are public data that the commissioner shall make available and use  
293.23 in public reports. The commissioner shall require each health plan and county-based  
293.24 purchasing plan to provide:

293.25 (1) encounter data for each service provided, using standard codes and unit of  
293.26 service definitions set by the commissioner, in a form that the commissioner can report by  
293.27 age, eligibility groups, and health plan; and

293.28 (2) criteria, written policies, and procedures required to be disclosed under section  
293.29 62M.10, subdivision 7, and Code of Federal Regulations, title 42, part 438.210(b)(1), used  
293.30 for each type of service for which authorization is required.

293.31 Sec. 36. Minnesota Statutes 2005 Supplement, section 256B.69, subdivision 23,  
293.32 is amended to read:

293.33 Subd. 23. **Alternative services; elderly and disabled persons.** (a) The  
293.34 commissioner may implement demonstration projects to create alternative integrated

294.1 delivery systems for acute and long-term care services to elderly persons and persons  
294.2 with disabilities as defined in section 256B.77, subdivision 7a, that provide increased  
294.3 coordination, improve access to quality services, and mitigate future cost increases.  
294.4 The commissioner may seek federal authority to combine Medicare and Medicaid  
294.5 capitation payments for the purpose of such demonstrations and may contract with  
294.6 Medicare-approved special needs plans to provide Medicaid services. Medicare funds and  
294.7 services shall be administered according to the terms and conditions of the federal waiver  
294.8 and demonstration provisions. For the purpose of administering medical assistance funds,  
294.9 demonstrations under this subdivision are subject to subdivisions 1 to 22. The provisions  
294.10 of Minnesota Rules, parts 9500.1450 to 9500.1464, apply to these demonstrations, with the  
294.11 exceptions of parts 9500.1452, subpart 2, item B; and 9500.1457, subpart 1, items B and  
294.12 C, which do not apply to persons enrolling in demonstrations under this section. An initial  
294.13 open enrollment period may be provided. Persons who disenroll from demonstrations  
294.14 under this subdivision remain subject to Minnesota Rules, parts 9500.1450 to 9500.1464.  
294.15 When a person is enrolled in a health plan under these demonstrations and the health  
294.16 plan's participation is subsequently terminated for any reason, the person shall be provided  
294.17 an opportunity to select a new health plan and shall have the right to change health plans  
294.18 within the first 60 days of enrollment in the second health plan. Persons required to  
294.19 participate in health plans under this section who fail to make a choice of health plan shall  
294.20 not be randomly assigned to health plans under these demonstrations. Notwithstanding  
294.21 section 256L.12, subdivision 5, and Minnesota Rules, part 9505.5220, subpart 1, item A,  
294.22 if adopted, for the purpose of demonstrations under this subdivision, the commissioner  
294.23 may contract with managed care organizations, including counties, to serve only elderly  
294.24 persons eligible for medical assistance, elderly and disabled persons, or disabled persons  
294.25 only. For persons with primary diagnoses of mental retardation or a related condition,  
294.26 serious and persistent mental illness, or serious emotional disturbance, the commissioner  
294.27 must ensure that the county authority has approved the demonstration and contracting  
294.28 design. Enrollment in these projects for persons with disabilities shall be voluntary. The  
294.29 commissioner shall not implement any demonstration project under this subdivision for  
294.30 persons with primary diagnoses of mental retardation or a related condition, serious and  
294.31 persistent mental illness, or serious emotional disturbance, without approval of the county  
294.32 board of the county in which the demonstration is being implemented.

294.33 (b) Notwithstanding chapter 245B, sections 252.40 to 252.46, 256B.092, 256B.501  
294.34 to 256B.5015, and Minnesota Rules, parts 9525.0004 to 9525.0036, 9525.1200 to  
294.35 9525.1330, 9525.1580, and 9525.1800 to 9525.1930, the commissioner may implement  
294.36 under this section projects for persons with developmental disabilities. The commissioner

295.1 may capitate payments for ICF/MR services, waived services for mental retardation or  
295.2 related conditions, including case management services, day training and habilitation and  
.95.3 alternative active treatment services, and other services as approved by the state and by the  
295.4 federal government. Case management and active treatment must be individualized and  
295.5 developed in accordance with a person-centered plan. Costs under these projects may not  
295.6 exceed costs that would have been incurred under fee-for-service. Beginning July 1, 2003,  
295.7 and until two years after the pilot project implementation date, subcontractor participation  
295.8 in the long-term care developmental disability pilot is limited to a nonprofit long-term  
295.9 care system providing ICF/MR services, home and community-based waiver services,  
295.10 and in-home services to no more than 120 consumers with developmental disabilities in  
295.11 Carver, Hennepin, and Scott Counties. The commissioner shall report to the legislature  
295.12 prior to expansion of the developmental disability pilot project. This paragraph expires  
295.13 two years after the implementation date of the pilot project.

295.14 (c) Before implementation of a demonstration project for disabled persons, the  
295.15 commissioner must provide information to appropriate committees of the house of  
295.16 representatives and senate and must involve representatives of affected disability groups  
295.17 in the design of the demonstration projects.

295.18 (d) A nursing facility reimbursed under the alternative reimbursement methodology  
295.19 in section 256B.434 may, in collaboration with a hospital, clinic, or other health care entity  
295.20 provide services under paragraph (a). The commissioner shall amend the state plan and  
295.21 seek any federal waivers necessary to implement this paragraph.

295.22 (e) The commissioner, in consultation with the commissioners of commerce and  
295.23 health, may approve and implement programs for all-inclusive care for the elderly (PACE)  
.95.24 according to federal laws and regulations governing that program and state laws or rules  
295.25 applicable to participating providers. The process for approval of these programs shall  
295.26 begin only after the commissioner receives grant money in an amount sufficient to cover  
295.27 the state share of the administrative and actuarial costs to implement the programs during  
295.28 state fiscal years 2006 and 2007. Grant amounts for this purpose shall be deposited in an  
295.29 account in the special revenue fund and are appropriated to the commissioner to be used  
295.30 solely for the purpose of PACE administrative and actuarial costs. A PACE provider is  
295.31 not required to be licensed or certified as a health plan company as defined in section  
295.32 62Q.01, subdivision 4. Persons age 55 and older who have been screened by the county  
295.33 and found to be eligible for services under the elderly waiver or community alternatives  
5.34 for disabled individuals or who are already eligible for Medicaid but meet level of  
295.35 care criteria for receipt of waiver services may choose to enroll in the PACE program.  
295.36 Medicare and Medicaid services will be provided according to this subdivision and

296.1 federal Medicare and Medicaid requirements governing PACE providers and programs.  
296.2 PACE enrollees will receive Medicaid home and community-based services through the  
296.3 PACE provider as an alternative to services for which they would otherwise be eligible  
296.4 through home and community-based waiver programs and Medicaid State Plan Services.  
296.5 The commissioner shall establish Medicaid rates for PACE providers that do not exceed  
296.6 costs that would have been incurred under fee-for-service or other relevant managed care  
296.7 programs operated by the state.

296.8 (f) The commissioner shall seek federal approval to expand the Minnesota disability  
296.9 health options (MnDHO) program established under this subdivision in stages, first to  
296.10 regional population centers outside the seven-county metro area and then to all areas  
296.11 of the state. Until January 1, 2008, expansion for MnDHO projects that include home  
296.12 and community-based services is limited to the two projects and service areas in effect  
296.13 on March 1, 2006. Enrollment in integrated MnDHO programs that include home and  
296.14 community-based services shall remain voluntary. Costs for home and community-based  
296.15 services included under MnDHO must not exceed costs that would have been incurred  
296.16 under the fee-for-service program. In developing program specifications for expansion of  
296.17 integrated programs, the commissioner shall involve and consult the state-level stakeholder  
296.18 group established in subdivision 28, paragraph (d), including consultation on whether and  
296.19 how to include home and community-based waiver programs. Plans for further expansion  
296.20 of MnDHO projects shall be presented to the chairs of the house and senate committees  
296.21 with jurisdiction over health and human services policy and finance by February 1, 2007.

296.22 (g) Notwithstanding section 256B.0261, health plans providing services under this  
296.23 section are responsible for home care targeted case management and relocation targeted  
296.24 case management. Services must be provided according to the terms of the waivers and  
296.25 contracts approved by the federal government.

296.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.

296.27 Sec. 37. Minnesota Statutes 2004, section 256B.69, is amended by adding a  
296.28 subdivision to read:

296.29 **Subd. 28. Medicare special needs plans and medical assistance basic health**  
296.30 **care for persons with disabilities.** (a) The commissioner may contract with qualified  
296.31 Medicare-approved special needs plans to provide medical assistance basic health care  
296.32 services to persons with disabilities, including those with developmental disabilities.  
296.33 Basic health care services include:

296.34 (1) those services covered by the medical assistance state plan except for ICF/MR  
296.35 services, home and community-based waiver services, case management for persons with

297.1 developmental disabilities under section 256B.0625, subdivision 20a, and personal care  
297.2 and certain home care services defined by the commissioner in consultation with the  
297.3 stakeholder group established under paragraph (d);

297.4 (2) basic health care services may also include risk for up to 100 days of nursing  
297.5 facility services for persons who reside in a noninstitutional setting and home health  
297.6 services related to rehabilitation as defined by the commissioner after consultation with  
297.7 the stakeholder group; and

297.8 (3) the commissioner may exclude other medical assistance services from the basic  
297.9 health care benefit set. Enrollees in these plans can access any excluded services on the  
297.10 same basis as other medical assistance recipients who have not enrolled.

297.11 Unless a person is otherwise required to enroll in managed care, enrollment in these  
297.12 plans for Medicaid services must be voluntary. For purposes of this subdivision, automatic  
297.13 enrollment with an option to opt out is not voluntary enrollment.

297.14 (b) Beginning January 1, 2007, the commissioner may contract with qualified  
297.15 Medicare special needs plans to provide basic health care services under medical  
297.16 assistance to persons who are dually eligible for both Medicare and Medicaid and those  
297.17 Social Security beneficiaries eligible for Medicaid but in the waiting period for Medicare.  
297.18 The commissioner shall consult with the stakeholder group under paragraph (d) in  
297.19 developing program specifications for these services. The commissioner shall report to  
297.20 the chairs of the house and senate committees with jurisdiction over health and human  
297.21 services policy and finance by February 1, 2007, on implementation of these programs and  
297.22 the need for increased funding for the ombudsman for managed care and other consumer  
297.23 assistance and protections needed due to enrollment in managed care of persons with  
297.24 disabilities. Payment for Medicaid services provided under this subdivision for the months  
297.25 of May and June will be made no earlier than July 1 of the same calendar year.

297.26 (c) Beginning January 1, 2008, the commissioner may expand contracting under this  
297.27 subdivision to all persons with disabilities not otherwise required to enroll in managed  
297.28 care.

297.29 (d) The commissioner shall establish a state-level stakeholder group to provide  
297.30 advice on managed care programs for persons with disabilities, including both MnDHO  
297.31 and contracts with special needs plans that provide basic health care services as described  
297.32 in paragraphs (a) and (b). The stakeholder group shall provide advice on program  
297.33 expansions under this subdivision and subdivision 23, including:

297.34 (1) implementation efforts;

297.35 (2) consumer protections; and

298.1 (3) program specifications such as quality assurance measures, data collection and  
298.2 reporting, and evaluation of costs, quality, and results.

298.3 (e) Each plan under contract to provide medical assistance basic health care services  
298.4 shall establish a local or regional stakeholder group, including representatives of the  
298.5 counties covered by the plan, members, consumer advocates, and providers, for advice on  
298.6 issues that arise in the local or regional area.

298.7 Sec. 38. Minnesota Statutes 2004, section 256B.76, is amended to read:

298.8 **256B.76 PHYSICIAN AND DENTAL REIMBURSEMENT.**

298.9 (a) Effective for services rendered on or after October 1, 1992, the commissioner  
298.10 shall make payments for physician services as follows:

298.11 (1) payment for level one Centers for Medicare and Medicaid Services' common  
298.12 procedural coding system codes titled "office and other outpatient services," "preventive  
298.13 medicine new and established patient," "delivery, antepartum, and postpartum care,"  
298.14 "critical care," cesarean delivery and pharmacologic management provided to psychiatric  
298.15 patients, and level three codes for enhanced services for prenatal high risk, shall be paid  
298.16 at the lower of (i) submitted charges, or (ii) 25 percent above the rate in effect on June  
298.17 30, 1992. If the rate on any procedure code within these categories is different than the  
298.18 rate that would have been paid under the methodology in section 256B.74, subdivision 2,  
298.19 then the larger rate shall be paid;

298.20 (2) payments for all other services shall be paid at the lower of (i) submitted charges,  
298.21 or (ii) 15.4 percent above the rate in effect on June 30, 1992;

298.22 (3) all physician rates shall be converted from the 50th percentile of 1982 to the 50th  
298.23 percentile of 1989, less the percent in aggregate necessary to equal the above increases  
298.24 except that payment rates for home health agency services shall be the rates in effect  
298.25 on September 30, 1992;

298.26 (4) effective for services rendered on or after January 1, 2000, payment rates for  
298.27 physician and professional services shall be increased by three percent over the rates in  
298.28 effect on December 31, 1999, except for home health agency and family planning agency  
298.29 services; and

298.30 (5) the increases in clause (4) shall be implemented January 1, 2000, for managed  
298.31 care.

298.32 (b) Effective for services rendered on or after October 1, 1992, the commissioner  
298.33 shall make payments for dental services as follows:

298.34 (1) dental services shall be paid at the lower of (i) submitted charges, or (ii) 25  
298.35 percent above the rate in effect on June 30, 1992;

299.1 (2) dental rates shall be converted from the 50th percentile of 1982 to the 50th  
299.2 percentile of 1989, less the percent in aggregate necessary to equal the above increases;

299.3 (3) effective for services rendered on or after January 1, 2000, payment rates for  
299.4 dental services shall be increased by three percent over the rates in effect on December  
299.5 31, 1999;

299.6 (4) the commissioner shall award grants to community clinics or other nonprofit  
299.7 community organizations, political subdivisions, professional associations, or other  
299.8 organizations that demonstrate the ability to provide dental services effectively to public  
299.9 program recipients. Grants may be used to fund the costs related to coordinating access for  
299.10 recipients, developing and implementing patient care criteria, upgrading or establishing  
299.11 new facilities, acquiring furnishings or equipment, recruiting new providers, or other  
299.12 development costs that will improve access to dental care in a region. In awarding grants,  
299.13 the commissioner shall give priority to applicants that plan to serve areas of the state in  
299.14 which the number of dental providers is not currently sufficient to meet the needs of  
299.15 recipients of public programs or uninsured individuals. The commissioner shall consider  
299.16 the following in awarding the grants:

299.17 (i) potential to successfully increase access to an underserved population;

299.18 (ii) the ability to raise matching funds;

299.19 (iii) the long-term viability of the project to improve access beyond the period  
299.20 of initial funding;

299.21 (iv) the efficiency in the use of the funding; and

299.22 (v) the experience of the proposers in providing services to the target population.

299.23 The commissioner shall monitor the grants and may terminate a grant if the grantee  
299.24 does not increase dental access for public program recipients. The commissioner shall  
299.25 consider grants for the following:

299.26 (i) implementation of new programs or continued expansion of current access  
299.27 programs that have demonstrated success in providing dental services in underserved  
299.28 areas;

299.29 (ii) a pilot program for utilizing hygienists outside of a traditional dental office to  
299.30 provide dental hygiene services; and

299.31 (iii) a program that organizes a network of volunteer dentists, establishes a system to  
299.32 refer eligible individuals to volunteer dentists, and through that network provides donated  
299.33 dental care services to public program recipients or uninsured individuals;

299.34 (5) beginning October 1, 1999, the payment for tooth sealants and fluoride treatments  
299.35 shall be the lower of (i) submitted charge, or (ii) 80 percent of median 1997 charges;

300.1 (6) the increases listed in clauses (3) and (5) shall be implemented January 1, 2000,  
300.2 for managed care; and

300.3 (7) effective for services provided on or after January 1, 2002, payment for  
300.4 diagnostic examinations and dental x-rays provided to children under age 21 shall be the  
300.5 lower of (i) the submitted charge, or (ii) 85 percent of median 1999 charges.

300.6 (c) Effective for dental services rendered on or after ~~January 1, 2002~~ July 1, 2006,  
300.7 the commissioner ~~may, within the limits of available appropriation, shall increase~~  
300.8 reimbursements to dentists and dental clinics deemed by the commissioner to be critical  
300.9 access dental providers. ~~Reimbursement to a critical access dental provider may be~~  
300.10 ~~increased by not more than 50~~ 6.88 percent above the reimbursement rate that would  
300.11 otherwise be paid to the provider. Payments to ~~health plan companies~~ prepaid health plans  
300.12 shall be adjusted to reflect increased reimbursements to critical access dental providers as  
300.13 approved by the commissioner. In determining which dentists and dental clinics shall be  
300.14 deemed critical access dental providers, the commissioner shall review:

300.15 (1) the utilization rate in the service area in which the dentist or dental clinic operates  
300.16 for dental services to patients covered by medical assistance, general assistance medical  
300.17 care, or MinnesotaCare as their primary source of coverage;

300.18 (2) the level of services provided by the dentist or dental clinic to patients covered  
300.19 by medical assistance, general assistance medical care, or MinnesotaCare as their primary  
300.20 source of coverage; and

300.21 (3) whether the level of services provided by the dentist or dental clinic is critical to  
300.22 maintaining adequate levels of patient access within the service area.

300.23 (d) The commissioner shall award special hardship grants to nonprofit dental  
300.24 providers with a high proportion of uninsured patients that equals or exceeds 15 percent  
300.25 of the total number of patients served by that provider and the provider does not receive  
300.26 a financial benefit comparable to other critical access dental providers under the critical  
300.27 access dental provider formula described in paragraph (c). The commissioner shall award  
300.28 a grant to these providers allocated in proportion to each critical access dental provider's  
300.29 ratio of uninsured patients to the total number of patients served by all providers who  
300.30 qualify for a grant under this paragraph.

300.31 In the absence of a critical access dental provider in a service area, the commissioner may  
300.32 designate a dentist or dental clinic as a critical access dental provider if the dentist or  
300.33 dental clinic is willing to provide care to patients covered by medical assistance, general  
300.34 assistance medical care, or MinnesotaCare at a level which significantly increases access  
300.35 to dental care in the service area.

301.1 ~~(d)~~ (e) An entity that operates both a Medicare certified comprehensive outpatient  
301.2 rehabilitation facility and a facility which was certified prior to January 1, 1993, that is  
301.3 licensed under Minnesota Rules, parts 9570.2000 to 9570.3600, and for whom at least 33  
301.4 percent of the clients receiving rehabilitation services in the most recent calendar year are  
301.5 medical assistance recipients, shall be reimbursed by the commissioner for rehabilitation  
301.6 services at rates that are 38 percent greater than the maximum reimbursement rate  
301.7 allowed under paragraph (a), clause (2), when those services are (1) provided within the  
301.8 comprehensive outpatient rehabilitation facility and (2) provided to residents of nursing  
301.9 facilities owned by the entity.

301.10 ~~(e)~~ (f) Effective for services rendered on or after January 1, 2007, the commissioner  
301.11 shall make payments for physician and professional services based on the Medicare  
301.12 relative value units (RVUs). This change shall be budget neutral and the cost of  
301.13 implementing RVUs will be incorporated in the established conversion factor.

301.14 **EFFECTIVE DATE.** This section is effective July 1, 2006.

301.15 Sec. 39. Minnesota Statutes 2005 Supplement, section 256D.03, subdivision 3, is  
301.16 amended to read:

301.17 Subd. 3. **General assistance medical care; eligibility.** (a) General assistance  
301.18 medical care may be paid for any person who is not eligible for medical assistance under  
301.19 chapter 256B, including eligibility for medical assistance based on a spenddown of excess  
301.20 income according to section 256B.056, subdivision 5, or MinnesotaCare as defined in  
301.21 paragraph (b), except as provided in paragraph (c), and:

301.22 (1) who is receiving assistance under section 256D.05, except for families with  
301.23 children who are eligible under Minnesota family investment program (MFIP), or who is  
301.24 having a payment made on the person's behalf under sections 256I.01 to 256I.06; or

301.25 (2) who is a resident of Minnesota; and

301.26 (i) who has gross countable income not in excess of 75 percent of the federal poverty  
301.27 guidelines for the family size, using a six-month budget period and whose equity in assets  
301.28 is not in excess of \$1,000 per assistance unit. Exempt assets, the reduction of excess  
301.29 assets, and the waiver of excess assets must conform to the medical assistance program in  
301.30 section 256B.056, subdivision 3, with the following exception: the maximum amount of  
301.31 undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by  
301.32 the trustee, assuming the full exercise of the trustee's discretion under the terms of the  
301.33 trust, must be applied toward the asset maximum;

301.34 (ii) who has gross countable income above 75 percent of the federal poverty  
301.35 guidelines but not in excess of 175 percent of the federal poverty guidelines for the

302.1 family size, using a six-month budget period, whose equity in assets is not in excess  
302.2 of the limits in section 256B.056, subdivision 3c, and who applies during an inpatient  
302.3 hospitalization; or

302.4 (iii) the commissioner shall adjust the income standards under this section each July  
302.5 1 by the annual update of the federal poverty guidelines following publication by the  
302.6 United States Department of Health and Human Services.

302.7 (b) Effective for applications and renewals processed on or after September 1, 2006,  
302.8 general assistance medical care may not be paid for applicants or recipients who are adults  
302.9 with dependent children under 21 whose gross family income is equal to or less than 275  
302.10 percent of the federal poverty guidelines who are not described in paragraph (e).

302.11 (c) Effective for applications and renewals processed on or after September 1, 2006,  
302.12 general assistance medical care may be paid for applicants and recipients who meet all  
302.13 eligibility requirements of paragraph (a), clause (2), item (i), for a temporary period  
302.14 beginning the date of application. Immediately following approval of general assistance  
302.15 medical care, enrollees shall be enrolled in MinnesotaCare under section 256L.04,  
302.16 subdivision 7, with covered services as provided in section 256L.03 for the rest of the  
302.17 six-month eligibility period, until their six-month renewal.

302.18 (d) To be eligible for general assistance medical care following enrollment in  
302.19 MinnesotaCare as required by paragraph (c), an individual must complete a new  
302.20 application.

302.21 (e) Applicants and recipients eligible under paragraph (a), clause (1); ~~or~~; who have  
302.22 applied for and are awaiting a determination of blindness or disability by the state medical  
302.23 review team or a determination of eligibility for Supplemental Security Income or Social  
302.24 Security Disability Insurance by the Social Security Administration; ~~or~~; who fail to meet  
302.25 the requirements of section 256L.09, subdivision 2; who are classified as end-stage renal  
302.26 disease beneficiaries in the Medicare program; who are enrolled in private health care  
302.27 coverage as defined in section 256B.02, subdivision 9; who are eligible under paragraph  
302.28 (j); or who receive treatment funded pursuant to section 254B.02 are exempt from the  
302.29 MinnesotaCare enrollment requirements of this subdivision.

302.30 (f) For applications received on or after October 1, 2003, eligibility may begin no  
302.31 earlier than the date of application. For individuals eligible under paragraph (a), clause  
302.32 (2), item (i), a redetermination of eligibility must occur every 12 months. Individuals are  
302.33 eligible under paragraph (a), clause (2), item (ii), only during inpatient hospitalization but  
302.34 may reapply if there is a subsequent period of inpatient hospitalization.

302.35 (g) Beginning September 1, 2006, Minnesota health care program applications and  
302.36 renewals completed by recipients and applicants who are persons described in paragraph

303.1 (c) and submitted to the county agency shall be determined for MinnesotaCare eligibility  
303.2 by the county agency. If all other eligibility requirements of this subdivision are met,  
303.3 eligibility for general assistance medical care shall be available in any month during which  
303.4 MinnesotaCare enrollment is pending. Upon notification of eligibility for MinnesotaCare,  
303.5 notice of termination for eligibility for general assistance medical care shall be sent to  
303.6 an applicant or recipient. If all other eligibility requirements of this subdivision are  
303.7 met, eligibility for general assistance medical care shall be available until enrollment in  
303.8 MinnesotaCare subject to the provisions of paragraphs (c), (e), and (f).

303.9 (h) The date of an initial Minnesota health care program application necessary to  
303.10 begin a determination of eligibility shall be the date the applicant has provided a name,  
303.11 address, and Social Security number, signed and dated, to the county agency or the  
303.12 Department of Human Services. If the applicant is unable to provide a name, address,  
303.13 Social Security number, and signature when health care is delivered due to a medical  
303.14 condition or disability, a health care provider may act on an applicant's behalf to establish  
303.15 the date of an initial Minnesota health care program application by providing the county  
303.16 agency or Department of Human Services with provider identification and a temporary  
303.17 unique identifier for the applicant. The applicant must complete the remainder of the  
303.18 application and provide necessary verification before eligibility can be determined. The  
303.19 county agency must assist the applicant in obtaining verification if necessary.

303.20 (i) County agencies are authorized to use all automated databases containing  
303.21 information regarding recipients' or applicants' income in order to determine eligibility  
303.22 for general assistance medical care or MinnesotaCare. Such use shall be considered  
303.23 sufficient in order to determine eligibility and premium payments by the county agency.

303.24 (j) General assistance medical care is not available for a person in a correctional  
303.25 facility unless the person is detained by law for less than one year in a county correctional  
303.26 or detention facility as a person accused or convicted of a crime, or admitted as an  
303.27 inpatient to a hospital on a criminal hold order, and the person is a recipient of general  
303.28 assistance medical care at the time the person is detained by law or admitted on a criminal  
303.29 hold order and as long as the person continues to meet other eligibility requirements  
303.30 of this subdivision.

303.31 (k) General assistance medical care is not available for applicants or recipients who  
303.32 do not cooperate with the county agency to meet the requirements of medical assistance.

303.33 (l) In determining the amount of assets of an individual eligible under paragraph  
303.34 (a), clause (2), item (i), there shall be included any asset or interest in an asset, including  
303.35 an asset excluded under paragraph (a), that was given away, sold, or disposed of for  
303.36 less than fair market value within the 60 months preceding application for general

304.1 assistance medical care or during the period of eligibility. Any transfer described in this  
304.2 paragraph shall be presumed to have been for the purpose of establishing eligibility for  
304.3 general assistance medical care, unless the individual furnishes convincing evidence to  
304.4 establish that the transaction was exclusively for another purpose. For purposes of this  
304.5 paragraph, the value of the asset or interest shall be the fair market value at the time it  
304.6 was given away, sold, or disposed of, less the amount of compensation received. For any  
304.7 uncompensated transfer, the number of months of ineligibility, including partial months,  
304.8 shall be calculated by dividing the uncompensated transfer amount by the average monthly  
304.9 per person payment made by the medical assistance program to skilled nursing facilities  
304.10 for the previous calendar year. The individual shall remain ineligible until this fixed period  
304.11 has expired. The period of ineligibility may exceed 30 months, and a reapplication for  
304.12 benefits after 30 months from the date of the transfer shall not result in eligibility unless  
304.13 and until the period of ineligibility has expired. The period of ineligibility begins in the  
304.14 month the transfer was reported to the county agency, or if the transfer was not reported,  
304.15 the month in which the county agency discovered the transfer, whichever comes first. For  
304.16 applicants, the period of ineligibility begins on the date of the first approved application.

304.17 (m) When determining eligibility for any state benefits under this subdivision,  
304.18 the income and resources of all noncitizens shall be deemed to include their sponsor's  
304.19 income and resources as defined in the Personal Responsibility and Work Opportunity  
304.20 Reconciliation Act of 1996, title IV, Public Law 104-193, sections 421 and 422, and  
304.21 subsequently set out in federal rules.

304.22 (n) Undocumented noncitizens and nonimmigrants are ineligible for general  
304.23 assistance medical care. For purposes of this subdivision, a nonimmigrant is an individual  
304.24 in one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and  
304.25 an undocumented noncitizen is an individual who resides in the United States without the  
304.26 approval or acquiescence of the Immigration and Naturalization Service.

304.27 (o) Notwithstanding any other provision of law, a noncitizen who is ineligible for  
304.28 medical assistance due to the deeming of a sponsor's income and resources, is ineligible  
304.29 for general assistance medical care.

304.30 (p) Effective July 1, 2003, general assistance medical care emergency services end.

304.31 **EFFECTIVE DATE.** This section is effective September 1, 2006.

304.32 Sec. 40. Minnesota Statutes 2005 Supplement, section 256L.01, subdivision 4, is  
304.33 amended to read:

304.34 Subd. 4. **Gross individual or gross family income.** (a) "Gross individual or gross  
304.35 family income" for nonfarm self-employed means income calculated for the six-month

305.1 period of eligibility using the net profit or loss reported on the applicant's federal income  
305.2 tax form for the previous year and using the medical assistance families with children  
305.3 methodology for determining allowable and nonallowable self-employment expenses and  
305.4 countable income.

305.5 (b) "Gross individual or gross family income" for farm self-employed means income  
305.6 calculated for the six-month period of eligibility using as the baseline the adjusted gross  
305.7 income reported on the applicant's federal income tax form for the previous year ~~and~~  
305.8 ~~adding back in reported depreciation amounts that apply to the business in which the~~  
305.9 ~~family is currently engaged.~~

305.10 (c) "Gross individual or gross family income" means the total income for all family  
305.11 members, calculated for the six-month period of eligibility.

305.12 EFFECTIVE DATE. This section is effective July 1, 2007, or upon federal  
305.13 approval, whichever is later.

305.14 Sec. 41. Minnesota Statutes 2005 Supplement, section 256L.03, subdivision 1, is  
305.15 amended to read:

305.16 Subdivision 1. **Covered health services.** ~~For individuals under section 256L.04,~~  
305.17 ~~subdivision 7, with income no greater than 75 percent of the federal poverty guidelines~~  
305.18 ~~or for families with children under section 256L.04, subdivision 1, all subdivisions of~~  
305.19 ~~this section apply.~~ "Covered health services" means the health services reimbursed  
305.20 under chapter 256B, with the exception of inpatient hospital services, special education  
305.21 services, private duty nursing services, adult dental care services other than services  
305.22 covered under section 256B.0625, subdivision 9, orthodontic services, nonemergency  
305.23 medical transportation services, personal care assistant and case management services,  
305.24 nursing home or intermediate care facilities services, inpatient mental health services,  
305.25 and chemical dependency services. Outpatient mental health services covered under the  
305.26 MinnesotaCare program are limited to diagnostic assessments, psychological testing,  
305.27 explanation of findings, mental health telemedicine, psychiatric consultation, medication  
305.28 management by a physician, day treatment, partial hospitalization, and individual, family,  
305.29 and group psychotherapy.

305.30 No public funds shall be used for coverage of abortion under MinnesotaCare  
305.31 except where the life of the female would be endangered or substantial and irreversible  
305.32 impairment of a major bodily function would result if the fetus were carried to term; or  
305.33 where the pregnancy is the result of rape or incest.

305.34 Covered health services shall be expanded as provided in this section.

306.1 **EFFECTIVE DATE. This section is effective July 1, 2007.**

306.2 Sec. 42. Minnesota Statutes 2004, section 256L.03, subdivision 3, is amended to read:

306.3 **Subd. 3. Inpatient hospital services.** (a) Covered health services shall include  
306.4 inpatient hospital services, including inpatient hospital mental health services and inpatient  
306.5 hospital and residential chemical dependency treatment, subject to those limitations  
306.6 necessary to coordinate the provision of these services with eligibility under the medical  
306.7 assistance spenddown. ~~Prior to July 1, 1997, the inpatient hospital benefit for adult~~  
306.8 ~~enrollees is subject to an annual benefit limit of \$10,000.~~ The inpatient hospital benefit  
306.9 for adult enrollees who qualify under section 256L.04, subdivision 7, or who qualify  
306.10 under section 256L.04, subdivisions 1 and 2, with family gross income that exceeds  
306.11 175 percent of the federal poverty guidelines and who are not pregnant, is subject to an  
306.12 annual limit of ~~\$10,000~~ \$20,000.

306.13 (b) Admissions for inpatient hospital services paid for under section 256L.11,  
306.14 subdivision 3, must be certified as medically necessary in accordance with Minnesota  
306.15 Rules, parts 9505.0500 to 9505.0540, except as provided in clauses (1) and (2):

306.16 (1) all admissions must be certified, except those authorized under rules established  
306.17 under section 254A.03, subdivision 3, or approved under Medicare; and

306.18 (2) payment under section 256L.11, subdivision 3, shall be reduced by five percent  
306.19 for admissions for which certification is requested more than 30 days after the day of  
306.20 admission. The hospital may not seek payment from the enrollee for the amount of the  
306.21 payment reduction under this clause.

306.22 **EFFECTIVE DATE. This section is effective July 1, 2007.**

306.23 Sec. 43. Minnesota Statutes 2005 Supplement, section 256L.03, subdivision 5, is  
306.24 amended to read:

306.25 **Subd. 5. Co-payments and coinsurance.** (a) Except as provided in paragraphs (b)  
306.26 and (c), the MinnesotaCare benefit plan shall include the following co-payments and  
306.27 coinsurance requirements for all enrollees:

306.28 (1) ten percent of the paid charges for inpatient hospital services for adult enrollees,  
306.29 subject to an annual inpatient out-of-pocket maximum of \$1,000 per individual and  
306.30 \$3,000 per family;

306.31 (2) \$3 per prescription for adult enrollees;

306.32 (3) \$25 for eyeglasses for adult enrollees;

306.33 (4) \$3 per nonpreventive visit. For purposes of this subdivision, a "visit" means an  
306.34 episode of service which is required because of a recipient's symptoms, diagnosis, or

307.1 established illness, and which is delivered in an ambulatory setting by a physician or  
307.2 physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse,  
307.3 audiologist, optician, or optometrist; and

307.4 (5) \$6 for nonemergency visits to a hospital-based emergency room; ~~and~~

307.5 ~~((6) 50 percent of the fee-for-service rate for adult dental care services other than~~  
307.6 ~~preventive care services for persons eligible under section 256L.04, subdivisions 1 to 7,~~  
307.7 ~~with income equal to or less than 175 percent of the federal poverty guidelines.~~

307.8 (b) Paragraph (a), clause (1), does not apply to parents and relative caretakers of  
307.9 children under the age of 21 ~~in households with family income equal to or less than 175~~  
307.10 ~~percent of the federal poverty guidelines. Paragraph (a), clause (1), does not apply to~~  
307.11 ~~parents and relative caretakers of children under the age of 21 in households with family~~  
307.12 ~~income greater than 175 percent of the federal poverty guidelines for inpatient hospital~~  
307.13 ~~admissions occurring on or after January 1, 2001.~~

307.14 (c) Paragraph (a), clauses (1) to (4), do not apply to pregnant women and children  
307.15 under the age of 21.

307.16 (d) Adult enrollees with family gross income that exceeds 175 percent of the  
307.17 federal poverty guidelines and who are not pregnant shall be financially responsible for  
307.18 the coinsurance amount, if applicable, and amounts which exceed the ~~\$10,000~~ \$20,000  
307.19 inpatient hospital benefit limit.

307.20 (e) When a MinnesotaCare enrollee becomes a member of a prepaid health  
307.21 plan, or changes from one prepaid health plan to another during a calendar year, any  
307.22 charges submitted towards the ~~\$10,000~~ \$20,000 annual inpatient benefit limit, and any  
307.23 out-of-pocket expenses incurred by the enrollee for inpatient services, that were submitted  
307.24 or incurred prior to enrollment, or prior to the change in health plans, shall be disregarded.

307.25 **EFFECTIVE DATE.** This section is effective July 1, 2007.

307.26 Sec. 44. Minnesota Statutes 2005 Supplement, section 256L.04, subdivision 1a,  
307.27 is amended to read:

307.28 Subd. 1a. **Social Security number required.** (a) Individuals and families applying  
307.29 for MinnesotaCare coverage must provide a Social Security number. This requirement  
307.30 does not apply to an undocumented noncitizen or nonimmigrant who is eligible for  
307.31 MinnesotaCare.

307.32 (b) The commissioner shall not deny eligibility to an otherwise eligible applicant  
307.33 who has applied for a Social Security number and is awaiting issuance of that Social  
307.34 Security number.

308.1 (c) Newborns enrolled under section 256L.05, subdivision 3, are exempt from the  
308.2 requirements of this subdivision.

308.3 (d) Individuals who refuse to provide a Social Security number because of  
308.4 well-established religious objections are exempt from the requirements of this subdivision.  
308.5 The term "well-established religious objections" has the meaning given in Code of Federal  
308.6 Regulations, title 42, section 435.910.

308.7 Sec. 45. Minnesota Statutes 2004, section 256L.04, subdivision 7, is amended to read:

308.8 Subd. 7. **Single adults and households with no children.** The definition of eligible  
308.9 persons includes all individuals and households with no children who have gross family  
308.10 incomes that are equal to or less than ~~175~~ 200 percent of the federal poverty guidelines.

308.11 **EFFECTIVE DATE. This section is effective July 1, 2007.**

308.12 Sec. 46. Minnesota Statutes 2004, section 256L.04, subdivision 10, is amended to read:

308.13 Subd. 10. **Citizenship requirements.** (a) Eligibility for MinnesotaCare is limited  
308.14 to citizens or nationals of the United States, qualified noncitizens, and other persons  
308.15 residing lawfully in the United States as described in section 256B.06, subdivision 4,  
308.16 paragraphs (a) to (e) and (j). Undocumented noncitizens and nonimmigrants are ineligible  
308.17 for MinnesotaCare. For purposes of this subdivision, a nonimmigrant is an individual in  
308.18 one or more of the classes listed in United States Code, title 8, section 1101(a)(15), and an  
308.19 undocumented noncitizen is an individual who resides in the United States without the  
308.20 approval or acquiescence of the Immigration and Naturalization Service. This paragraph  
308.21 does not apply to children.

308.22 (b) Families with children who are citizens or nationals of the United States must  
308.23 cooperate in obtaining satisfactory documentary evidence of citizenship or nationality as  
308.24 required by the federal Deficit Reduction Act of 2005, Public Law 109-171.

308.25 (c) For purposes of this subdivision, a nonimmigrant is an individual in one or  
308.26 more of the classes listed in United States Code, title 8, section 1101(a)(15), and an  
308.27 undocumented noncitizen is an individual who resides in the United States without the  
308.28 approval or acquiescence of the Immigration and Naturalization Service.

308.29 Sec. 47. Minnesota Statutes 2004, section 256L.04, is amended by adding a subdivision  
308.30 to read:

308.31 Subd. 14. **MinnesotaCare outreach.** (a) The commissioner shall award grants to  
308.32 public or private organizations to provide information on the importance of maintaining

309.1 insurance coverage and on how to obtain coverage through the MinnesotaCare program in  
309.2 areas of the state with high uninsured populations.

309.3 (b) In awarding the grants, the commissioner shall consider the following:

309.4 (1) geographic areas and populations with high uninsured rates;

309.5 (2) the ability to raise matching funds; and

309.6 (3) the ability to contact or serve eligible populations.

309.7 The commissioner shall monitor the grants and may terminate a grant if the outreach  
309.8 effort does not increase enrollment in medical assistance, general assistance medical care,  
309.9 or the MinnesotaCare program.

309.10 **EFFECTIVE DATE.** This section is effective July 1, 2006.

309.11 Sec. 48. Minnesota Statutes 2005 Supplement, section 256L.07, subdivision 1, is  
309.12 amended to read:

309.13 Subdivision 1. **General requirements.** ~~(a) Children enrolled in the original~~  
309.14 ~~children's health plan as of September 30, 1992, children who enrolled in the~~  
309.15 ~~MinnesotaCare program after September 30, 1992, pursuant to Laws 1992, chapter 549,~~  
309.16 ~~article 4, section 17, and children who have family gross incomes that are equal to or~~  
309.17 ~~less than 150 percent of the federal poverty guidelines are eligible without meeting~~  
309.18 ~~the requirements of subdivision 2 and the four-month requirement in subdivision 3, as~~  
309.19 ~~long as they maintain continuous coverage in the MinnesotaCare program or medical~~  
309.20 ~~assistance. Children who apply for MinnesotaCare on or after the implementation date~~  
309.21 ~~of the employer-subsidized health coverage program as described in Laws 1998, chapter~~  
309.22 ~~407, article 5, section 45, who have family gross incomes that are equal to or less than 150~~  
309.23 ~~percent of the federal poverty guidelines, must meet the requirements of subdivision 2 to~~  
309.24 ~~be eligible for MinnesotaCare.~~

309.25 ~~(b) Families enrolled in MinnesotaCare under section 256L.04, subdivision 1,~~  
309.26 ~~whose income increases above 275 percent of the federal poverty guidelines, are no~~  
309.27 ~~longer eligible for the program and shall be disenrolled by the commissioner. Individuals~~  
309.28 ~~enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases~~  
309.29 ~~above 175 200 percent of the federal poverty guidelines are no longer eligible for the~~  
309.30 ~~program and shall be disenrolled by the commissioner. For persons disenrolled under~~  
309.31 ~~this subdivision, MinnesotaCare coverage terminates the last day of the calendar month~~  
309.32 ~~following the month in which the commissioner determines that the income of a family or~~  
309.33 ~~individual exceeds program income limits.~~

309.34 ~~(c) (b) Notwithstanding paragraph (b) (a), children may remain enrolled in~~  
309.35 ~~MinnesotaCare if ten percent of their gross individual or gross family income as defined~~

310.1 in section 256L.01, subdivision 4, is less than the premium for a six-month policy with  
310.2 a \$500 deductible available through the Minnesota Comprehensive Health Association.  
310.3 Children who are no longer eligible for MinnesotaCare under this clause shall be given a  
310.4 12-month notice period from the date that ineligibility is determined before disenrollment.  
310.5 The premium for children remaining eligible under this clause shall be the maximum  
310.6 premium determined under section 256L.15, subdivision 2, paragraph (b).

310.7 ~~(d)~~ (c) Notwithstanding paragraphs ~~(b)~~ (a) and ~~(e)~~ (b), parents are not eligible for  
310.8 MinnesotaCare if gross household income exceeds \$25,000 for the six-month period  
310.9 of eligibility.

310.10 **EFFECTIVE DATE.** Amendments to paragraph (a) are effective January 1, 2009,  
310.11 and amendments to paragraph (b) are effective July 1, 2007.

310.12 Sec. 49. Minnesota Statutes 2004, section 256L.07, subdivision 2, is amended to read:

310.13 Subd. 2. **Must not have access to employer-subsidized coverage.** (a) To be  
310.14 eligible, ~~a family or individual~~ an adult must not have access to subsidized health coverage  
310.15 through an employer and must not have had access to employer-subsidized coverage  
310.16 through a current employer for 18 months prior to application or reapplication. ~~A family~~  
310.17 ~~or individual~~ An adult whose employer-subsidized coverage is lost due to an employer  
310.18 terminating health care coverage as an employee benefit during the previous 18 months  
310.19 is not eligible.

310.20 (b) This subdivision does not apply to ~~a family or individual~~ an adult who was  
310.21 enrolled in MinnesotaCare within six months or less of reapplication and who no longer  
310.22 has employer-subsidized coverage due to the employer terminating health care coverage  
310.23 as an employee benefit.

310.24 (c) For purposes of this requirement, subsidized health coverage means health  
310.25 coverage for which the employer pays at least 50 percent of the cost of coverage for  
310.26 the employee or dependent, or a higher percentage as specified by the commissioner.  
310.27 ~~Children are eligible for employer-subsidized coverage through either parent, including~~  
310.28 ~~the noncustodial parent.~~ The commissioner must treat employer contributions to Internal  
310.29 Revenue Code Section 125 plans and any other employer benefits intended to pay  
310.30 health care costs as qualified employer subsidies toward the cost of health coverage for  
310.31 employees for purposes of this subdivision.

310.32 (d) This subdivision does not apply to children.

310.33 **EFFECTIVE DATE.** This section is effective January 1, 2009.

311.1 Sec. 50. Minnesota Statutes 2005 Supplement, section 256L.07, subdivision 3, is  
311.2 amended to read:

311.3 Subd. 3. **Other health coverage.** (a) ~~Families and individuals~~ Adults enrolled in  
311.4 the MinnesotaCare program must have no health coverage while enrolled or for at least  
311.5 four months prior to application and renewal. ~~Children enrolled in the original children's~~  
311.6 ~~health plan and children in families with income equal to or less than 150 percent of the~~  
311.7 ~~federal poverty guidelines, who have other health insurance, are eligible if the coverage:~~

311.8 (1) ~~lacks two or more of the following:~~

311.9 (i) ~~basic hospital insurance;~~

311.10 (ii) ~~medical-surgical insurance;~~

311.11 (iii) ~~prescription drug coverage;~~

311.12 (iv) ~~dental coverage; or~~

311.13 (v) ~~vision coverage;~~

311.14 (2) ~~requires a deductible of \$100 or more per person per year; or~~

311.15 (3) ~~lacks coverage because the child has exceeded the maximum coverage for a~~  
311.16 ~~particular diagnosis or the policy excludes a particular diagnosis.~~

311.17 The commissioner may change this eligibility criterion for sliding scale premiums in  
311.18 order to remain within the limits of available appropriations. ~~The requirement of no health~~  
311.19 ~~coverage~~ This paragraph does not apply to newborns children.

311.20 (b) Medical assistance, general assistance medical care, and the Civilian Health and  
311.21 Medical Program of the Uniformed Service, CHAMPUS, or other coverage provided under  
311.22 United States Code, title 10, subtitle A, part II, chapter 55, are not considered insurance or  
311.23 health coverage for purposes of the four-month requirement described in this subdivision.

311.24 (c) For purposes of this subdivision, an applicant or enrollee who is entitled to  
311.25 Medicare Part A or enrolled in Medicare Part B coverage under title XVIII of the Social  
311.26 Security Act, United States Code, title 42, sections 1395c to 1395w-152, is considered to  
311.27 have health coverage. An applicant or enrollee who is entitled to premium-free Medicare  
311.28 Part A may not refuse to apply for or enroll in Medicare coverage to establish eligibility  
311.29 for MinnesotaCare.

311.30 (d) Applicants who were recipients of medical assistance or general assistance  
311.31 medical care within one month of application must meet the provisions of this subdivision  
311.32 and subdivision 2.

311.33 (e) Cost-effective health insurance that was paid for by medical assistance is not  
311.34 considered health coverage for purposes of the four-month requirement under this  
311.35 section, except if the insurance continued after medical assistance no longer considered it  
311.36 cost-effective or after medical assistance closed.

312.1 **EFFECTIVE DATE. This section is effective January 1, 2009.**

312.2 Sec. 51. Minnesota Statutes 2004, section 256L.11, subdivision 1, is amended to read:

312.3 Subdivision 1. **Medical assistance rate to be used.** Payment to providers under  
312.4 sections 256L.01 to 256L.11 shall be at the same rates and conditions established for  
312.5 medical assistance, except as provided in subdivisions 2 to ~~6~~ 8.

312.6 **EFFECTIVE DATE. This section is effective July 1, 2006.**

312.7 Sec. 52. Minnesota Statutes 2004, section 256L.11, is amended by adding a subdivision  
312.8 to read:

312.9 **Subd. 7. Critical access dental providers. Effective for dental services provided**  
312.10 **to MinnesotaCare enrollees on or after January 1, 2007, the commissioner shall increase**  
312.11 **payment rates to dentists and dental clinics deemed by the commissioner to be critical**  
312.12 **access providers under section 256B.76, paragraph (c), by 50 percent above the payment**  
312.13 **rate that would otherwise be paid to the provider. The commissioner shall adjust the**  
312.14 **rates paid on or after January 1, 2007, to prepaid health plans under contract with the**  
312.15 **commissioner to reflect this rate increase. The prepaid health plan must pass this rate**  
312.16 **increase to providers who have been identified by the commissioner as critical access**  
312.17 **dental providers under section 256B.76, paragraph (c).**

312.18 **EFFECTIVE DATE. This section is effective July 1, 2006.**

312.19 Sec. 53. Minnesota Statutes 2004, section 256L.11, is amended by adding a subdivision  
312.20 to read:

312.21 **Subd. 8. Provider rate increase. (a) Effective for services provided on or after July**  
312.22 **1, 2006, payments to providers shall be increased by 1.85 percent over the rates in effect**  
312.23 **on June 30, 2006. The commissioner shall adjust the rates paid on or after January 1,**  
312.24 **2007, to prepaid health plans under contract with the commissioner to reflect this payment**  
312.25 **increase. The prepaid health plan must pass this payment increase to providers.**

312.26 **(b) On September 1 of each year, beginning September 1, 2008, the commissioner of**  
312.27 **finance shall determine the projected balance of the health care access fund as of June**  
312.28 **30 of the following year based on the most recent February forecast adjusted for any**  
312.29 **legislative session changes. If the commissioner of finance determines that the projected**  
312.30 **balance in the health care access fund as of that June 30 will exceed five percent of the**  
312.31 **projected expenditures from the fund for the fiscal year ending the following June 30, the**  
312.32 **rate increase described in paragraph (a) shall be paid at a percentage adjusted so that the**

313.1 projected balance in the fund is reduced to an amount equal to five percent of the projected  
313.2 expenditures from the fund. If the commissioner of finance determines that the projected  
313.3 balance in the health care access fund as of June 30 will not exceed five percent of the  
313.4 projected expenditures from the fund for the fiscal year ending the following June 30, the  
313.5 rate increase described in paragraph (a) shall not be paid for the following fiscal year.

313.6 **EFFECTIVE DATE.** This section is effective July 1, 2006.

313.7 Sec. 54. Minnesota Statutes 2004, section 256L.15, subdivision 1, is amended to read:

313.8 Subdivision 1. **Premium determination.** (a) Families with children and individuals  
313.9 shall pay a premium determined according to subdivision 2.

313.10 (b) Pregnant women and children under age two are exempt from the provisions  
313.11 of section 256L.06, subdivision 3, paragraph (b), clause (3), requiring disenrollment  
313.12 for failure to pay premiums. For pregnant women, this exemption continues until the  
313.13 first day of the month following the 60th day postpartum. Women who remain enrolled  
313.14 during pregnancy or the postpartum period, despite nonpayment of premiums, shall be  
313.15 disenrolled on the first of the month following the 60th day postpartum for the penalty  
313.16 period that otherwise applies under section 256L.06, unless they begin paying premiums.

313.17 (c) Members of the military and their families who meet the eligibility criteria for  
313.18 MinnesotaCare upon eligibility approval made within 24 months following the end of  
313.19 the member's tour of active duty shall have their premiums paid by the commissioner.  
313.20 The effective date of coverage for an individual or family who meets the criteria of this  
313.21 paragraph shall be the first day of the month following the month in which eligibility is  
313.22 approved. This exemption shall apply for 12 months if the individual or family remains  
313.23 eligible upon six-month renewal.

313.24 **EFFECTIVE DATE.** This section is effective July 1, 2007, or upon federal  
313.25 approval, whichever is later.

313.26 Sec. 55. Minnesota Statutes 2005 Supplement, section 256L.15, subdivision 2, is  
313.27 amended to read:

313.28 Subd. 2. **Sliding fee scale to determine percentage of monthly gross individual**  
313.29 **or family income.** (a) The commissioner shall establish a sliding fee scale to determine  
313.30 the percentage of monthly gross individual or family income that households at different  
313.31 income levels must pay to obtain coverage through the MinnesotaCare program. The  
313.32 sliding fee scale must be based on the enrollee's monthly gross individual or family  
313.33 income. The sliding fee scale must contain separate tables based on enrollment of one,

314.1 two, or three or more persons. The sliding fee scale begins with a premium of 1.5 percent  
314.2 of monthly gross individual or family income for individuals or families with incomes  
314.3 below the limits for the medical assistance program for families and children in effect on  
314.4 January 1, 1999, and proceeds through the following evenly spaced steps: 1.8, 2.3, 3.1,  
314.5 3.8, 4.8, 5.9, 7.4, and 8.8 percent. These percentages are matched to evenly spaced income  
314.6 steps ranging from the medical assistance income limit for families and children in effect  
314.7 on January 1, 1999, to 275 percent of the federal poverty guidelines for the applicable  
314.8 family size, up to a family size of five. The sliding fee scale for a family of five must be  
314.9 used for families of more than five. Effective October 1, 2003, the commissioner shall  
314.10 increase each percentage by 0.5 percentage points for enrollees with income greater than  
314.11 100 percent but not exceeding 200 percent of the federal poverty guidelines and shall  
314.12 increase each percentage by 1.0 percentage points for families and children with incomes  
314.13 greater than 200 percent of the federal poverty guidelines. The sliding fee scale and  
314.14 percentages are not subject to the provisions of chapter 14. If a family or individual  
314.15 reports increased income after enrollment, premiums shall be adjusted at the time the  
314.16 change in income is reported.

314.17 (b) Children in families whose gross income is above 275 percent of the federal  
314.18 poverty guidelines shall pay the maximum premium. The maximum premium is defined  
314.19 as a base charge for one, two, or three or more enrollees so that if all MinnesotaCare  
314.20 cases paid the maximum premium, the total revenue would equal the total cost of  
314.21 MinnesotaCare medical coverage and administration. In this calculation, administrative  
314.22 costs shall be assumed to equal ten percent of the total. The costs of medical coverage  
314.23 for pregnant women and children under age two and the enrollees in these groups shall  
314.24 be excluded from the total. The maximum premium for two enrollees shall be twice the  
314.25 maximum premium for one, and the maximum premium for three or more enrollees shall  
314.26 be three times the maximum premium for one.

314.27 ~~(c) After calculating the percentage of premium each enrollee shall pay under~~  
314.28 ~~paragraph (a), eight percent shall be added to the premium.~~

314.29 **EFFECTIVE DATE.** This section is effective July 1, 2007.

314.30 **Sec. 56. [256L.20] MINNESOTACARE OPTION FOR SMALL EMPLOYERS.**

314.31 **Subdivision 1. Definitions.** (a) For the purposes of this section, the terms used  
314.32 have the meanings given them.

314.33 (b) "Dependent" means an unmarried child under the age of 21.

314.34 (c) "Eligible employee" means an employee who works at least 20 hours per week  
314.35 for an eligible employer. Eligible employee does not include an employee who works

315.1 on a temporary or substitute basis or who does not work more than 26 weeks annually.

315.2 Coverage of an eligible employee includes the employee's spouse.

315.3 (d) "Eligible employer" means a business that employs at least two, but not more  
315.4 than 50, eligible employees, the majority of whom are employed in the state, and includes  
315.5 a municipality that has 50 or fewer employees.

315.6 (e) "Maximum premium" has the meaning given under section 256L.15, subdivision  
315.7 2, paragraph (b), clause (3).

315.8 (f) "Participating employer" means an eligible employer who meets the requirements  
315.9 in subdivision 3 and applies to the commissioner to enroll its eligible employees and their  
315.10 dependents in the MinnesotaCare program.

315.11 (g) "Program" means the MinnesotaCare program.

315.12 Subd. 2. Option. Eligible employees and their dependents may enroll in  
315.13 MinnesotaCare if the eligible employer meets the requirements of subdivision 3. The  
315.14 effective date of coverage is as defined in section 256L.05, subdivision 3.

315.15 Subd. 3. Employer requirements. The commissioner shall establish procedures for  
315.16 an eligible employer to apply for coverage through the program. In order to participate, an  
315.17 eligible employer must meet the following requirements:

315.18 (1) agree to contribute toward the cost of the premium for the employee, the  
315.19 employee's spouse, and the employee's dependents according to subdivision 4;

315.20 (2) certify that at least 75 percent of its eligible employees who do not have other  
315.21 creditable health coverage are enrolled in the program;

315.22 (3) offer coverage to all eligible employees, spouses, and dependents of eligible  
315.23 employees; and

15.24 (4) have not provided employer-subsidized health coverage as an employee benefit  
315.25 during the previous 12 months, as defined in section 256L.07, subdivision 2, paragraph (c).

315.26 Subd. 4. Premiums. (a) The premium for coverage provided under this section is  
315.27 equal to the maximum premium regardless of the income of the eligible employee, as  
315.28 defined in section 256L.15, subdivision 2, paragraph (b).

315.29 (b) For eligible employees without dependents with income equal to or less than 175  
315.30 percent of the federal poverty guidelines and for eligible employees with dependents with  
315.31 income equal to or less than 275 percent of the federal poverty guidelines, the participating  
315.32 employer shall pay 50 percent of the premium established under paragraph (a) for the  
315.33 eligible employee, the employee's spouse, and any dependents, if applicable.

315.34 (c) For eligible employees without dependents with income over 175 percent of the  
315.35 federal poverty guidelines and for eligible employees with dependents with income over  
315.36 275 percent of the federal poverty guidelines, the participating employer shall pay the

316.1 full cost of the premium established under paragraph (a) for the eligible employee, the  
316.2 employee's spouse, and any dependents, if applicable. The participating employer may  
316.3 require the employee to pay a portion of the cost of the premium so long as the employer  
316.4 pays 50 percent. If the employer requires the employee to pay a portion of the premium,  
316.5 the employee shall pay the portion of the cost to the employer.

316.6 (d) The commissioner shall collect premium payments from participating employers  
316.7 for eligible employees, spouses, and dependents who are covered by the program as  
316.8 provided under this section. All premiums collected shall be deposited in the health care  
316.9 access fund.

316.10 Subd. 5. Coverage. The coverage offered to those enrolled in the program under  
316.11 this section must include all health services described under section 256L.03 and all  
316.12 co-payments and coinsurance requirements under section 256L.03, subdivision 5, apply.

316.13 Subd. 6. Enrollment. Upon payment of the premium, according to this section  
316.14 and section 256L.06, eligible employees, spouses, and dependents shall be enrolled in  
316.15 MinnesotaCare. For purposes of enrollment under this section, income eligibility limits  
316.16 established under sections 256L.04 and 256L.07, subdivision 1, and asset limits established  
316.17 under section 256L.17 do not apply. The barriers established under section 256L.07,  
316.18 subdivision 2 or 3, do not apply to enrollees eligible under this section. The commissioner  
316.19 may require eligible employees to provide income verification to determine premiums.

316.20 **EFFECTIVE DATE.** This section is effective July 1, 2008.

316.21 Sec. 57. Minnesota Statutes 2004, section 462A.05, is amended by adding a  
316.22 subdivision to read:

316.23 Subd. 42. Reverse mortgage incentive program. (a) The agency shall, within the  
316.24 limits of appropriations made available for this purpose, establish, in cooperation with  
316.25 the commissioner of human services, a program to encourage eligible persons to obtain  
316.26 reverse mortgages to pay for eligible costs of maintaining the person in the home as an  
316.27 alternative to a nursing facility placement.

316.28 (b) The incentive program shall be made available to a person who has been  
316.29 determined by the commissioner of human services or the commissioner's designated  
316.30 agent to meet all of the following criteria:

316.31 (1) is age 62 or older;

316.32 (2) would be eligible for medical assistance within 365 days of admission to a  
316.33 nursing home;

316.34 (3) is not a medical assistance recipient, is not eligible for medical assistance without  
316.35 a spenddown or waiver obligation, is not ineligible for the medical assistance program due

317.1 to an asset transfer penalty, and does not have income greater than the maintenance needs  
317.2 allowance under section 256B.0915, subdivision 1d, but equal to or less than 120 percent  
317.3 of the federal poverty guidelines effective July 1 in the year for which program eligibility  
317.4 is established, who would be eligible for the elderly waiver with a waiver obligation;  
317.5 (4) needs services that are not funded through other state or federal funding for  
317.6 which the person qualifies;  
317.7 (5) obtains a reverse mortgage loan under section 47.58 on a home with an estimated  
317.8 market value not to exceed \$150,000. This limit shall be adjusted annually on April 1  
317.9 by the percentage change for the previous calendar year in the housing component of the  
317.10 United States Consumer Price Index - All Urban Consumers; and  
317.11 (6) agrees to make expenditures of reverse mortgage payments in accordance with a  
317.12 spending plan established under section 256B.0911, subdivision 3a, in which payments,  
317.13 services, and supports meet the following standards:  
317.14 (i) payments received under the loan for a period of at least 24 months or in an  
317.15 amount of at least \$15,000 are used for services and supports, including basic shelter  
317.16 needs, home maintenance, and modifications or adaptations, necessary to allow the person  
317.17 to remain in the home as an alternative to a nursing facility placement;  
317.18 (ii) reimbursements for services, supplies, and equipment shall not exceed the  
317.19 market rate; and  
317.20 (iii) if the person's spouse qualifies under section 256B.0913, subdivisions 1 to 14,  
317.21 the reverse mortgage payments may be used to pay client fees under that section.  
317.22 (c) The incentives available under this program shall include:  
317.23 (1) payment of the initial mortgage insurance premium for a reverse mortgage.  
317.24 The maximum payment under this clause shall be limited to \$1,500. This limit shall be  
317.25 adjusted annually on April 1 by the percentage change for the previous calendar year in the  
317.26 housing component of the United States Consumer Price Index - All Urban Consumers;  
317.27 (2) with federal approval, payments to reduce service fee set-asides, through an  
317.28 advance payment to the lender, an agreement to guarantee fee payments after 60 months  
317.29 if the set-aside is limited to 60 months, or through other mechanisms approved by the  
317.30 commissioner; and  
317.31 (3) other incentives approved by the commissioner.  
317.32 (d) After calculating the adjusted maximum payment limits under paragraphs (b)  
317.33 and (c), the commissioner shall annually notify the Office of the Revisor of Statutes in  
7.34 writing, on or before May 1, of the adjusted limits. The revisor shall annually publish in  
317.35 the Minnesota Statutes the adjusted maximum payment limits under paragraph (b).

318.1 Sec. 58. Laws 2005, First Special Session chapter 4, article 9, section 5, subdivision 8,  
318.2 is amended to read:

318.3 **Subd. 8. Board of Nursing** 3,078,000 3,631,000

318.4

318.5 **BASE ADJUSTMENT.** The base for the  
318.6 board of nursing is increased by \$141,000  
318.7 in fiscal year 2008 and by \$216,000 in fiscal  
318.8 year 2009.

318.9 **BOARD OF NURSING**

318.10 **APPROPRIATIONS INCREASE.** Of  
318.11 this appropriation, \$120,000 the first year  
318.12 and \$126,000 the second year are for the  
318.13 increased cost of board operations, excluding  
318.14 salary increases and \$85,000 each year is to  
318.15 hire an advanced practice registered nurse.

318.16 **TRANSFERS FROM SPECIAL**

318.17 **REVENUE FUND.** Of this appropriation,  
318.18 the following transfers shall be made as  
318.19 directed from the state government special  
318.20 revenue fund:

318.21 (a) \$392,000 in fiscal year 2006, \$864,000  
318.22 in fiscal year 2007, \$930,000 in fiscal year  
318.23 2008, and \$930,000 in fiscal year 2009  
318.24 shall be transferred to the general fund  
318.25 and is appropriated to the Department  
318.26 of Human Services to offset the state  
318.27 share of the medical assistance program  
318.28 costs of the long-term care and home and  
318.29 community-based care employee scholarship  
318.30 program and associated administrative costs.  
318.31 At the end of each biennium, any funds  
318.32 not expended for the scholarship program  
318.33 and associated administrative costs shall

318.34 ~~be transferred to the state government~~  
319.1 ~~special revenue fund~~ carried over to the  
319.2 next biennium for the same purpose.  
319.3 Notwithstanding section 15, this paragraph  
319.4 expires June 30, ~~2009~~ 2011.  
319.5 (b) \$125,000 the first year and \$200,000 the  
319.6 second year shall be transferred to the health  
319.7 professional education loan forgiveness  
319.8 program account for loan forgiveness  
319.9 for nurses under Minnesota Statutes,  
319.10 section 144.1501. This appropriation shall  
319.11 become part of base level funding for the  
319.12 commissioner for the biennium beginning  
319.13 July 1, 2007, but shall not be part of base  
319.14 level funding for the biennium beginning  
319.15 July 1, 2009. Notwithstanding section 15,  
319.16 this paragraph expires on June 30, 2009.

319.17 **Sec. 59. FEDERAL GOVERNMENT CHANGES.**

319.18 The commissioner of human services shall seek reimbursement from the federal  
319.19 government for funds expended by the state to provide drug coverage to medical  
319.20 assistance recipients who are enrolled or in the process of enrolling in Medicare Part  
319.21 D. The commissioner shall also continue to pursue federal changes to Medicare Part D  
319.22 to address lapses in drug coverage for medical assistance recipients who are enrolled  
319.23 in Medicare Part D but who are taking prescription drugs that are not included in the  
319.24 formularies used by the Medicare Part D drug plans that meet the low-income premium  
319.25 benchmark set for Minnesota or who are in the process of enrolling in a Medicare Part  
319.26 D prescription drug plan.

319.27 **Sec. 60. LIST OF COUNTY LONG-TERM CARE FUNCTIONS.**

319.28 The commissioner of human services, in consultation with county organizations,  
319.29 shall provide a status report to the legislature by January 15, 2007, that includes a list of  
319.30 core county long-term care functions and an analysis of existing and potential funding  
319.31 sources for these functions.

319.32 **Sec. 61. PHARMACY PAYMENT REFORM ADVISORY COMMITTEE.**

320.1 Subdivision 1. Definitions. For purposes of this section, the following words, terms,  
320.2 and phrases have the following meanings:

320.3 (a) "Department" means the Department of Human Services.

320.4 (b) "Commissioner" means the commissioner of human services.

320.5 (c) "Cost of dispensing" includes, but is not limited to, operational and overhead  
320.6 costs; professional counseling as required under the Omnibus Budget Reconciliation Act  
320.7 of 1990, excluding medication management services under Minnesota Statutes, section  
320.8 256B.0625, subdivision 13h; salaries; and other associated administrative costs, as well  
320.9 as a reasonable return on investment. In addition, cost of dispensing includes expenses  
320.10 transferred by wholesale drug distributors to pharmacies as a result of the wholesale drug  
320.11 distributor tax under Minnesota Statutes, sections 295.52 to 295.582.

320.12 (d) "Additional costs" include, but are not limited to, costs relating to coordination of  
320.13 benefits, bad debt, uncollected co-pays, payment lag times, and high rate of rejected claims.

320.14 (e) "Advisory committee" means the Pharmacy Payment Reform Advisory  
320.15 Committee established by this section.

320.16 Subd. 2. Advisory committee. The Pharmacy Payment Reform Advisory  
320.17 Committee is established under the direction of the commissioner of human services.  
320.18 The commissioner, after receiving recommendations from the Minnesota Pharmacists  
320.19 Association, the Minnesota Retailers Association, the Minnesota Hospital Association,  
320.20 and the Minnesota Wholesale Druggists Association, shall convene a pharmacy payment  
320.21 reform advisory committee to advise the commissioner and make recommendations to the  
320.22 legislature on implementation of pharmacy reforms contained in title VI, chapter IV, of  
320.23 the Deficit Reduction Act of 2005. The committee shall be comprised of three licensed  
320.24 pharmacists representing both independent and chain pharmacy entities, one of whom  
320.25 must have expertise in pharmacoeconomics, two individuals representing hospitals with  
320.26 outpatient pharmacies, and two individuals with expertise in wholesale drug distribution.  
320.27 The committee shall be staffed by an employee of the department who shall serve as an  
320.28 ex officio nonvoting member of the committee. The department's pharmacy program  
320.29 manager shall also serve as an ex officio, nonvoting member of the committee. The  
320.30 committee is governed by Minnesota Statutes, section 15.059, except that committee  
320.31 members do not receive compensation or reimbursement for expenses. The advisory  
320.32 committee expires on January 31, 2008.

320.33 Subd. 3. Cost of dispensing study. The commissioner shall conduct a prescription  
320.34 drug cost of dispensing study to determine the average cost of dispensing Medicaid  
320.35 prescriptions in Minnesota. The commissioner shall contract with an independent third  
320.36 party in the state that has experience conducting business cost allocation studies, such as

321.1 an academic institution, to conduct a prescription drug cost of dispensing study. If no  
321.2 independent third-party entity exists in the state, the commissioner may contract with an  
321.3 out-of-state entity. The cost of dispensing study shall be completed by an independent  
321.4 third party no later than October 1, 2006, and reported to the commissioner and the  
321.5 advisory committee upon completion.

321.6 Subd. 4. Content of study. The study shall determine the cost of dispensing  
321.7 the average prescription and any additional costs that might be incurred for dispensing  
321.8 Medicaid prescriptions. The study shall include the current level of dispensing fees paid  
321.9 to providers and an estimate of revenues required to adequately adjust reimbursement  
321.10 to cover the cost to pharmacies.

321.11 Subd. 5. Methodology of study and publishing requirement. The independent  
321.12 third-party entity performing the cost of dispensing research shall submit to the advisory  
321.13 committee the entity's proposed research methodology and shall publish the collected data  
321.14 to allow other independent researchers to validate the study results. The data shall be  
321.15 published in a manner that does not identify the source of the data.

321.16 Subd. 6. Recommendations. The advisory committee shall use the information  
321.17 from the cost of dispensing study and make recommendations to the commissioner on  
321.18 implementation of pharmacy reforms contained in title VI, chapter IV, of the Deficit  
321.19 Reduction Act of 2005. The commissioner shall report the findings of the study and the  
321.20 recommendations of the advisory committee to the legislature by January 15, 2007. The  
321.21 commissioner, in consultation with the advisory committee, shall make recommendations  
321.22 to the legislature on how to adequately adjust reimbursement rates to pharmacies to cover  
321.23 the costs of dispensing and additional costs to pharmacies. Reports shall include the  
321.24 current level of dispensing fees paid to providers and an estimate of revenues required to  
321.25 adequately adjust reimbursement to ensure that:

321.26 (1) reimbursement is sufficient to enlist an adequate number of participating  
321.27 pharmacy providers so that pharmacy services are as available for Medicaid recipients  
321.28 under the program as for the state's general population;

321.29 (2) Medicaid dispensing fees are adequate to reimburse pharmacy providers for the  
321.30 costs of dispensing prescriptions under the Medicaid program;

321.31 (3) Medicaid pharmacy reimbursement for multiple-source drugs included on the  
321.32 federal upper reimbursement limit is set at the level established by the federal government  
321.33 under United States Code, title 42, section 1396r-8(e)(5);

1.34 (4) the combined Medicaid program reimbursement for prescription drug product  
321.35 and the dispensing fee provides a return adequate to provide a reasonable profit for the  
321.36 participating pharmacy; and

322.1 (5) the new payment system does not create disincentives for pharmacists to  
322.2 dispense generic drugs.

322.3 EFFECTIVE DATE. This section is effective the day following final enactment.

322.4 **Sec. 62. REPAYMENT DELAY.**

322.5 A county that overspent its allowed amounts in calendar year 2004 or 2005 under  
322.6 the waived services program for persons with developmental disabilities shall not be  
322.7 required to pay back the amount of overspending until May 31, 2007.

322.8 **Sec. 63. STAKEHOLDER PARTICIPATION.**

322.9 The commissioner of human services shall confer with one or more stakeholder  
322.10 groups of interested persons, including representatives of recipients, advocacy groups,  
322.11 counties, providers, and health plans to provide information and advice on the development  
322.12 of any substantial proposals for changes in the medical assistance program authorized by  
322.13 the federal Deficit Reduction Act of 2005, Public Law 109-171. In addition, for any  
322.14 substantial Deficit Reduction Act-related medical assistance change that affects recipients  
322.15 and that is proposed outside of the legislative or rulemaking process, the commissioner  
322.16 shall convene a stakeholder meeting and provide a 30-day comment period before the  
322.17 change becomes effective. If the time frame required to comply with a federal mandate  
322.18 precludes the 30-day advance notice, notice shall be given to the stakeholder group as  
322.19 soon as possible.

322.20 EFFECTIVE DATE. This section is effective the day following final enactment.

322.21 **Sec. 64. REVISOR'S INSTRUCTION.**

322.22 (a) The revisor of statutes shall strike all references to the "Class E assisted living  
322.23 home care programs license, "Class E license," and similar terms in Minnesota Rules,  
322.24 chapters 4668 and 4669. In sections affected by this instruction, the revisor may make  
322.25 changes necessary to correct the punctuation, grammar, or structure of the remaining text  
322.26 and preserve its meaning.

322.27 (b) The revisor of statutes shall change the term "assisted living home care provider,"  
322.28 "assisted living license," and similar terms to "Class F home care provider," "Class F  
322.29 license," and similar terms to "Class F home care provider," "Class F license," and similar  
322.30 terms, in Minnesota Rules, chapter 4668. In sections affected by this instruction, the  
322.31 revisor may make changes necessary to correct the punctuation, grammar, or structure of  
322.32 the remaining text and preserve its meaning.

323.1 **EFFECTIVE DATE.** This section is effective January 1, 2007.

23.2 **Sec. 65. REPEALER.**

323.3 (a) Minnesota Statutes 2005 Supplement, section 256L.035, is repealed, effective  
323.4 July 1, 2007.

323.5 (b) Minnesota Rules, part 4668.0215, is repealed, effective January 1, 2007.

323.6 **EFFECTIVE DATE.** This section is effective July 1, 2006.

## 323.7 **ARTICLE 21**

### 323.8 **HEALTH CARE FEDERAL COMPLIANCE**

323.9 Section 1. Minnesota Statutes 2004, section 62A.045, is amended to read:

323.10 **62A.045 PAYMENTS ON BEHALF OF ENROLLEES IN GOVERNMENT**  
323.11 **HEALTH PROGRAMS.**

323.12 (a) As a condition of doing business in Minnesota, each health insurer shall comply  
323.13 with the requirements of the federal Deficit Reduction Act of 2005, Public Law 109-171,  
323.14 including any federal regulations adopted under that act, to the extent that it imposes a  
323.15 requirement that applies in this state and that is not also required by the laws of this state.  
323.16 This section does not require compliance with any provision of the federal act prior to  
323.17 the effective date provided for that provision in the federal act. The commissioner shall  
323.18 enforce this section.

323.19 "Health insurer" for the purpose of this section includes self-insured plans, group  
323.20 health plans (as defined in section 607(1) of the Employee Retirement Income Security  
323.21 Act of 1974), service benefit plans, managed care organizations, pharmacy benefit  
323.22 managers, or other parties that are by contract legally responsible to pay a claim for a  
323.23 healthcare item or service for an individual receiving benefits under paragraph (b).

323.24 (b) No health plan issued or renewed to provide coverage to a Minnesota resident  
323.25 shall contain any provision denying or reducing benefits because services are rendered to a  
323.26 person who is eligible for or receiving medical benefits pursuant to title XIX of the Social  
323.27 Security Act (Medicaid) in this or any other state; chapter 256; 256B; or 256D or services  
323.28 pursuant to section 252.27; 256L.01 to 256L.10; 260B.331, subdivision 2; 260C.331,  
323.29 subdivision 2; or 393.07, subdivision 1 or 2. No health carrier providing benefits under  
323.30 plans covered by this section shall use eligibility for medical programs named in this  
323.31 section as an underwriting guideline or reason for nonacceptance of the risk.

323.32 (c) If payment for covered expenses has been made under state medical programs  
323.33 for health care items or services provided to an individual, and a third party has a legal

324.1 liability to make payments, the rights of payment and appeal of an adverse coverage  
324.2 decision for the individual, or in the case of a child their responsible relative or caretaker,  
324.3 will be subrogated to the state agency. The state agency may assert its rights under this  
324.4 section within three years of the date the service was rendered. For purposes of this  
324.5 section, "state agency" includes prepaid health plans under contract with the commissioner  
324.6 according to sections 256B.69, 256D.03, subdivision 4, paragraph (c), and 256L.12;  
324.7 children's mental health collaboratives under section 245.493; demonstration projects for  
324.8 persons with disabilities under section 256B.77; nursing homes under the alternative  
324.9 payment demonstration project under section 256B.434; and county-based purchasing  
324.10 entities under section 256B.692.

324.11 ~~(c)~~ (d) Notwithstanding any law to the contrary, when a person covered by a health  
324.12 plan receives medical benefits according to any statute listed in this section, payment for  
324.13 covered services or notice of denial for services billed by the provider must be issued  
324.14 directly to the provider. If a person was receiving medical benefits through the Department  
324.15 of Human Services at the time a service was provided, the provider must indicate this  
324.16 benefit coverage on any claim forms submitted by the provider to the health carrier for  
324.17 those services. If the commissioner of human services notifies the health carrier that  
324.18 the commissioner has made payments to the provider, payment for benefits or notices  
324.19 of denials issued by the health carrier must be issued directly to the commissioner.  
324.20 Submission by the department to the health carrier of the claim on a Department of  
324.21 Human Services claim form is proper notice and shall be considered proof of payment of  
324.22 the claim to the provider and supersedes any contract requirements of the health carrier  
324.23 relating to the form of submission. Liability to the insured for coverage is satisfied to the  
324.24 extent that payments for those benefits are made by the health carrier to the provider or the  
324.25 commissioner as required by this section.

324.26 ~~(d)~~ (e) When a state agency has acquired the rights of an individual eligible for  
324.27 medical programs named in this section and has health benefits coverage through a  
324.28 health carrier, the health carrier shall not impose requirements that are different from  
324.29 requirements applicable to an agent or assignee of any other individual covered.

324.30 ~~(e)~~ (f) For the purpose of this section, health plan includes coverage offered by  
324.31 community integrated service networks, any plan governed under the federal Employee  
324.32 Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, sections  
324.33 1001 to 1461, and coverage offered under the exclusions listed in section 62A.011,  
324.34 subdivision 3, clauses (2), (6), (9), (10), and (12).

324.35 Sec. 2. Minnesota Statutes 2004, section 144.6501, subdivision 6, is amended to read:

325.1           **Subd. 6. Medical assistance payment.** (a) An admission contract for a facility that  
325.2 is certified for participation in the medical assistance program must state that neither the  
325.3 prospective resident, nor anyone on the resident's behalf, is required to pay privately any  
325.4 amount for which the resident's care at the facility has been approved for payment by  
325.5 medical assistance or to make any kind of donation, voluntary or otherwise. Except as  
325.6 permitted under federal law, an admission contract must state that the facility does not  
325.7 require as a condition of admission, either in its admission contract or by oral promise  
325.8 before signing the admission contract, that residents remain in private pay status for  
325.9 any period of time.

325.10           (b) The admission contract must state that upon presentation of proof of eligibility,  
325.11 the facility will submit a medical assistance claim for reimbursement and will return any  
325.12 and all payments made by the resident, or by any person on the resident's behalf, for  
325.13 services covered by medical assistance, upon receipt of medical assistance payment.

325.14           (c) A facility that participates in the medical assistance program shall not charge for  
325.15 the day of the resident's discharge from the facility or subsequent days.

325.16           (d) If a facility's charges incurred by the resident are delinquent for 30 days, and  
325.17 no person has agreed to apply for medical assistance for the resident, the facility may  
325.18 petition the court under chapter 525 to appoint a representative for the resident in order to  
325.19 apply for medical assistance for the resident.

325.20           (e) The remedy provided in this subdivision does not preclude a facility from seeking  
325.21 any other remedy available under other laws of this state.

325.22           **Sec. 3. Minnesota Statutes 2004, section 256B.02, subdivision 9, is amended to read:**

325.23           **Subd. 9. Private health care coverage.** "Private health care coverage" means any  
325.24 plan regulated by chapter 62A, 62C or 64B. Private health care coverage also includes  
325.25 any ~~self-insurance~~ self-insured plan providing health care benefits, pharmacy benefit  
325.26 manager, service benefit plan, managed care organization, and other parties that are by  
325.27 contract legally responsible for payment of a claim for a health care item or service for an  
325.28 individual receiving medical benefits under chapter 256B, 256D, or 256L.

325.29           **Sec. 4. Minnesota Statutes 2004, section 256B.056, subdivision 2, is amended to read:**

325.30           **Subd. 2. Homestead; exclusion and homestead equity limit for institutionalized**  
325.31 **persons.** (a) The homestead shall be excluded for the first six calendar months of a  
325.32 person's stay in a long-term care facility and shall continue to be excluded for as long as  
325.33 the recipient can be reasonably expected to return to the homestead. For purposes of  
325.34 this subdivision, "reasonably expected to return to the homestead" means the recipient's

326.1 attending physician has certified that the expectation is reasonable, and the recipient can  
326.2 show that the cost of care upon returning home will be met through medical assistance  
326.3 or other sources. The homestead shall continue to be excluded for persons residing in  
326.4 a long-term care facility if it is used as a primary residence by one of the following  
326.5 individuals:

326.6 ~~(a)~~ (1) the spouse;

326.7 ~~(b)~~ (2) a child under age 21;

326.8 ~~(c)~~ (3) a child of any age who is blind or permanently and totally disabled as defined  
326.9 in the supplemental security income program;

326.10 ~~(d)~~ (4) a sibling who has equity interest in the home and who resided in the home for  
326.11 at least one year immediately before the date of the person's admission to the facility; or

326.12 ~~(e)~~ (5) a child of any age, or, subject to federal approval, a grandchild of any age,  
326.13 who resided in the home for at least two years immediately before the date of the person's  
326.14 admission to the facility, and who provided care to the person that permitted the person to  
326.15 reside at home rather than in an institution.

326.16 (b) The equity interest in the homestead of an individual whose eligibility for  
326.17 long-term care services is determined on or after January 1, 2006, shall not exceed  
326.18 \$500,000, unless it is the lawful residence of the individual's spouse or child who is under  
326.19 age 21, blind, or disabled. The amount specified in this paragraph shall be increased  
326.20 beginning in year 2011, from year-to-year based on the percentage increase in the  
326.21 Consumer Price Index for all urban consumers (all items; United States city average),  
326.22 rounded to the nearest \$1,000. This provision may be waived in the case of demonstrated  
326.23 hardship by a process to be determined by the secretary of health and human services  
326.24 pursuant to section 6014 of the Deficit Reduction Act of 2005, Public Law 109-171.

326.25 Sec. 5. Minnesota Statutes 2004, section 256B.056, is amended by adding a  
326.26 subdivision to read:

326.27 Subd. 3e. Treatment of continuing care retirement and life care community  
326.28 entrance fees. An entrance fee paid by an individual to a continuing care retirement or  
326.29 life care community shall be treated as an available asset to the extent that:

326.30 (1) the individual has the ability to use the entrance fee, or the contract provides that  
326.31 the entrance fee may be used, to pay for care should other resources or income of the  
326.32 individual be insufficient to pay for care;

326.33 (2) the individual is eligible for a refund of any remaining entrance fees when  
326.34 the individual dies or terminates the continuing care retirement or life care community  
326.35 contract and leaves the community; and

327.1 (3) the entrance fee does not confer an ownership interest in the continuing care  
327.2 retirement or life care community.

327.3 Sec. 6. Minnesota Statutes 2004, section 256B.056, is amended by adding a  
327.4 subdivision to read:

327.5 Subd. 11. Treatment of annuities. (a) Any individual applying for or seeking  
327.6 recertification of eligibility for medical assistance payment of long-term care services  
327.7 shall provide a complete description of any interest either the individual or the individual's  
327.8 spouse has in annuities. The individual and the individual's spouse shall furnish the  
327.9 agency responsible for determining eligibility with complete current copies of their  
327.10 annuities and related documents for review as part of the application process on disclosure  
327.11 forms provided by the department as part of their application.

327.12 (b) The disclosure form shall include a statement that the department becomes the  
7.13 remainder beneficiary under the annuity or similar financial instrument by virtue of the  
327.14 receipt of medical assistance. The disclosure form shall include a notice to the issuer of  
327.15 the department's right under this section as a preferred remainder beneficiary under the  
327.16 annuity or similar financial instrument for medical assistance furnished to the individual  
327.17 or the individual's spouse, and require the issuer to provide confirmation that a remainder  
327.18 beneficiary designation has been made and to notify the county agency when there is a  
327.19 change in the amount of the income or principal being withdrawn from the annuity or  
327.20 other similar financial instrument at the time of the most recent disclosure required under  
327.21 this section. The individual and the individual's spouse shall execute separate disclosure  
327.22 forms for each annuity or similar financial instrument that they are required to disclose  
1.23 under this section and in which they have an interest.

327.24 (c) An issuer of an annuity or similar financial instrument who receives notice on a  
327.25 disclosure form as described in paragraph (b) shall provide confirmation to the requesting  
327.26 agency that a remainder beneficiary designating the state has been made and shall notify  
327.27 the county agency when there is a change in the amount of income or principal being  
327.28 withdrawn from the annuity or other similar financial instrument.

327.29 Sec. 7. Minnesota Statutes 2005 Supplement, section 256B.0571, is amended to read:

327.30 **256B.0571 LONG-TERM CARE PARTNERSHIP PROGRAM.**

327.31 Subdivision 1. **Definitions.** For purposes of this section, the following terms have  
.32 the meanings given them.

327.33 ~~Subd. 2. Home care service. "Home care service" means care described in section~~  
327.34 ~~144A.43.~~

328.1 Subd. 3. **Long-term care insurance.** "Long-term care insurance" means a policy  
328.2 described in section 62S.01.

328.3 Subd. 4. **Medical assistance.** "Medical assistance" means the program of medical  
328.4 assistance established under section 256B.01.

328.5 ~~Subd. 5. **Nursing home.** "Nursing home" means a nursing home as described~~  
328.6 ~~in section 144A.01.~~

328.7 Subd. 6. **Partnership policy.** "Partnership policy" means a long-term care insurance  
328.8 policy that meets the requirements under subdivision 10 ~~or 11, regardless of when the~~  
328.9 ~~policy~~ and was first issued on or after the effective date of the state plan amendment  
328.10 implementing the partnership program in Minnesota.

328.11 Subd. 7. **Partnership program.** "Partnership program" means the Minnesota  
328.12 partnership for long-term care program established under this section.

328.13 Subd. 7a. **Protected assets.** "Protected assets" means assets or proceeds of assets  
328.14 that are protected from recovery under subdivisions 13 and 15.

328.15 Subd. 8. **Program established.** (a) The commissioner, in cooperation with the  
328.16 commissioner of commerce, shall establish the Minnesota partnership for long-term care  
328.17 program to provide for the financing of long-term care through a combination of private  
328.18 insurance and medical assistance.

328.19 (b) An individual who meets the requirements in this paragraph is eligible to  
328.20 participate in the partnership program. The individual must:

328.21 (1) be a Minnesota resident at the time coverage first became effective under the  
328.22 partnership policy;

328.23 (2) ~~purchase a partnership policy that is delivered, issued for delivery, or renewed on~~  
328.24 ~~or after the effective date of Laws 2005, First Special Session chapter 4, article 7, section~~  
328.25 ~~5, and maintain the partnership policy in effect throughout the period of participation~~  
328.26 ~~in the partnership program~~ be a beneficiary of a partnership policy that (i) is issued on  
328.27 or after the effective date of the state plan amendment implementing the partnership  
328.28 program in Minnesota, or (ii) qualifies as a partnership policy under the provisions of  
328.29 subdivision 8a; and

328.30 (3) ~~exhaust the minimum~~ have exhausted all of the benefits under the partnership  
328.31 policy as described in this section. Benefits received under a long-term care insurance  
328.32 policy before the effective date of Laws 2005, First Special Session chapter 4, article 7,  
328.33 section 5 July 1, 2006, do not count toward the exhaustion of benefits required in this  
328.34 subdivision.

328.35 Subd. 8a. **Exchange for long-term care partnership policy; addition of policy**  
328.36 **riders.** (a) If federal law is amended or federal approval is granted with respect to the

329.1 partnership program established in this section, a long-term care insurance policy that  
329.2 was issued before the effective date of the state plan amendment implementing the  
329.3 partnership program in Minnesota that was exchanged after the effective date of the state  
329.4 plan amendment for a long-term care partnership policy that meets the requirements  
329.5 of Public Law 109-171, section 6021, qualifies as a long-term care partnership policy  
329.6 under this section.

329.7 (b) If federal law is amended or federal approval is granted with respect to the  
329.8 partnership program established in this section, a long-term care insurance policy that was  
329.9 issued before the effective date of the state plan amendment implementing the partnership  
329.10 program in Minnesota that has a rider added after the effective date of the state plan  
329.11 amendment that meets the requirements of Public Law 109-171, section 6021, qualifies  
329.12 as a long-term care partnership policy under this section.

329.13 **Subd. 9. Medical assistance eligibility.** (a) Upon application ~~of~~ for medical  
329.14 assistance program payment of long-term care services by an individual who meets the  
329.15 requirements described in subdivision 8, the commissioner shall determine the individual's  
329.16 eligibility for medical assistance according to paragraphs (b) and (c) to (i).

329.17 (b) After ~~disregarding financial~~ determining assets exempted under medical  
329.18 assistance eligibility requirements subject to the asset limit under section 256B.056,  
329.19 subdivision 3 or 3c, or section 256B.057, subdivision 9 or 10, the commissioner shall  
329.20 disregard an additional amount of financial assets equal ~~allow~~ the individual to designate  
329.21 assets to be protected from recovery under subdivisions 13 and 15 of this section up  
329.22 to the dollar amount of ~~coverage~~ the benefits utilized under the partnership policy.  
329.23 Designated assets shall be disregarded for purposes of determining eligibility for payment  
329.24 of long-term care services.

329.25 (c) ~~The commissioner shall consider the individual's income according to medical~~  
329.26 assistance eligibility requirements. The individual shall identify the designated assets and  
329.27 the full fair market value of those assets and designate them as assets to be protected at  
329.28 the time of initial application for medical assistance. The full fair market value of real  
329.29 property or interests in real property shall be based on the most recent full assessed value  
329.30 for property tax purposes for the real property, unless the individual provides a complete  
329.31 professional appraisal by a licensed appraiser to establish the full fair market value. The  
329.32 extent of a life estate in real property shall be determined using the life estate table in the  
329.33 health care program's manual. Ownership of any asset in joint tenancy shall be treated as  
329.34 ownership as tenants in common for purposes of its designation as a disregarded asset.  
329.35 The unprotected value of any protected asset is subject to estate recovery according to  
329.36 subdivisions 13 and 15.

330.1 (d) The right to designate assets to be protected is personal to the individual and  
330.2 ends when the individual dies, except as otherwise provided in subdivisions 13 and  
330.3 15. It does not include the increase in the value of the protected asset and the income,  
330.4 dividends, or profits from the asset. It may be exercised by the individual or by anyone  
330.5 with the legal authority to do so on the individual's behalf. It shall not be sold, assigned,  
330.6 transferred, or given away.

330.7 (e) If the dollar amount of the benefits utilized under a partnership policy is greater  
330.8 than the full fair market value of all assets protected at the time of the application for  
330.9 medical assistance long-term care services, the individual may designate additional assets  
330.10 that become available during the individual's lifetime for protection under this section.  
330.11 The individual must make the designation in writing to the county agency no later than  
330.12 the last date on which the individual must report a change in circumstances to the county  
330.13 agency, as provided for under the medical assistance program. Any excess used for this  
330.14 purpose shall not be available to the individual's estate to protect assets in the estate from  
330.15 recovery under section 256B.15, section 524.3-1202, or otherwise.

330.16 (f) This section applies only to estate recovery under United States Code, title 42,  
330.17 section 1396p, subsections (a) and (b), and does not apply to recovery authorized by other  
330.18 provisions of federal law, including, but not limited to, recovery from trusts under United  
330.19 States Code, title 42, section 1396p, subsection (d)(4)(A) and (C), or to recovery from  
330.20 annuities, or similar legal instruments, subject to section 6012, subsections (a) and (b), of  
330.21 the Deficit Reduction Act of 2005, Public Law 109-171.

330.22 (g) An individual's protected assets owned by the individual's spouse who applies  
330.23 for payment of medical assistance long-term care services shall not be protected assets or  
330.24 disregarded for purposes of eligibility of the individual's spouse solely because they were  
330.25 protected assets of the individual.

330.26 (h) Assets designated under this subdivision shall not be subject to penalty under  
330.27 section 256B.0595.

330.28 (i) The commissioner shall otherwise determine the individual's eligibility  
330.29 for payment of long-term care services according to medical assistance eligibility  
330.30 requirements.

330.31 ~~Subd. 10. Dollar-for-dollar asset protection policies Long-term care partnership~~  
330.32 ~~policy inflation protection. (a) A dollar-for-dollar asset protection policy must meet all~~  
330.33 ~~of the requirements in paragraphs (b) to (c):~~

330.34 ~~(b) The policy must satisfy the requirements of chapter 62S.~~

330.35 ~~(c) The policy must offer an elimination period of not more than 180 days for an~~  
330.36 ~~adjusted premium.~~

331.1 ~~(d) The policy must satisfy the requirements established by the commissioner of~~  
 331.2 ~~human services under subdivision 14.~~

331.3 ~~(e) Minimum daily benefits shall be \$130 for nursing home care or \$65 for home~~  
 331.4 ~~care, with inflation protection provided in the policy as described in section 62S.23,~~  
 331.5 ~~subdivision 1, clause (1). These minimum daily benefit amounts shall be adjusted by the~~  
 331.6 ~~commissioner on October 1 of each year by a percentage equal to the inflation protection~~  
 331.7 ~~feature described in section 62S.23, subdivision 1, clause (1), for purposes of setting~~  
 331.8 ~~minimum requirements that a policy must meet in future years in order to initially qualify~~  
 331.9 ~~as an approved policy under this subdivision. Adjusted minimum daily benefit amounts~~  
 331.10 ~~shall be rounded to the nearest whole dollar. A long-term care partnership policy must~~  
 331.11 ~~provide the inflation protection described in this subdivision. If the policy is sold to an~~  
 331.12 ~~individual who:~~

331.13 ~~(1) has not attained age 61 as of the date of purchase, the policy must provide~~  
 331.14 ~~compound annual inflation protection;~~

331.15 ~~(2) has attained age 61, but has not attained age 76 as of such date, the policy must~~  
 331.16 ~~provide some level of inflation protection; and~~

331.17 ~~(3) has attained age 76 as of such date, the policy may, but is not required to, provide~~  
 331.18 ~~some level of inflation protection.~~

331.19 ~~**Subd. 11. Total asset protection policies:** (a) A total asset protection policy must~~  
 331.20 ~~meet all of the requirements in subdivision 10, paragraphs (b) to (d), and this subdivision.~~

331.21 ~~(b) Minimum coverage shall be for a period of not less than three years and for a~~  
 331.22 ~~dollar amount equal to 36 months of nursing home care at the minimum daily benefit rate~~  
 331.23 ~~determined and adjusted under paragraph (c).~~

331.24 ~~(c) Minimum daily benefits shall be \$150 for nursing home care or \$75 for home~~  
 331.25 ~~care, with inflation protection provided in the policy as described in section 62S.23,~~  
 331.26 ~~subdivision 1, clause (1). These minimum daily benefit amounts shall also be adjusted~~  
 331.27 ~~by the commissioner on October 1 of each year by a percentage equal to the inflation~~  
 331.28 ~~protection feature described in section 62S.23, subdivision 1, clause (1), for purposes of~~  
 331.29 ~~setting minimum requirements that a policy must meet in future years in order to initially~~  
 331.30 ~~qualify as an approved policy under this subdivision. Adjusted minimum daily benefit~~  
 331.31 ~~amounts shall be rounded to the nearest whole dollar.~~

331.32 ~~(d) The policy must cover all of the following services:~~

331.33 ~~(1) nursing home stay;~~

331.34 ~~(2) home care service; and~~

331.35 ~~(3) care management.~~

332.1 Subd. 12. **Compliance with federal law.** An issuer of a partnership policy must  
332.2 comply with ~~any federal law authorizing partnership policies in Minnesota~~ Public Law  
332.3 109-171, section 6021, including any federal regulations, as amended, adopted under that  
332.4 law. ~~This subdivision does not require compliance with any provision of this federal~~  
332.5 ~~law until the date upon which the law requires compliance with the provision. The~~  
332.6 ~~commissioner has authority to enforce this subdivision.~~

332.7 Subd. 13. **Limitations on estate recovery.** (a) ~~For an individual who exhausts the~~  
332.8 ~~minimum benefits of a dollar-for-dollar asset protection policy under subdivision 10, and~~  
332.9 ~~is determined eligible for medical assistance under subdivision 9, the state shall limit~~  
332.10 ~~recovery under the provisions of section 256B.15 against the estate of the individual~~  
332.11 ~~or individual's spouse for medical assistance benefits received by that individual to an~~  
332.12 ~~amount that exceeds the dollar amount of coverage utilized under the partnership policy.~~  
332.13 Protected assets of the individual shall not be subject to recovery under section 256B.15  
332.14 or section 524.3-1201 for medical assistance or alternative care paid on behalf of the  
332.15 individual. Protected assets of the individual in the estate of the individual's surviving  
332.16 spouse shall not be liable to pay a claim for recovery of medical assistance paid for the  
332.17 predeceased individual that is filed in the estate of the surviving spouse under section  
332.18 256B.15. Protected assets of the individual shall not be protected assets in the surviving  
332.19 spouse's estate by reason of the preceding sentence and shall be subject to recovery  
332.20 under section 256B.15 or section 524.3-1201 for medical assistance paid on behalf of  
332.21 the surviving spouse.

332.22 (b) ~~For an individual who exhausts the minimum benefits of a total asset protection~~  
332.23 ~~policy under subdivision 11, and is determined eligible for medical assistance under~~  
332.24 ~~subdivision 9, the state shall not seek recovery under the provisions of section 256B.15~~  
332.25 ~~against the estate of the individual or individual's spouse for medical assistance benefits~~  
332.26 ~~received by that individual. The personal representative may protect the full fair market~~  
332.27 value of an individual's unprotected assets in the individual's estate in an amount equal  
332.28 to the unused amount of asset protection the individual had on the date of death. The  
332.29 personal representative shall apply the asset protection so that the full fair market value of  
332.30 any unprotected asset in the estate is protected. When or if the asset protection available  
332.31 to the personal representative is or becomes less than the full fair market value of any  
332.32 remaining unprotected asset, it shall be applied to partially protect one unprotected asset.

332.33 (c) The asset protection described in paragraph (a) terminates with respect to an asset  
332.34 includable in the individual's estate under chapter 524 or section 256B.15:

332.35 (1) when the estate distributes the asset; or

333.1 (2) if the estate of the individual has not been probated within one year from the  
333.2 date of death.

333.3 (d) If an individual owns a protected asset on the date of death and the estate is  
333.4 opened for probate more than one year after death, the state or a county agency may file  
333.5 and collect claims in the estate under section 256B.15, and no statute of limitations in  
333.6 chapter 524 that would otherwise limit or bar the claim shall apply.

333.7 (e) Except as otherwise provided, nothing in this section shall limit or prevent  
333.8 recovery of medical assistance.

333.9 **Subd. 14. Implementation.** ~~(a) If federal law is amended or a federal waiver is~~  
333.10 ~~granted to permit implementation of this section, the commissioner, in consultation with~~  
333.11 ~~the commissioner of commerce, may alter the requirements of subdivisions 10 and 11,~~  
333.12 ~~and may establish additional requirements for approved policies in order to conform with~~  
333.13 ~~federal law or waiver authority. In establishing these requirements, the commissioner shall~~  
333.14 ~~seek to maximize purchase of qualifying policies by Minnesota residents while controlling~~  
333.15 ~~medical assistance costs.~~

333.16 ~~(b) The commissioner is authorized to suspend implementation of this section~~  
333.17 ~~until the next session of the legislature if the commissioner, in consultation with the~~  
333.18 ~~commissioner of commerce, determines that the federal legislation or federal waiver~~  
333.19 ~~authorizing a partnership program in Minnesota is likely to impose substantial unforeseen~~  
333.20 ~~costs on the state budget.~~

333.21 ~~(c) The commissioner must take action under paragraph (a) or (b) within 45 days of~~  
333.22 ~~final federal action authorizing a partnership policy in Minnesota.~~

333.23 ~~(d) The commissioner must notify the appropriate legislative committees of~~  
333.24 ~~action taken under this subdivision within 50 days of final federal action authorizing a~~  
333.25 ~~partnership policy in Minnesota.~~

333.26 ~~(e) The commissioner must publish a notice in the State Register of implementation~~  
333.27 ~~decisions made under this subdivision as soon as practicable. The commissioner shall~~  
333.28 submit a state plan amendment to the federal government to implement the long-term care  
333.29 partnership program in accordance with this section.

333.30 **Subd. 15. Limitation on liens.** (a) An individual's interest in real property shall not  
333.31 be subject to a medical assistance lien or a notice of potential claim while it is protected  
333.32 under subdivision 9 to the extent it is protected.

333.33 (b) Medical assistance liens or liens arising under notices of potential claims against  
333.34 an individual's interests in real property in the individual's estate that are designated as  
333.35 protected under subdivision 13, paragraph (b), shall be released to the extent of the dollar  
333.36 value of the protection applied to the interest.

334.1 (c) If an interest in real property is protected from a lien for recovery of medical  
334.2 assistance paid on behalf of the individual under paragraph (a) or (b), no lien for recovery  
334.3 of medical assistance paid on behalf of that individual shall be filed against the protected  
334.4 interest in real property after it is distributed to the individual's heirs or devisees.

334.5 Subd. 16. Burden of proof. Any individual or the personal representative of the  
334.6 individual's estate who asserts that an asset is a disregarded or protected asset under  
334.7 this section in connection with any determination of eligibility for benefits under the  
334.8 medical assistance program or any appeal, case, controversy, or other proceedings, shall  
334.9 have the initial burden of:

334.10 (1) documenting and proving by convincing evidence that the asset or source of  
334.11 funds for the asset in question was designated as disregarded or protected;

334.12 (2) tracing the asset and the proceeds of the asset from that time forward; and

334.13 (3) documenting that the asset or proceeds of the asset remained disregarded or  
334.14 protected at all relevant times.

334.15 **EFFECTIVE DATE.** This section is effective July 1, 2006.

334.16 **Sec. 8. [256B.0594] PAYMENT OF BENEFITS FROM AN ANNUITY.**

334.17 When payment becomes due under an annuity that names the department a  
334.18 remainder beneficiary as described in section 256B.056, subdivision 11, the issuer shall  
334.19 pay the department an amount equal to the lesser of the amount due the department under  
334.20 the annuity or the total amount of medical assistance paid on behalf of the individual  
334.21 or the individual's spouse. The issuer shall request and the department shall provide a  
334.22 written statement of the total amount of medical assistance paid. Any amounts remaining  
334.23 after the issuer's payment to the department shall be payable according to the terms of  
334.24 the annuity or similar financial instrument.

334.25 **Sec. 9. Minnesota Statutes 2004, section 256B.0595, subdivision 1, is amended to read:**

334.26 **Subdivision 1. Prohibited transfers.** (a) For transfers of assets made on or before  
334.27 August 10, 1993, if a person or the person's spouse has given away, sold, or disposed of,  
334.28 for less than fair market value, any asset or interest therein, except assets other than the  
334.29 homestead that are excluded under the supplemental security program, within 30 months  
334.30 before or any time after the date of institutionalization if the person has been determined  
334.31 eligible for medical assistance, or within 30 months before or any time after the date of the  
334.32 first approved application for medical assistance if the person has not yet been determined  
334.33 eligible for medical assistance, the person is ineligible for long-term care services for the  
334.34 period of time determined under subdivision 2.

335.1 (b) Effective for transfers made after August 10, 1993, a person, a person's spouse,  
335.2 or any person, court, or administrative body with legal authority to act in place of, on  
335.3 behalf of, at the direction of, or upon the request of the person or person's spouse, may not  
335.4 give away, sell, or dispose of, for less than fair market value, any asset or interest therein,  
335.5 except assets other than the homestead that are excluded under the supplemental security  
335.6 income program, for the purpose of establishing or maintaining medical assistance  
335.7 eligibility. This applies to all transfers, including those made by a community spouse  
335.8 after the month in which the institutionalized spouse is determined eligible for medical  
335.9 assistance. For purposes of determining eligibility for long-term care services, any transfer  
335.10 of such assets within 36 months before or any time after an institutionalized person applies  
335.11 for medical assistance, or 36 months before or any time after a medical assistance recipient  
335.12 becomes institutionalized, for less than fair market value may be considered. Any such  
335.13 transfer is presumed to have been made for the purpose of establishing or maintaining  
335.14 medical assistance eligibility and the person is ineligible for long-term care services for  
335.15 the period of time determined under subdivision 2, unless the person furnishes convincing  
335.16 evidence to establish that the transaction was exclusively for another purpose, or unless  
335.17 the transfer is permitted under subdivision 3 or 4. ~~Notwithstanding the provisions of this~~  
335.18 ~~paragraph,~~ In the case of payments from a trust or portions of a trust that are considered  
335.19 transfers of assets under federal law, or in the case of any other disposal of assets made on  
335.20 or after February 8, 2006, any transfers made within 60 months before or any time after an  
335.21 institutionalized person applies for medical assistance and within 60 months before or any  
335.22 time after a medical assistance recipient becomes institutionalized, may be considered.

335.23 (c) This section applies to transfers, for less than fair market value, of income  
335.24 or assets, including assets that are considered income in the month received, such as  
335.25 inheritances, court settlements, and retroactive benefit payments or income to which the  
335.26 person or the person's spouse is entitled but does not receive due to action by the person,  
335.27 the person's spouse, or any person, court, or administrative body with legal authority  
335.28 to act in place of, on behalf of, at the direction of, or upon the request of the person or  
335.29 the person's spouse.

335.30 (d) This section applies to payments for care or personal services provided by a  
335.31 relative, unless the compensation was stipulated in a notarized, written agreement which  
335.32 was in existence when the service was performed, the care or services directly benefited  
335.33 the person, and the payments made represented reasonable compensation for the care  
335.34 or services provided. A notarized written agreement is not required if payment for the  
335.35 services was made within 60 days after the service was provided.

336.1 (e) This section applies to the portion of any asset or interest that a person, a person's  
336.2 spouse, or any person, court, or administrative body with legal authority to act in place of,  
336.3 on behalf of, at the direction of, or upon the request of the person or the person's spouse,  
336.4 transfers to any annuity that exceeds the value of the benefit likely to be returned to the  
336.5 person or spouse while alive, based on estimated life expectancy using the life expectancy  
336.6 tables employed by the supplemental security income program to determine the value  
336.7 of an agreement for services for life. The commissioner may adopt rules reducing life  
336.8 expectancies based on the need for long-term care. This section applies to an annuity  
336.9 described in this paragraph purchased on or after March 1, 2002, that:

336.10 (1) is not purchased from an insurance company or financial institution that is  
336.11 subject to licensing or regulation by the Minnesota Department of Commerce or a similar  
336.12 regulatory agency of another state;

336.13 (2) does not pay out principal and interest in equal monthly installments; or

336.14 (3) does not begin payment at the earliest possible date after annuitization.

336.15 (f) Effective for transactions, including the purchase of an annuity, occurring on or  
336.16 after February 8, 2006, the purchase of an annuity by or on behalf of an individual who  
336.17 has applied for long-term care services shall be treated as the disposal of an asset for  
336.18 less than fair market value unless:

336.19 (1) the department is named as the remainder beneficiary in first position for an  
336.20 amount equal to at least the total amount of medical assistance paid on behalf of the  
336.21 individual or the individual's spouse; or the department is named as the remainder  
336.22 beneficiary in second position for an amount equal to at least the total amount of medical  
336.23 assistance paid on behalf of the individual or the individual's spouse after the individual's  
336.24 community spouse or minor or disabled child and is named as the remainder beneficiary in  
336.25 the first position if the community spouse or a representative of the minor or disabled child  
336.26 disposes of the remainder for less than fair market value. Any subsequent change to the  
336.27 designation of the department as a remainder beneficiary shall result in the annuity being  
336.28 treated as a disposal of assets for less than fair market value. The amount of such transfer  
336.29 shall be the maximum amount the individual or the individual's spouse could receive from  
336.30 the annuity or similar financial instrument. Any change in the amount of the income or  
336.31 principal being withdrawn from the annuity or other similar financial instrument at the  
336.32 time of the most recent disclosure shall be deemed to be a transfer of assets for less than  
336.33 fair market value unless the individual or the individual's spouse demonstrates that the  
336.34 transaction was for fair market value; or

336.35 (2) the annuity is:

- 337.1 (i) an annuity described in subsection (b) or (g) of section 408 of the Internal  
337.2 Revenue Code of 1986; or  
337.3 (ii) purchased with proceeds from:  
337.4 (A) an account or trust described in subsection (a), (c), or (p) of section 408 of the  
337.5 Internal Revenue Code;  
337.6 (B) a simplified employee pension within the meaning of section 408(k) of the  
337.7 Internal Revenue Code; or  
337.8 (C) a Roth IRA described in section 408A of the Internal Revenue Code; or  
337.9 (iii) an annuity that is irrevocable and nonassignable; is actuarially sound as  
337.10 determined in accordance with actuarial publications of the Office of the Chief Actuary of  
337.11 the Social Security Administration; and provides for payments in equal amounts during  
337.12 the term of the annuity, with no deferral and no balloon payments made.  
337.13 (f) (g) For purposes of this section, long-term care services include services in a  
337.14 nursing facility, services that are eligible for payment according to section 256B.0625,  
337.15 subdivision 2, because they are provided in a swing bed, intermediate care facility for  
337.16 persons with mental retardation, and home and community-based services provided  
337.17 pursuant to sections 256B.0915, 256B.092, and 256B.49. For purposes of this subdivision  
337.18 and subdivisions 2, 3, and 4, "institutionalized person" includes a person who is an  
337.19 inpatient in a nursing facility or in a swing bed, or intermediate care facility for persons  
337.20 with mental retardation or who is receiving home and community-based services under  
337.21 sections 256B.0915, 256B.092, and 256B.49.  
337.22 (h) This section applies to funds used to purchase a promissory note, loan, or  
337.23 mortgage unless such note, loan, or mortgage:  
337.24 (1) has a repayment term that is actuarially sound;  
337.25 (2) provides for payments to be made in equal amounts during the term of the loan,  
337.26 with no deferral and no balloon payments made; and  
337.27 (3) prohibits the cancellation of the balance upon the death of the lender.  
337.28 (b) In the case of a promissory note, loan, or mortgage that does not meet an  
337.29 exception in paragraph (a), the value of such note, loan, or mortgage shall be the  
337.30 outstanding balance due as of the date of the individual's application for long-term care  
337.31 services.  
337.32 (i) This section applies to the purchase of a life estate interest in another individual's  
337.33 home unless the purchaser resides in the home for a period of at least one year after the  
337.34 date of purchase.

338.1 Sec. 10. Minnesota Statutes 2005 Supplement, section 256B.0595, subdivision 2,  
338.2 is amended to read:

338.3 **Subd. 2. Period of ineligibility.** (a) For any uncompensated transfer occurring on or  
338.4 before August 10, 1993, the number of months of ineligibility for long-term care services  
338.5 shall be the lesser of 30 months, or the uncompensated transfer amount divided by the  
338.6 average medical assistance rate for nursing facility services in the state in effect on the  
338.7 date of application. The amount used to calculate the average medical assistance payment  
338.8 rate shall be adjusted each July 1 to reflect payment rates for the previous calendar year.  
338.9 The period of ineligibility begins with the month in which the assets were transferred.  
338.10 If the transfer was not reported to the local agency at the time of application, and the  
338.11 applicant received long-term care services during what would have been the period of  
338.12 ineligibility if the transfer had been reported, a cause of action exists against the transferee  
338.13 for the cost of long-term care services provided during the period of ineligibility, or for the  
338.14 uncompensated amount of the transfer, whichever is less. The action may be brought by  
338.15 the state or the local agency responsible for providing medical assistance under chapter  
338.16 256G. The uncompensated transfer amount is the fair market value of the asset at the time  
338.17 it was given away, sold, or disposed of, less the amount of compensation received.

338.18 (b) For uncompensated transfers made after August 10, 1993, the number of months  
338.19 of ineligibility for long-term care services shall be the total uncompensated value of the  
338.20 resources transferred divided by the average medical assistance rate for nursing facility  
338.21 services in the state in effect on the date of application. The amount used to calculate the  
338.22 average medical assistance payment rate shall be adjusted each July 1 to reflect payment  
338.23 rates for the previous calendar year. The period of ineligibility begins with the first day  
338.24 of the month after the month in which the assets were transferred except that if one or  
338.25 more uncompensated transfers are made during a period of ineligibility, the total assets  
338.26 transferred during the ineligibility period shall be combined and a penalty period calculated  
338.27 to begin on the first day of the month after the month in which the first uncompensated  
338.28 transfer was made. If the transfer was reported to the local agency after the date that  
338.29 advance notice of a period of ineligibility that affects the next month could be provided to  
338.30 the recipient and the recipient received medical assistance services or the transfer was not  
338.31 reported to the local agency, and the applicant or recipient received medical assistance  
338.32 services during what would have been the period of ineligibility if the transfer had been  
338.33 reported, a cause of action exists against the transferee for the cost of medical assistance  
338.34 services provided during the period of ineligibility, or for the uncompensated amount of  
338.35 the transfer, whichever is less. The action may be brought by the state or the local agency  
338.36 responsible for providing medical assistance under chapter 256G. The uncompensated

339.1 transfer amount is the fair market value of the asset at the time it was given away, sold, or  
339.2 disposed of, less the amount of compensation received. Effective for transfers made on or  
339.3 after March 1, 1996, involving persons who apply for medical assistance on or after April  
339.4 13, 1996, no cause of action exists for a transfer unless:

339.5 (1) the transferee knew or should have known that the transfer was being made by a  
339.6 person who was a resident of a long-term care facility or was receiving that level of care in  
339.7 the community at the time of the transfer;

339.8 (2) the transferee knew or should have known that the transfer was being made to  
339.9 assist the person to qualify for or retain medical assistance eligibility; or

339.10 (3) the transferee actively solicited the transfer with intent to assist the person to  
339.11 qualify for or retain eligibility for medical assistance.

339.12 (c) For uncompensated transfers made on or after February 8, 2006, the period of  
339.13 ineligibility begins on the first day of the month in which advance notice can be given  
339.14 following the month in which assets have been transferred for less than fair market value,  
339.15 or the date on which the individual is eligible for medical assistance under the Medicaid  
339.16 state plan and would otherwise be receiving long-term care services based on an approved  
339.17 application for such care but for the application of the penalty period, whichever is later,  
339.18 and which does not occur during any other period of ineligibility.

339.19 (d) If a calculation of a penalty period results in a partial month, payments for  
339.20 long-term care services shall be reduced in an amount equal to the fraction; except that in  
339.21 calculating the value of uncompensated transfers, if the total value of all uncompensated  
339.22 transfers made in a month not included in an existing penalty period does not exceed \$200,  
339.23 then such transfers shall be disregarded for each month prior to the month of application  
339.24 for or during receipt of medical assistance.

339.25 (e) In the case of multiple fractional transfers of assets in more than one month for  
339.26 less than fair market value on or after February 8, 2006, the period of ineligibility is  
339.27 calculated by treating the total, cumulative uncompensated value of all assets transferred  
339.28 during all months on or after February 8, 2006, as one transfer.

339.29 Sec. 11. Minnesota Statutes 2004, section 256B.0595, subdivision 3, is amended to  
339.30 read:

339.31 Subd. 3. **Homestead exception to transfer prohibition.** (a) An institutionalized  
339.32 person is not ineligible for long-term care services due to a transfer of assets for less than  
339.33 fair market value if the asset transferred was a homestead and:

339.34 (1) title to the homestead was transferred to the individual's:

339.35 (i) spouse;

- 340.1 (ii) child who is under age 21;
- 340.2 (iii) blind or permanently and totally disabled child as defined in the supplemental  
340.3 security income program;
- 340.4 (iv) sibling who has equity interest in the home and who was residing in the home  
340.5 for a period of at least one year immediately before the date of the individual's admission  
340.6 to the facility; or
- 340.7 (v) son or daughter who was residing in the individual's home for a period of at least  
340.8 two years immediately before the date of the individual's admission to the facility, and who  
340.9 provided care to the individual that, as certified by the individual's attending physician,  
340.10 permitted the individual to reside at home rather than in an institution or facility;
- 340.11 (2) a satisfactory showing is made that the individual intended to dispose of the  
340.12 homestead at fair market value or for other valuable consideration; or
- 340.13 (3) the local agency grants a waiver of a penalty resulting from a transfer for less  
340.14 than fair market value because denial of eligibility would cause undue hardship for the  
340.15 individual, based on imminent threat to the individual's health and well-being. Whenever  
340.16 an applicant or recipient is denied eligibility because of a transfer for less than fair market  
340.17 value, the local agency shall notify the applicant or recipient that the applicant or recipient  
340.18 may request a waiver of the penalty if the denial of eligibility will cause undue hardship.  
340.19 With the written consent of the individual or the personal representative of the individual,  
340.20 a long-term care facility in which an individual is residing may file an undue hardship  
340.21 waiver request, on behalf of the individual who is denied eligibility for long-term care  
340.22 services on or after July 1, 2006, due to a period of ineligibility resulting from a transfer  
340.23 on or after February 8, 2006. In evaluating a waiver, the local agency shall take into  
340.24 account whether the individual was the victim of financial exploitation, whether the  
340.25 individual has made reasonable efforts to recover the transferred property or resource,  
340.26 whether the individual has taken any action to prevent the designation of the department  
340.27 as a remainder beneficiary on an annuity as described in section 256B.056, subdivision  
340.28 11, and other factors relevant to a determination of hardship. If the local agency does not  
340.29 approve a hardship waiver, the local agency shall issue a written notice to the individual  
340.30 stating the reasons for the denial and the process for appealing the local agency's decision.
- 340.31 (b) When a waiver is granted under paragraph (a), clause (3), a cause of action exists  
340.32 against the person to whom the homestead was transferred for that portion of long-term  
340.33 care services granted within:
- 340.34 (1) 30 months of a transfer made on or before August 10, 1993;
- 340.35 (2) 60 months if the homestead was transferred after August 10, 1993, to a trust or  
340.36 portion of a trust that is considered a transfer of assets under federal law; or

341.1 (3) 36 months if transferred in any other manner after August 10, 1993, but prior  
341.2 to February 8, 2006; or

341.3 (4) 60 months if the homestead was transferred on or after February 8, 2006,

341.4 or the amount of the uncompensated transfer, whichever is less, together with the  
341.5 costs incurred due to the action. The action shall be brought by the state unless the  
341.6 state delegates this responsibility to the local agency responsible for providing medical  
341.7 assistance under chapter 256G.

341.8 Sec. 12. Minnesota Statutes 2004, section 256B.0595, subdivision 4, is amended to  
341.9 read:

341.10 Subd. 4. **Other exceptions to transfer prohibition.** An institutionalized person  
341.11 who has made, or whose spouse has made a transfer prohibited by subdivision 1, is not  
341.12 ineligible for long-term care services if one of the following conditions applies:

341.13 (1) the assets were transferred to the individual's spouse or to another for the sole  
341.14 benefit of the spouse; or

341.15 (2) the institutionalized spouse, prior to being institutionalized, transferred assets  
341.16 to a spouse, provided that the spouse to whom the assets were transferred does not then  
341.17 transfer those assets to another person for less than fair market value. (At the time when  
341.18 one spouse is institutionalized, assets must be allocated between the spouses as provided  
341.19 under section 256B.059); or

341.20 (3) the assets were transferred to the individual's child who is blind or permanently  
341.21 and totally disabled as determined in the supplemental security income program; or

341.22 (4) a satisfactory showing is made that the individual intended to dispose of the  
341.23 assets either at fair market value or for other valuable consideration; or

341.24 (5) the local agency determines that denial of eligibility for long-term care services  
341.25 would work an undue hardship and grants a waiver of a penalty resulting from a transfer  
341.26 for less than fair market value based on an imminent threat to the individual's health  
341.27 and well-being. Whenever an applicant or recipient is denied eligibility because of a  
341.28 transfer for less than fair market value, the local agency shall notify the applicant or  
341.29 recipient that the applicant or recipient may request a waiver of the penalty if the denial of  
341.30 eligibility will cause undue hardship. With the written consent of the individual or the  
341.31 personal representative of the individual, a long-term care facility in which an individual  
341.32 is residing may file an undue hardship waiver request, on behalf of the individual who is  
341.33 denied eligibility for long-term care services on or after July 1, 2006, due to a period of  
341.34 ineligibility resulting from a transfer on or after February 8, 2006. In evaluating a waiver,  
341.35 the local agency shall take into account whether the individual was the victim of financial

342.1 exploitation, whether the individual has made reasonable efforts to recover the transferred  
342.2 property or resource, and other factors relevant to a determination of hardship. If the local  
342.3 agency does not approve a hardship waiver, the local agency shall issue a written notice to  
342.4 the individual stating the reasons for the denial and the process for appealing the local  
342.5 agency's decision. When a waiver is granted, a cause of action exists against the person to  
342.6 whom the assets were transferred for that portion of long-term care services granted within:

342.7 (i) 30 months of a transfer made on or before August 10, 1993;

342.8 (ii) 60 months of a transfer if the assets were transferred after August 30, 1993, to a  
342.9 trust or portion of a trust that is considered a transfer of assets under federal law; or

342.10 (iii) 36 months of a transfer if transferred in any other manner after August 10, 1993,  
342.11 but prior to February 8, 2006; or

342.12 (iv) 60 months of any transfer made on or after February 8, 2006,

342.13 or the amount of the uncompensated transfer, whichever is less, together with the  
342.14 costs incurred due to the action. The action shall be brought by the state unless the  
342.15 state delegates this responsibility to the local agency responsible for providing medical  
342.16 assistance under this chapter; or

342.17 (6) for transfers occurring after August 10, 1993, the assets were transferred by  
342.18 the person or person's spouse: (i) into a trust established for the sole benefit of a son or  
342.19 daughter of any age who is blind or disabled as defined by the Supplemental Security  
342.20 Income program; or (ii) into a trust established for the sole benefit of an individual who is  
342.21 under 65 years of age who is disabled as defined by the Supplemental Security Income  
342.22 program.

342.23 "For the sole benefit of" has the meaning found in section 256B.059, subdivision 1.

342.24 Sec. 13. Minnesota Statutes 2005 Supplement, section 256B.06, subdivision 4, is  
342.25 amended to read:

342.26 Subd. 4. **Citizenship requirements.** (a) Eligibility for medical assistance is limited  
342.27 to citizens of the United States, qualified noncitizens as defined in this subdivision, and  
342.28 other persons residing lawfully in the United States. Citizens or nationals of the United  
342.29 States must cooperate in obtaining satisfactory documentary evidence of citizenship or  
342.30 nationality as required by the federal Deficit Reduction Act of 2005, Public Law 109-171.

342.31 (b) "Qualified noncitizen" means a person who meets one of the following  
342.32 immigration criteria:

342.33 (1) admitted for lawful permanent residence according to United States Code, title 8;

342.34 (2) admitted to the United States as a refugee according to United States Code,  
342.35 title 8, section 1157;

- 343.1 (3) granted asylum according to United States Code, title 8, section 1158;
- 343.2 (4) granted withholding of deportation according to United States Code, title 8,
- 343.3 section 1253(h);
- 343.4 (5) paroled for a period of at least one year according to United States Code, title 8,
- 343.5 section 1182(d)(5);
- 343.6 (6) granted conditional entrant status according to United States Code, title 8,
- 343.7 section 1153(a)(7);
- 343.8 (7) determined to be a battered noncitizen by the United States Attorney General
- 343.9 according to the Illegal Immigration Reform and Immigrant Responsibility Act of 1996,
- 343.10 title V of the Omnibus Consolidated Appropriations Bill, Public Law 104-200;
- 343.11 (8) is a child of a noncitizen determined to be a battered noncitizen by the United
- 343.12 States Attorney General according to the Illegal Immigration Reform and Immigrant
- 343.13 Responsibility Act of 1996, title V, of the Omnibus Consolidated Appropriations Bill,
- 3.14 Public Law 104-200; or
- 343.15 (9) determined to be a Cuban or Haitian entrant as defined in section 501(e) of Public
- 343.16 Law 96-422, the Refugee Education Assistance Act of 1980.
- 343.17 (c) All qualified noncitizens who were residing in the United States before August
- 343.18 22, 1996, who otherwise meet the eligibility requirements of this chapter, are eligible for
- 343.19 medical assistance with federal financial participation.
- 343.20 (d) All qualified noncitizens who entered the United States on or after August 22,
- 343.21 1996, and who otherwise meet the eligibility requirements of this chapter, are eligible for
- 343.22 medical assistance with federal financial participation through November 30, 1996.
- 343.23 Beginning December 1, 1996, qualified noncitizens who entered the United States
- 3.24 on or after August 22, 1996, and who otherwise meet the eligibility requirements of this
- 343.25 chapter are eligible for medical assistance with federal participation for five years if they
- 343.26 meet one of the following criteria:
- 343.27 (i) refugees admitted to the United States according to United States Code, title 8,
- 343.28 section 1157;
- 343.29 (ii) persons granted asylum according to United States Code, title 8, section 1158;
- 343.30 (iii) persons granted withholding of deportation according to United States Code,
- 343.31 title 8, section 1253(h);
- 343.32 (iv) veterans of the United States armed forces with an honorable discharge for
- 343.33 a reason other than noncitizen status, their spouses and unmarried minor dependent
- 3.34 children; or
- 343.35 (v) persons on active duty in the United States armed forces, other than for training,
- 343.36 their spouses and unmarried minor dependent children.

344.1           Beginning December 1, 1996, qualified noncitizens who do not meet one of the  
344.2 criteria in items (i) to (v) are eligible for medical assistance without federal financial  
344.3 participation as described in paragraph (j).

344.4           (e) Noncitizens who are not qualified noncitizens as defined in paragraph (b),  
344.5 who are lawfully residing in the United States and who otherwise meet the eligibility  
344.6 requirements of this chapter, are eligible for medical assistance under clauses (1) to (3).  
344.7 These individuals must cooperate with the Immigration and Naturalization Service to  
344.8 pursue any applicable immigration status, including citizenship, that would qualify them  
344.9 for medical assistance with federal financial participation.

344.10           (1) Persons who were medical assistance recipients on August 22, 1996, are eligible  
344.11 for medical assistance with federal financial participation through December 31, 1996.

344.12           (2) Beginning January 1, 1997, persons described in clause (1) are eligible for  
344.13 medical assistance without federal financial participation as described in paragraph (j).

344.14           (3) Beginning December 1, 1996, persons residing in the United States prior to  
344.15 August 22, 1996, who were not receiving medical assistance and persons who arrived on  
344.16 or after August 22, 1996, are eligible for medical assistance without federal financial  
344.17 participation as described in paragraph (j).

344.18           (f) Nonimmigrants who otherwise meet the eligibility requirements of this chapter  
344.19 are eligible for the benefits as provided in paragraphs (g) to (i). For purposes of this  
344.20 subdivision, a "nonimmigrant" is a person in one of the classes listed in United States  
344.21 Code, title 8, section 1101(a)(15).

344.22           (g) Payment shall also be made for care and services that are furnished to noncitizens,  
344.23 regardless of immigration status, who otherwise meet the eligibility requirements of  
344.24 this chapter, if such care and services are necessary for the treatment of an emergency  
344.25 medical condition, except for organ transplants and related care and services and routine  
344.26 prenatal care.

344.27           (h) For purposes of this subdivision, the term "emergency medical condition" means  
344.28 a medical condition that meets the requirements of United States Code, title 42, section  
344.29 1396b(v).

344.30           (i) Pregnant noncitizens who are undocumented, nonimmigrants, or eligible for  
344.31 medical assistance as described in paragraph (j), and who are not covered by a group  
344.32 health plan or health insurance coverage according to Code of Federal Regulations, title  
344.33 42, section 457.310, and who otherwise meet the eligibility requirements of this chapter,  
344.34 are eligible for medical assistance through the period of pregnancy, including labor and  
344.35 delivery, to the extent federal funds are available under title XXI of the Social Security

345.1 Act, and the state children's health insurance program, followed by 60 days postpartum  
345.2 without federal financial participation.

5.3 (j) Qualified noncitizens as described in paragraph (d), and all other noncitizens  
345.4 lawfully residing in the United States as described in paragraph (e), who are ineligible  
345.5 for medical assistance with federal financial participation and who otherwise meet the  
345.6 eligibility requirements of chapter 256B and of this paragraph, are eligible for medical  
345.7 assistance without federal financial participation. Qualified noncitizens as described  
345.8 in paragraph (d) are only eligible for medical assistance without federal financial  
345.9 participation for five years from their date of entry into the United States.

345.10 (k) Beginning October 1, 2003, persons who are receiving care and rehabilitation  
345.11 services from a nonprofit center established to serve victims of torture and are otherwise  
345.12 ineligible for medical assistance under this chapter are eligible for medical assistance  
345.13 without federal financial participation. These individuals are eligible only for the period  
345.14 during which they are receiving services from the center. Individuals eligible under this  
345.15 paragraph shall not be required to participate in prepaid medical assistance.

345.16 **EFFECTIVE DATE.** This section is effective July 1, 2006.

345.17 Sec. 14. Minnesota Statutes 2005 Supplement, section 256B.0625, subdivision 1a,  
345.18 is amended to read:

345.19 Subd. 1a. **Services provided in a hospital emergency room.** Medical assistance  
345.20 ~~does not cover visits to a hospital emergency room that are not for emergency and~~  
345.21 ~~emergency poststabilization care or urgent care, and does not pay for any services provided~~  
345.22 ~~in a hospital emergency room that are not for emergency and emergency poststabilization~~  
345.23 ~~care or urgent care~~ payment of a nonemergency emergency room facility component will  
345.24 be reduced to the payment level of the appropriate outpatient clinic facility component.

## 345.25 ARTICLE 22

### 345.26 QUALIFIED LONG-TERM CARE INSURANCE REGULATORY CHANGES

345.27 Section 1. Minnesota Statutes 2004, section 62S.05, is amended by adding a  
345.28 subdivision to read:

345.29 Subd. 4. **Extension of limitation periods.** The commissioner may extend the  
345.30 limitation periods set forth in subdivisions 1 and 2 as to specific age group categories in  
31 specific policy forms upon finding that the extension is in the best interest of the public.

345.32 Sec. 2. Minnesota Statutes 2004, section 62S.08, subdivision 3, is amended to read:

346.1 Subd. 3. **Mandatory format.** The following standard format outline of coverage  
346.2 must be used, unless otherwise specifically indicated:

346.3 COMPANY NAME  
346.4 ADDRESS - CITY AND STATE  
346.5 TELEPHONE NUMBER  
346.6 LONG-TERM CARE INSURANCE  
346.7 OUTLINE OF COVERAGE

346.8 Policy Number or Group Master Policy and Certificate Number

346.9 (Except for policies or certificates which are guaranteed issue, the following caution  
346.10 statement, or language substantially similar, must appear as follows in the outline of  
346.11 coverage.)

346.12 CAUTION: The issuance of this long-term care insurance (policy) (certificate)  
346.13 is based upon your responses to the questions on your application. A copy of your  
346.14 (application) (enrollment form) (is enclosed) (was retained by you when you applied).  
346.15 If your answers are incorrect or untrue, the company has the right to deny benefits or  
346.16 rescind your policy. The best time to clear up any questions is now, before a claim  
346.17 arises. If, for any reason, any of your answers are incorrect, contact the company at this  
346.18 address: (insert address).

346.19 (1) This policy is (an individual policy of insurance) (a group policy) which was  
346.20 issued in the (indicate jurisdiction in which group policy was issued).

346.21 (2) PURPOSE OF OUTLINE OF COVERAGE. This outline of coverage provides  
346.22 a very brief description of the important features of the policy. You should compare  
346.23 this outline of coverage to outlines of coverage for other policies available to you. This  
346.24 is not an insurance contract, but only a summary of coverage. Only the individual or  
346.25 group policy contains governing contractual provisions. This means that the policy or  
346.26 group policy sets forth in detail the rights and obligations of both you and the insurance  
346.27 company. Therefore, if you purchase this coverage, or any other coverage, it is important  
346.28 that you READ YOUR POLICY (OR CERTIFICATE) CAREFULLY.

346.29 (3) THIS PLAN IS INTENDED TO BE A QUALIFIED LONG-TERM CARE  
346.30 INSURANCE CONTRACT AS DEFINED UNDER SECTION 7702(B)(b) OF THE  
346.31 INTERNAL REVENUE CODE OF 1986.

346.32 (4) TERMS UNDER WHICH THE POLICY OR CERTIFICATE MAY BE  
346.33 CONTINUED IN FORCE OR DISCONTINUED.

346.34 (a) (For long-term care health insurance policies or certificates describe one of the  
346.35 following permissible policy renewability provisions:

346.36 (1) Policies and certificates that are guaranteed renewable shall contain the following  
346.37 statement:) RENEWABILITY: THIS POLICY (CERTIFICATE) IS GUARANTEED  
346.38 RENEWABLE. This means you have the right, subject to the terms of your policy,

347.1 (certificate) to continue this policy as long as you pay your premiums on time. (company  
347.2 name) cannot change any of the terms of your policy on its own, except that, in the future,  
7.3 IT MAY INCREASE THE PREMIUM YOU PAY.

347.4 (2) (Policies and certificates that are noncancelable shall contain the following  
347.5 statement:) RENEWABILITY: THIS POLICY (CERTIFICATE) IS NONCANCELABLE.  
347.6 This means that you have the right, subject to the terms of your policy, to continue this  
347.7 policy as long as you pay your premiums on time. (company name) cannot change any  
347.8 of the terms of your policy on its own and cannot change the premium you currently  
347.9 pay. However, if your policy contains an inflation protection feature where you choose  
347.10 to increase your benefits, (company name) may increase your premium at that time for  
347.11 those additional benefits.

347.12 (b) (For group coverage, specifically describe continuation/conversion provisions  
347.13 applicable to the certificate and group policy.)

347.14 (c) (Describe waiver of premium provisions or state that there are not such  
347.15 provisions.)

347.16 (5) TERMS UNDER WHICH THE COMPANY MAY CHANGE PREMIUMS.

347.17 (In bold type larger than the maximum type required to be used for the other  
347.18 provisions of the outline of coverage, state whether or not the company has a right to  
347.19 change the premium and, if a right exists, describe clearly and concisely each circumstance  
347.20 under which the premium may change.)

347.21 (6) TERMS UNDER WHICH THE POLICY OR CERTIFICATE MAY BE  
347.22 RETURNED AND PREMIUM REFUNDED.

347.23 (a) (Provide a brief description of the right to return – "free look" provision of  
7.24 the policy.)

347.25 (b) (Include a statement that the policy either does or does not contain provisions  
347.26 providing for a refund or partial refund of premium upon the death of an insured or  
347.27 surrender of the policy or certificate. If the policy contains such provisions, include a  
347.28 description of them.)

347.29 (5) (7) THIS IS NOT MEDICARE SUPPLEMENT COVERAGE. If you are  
347.30 eligible for Medicare, review the Medicare Supplement Buyer's Guide available from  
347.31 the insurance company.

347.32 (a) (For agents) neither (insert company name) nor its agents represent Medicare, the  
347.33 federal government, or any state government.

347.34 (b) (For direct response) (insert company name) is not representing Medicare, the  
347.35 federal government, or any state government.

348.1 ~~(6)~~ (8) LONG-TERM CARE COVERAGE. Policies of this category are designed to  
348.2 provide coverage for one or more necessary or medically necessary diagnostic, preventive,  
348.3 therapeutic, rehabilitative, maintenance, or personal care services, provided in a setting  
348.4 other than an acute care unit of a hospital, such as in a nursing home, in the community,  
348.5 or in the home.

348.6 This policy provides coverage in the form of a fixed dollar indemnity benefit for  
348.7 covered long-term care expenses, subject to policy (limitations), (waiting periods), and  
348.8 (coinsurance) requirements. (Modify this paragraph if the policy is not an indemnity  
348.9 policy.)

348.10 ~~(7)~~ (9) BENEFITS PROVIDED BY THIS POLICY.

348.11 (a) (Covered services, related deductible(s), waiting periods, elimination periods,  
348.12 and benefit maximums.)

348.13 (b) (Institutional benefits, by skill level.)

348.14 (c) (Noninstitutional benefits, by skill level.)

348.15 (d) (Eligibility for payment of benefits.)

348.16 (Activities of daily living and cognitive impairment shall be used to measure an  
348.17 insured's need for long-term care and must be defined and described as part of the outline  
348.18 of coverage.)

348.19 (Any benefit screens must be explained in this section. If these screens differ for  
348.20 different benefits, explanation of the screen should accompany each benefit description. If  
348.21 an attending physician or other specified person must certify a certain level of functional  
348.22 dependency in order to be eligible for benefits, this too must be specified. If activities of  
348.23 daily living (ADLs) are used to measure an insured's need for long-term care, then these  
348.24 qualifying criteria or screens must be explained.)

348.25 ~~(8)~~ (10) LIMITATIONS AND EXCLUSIONS:

348.26 Describe:

348.27 (a) preexisting conditions;

348.28 (b) noneligible facilities/provider;

348.29 (c) noneligible levels of care (e.g., unlicensed providers, care or treatment provided  
348.30 by a family member, etc.);

348.31 (d) exclusions/exceptions; and

348.32 (e) limitations.

348.33 (This section should provide a brief specific description of any policy provisions  
348.34 which limit, exclude, restrict, reduce, delay, or in any other manner operate to qualify  
348.35 payment of the benefits described in paragraph ~~(6)~~ (8).)

349.1 THIS POLICY MAY NOT COVER ALL THE EXPENSES ASSOCIATED WITH  
349.2 YOUR LONG-TERM CARE NEEDS.

349.3 ~~(9)~~ (11) RELATIONSHIP OF COST OF CARE AND BENEFITS. Because the costs  
349.4 of long-term care services will likely increase over time, you should consider whether and  
349.5 how the benefits of this plan may be adjusted. As applicable, indicate the following:

- 349.6 (a) that the benefit level will not increase over time;
- 349.7 (b) any automatic benefit adjustment provisions;
- 349.8 (c) whether the insured will be guaranteed the option to buy additional benefits and  
349.9 the basis upon which benefits will be increased over time if not by a specified amount  
349.10 or percentage;
- 349.11 (d) if there is such a guarantee, include whether additional underwriting or health  
349.12 screening will be required, the frequency and amounts of the upgrade options, and any  
349.13 significant restrictions or limitations; and
- 349.14 (e) whether there will be any additional premium charge imposed and how that  
349.15 is to be calculated.

349.16 ~~(10)~~ (12) ALZHEIMER'S DISEASE AND OTHER ORGANIC BRAIN  
349.17 DISORDERS. (State that the policy provides coverage for insureds clinically diagnosed as  
349.18 having Alzheimer's disease or related degenerative and dementing illnesses. Specifically,  
349.19 describe each benefit screen or other policy provision which provides preconditions to the  
349.20 availability of policy benefits for such an insured.)

349.21 ~~(11)~~ (13) PREMIUM.  
349.22 (a) State the total annual premium for the policy.  
349.23 (b) If the premium varies with an applicant's choice among benefit options, indicate  
349.24 the portion of annual premium which corresponds to each benefit option.

349.25 ~~(12)~~ (14) ADDITIONAL FEATURES.  
349.26 (a) Indicate if medical underwriting is used.  
349.27 (b) Describe other important features.

349.28 (15) CONTACT THE STATE DEPARTMENT OF COMMERCE OR SENIOR  
349.29 LINKAGE LINE IF YOU HAVE GENERAL QUESTIONS REGARDING LONG-TERM  
349.30 CARE INSURANCE. CONTACT THE INSURANCE COMPANY IF YOU HAVE  
349.31 SPECIFIC QUESTIONS REGARDING YOUR LONG-TERM CARE INSURANCE  
349.32 POLICY OR CERTIFICATE.

349.33 Sec. 3. Minnesota Statutes 2004, section 62S.081, subdivision 4, is amended to read:

349.34 Subd. 4. **Forms.** An insurer shall use the forms in Appendices B (Personal  
349.35 Worksheet) and F (Potential Rate Increase Disclosure Form) of the Long-term Care

350.1 Insurance Model Regulation adopted by the National Association of Insurance  
350.2 Commissioners to comply with the requirements of subdivisions 1 and 2.

350.3 Sec. 4. Minnesota Statutes 2004, section 62S.10, subdivision 2, is amended to read:

350.4 Subd. 2. **Contents.** The summary must include the following information:

350.5 (1) an explanation of how the long-term care benefit interacts with other components  
350.6 of the policy, including deductions from death benefits;

350.7 (2) an illustration of the amount of benefits, the length of benefits, and the guaranteed  
350.8 lifetime benefits, if any, for each covered person; ~~and~~

350.9 (3) any exclusions, reductions, and limitations on benefits of long-term care; and

350.10 (4) a statement that any long-term care inflation protection option required by section  
350.11 62S.23 is not available under this policy.

350.12 Sec. 5. Minnesota Statutes 2004, section 62S.13, is amended by adding a subdivision  
350.13 to read:

350.14 Subd. 6. **Death of insured.** In the event of the death of the insured, this section shall  
350.15 not apply to the remaining death benefit of a life insurance policy that accelerates benefits  
350.16 for long-term care. In this situation, the remaining death benefits under these policies shall  
350.17 be governed by section 61A.03, subdivision 1, paragraph (c). In all other situations, this  
350.18 section shall apply to life insurance policies that accelerate benefits for long-term care.

350.19 Sec. 6. Minnesota Statutes 2004, section 62S.14, subdivision 2, is amended to read:

350.20 Subd. 2. **Terms.** The terms "guaranteed renewable" and "noncancelable" may not  
350.21 be used in an individual long-term care insurance policy without further explanatory  
350.22 language that complies with the disclosure requirements of section 62S.20. The term  
350.23 "level premium" may only be used when the insurer does not have the right to change  
350.24 the premium.

350.25 Sec. 7. Minnesota Statutes 2004, section 62S.15, is amended to read:

350.26 **62S.15 AUTHORIZED LIMITATIONS AND EXCLUSIONS.**

350.27 No policy may be delivered or issued for delivery in this state as long-term care  
350.28 insurance if the policy limits or excludes coverage by type of illness, treatment, medical  
350.29 condition, or accident, except as follows:

350.30 (1) preexisting conditions or diseases;

350.31 (2) mental or nervous disorders; except that the exclusion or limitation of benefits on  
350.32 the basis of Alzheimer's disease is prohibited;

351.1 (3) alcoholism and drug addiction;

351.2 (4) illness, treatment, or medical condition arising out of war or act of war;

351.3 participation in a felony, riot, or insurrection; service in the armed forces or auxiliary

351.4 units; suicide, attempted suicide, or intentionally self-inflicted injury; or non-fare-paying

351.5 aviation; ~~and~~

351.6 (5) treatment provided in a government facility unless otherwise required by

351.7 law, services for which benefits are available under Medicare or other government

351.8 program except Medicaid, state or federal workers' compensation, employer's liability

351.9 or occupational disease law, motor vehicle no-fault law; services provided by a member

351.10 of the covered person's immediate family; and services for which no charge is normally

351.11 made in the absence of insurance; and

351.12 (6) expenses for services or items available or paid under another long-term care

351.13 insurance or health insurance policy.

351.14 This subdivision does not prohibit exclusions and limitations by type of provider or

351.15 territorial limitations.

351.16 Sec. 8. Minnesota Statutes 2004, section 62S.20, subdivision 1, is amended to read:

351.17 Subdivision 1. **Renewability.** (a) Individual long-term care insurance policies

351.18 must contain a renewability provision that is appropriately captioned, appears on the first

351.19 page of the policy, and clearly states the duration, where limited, of renewability and the

351.20 duration of the term of coverage for which the policy is issued and for which it may be

351.21 renewed that the coverage is guaranteed renewable or noncancelable. This subdivision

351.22 does not apply to policies which are part of or combined with life insurance policies

351.23 which do not contain a renewability provision and under which the right to nonrenew is

351.24 reserved solely to the policyholder.

351.25 (b) A long-term care insurance policy or certificate, other than one where the insurer

351.26 does not have the right to change the premium, shall include a statement that premium

351.27 rates may change.

351.28 Sec. 9. Minnesota Statutes 2004, section 62S.24, subdivision 1, is amended to read:

351.29 Subdivision 1. **Required questions.** An application form must include the following

351.30 questions designed to elicit information as to whether, as of the date of the application, the

351.31 applicant has another long-term care insurance policy or certificate in force or whether a

351.32 long-term care policy or certificate is intended to replace any other accident and sickness

351.33 or long-term care policy or certificate presently in force. A supplementary application

351.34 or other form to be signed by the applicant and agent, except where the coverage is sold

352.1 without an agent, containing the following questions may be used. If a replacement policy  
 352.2 is issued to a group as defined under section 62S.01, subdivision 15, clause (1), the  
 352.3 following questions may be modified only to the extent necessary to elicit information  
 352.4 about long-term care insurance policies other than the group policy being replaced;  
 352.5 provided, however, that the certificate holder has been notified of the replacement:

352.6 (1) do you have another long-term care insurance policy or certificate in force  
 352.7 (including health care service contract or health maintenance organization contract)?;

352.8 (2) did you have another long-term care insurance policy or certificate in force  
 352.9 during the last 12 months?;

352.10 (i) if so, with which company?; and

352.11 (ii) if that policy lapsed, when did it lapse?; ~~and~~

352.12 (3) are you covered by Medicaid?; and

352.13 (4) do you intend to replace any of your medical or health insurance coverage with  
 352.14 this policy (certificate)?

352.15 Sec. 10. Minnesota Statutes 2004, section 62S.24, is amended by adding a subdivision  
 352.16 to read:

352.17 Subd. 1a. Other health insurance policies sold by agent. Agents shall list all other  
 352.18 health insurance policies they have sold to the applicant that are still in force or were sold  
 352.19 in the past five years and are no longer in force.

352.20 Sec. 11. Minnesota Statutes 2004, section 62S.24, subdivision 3, is amended to read:

352.21 **Subd. 3. Solicitations other than direct response.** After determining that a  
 352.22 sale will involve replacement, an insurer, other than an insurer using direct response  
 352.23 solicitation methods or its agent, shall furnish the applicant, before issuance or delivery of  
 352.24 the individual long-term care insurance policy, a notice regarding replacement of accident  
 352.25 and sickness or long-term care coverage. One copy of the notice must be retained by the  
 352.26 applicant and an additional copy signed by the applicant must be retained by the insurer.  
 352.27 The required notice must be provided in the following manner:

352.28 NOTICE TO APPLICANT REGARDING REPLACEMENT OF  
 352.29 INDIVIDUAL ACCIDENT AND SICKNESS OR LONG-TERM  
 352.30 CARE INSURANCE

352.31 (Insurance company's name and address)

352.32 SAVE THIS NOTICE! IT MAY BE IMPORTANT TO YOU IN THE FUTURE.

352.33 According to (your application) (information you have furnished), you intend to  
 352.34 lapse or otherwise terminate existing accident and sickness or long-term care insurance  
 352.35 and replace it with an individual long-term care insurance policy to be issued by (company

353.1 name) insurance company. Your new policy provides 30 days within which you may  
 353.2 decide, without cost, whether you desire to keep the policy. For your own information and  
 353.3 protection, you should be aware of and seriously consider certain factors which may affect  
 353.4 the insurance protection available to you under the new policy.

353.5 You should review this new coverage carefully, comparing it with all accident  
 353.6 and sickness or long-term care insurance coverage you now have, and terminate your  
 353.7 present policy only if, after due consideration, you find that purchase of this long-term  
 353.8 care coverage is a wise decision.

353.9 STATEMENT TO APPLICANT BY AGENT  
 353.10 (BROKER OR OTHER REPRESENTATIVE):  
 353.11 (Use additional sheets, as necessary.)

353.12 I have reviewed your current medical health insurance coverage. I believe the  
 353.13 replacement of insurance involved in this transaction materially improves your position.  
 353.14 My conclusion has taken into account the following considerations, which I call to your  
 353.15 attention:

353.16 (a) Health conditions which you presently have (preexisting conditions) may not  
 353.17 be immediately or fully covered under the new policy. This could result in denial or  
 353.18 delay in payment of benefits under the new policy, whereas a similar claim might have  
 353.19 been payable under your present policy.

353.20 (b) State law provides that your replacement policy or certificate may not contain  
 353.21 new preexisting conditions or probationary periods. The insurer will waive any time  
 353.22 periods applicable to preexisting conditions or probationary periods in the new policy (or  
 353.23 coverage) for similar benefits to the extent such time was spent (depleted) under the  
 353.24 original policy.

353.25 (c) If you are replacing existing long-term care insurance coverage, you may wish to  
 353.26 secure the advice of your present insurer or its agent regarding the proposed replacement of  
 353.27 your present policy. This is not only your right, but it is also in your best interest to make  
 353.28 sure you understand all the relevant factors involved in replacing your present coverage.

353.29 (d) If, after due consideration, you still wish to terminate your present policy and  
 353.30 replace it with new coverage, be certain to truthfully and completely answer all questions  
 353.31 on the application concerning your medical health history. Failure to include all material  
 353.32 medical information on an application may provide a basis for the company to deny any  
 353.33 future claims and to refund your premium as though your policy had never been in force.  
 353.34 After the application has been completed and before you sign it, reread it carefully to be  
 353.35 certain that all information has been properly recorded.

353.36 .....  
 353.37 (Signature of Agent, Broker, or Other Representative)

354.1 (Typed Name and Address of Agency or Broker)

354.2 The above "Notice to Applicant" was delivered to me on:

354.3 .....  
354.4 (Date)

354.5 .....  
354.6 (Applicant's Signature)

354.7 Sec. 12. Minnesota Statutes 2004, section 62S.24, subdivision 4, is amended to read:

354.8 Subd. 4. **Direct response solicitations.** Insurers using direct response solicitation  
354.9 methods shall deliver a notice regarding replacement of long-term care coverage to  
354.10 the applicant upon issuance of the policy. The required notice must be provided in the  
354.11 following manner:

354.12 NOTICE TO APPLICANT REGARDING REPLACEMENT OF  
354.13 ACCIDENT AND SICKNESS OR  
354.14 LONG-TERM CARE INSURANCE

354.15 (Insurance company's name and address)

354.16 SAVE THIS NOTICE! IT MAY BE  
354.17 IMPORTANT TO YOU IN THE FUTURE.

354.18 According to (your application) (information you have furnished), you intend to  
354.19 lapse or otherwise terminate existing accident and sickness or long-term care insurance  
354.20 and replace it with the long-term care insurance policy delivered herewith issued by  
354.21 (company name) insurance company.

354.22 Your new policy provides 30 days within which you may decide, without cost,  
354.23 whether you desire to keep the policy. For your own information and protection, you  
354.24 should be aware of and seriously consider certain factors which may affect the insurance  
354.25 protection available to you under the new policy.

354.26 You should review this new coverage carefully, comparing it with all long-term care  
354.27 insurance coverage you now have, and terminate your present policy only if, after due  
354.28 consideration, you find that purchase of this long-term care coverage is a wise decision.

354.29 (a) Health conditions which you presently have (preexisting conditions) may not  
354.30 be immediately or fully covered under the new policy. This could result in denial or  
354.31 delay in payment of benefits under the new policy, whereas a similar claim might have  
354.32 been payable under your present policy.

354.33 (b) State law provides that your replacement policy or certificate may not contain  
354.34 new preexisting conditions or probationary periods. Your insurer will waive any time  
354.35 periods applicable to preexisting conditions or probationary periods in the new policy (or

355.1 coverage) for similar benefits to the extent such time was spent (depleted) under the  
355.2 original policy.

55.3 (c) If you are replacing existing long-term care insurance coverage, you may wish to  
355.4 secure the advice of your present insurer or its agent regarding the proposed replacement of  
355.5 your present policy. This is not only your right, but it is also in your best interest to make  
355.6 sure you understand all the relevant factors involved in replacing your present coverage.

355.7 (d) (To be included only if the application is attached to the policy.)

355.8 If, after due consideration, you still wish to terminate your present policy and replace  
355.9 it with new coverage, read the copy of the application attached to your new policy and be  
355.10 sure that all questions are answered fully and correctly. Omissions or misstatements in  
355.11 the application could cause an otherwise valid claim to be denied. Carefully check the  
355.12 application and write to (company name and address) within 30 days if any information is  
355.13 not correct and complete, or if any past medical history has been left out of the application.

355.14 .....  
355.15 (Company Name)

355.16 Sec. 13. Minnesota Statutes 2004, section 62S.24, is amended by adding a subdivision  
355.17 to read:

355.18 Subd. 7. Life insurance policies. Life insurance policies that accelerate benefits for  
355.19 long-term care shall comply with this section if the policy being replaced is a long-term  
355.20 care insurance policy. If the policy being replaced is a life insurance policy, the insurer  
355.21 shall comply with the replacement requirements of sections 61A.53 to 61A.60. If a  
355.22 life insurance policy that accelerates benefits for long-term care is replaced by another  
355.23 such policy, the replacing insurer shall comply with both the long-term care and the life  
355.24 insurance replacement requirements.

355.25 Sec. 14. Minnesota Statutes 2004, section 62S.25, subdivision 6, is amended to read:

355.26 Subd. 6. **Claims denied.** Each insurer shall report annually by June 30 the number  
355.27 of claims denied for any reason during the reporting period for each class of business,  
355.28 expressed as a percentage of claims denied, other than claims denied for failure to meet  
355.29 the waiting period or because of any applicable preexisting condition. For purposes of  
355.30 this subdivision, "claim" means a request for payment of benefits under an in-force policy  
355.31 regardless of whether the benefit claimed is covered under the policy or any terms or  
355.32 conditions of the policy have been met.

356.1 Sec. 15. Minnesota Statutes 2004, section 62S.25, is amended by adding a subdivision  
356.2 to read:

356.3 Subd. 7. Reports. Reports under this section shall be done on a statewide basis and  
356.4 filed with the commissioner. They shall include, at a minimum, the information in the  
356.5 format contained in Appendix E (Claim Denial Reporting Form) and in Appendix G  
356.6 (Replacement and Lapse Reporting Form) of the Long-Term Care Model Regulation  
356.7 adopted by the National Association of Insurance Commissioners.

356.8 Sec. 16. Minnesota Statutes 2004, section 62S.26, is amended to read:

356.9 **62S.26 LOSS RATIO.**

356.10 Subdivision 1. Minimum loss ratio. (a) The minimum loss ratio must be at least 60  
356.11 percent, calculated in a manner which provides for adequate reserving of the long-term  
356.12 care insurance risk. In evaluating the expected loss ratio, the commissioner shall give  
356.13 consideration to all relevant factors, including:

- 356.14 (1) statistical credibility of incurred claims experience and earned premiums;  
356.15 (2) the period for which rates are computed to provide coverage;  
356.16 (3) experienced and projected trends;  
356.17 (4) concentration of experience within early policy duration;  
356.18 (5) expected claim fluctuation;  
356.19 (6) experience refunds, adjustments, or dividends;  
356.20 (7) renewability features;  
356.21 (8) all appropriate expense factors;  
356.22 (9) interest;  
356.23 (10) experimental nature of the coverage;  
356.24 (11) policy reserves;  
356.25 (12) mix of business by risk classification; and  
356.26 (13) product features such as long elimination periods, high deductibles, and high  
356.27 maximum limits.

356.28 Subd. 2. Life insurance policies. Subdivision 1 shall not apply to life insurance  
356.29 policies that accelerate benefits for long-term care. A life insurance policy that funds  
356.30 long-term care benefits entirely by accelerating the death benefit is considered to provide  
356.31 reasonable benefits in relation to premiums paid, if the policy complies with all of the  
356.32 following provisions:

- 356.33 (1) the interest credited internally to determine cash value accumulations, including  
356.34 long-term care, if any, are guaranteed not to be less than the minimum guaranteed interest  
356.35 rate for cash value accumulations without long-term care set forth in the policy;

357.1 (2) the portion of the policy that provides life insurance benefits meets the  
357.2 nonforfeiture requirements of section 61A.24;

357.3 (3) the policy meets the disclosure requirements of sections 62S.09, 62S.10, and  
357.4 62S.11; and

357.5 (4) an actuarial memorandum is filed with the commissioner that includes:  
357.6 (i) a description of the basis on which the long-term care rates were determined;  
357.7 (ii) a description of the basis for the reserves;  
357.8 (iii) a summary of the type of policy, benefits, renewability, general marketing  
357.9 method, and limits on ages of issuance;  
357.10 (iv) a description and a table of each actuarial assumption used. For expenses,  
357.11 an insurer must include percentage of premium dollars per policy and dollars per unit  
357.12 of benefits, if any;  
357.13 (v) a description and a table of the anticipated policy reserves and additional reserves  
357.14 to be held in each future year for active lives;  
357.15 (vi) the estimated average annual premium per policy and the average issue age;  
357.16 (vii) a statement as to whether underwriting is performed at the time of application.  
357.17 The statement shall indicate whether underwriting is used and, if used, the statement  
357.18 shall include a description of the type or types of underwriting used, such as medical  
357.19 underwriting or functional assessment underwriting. Concerning a group policy, the  
357.20 statement shall indicate whether the enrollee or any dependent will be underwritten and  
357.21 when underwriting occurs; and  
357.22 (viii) a description of the effect of the long-term care policy provision on the required  
357.23 premiums, nonforfeiture values, and reserves on the underlying life insurance policy, both  
357.24 for active lives and those in long-term care claim status.

357.25 **Subd. 3. Nonapplication.** (b) This section does not apply to policies or certificates  
357.26 that are subject to sections 62S.021, 62S.081, and 62S.265, and that comply with those  
357.27 sections.

357.28 Sec. 17. Minnesota Statutes 2004, section 62S.266, subdivision 2, is amended to read:

357.29 **Subd. 2. Requirement.** (a) An insurer must offer each prospective policyholder a  
357.30 nonforfeiture benefit in compliance with the following requirements:

357.31 (1) a policy or certificate offered with nonforfeiture benefits must have coverage  
357.32 elements, eligibility, benefit triggers, and benefit length that are the same as coverage to be  
357.33 issued without nonforfeiture benefits. The nonforfeiture benefit included in the offer must  
357.34 be the benefit described in subdivision 5; and

358.1 (2) the offer must be in writing if the nonforfeiture benefit is not otherwise described  
358.2 in the outline of coverage or other materials given to the prospective policyholder.

358.3 (b) When a group long-term care insurance policy is issued, the offer required in  
358.4 paragraph (a) shall be made to the group policy holder. However, if the policy is issued as  
358.5 group long-term care insurance as defined in section 62S.01, subdivision 15, clause (4),  
358.6 other than to a continuing care retirement community or other similar entity, the offering  
358.7 shall be made to each proposed certificate holder.

358.8 Sec. 18. Minnesota Statutes 2004, section 62S.29, subdivision 1, is amended to read:

358.9 Subdivision 1. **Requirements.** An insurer or other entity marketing long-term care  
358.10 insurance coverage in this state, directly or through its producers, shall:

358.11 (1) establish marketing procedures and agent training requirements to assure that a  
358.12 any marketing activities, including any comparison of policies by its agents or other  
358.13 producers, are fair and accurate;

358.14 (2) establish marketing procedures to assure excessive insurance is not sold or issued;

358.15 (3) display prominently by type, stamp, or other appropriate means, on the first page  
358.16 of the outline of coverage and policy, the following:

358.17 "Notice to buyer: This policy may not cover all of the costs associated with  
358.18 long-term care incurred by the buyer during the period of coverage. The buyer is advised  
358.19 to review carefully all policy limitations.";

358.20 (4) provide copies of the disclosure forms required in section 62S.081, subdivision  
358.21 4, to the applicant;

358.22 (5) inquire and otherwise make every reasonable effort to identify whether a  
358.23 prospective applicant or enrollee for long-term care insurance already has long-term care  
358.24 insurance and the types and amounts of the insurance;

358.25 ~~(5)~~ (6) establish auditable procedures for verifying compliance with this subdivision;

358.26 ~~and~~

358.27 ~~(6)~~ (7) if applicable, provide written notice to the prospective policyholder and  
358.28 certificate holder, at solicitation, that a senior insurance counseling program approved  
358.29 by the commissioner is available and the name, address, and telephone number of the  
358.30 program;

358.31 (8) use the terms "noncancelable" or "level premium" only when the policy or  
358.32 certificate conforms to section 62S.14; and

358.33 (9) provide an explanation of contingent benefit upon lapse provided for in section  
358.34 62S.266.

359.1 Sec. 19. Minnesota Statutes 2004, section 62S.30, is amended to read:

359.2 ~~62S.30 APPROPRIATENESS OF RECOMMENDED PURCHASE~~  
359.3 SUITABILITY.

359.4 ~~In recommending the purchase or replacement of a long-term care insurance policy~~  
359.5 ~~or certificate, an agent shall comply with section 60K.46, subdivision 4.~~

359.6 Subdivision 1. Standards. Every insurer or other entity marketing long-term care  
359.7 insurance shall:

359.8 (1) develop and use suitability standards to determine whether the purchase or  
359.9 replacement of long-term care insurance is appropriate for the needs of the applicant;

359.10 (2) train its agents in the use of its suitability standards; and

359.11 (3) maintain a copy of its suitability standards and make them available for  
359.12 inspection upon request by the commissioner.

359.13 Subd. 2. Procedures. (a) To determine whether the applicant meets the standards  
359.14 developed by the insurer or other entity marketing long-term care insurance, the agent  
359.15 and insurer or other entity marketing long-term care insurance shall develop procedures  
359.16 that take the following into consideration:

359.17 (1) the ability to pay for the proposed coverage and other pertinent financial  
359.18 information related to the purchase of the coverage;

359.19 (2) the applicant's goals or needs with respect to long-term care and the advantages  
359.20 and disadvantages of insurance to meet those goals or needs; and

359.21 (3) the values, benefits, and costs of the applicant's existing insurance, if any, when  
359.22 compared to the values, benefits, and costs of the recommended purchase or replacement.

359.23 (b) The insurer or other entity marketing long-term care insurance, and where an  
359.24 agent is involved, the agent, shall make reasonable efforts to obtain the information set  
359.25 forth in paragraph (a). The efforts shall include presentation to the applicant, at or prior  
359.26 to application, of the "Long-Term Care Insurance Personal Worksheet." The personal  
359.27 worksheet used by the insurer or other entity marketing long-term care insurance shall  
359.28 contain, at a minimum, the information in the format contained in Appendix B of the  
359.29 Long-Term Care Model Regulation adopted by the National Association of Insurance  
359.30 Commissioners, in not less than 12-point type. The insurer or other entity marketing  
359.31 long-term care insurance may request the applicant to provide additional information to  
359.32 comply with its suitability standards. The insurer or other entity marketing long-term care  
359.33 insurance shall file a copy of its personal worksheet with the commissioner.

359.34 (c) A completed personal worksheet shall be returned to the insurer or other entity  
359.35 marketing long-term care insurance prior to consideration of the applicant for coverage,  
359.36 except the personal worksheet need not be returned for sales of employer group long-term

360.1 care insurance to employees and their spouses. The sale or dissemination by the insurer  
360.2 or other entity marketing long-term care insurance, or the agent, of information obtained  
360.3 through the personal worksheet, is prohibited.

360.4 (d) The insurer or other entity marketing long-term care insurance shall use the  
360.5 suitability standards it has developed under this section in determining whether issuing  
360.6 long-term care insurance coverage to an applicant is appropriate. Agents shall use the  
360.7 suitability standards developed by the insurer or other entity marketing long-term care  
360.8 insurance in marketing long-term care insurance.

360.9 (e) At the same time as the personal worksheet is provided to the applicant, the  
360.10 disclosure form entitled "Things You Should Know Before You Buy Long-Term Care  
360.11 Insurance" shall be provided. The form shall be in the format contained in Appendix C of  
360.12 the Long-Term Care Insurance Model Regulation adopted by the National Association of  
360.13 Insurance Commissioners in not less than 12-point type.

360.14 (f) If the insurer or other entity marketing long-term care insurance determines  
360.15 that the applicant does not meet its financial suitability standards, or if the applicant has  
360.16 declined to provide the information, the insurer or other entity marketing long-term  
360.17 care insurance may reject the application. In the alternative, the insurer or other entity  
360.18 marketing long-term care insurance shall send the applicant a letter similar to Appendix D  
360.19 of the Long-Term Care Insurance Model Regulation adopted by the National Association  
360.20 of Insurance Commissioners. However, if the applicant has declined to provide financial  
360.21 information, the insurer or other entity marketing long-term care insurance may use some  
360.22 other method to verify the applicant's intent. The applicant's returned letter or a record of  
360.23 the alternative method of verification shall be made part of the applicant's file.

360.24 Subd. 3. Reports. The insurer or other entity marketing long-term care insurance  
360.25 shall report annually to the commissioner the total number of applications received from  
360.26 residents of this state, the number of those who declined to provide information on the  
360.27 personal worksheet, the number of applicants who did not meet the suitability standards,  
360.28 and the number of those who chose to confirm after receiving a suitability letter.

360.29 Subd. 4. Application. This section shall not apply to life insurance policies that  
360.30 accelerate benefits for long-term care.

360.31 **Sec. 20. [62S.315] PRODUCER TRAINING.**

360.32 The commissioner shall approve insurer and producer training requirements in  
360.33 accordance with the NAIC Long-Term Care Insurance Model Act provisions. The  
360.34 commissioner of human services shall provide technical assistance and information to the  
360.35 commissioner in accordance with Public Law 109-171, section 6021.

361.1  
361.2  
361.3

**ARTICLE 23**  
**MISCELLANEOUS**  
**HEALTH AND HUMAN SERVICES**

361.4 Section 1. Minnesota Statutes 2004, section 62Q.19, subdivision 2, is amended to read:

361.5 Subd. 2. **Application.** (a) Any provider may apply to the commissioner for  
361.6 designation as an essential community provider by submitting an application form  
361.7 developed by the commissioner. Except as provided in paragraphs (d) and (e), applications  
361.8 must be accepted within two years after the effective date of the rules adopted by the  
361.9 commissioner to implement this section.

361.10 (b) Each application submitted must be accompanied by an application fee in an  
361.11 amount determined by the commissioner. The fee shall be no more than what is needed to  
361.12 cover the administrative costs of processing the application.

361.13 (c) The name, address, contact person, and the date by which the commissioner's  
361.14 decision is expected to be made shall be classified as public data under section 13.41. All  
361.15 other information contained in the application form shall be classified as private data  
361.16 under section 13.41 until the application has been approved, approved as modified, or  
361.17 denied by the commissioner. Once the decision has been made, all information shall be  
361.18 classified as public data unless the applicant designates and the commissioner determines  
361.19 that the information contains trade secret information.

361.20 (d) The commissioner shall accept ~~an application~~ applications for designation as  
361.21 an essential community provider until June 30, ~~2004~~ 2006, from one applicant that is  
361.22 a nonprofit community ~~services agency certified as a medical assistance provider that~~  
361.23 ~~provides mental health, behavioral health, chemical dependency, employment, and health~~  
361.24 ~~wellness services to the underserved Spanish-speaking Latino families and individuals~~  
361.25 ~~with locations in Minneapolis and St. Paul~~ mental health agency located in Hennepin  
361.26 County that partners with the Minneapolis public school system to provide mental health  
361.27 services to school-age children and their families and provides mental health services to  
361.28 immigrant communities, and from one applicant that is a nonprofit, county mental health  
361.29 services center certified as a medical assistance provider that provides behavioral health  
361.30 services and wrap-around eligibility support services to an underserved population with  
361.31 chemical dependency and serious mental illness.

32 **EFFECTIVE DATE.** This section is effective the day following final enactment.

362.1 Sec. 2. Minnesota Statutes 2004, section 145.925, is amended by adding a subdivision  
362.2 to read:

362.3 Subd. 10. Definition of governmental unit. For purposes of section 471.59,  
362.4 subdivision 1, nonprofit community health clinics providing family planning services as  
362.5 defined in this section shall be included in the definition of "governmental unit."

362.6 EFFECTIVE DATE. This section is effective the day following final enactment.

362.7 Sec. 3. [152.126] ALL SCHEDULES PRESCRIPTION ELECTRONIC  
362.8 REPORTING PROGRAM.

362.9 Subdivision 1. Definitions. For purposes of this section, the terms defined in this  
362.10 subdivision have the meanings given.

362.11 (a) "Board" means the Minnesota State Board of Pharmacy established under  
362.12 chapter 151.

362.13 (b) "Controlled substances" means those substances listed in section 152.02,  
362.14 subdivisions 3 to 6, and those substances defined by the board pursuant to section 152.02,  
362.15 subdivisions 7, 8, and 12.

362.16 (c) "Dispense" or "dispensing" has the meaning given in section 151.01, subdivision  
362.17 30.

362.18 (d) "Dispenser" means a person authorized by law to dispense, pursuant to a valid  
362.19 prescription, a controlled substance. A dispenser does not include a licensed hospital  
362.20 pharmacy that distributes controlled substances for inpatient hospital care.

362.21 (e) "Prescriber" means a licensed health care professional who is authorized to  
362.22 prescribe a controlled substance under section 152.12, subdivision 1.

362.23 (f) "Prescription" has the meaning given in section 151.01, subdivision 16.

362.24 Subd. 2. Establishment of a prescription electronic reporting program. (a) The  
362.25 board shall establish by January 1, 2008, an electronic system for reporting the information  
362.26 required under subdivision 4 for all controlled substances dispensed within the state.

362.27 (b) The board may contract with a vendor for the purpose of obtaining technical  
362.28 assistance in the design, implementation, and maintenance of the electronic reporting  
362.29 system. The vendor's role shall be limited to providing technical support to the board  
362.30 concerning the software, databases, and computer systems required to interface with the  
362.31 existing systems currently used by pharmacies to dispense prescriptions and transmit  
362.32 prescription data to other third parties.

362.33 Subd. 3. Prescription Electronic Reporting Advisory Committee. (a) The board  
362.34 may convene an advisory committee. If the board convenes a committee, the committee  
362.35 must include at least one representative of:

363.1 (1) the Department of Health;

363.2 (2) the Department of Human Services;

- 363.3 (3) each health-related licensing board that licenses prescribers;
- 363.4 (4) a professional medical association, which may include an association of pain
- 363.5 management and chemical dependency specialists;
- 363.6 (5) a professional pharmacy association;
- 363.7 (6) a consumer privacy or security advocate; and
- 363.8 (7) a consumer or patient rights organization.
- 363.9 (b) The advisory committee shall advise the board on the development and operation
- 363.10 of the electronic reporting system, including, but not limited to:
- 363.11 (1) technical standards for electronic prescription drug reporting;
- 363.12 (2) proper analysis and interpretation of prescription monitoring data; and
- 363.13 (3) an evaluation process for the program.
- 363.14 Subd. 4. Reporting requirements. (a) Each dispenser must submit the following
- 363.15 data to the board or its designated vendor:
- 363.16 (1) name of the prescriber;
- 363.17 (2) national provider identifier of the prescriber;
- 363.18 (3) name of the dispenser;
- 363.19 (4) national provider identifier of the dispenser;
- 363.20 (5) name of the patient for whom the prescription was written;
- 363.21 (6) date of birth of the patient for whom the prescription was written;
- 363.22 (7) date the prescription was written;
- 363.23 (8) date the prescription was filled;
- 363.24 (9) name and strength of the controlled substance;
- 363.25 (10) quantity of controlled substance prescribed; and
- 363.26 (11) quantity of controlled substance dispensed.
- 363.27 (b) The dispenser must submit the required information by a procedure and in a
- 363.28 format established by the board.
- 363.29 (c) A dispenser is not required to submit this data for those controlled substance
- 363.30 prescriptions dispensed for individuals residing in licensed skilled nursing or intermediate
- 363.31 care facilities.
- 363.32 Subd. 5. Use of data by board. The board shall develop and maintain a database of
- 363.33 the data reported under subdivision 4 and shall use the database for the identification of:
- 363.34 (1) individuals receiving prescriptions for controlled substances from prescribers
- 363.35 who subsequently obtain controlled substances from dispensers in quantities or with a
- 363.36 frequency inconsistent with generally recognized standards of dosage for those controlled
- 363.37 substances; and

364.3 (2) individuals presenting forged or otherwise false or altered prescriptions for  
364.4 controlled substances to dispensers.

4.5 Subd. 6. Access to prescription electronic reporting program data. (a) Except as  
364.6 indicated in this subdivision, the data submitted to the board under subdivision 4 is private  
364.7 data on individuals as defined in section 13.02, subdivision 12.

364.8 (b) The board may provide data submitted under subdivision 4 for public research,  
364.9 policy or education purposes, to the extent that any information that is likely to reveal the  
364.10 identity of the patient or other person who is the subject of the data has been removed.

364.11 (c) The following persons shall be considered permissible users and may access the  
364.12 data submitted under subdivision 4 in the same or similar manner, and for the same or  
364.13 similar purposes, as those persons who are authorized to access similar private data on  
364.14 individuals under federal and state law:

364.15 (1) a prescriber, to the extent the information relates specifically to a current patient  
364.16 of the prescriber, to whom the practitioner is prescribing or considering prescribing any  
364.17 controlled substance;

364.18 (2) a dispenser to the extent the information relates specifically to a current patient to  
364.19 whom that dispenser is dispensing or considering dispensing any controlled substance;

364.20 (3) an individual who is the recipient of a controlled substance prescription for  
364.21 which data was submitted under subdivision 4;

364.22 (4) personnel of the board specifically assigned to conduct investigations related to  
364.23 controlled substances laws under the jurisdiction of the board;

364.24 (5) personnel of the board engaged in the collection of controlled substance  
364.25 prescription information as part of the assigned duties and responsibilities of their  
4.26 employment;

364.27 (6) authorized personnel of a vendor under contract with the board who are engaged  
364.28 in the design, implementation, and maintenance of the electronic reporting system as part  
364.29 of the assigned duties and responsibilities of their employment, provided that access to data  
364.30 is limited to the minimum amount necessary to test and maintain the system databases;

364.31 (7) a designated representative of a health-related licensing board responsible for the  
364.32 licensure, regulation, or discipline of prescribers or dispensers provided that the requested  
364.33 data relates to a bona fide investigation of a specific licensee;

364.34 (8) federal, state, and local law enforcement authorities engaged in a bona fide  
364.35 investigation of a specific person; and

.1 (9) personnel of the medical assistance program assigned to use the data collected  
.65.2 under this section to identify recipients whose usage of controlled substances may warrant

365.3 restriction to a single primary care physician, a single outpatient pharmacy, or a single  
365.4 hospital.

365.5 (d) Any permissible user identified in paragraph (c) that directly accesses  
365.6 the data electronically shall implement and maintain a comprehensive information  
365.7 security program that contains administrative, technical, and physical safeguards that  
365.8 are appropriate to the user's size and complexity, and the sensitivity of the personal  
365.9 information obtained. The permissible user shall identify reasonably foreseeable internal  
365.10 and external risks to the security, confidentiality, and integrity of personal information  
365.11 that could result in the unauthorized disclosure, misuse, or other compromise of the  
365.12 information and assess the sufficiency of any safeguards in place to control the risks.

365.13 (e) The board shall not release data submitted under this section unless it is provided  
365.14 with evidence, satisfactory to the board, that the person requesting the information is  
365.15 entitled to receive the data. Access to the data by law enforcement authorities must be  
365.16 accompanied by a valid search warrant.

365.17 (f) The board shall maintain a log of all persons who access the data and shall ensure  
365.18 that any permissible user complies with paragraph (d) prior to attaining direct access to  
365.19 the data.

365.20 **Subd. 7. Disciplinary action.** (a) A dispenser who knowingly fails to submit data to  
365.21 the board as required under this section is subject to disciplinary action by the appropriate  
365.22 health-related licensing board.

365.23 (b) A prescriber or dispenser authorized to access the data who knowingly discloses  
365.24 the data in violation of state or federal laws relating to the privacy of healthcare data shall  
365.25 be subject to disciplinary action by the appropriate health-related licensing board.

365.26 **Subd. 8. Evaluation and reporting.** (a) The board shall evaluate the prescription  
365.27 electronic reporting program to determine if the program is cost-effective. The board may  
365.28 contract with a vendor to design and conduct the evaluation.

365.29 (b) The board shall submit the evaluation of the program to the legislature by  
365.30 January 15, 2009.

365.31 **EFFECTIVE DATE.** This section is effective July 1, 2006, or upon receiving  
365.32 sufficient nonstate funds to implement the prescription electronic reporting program,  
365.33 whichever is later. In the event that nonstate funds are not secured by the Board of  
365.34 Pharmacy to adequately fund the implementation of the prescription electronic reporting  
365.35 program, the board is not required to implement section 1, without a subsequent  
365.36 appropriation from the legislature.

366.1 **Sec. 4. FEDERAL GRANTS.**

366.2 The Board of Pharmacy shall apply for any applicable federal grants or other nonstate  
366.3 funds to establish and fully implement the prescription electronic reporting program.

366.4 EFFECTIVE DATE. This section is effective the day following final enactment.

## 366.5 ARTICLE 24

### 366.6 CHILDREN AND FAMILIES PROGRAMS AND SERVICES

366.7 Section 1. Minnesota Statutes 2004, section 119B.011, is amended by adding a  
366.8 subdivision to read:

366.9 Subd. 23. Work participation rate enhancement program. "Work participation  
366.10 rate enhancement program" means the program established under section 256J.575.

366.11 Sec. 2. Minnesota Statutes 2004, section 119B.03, subdivision 4, is amended to read:

366.12 Subd. 4. Funding priority. (a) First priority for child care assistance under the  
366.13 basic sliding fee program must be given to eligible non-MFIP families who do not have a  
366.14 high school or general equivalency diploma or who need remedial and basic skill courses  
366.15 in order to pursue employment or to pursue education leading to employment and who  
366.16 need child care assistance to participate in the education program. Within this priority,  
366.17 the following subpriorities must be used:

366.18 (1) child care needs of minor parents;

366.19 (2) child care needs of parents under 21 years of age; and

366.20 (3) child care needs of other parents within the priority group described in this  
366.21 paragraph.

366.22 (b) Second priority must be given to parents who have completed their MFIP or  
366.23 DWP transition year, or parents who are no longer receiving or eligible for diversionary  
366.24 work program supports.

366.25 (c) Third priority must be given to families who are eligible for portable basic sliding  
366.26 fee assistance through the portability pool under subdivision 9.

366.27 (d) Fourth priority must be given to families in which at least one parent is a veteran  
366.28 as defined under section 197.447.

366.29 (e) Families under paragraph (b) must be added to the basic sliding fee waiting list  
366.30 on the date they begin the transition year under section 119B.011, subdivision 20, and  
366.31 must be moved into the basic sliding fee program as soon as possible after they complete  
32 their transition year.

367.1 Sec. 3. Minnesota Statutes 2004, section 119B.05, subdivision 1, is amended to read:

367.2           **Subdivision 1. Eligible participants.** Families eligible for child care assistance  
367.3 under the MFIP child care program are:

367.4           (1) MFIP participants who are employed or in job search and meet the requirements  
367.5 of section 119B.10;

367.6           (2) persons who are members of transition year families under section 119B.011,  
367.7 subdivision 20, and meet the requirements of section 119B.10;

367.8           (3) families who are participating in employment orientation or job search, or  
367.9 other employment or training activities that are included in an approved employability  
367.10 development plan under section 256J.95;

367.11           (4) MFIP families who are participating in work job search, job support,  
367.12 employment, or training activities as required in their employment plan, or in appeals,  
367.13 hearings, assessments, or orientations according to chapter 256J;

367.14           (5) MFIP families who are participating in social services activities under chapter  
367.15 256J as required in their employment plan approved according to chapter 256J;

367.16           (6) families who are participating in services or activities that are included in an  
367.17 approved family stabilization plan under section 256J.575;

367.18           (7) families who are participating in programs as required in tribal contracts under  
367.19 section 119B.02, subdivision 2, or 256.01, subdivision 2; and

367.20           ~~(7)~~ (8) families who are participating in the transition year extension under section  
367.21 119B.011, subdivision 20a.

367.22           Sec. 4. Minnesota Statutes 2005 Supplement, section 119B.13, subdivision 1, is  
367.23 amended to read:

367.24           **Subdivision 1. Subsidy restrictions.** ~~(a)(i) Effective July 1, 2005, the commissioner~~  
367.25 ~~of human services shall modify the rate tables for child care centers published in~~  
367.26 ~~Department of Human Services Bulletin No. 03-68-07 so that in counties with regional or~~  
367.27 ~~statewide cells, the higher of the 100th percentile of the 2002 market rate survey data or~~  
367.28 ~~the rate currently identified in the bulletin will be the maximum rate. The rates established~~  
367.29 ~~in this clause will be considered as the previous year's rates for purposes of the increase in~~  
367.30 ~~item (iii), and shall be compared to the 100th percentile of current market rates.~~

367.31           ~~(ii) For the period between July 1, 2005, and through the full implementation of the~~  
367.32 ~~new rates under item (iii), the rates published in Department of Human Services Bulletin~~  
367.33 ~~No. 03-68-07 as adjusted by item (i) shall remain in effect.~~

367.34           ~~(iii)~~ (a)(i) Beginning ~~January~~ July 1, 2006, the maximum rate paid for child care  
367.35 assistance in any county or multicounty region under the child care fund shall be the lesser  
368.1 ~~of the 75th percentile rate for like-care arrangements in the county or multicounty region~~

368.2 as surveyed by the commissioner; or ~~the previous year's rate for like-care arrangements in~~  
 368.3 ~~the county increased by 1.75 percent~~

368.4 (ii) the 100th percentile as surveyed by the commissioner in counties in which the  
 368.5 maximum rate for child care centers is currently established based on the 100th percentile.

368.6 ~~(iv) (b)~~ Rate changes shall be implemented for services provided in ~~March~~  
 368.7 September 2006 unless a participant eligibility redetermination or a new provider  
 368.8 agreement is completed between ~~January~~ July 1, 2006, and ~~February 28~~ August 31, 2006.

368.9 As necessary, appropriate notice of adverse action must be made according to  
 368.10 Minnesota Rules, part 3400.0185, subparts 3 and 4.

368.11 New cases approved on or after ~~January~~ July 1, 2006, shall have the maximum rates  
 368.12 under item ~~(iii) (a)~~ (a) implemented immediately.

368.13 ~~(b) (c)~~ Not less than once every two years, the commissioner shall survey rates  
 368.14 charged by child care providers in Minnesota to determine the 75th percentile for  
 368.15 like-care arrangements in counties. When the commissioner determines that, using the  
 368.16 commissioner's established protocol, the number of providers responding to the survey is  
 368.17 too small to determine the 75th percentile rate for like-care arrangements in a county or  
 368.18 multicounty region, the commissioner may establish the 75th percentile maximum rate  
 368.19 based on like-care arrangements in a county, region, or category that the commissioner  
 368.20 deems to be similar.

368.21 ~~(e) (d)~~ A rate which includes a special needs rate paid under subdivision 3 may be in  
 368.22 excess of the maximum rate allowed under this subdivision.

368.23 ~~(d) (e)~~ The department shall monitor the effect of this paragraph on provider rates.  
 368.24 The county shall pay the provider's full charges for every child in care up to the maximum  
 368.25 established. The commissioner shall determine the maximum rate for each type of care on  
 368.26 an hourly, full-day, and weekly basis, including special needs and handicapped care. The  
 368.27 commissioner shall also determine the maximum rate for school age care on a half-day  
 368.28 basis.

368.29 ~~(e) (f)~~ When the provider charge is greater than the maximum provider rate allowed,  
 368.30 the parent is responsible for payment of the difference in the rates in addition to any  
 368.31 family co-payment fee.

368.32 **EFFECTIVE DATE.** This section is effective July 1, 2006.

368.33 Sec. 5. Minnesota Statutes 2004, section 119B.13, is amended by adding a subdivision  
 368.34 to read:

369.1 **Subd. 3a. Provider rate differential for accreditation.** A family child care  
 369.2 provider or child care center shall be paid a 15 percent differential above the maximum rate

369.3 established in subdivision 1, up to the actual provider rate, if the provider or center holds a  
369.4 current early childhood development credential or is accredited. For a family child care  
369.5 provider, early childhood development credential and accreditation includes an individual  
369.6 who has earned a child development associate degree, a diploma in child development from  
369.7 a Minnesota state technical college, or a bachelor's degree in early childhood education  
369.8 from an accredited college or university, or who is accredited by the National Association  
369.9 for Family Child Care or the Competency Based Training and Assessment Program. For a  
369.10 child care center, accreditation includes accreditation by the National Association for the  
369.11 Education of Young Children, the Council on Accreditation, the National Early Childhood  
369.12 Program Accreditation, the National School-Age Care Association, or the National Head  
369.13 Start Association Program of Excellence. For Montessori programs, accreditation includes  
369.14 the American Montessori Society, Association of Montessori International-USA, or the  
369.15 National Center for Montessori Education.

369.16 **EFFECTIVE DATE.** This section is effective July 1, 2006.

369.17 Sec. 6. Minnesota Statutes 2005 Supplement, section 245C.24, subdivision 2, is  
369.18 amended to read:

369.19 Subd. 2. **Permanent bar to set aside a disqualification.** (a) Except as provided in  
369.20 paragraph (b), the commissioner may not set aside the disqualification of any individual  
369.21 disqualified pursuant to this chapter, regardless of how much time has passed, if the  
369.22 individual was disqualified for a crime or conduct listed in section 245C.15, subdivision 1.

369.23 (b) For an individual who was disqualified for a crime or conduct listed under section  
369.24 245C.15, subdivision 1, and whose disqualification was set aside prior to July 1, 2005,  
369.25 the commissioner must consider granting a subsequent set aside for the same or different  
369.26 license holder based on the evaluation under section 245A.22, subdivision 4. A request for  
369.27 reconsideration evaluated under this paragraph must include a letter of recommendation  
369.28 from the license holder that was subject to the prior set aside decision addressing the  
369.29 individual's quality of care to children or vulnerable adults and the circumstances of the  
369.30 individual's departure from that service.

369.31 Sec. 7. **[256.029] DOMESTIC VIOLENCE INFORMATIONAL BROCHURE.**

369.32 (a) The commissioner shall provide a domestic violence informational brochure  
369.33 that provides information about the existence of domestic violence waivers for eligible  
369.34 public assistance applicants to all general assistance, general assistance medical care,  
370.1 Minnesota family investment program, medical assistance, and MinnesotaCare. The  
370.2 brochure must explain that eligible applicants may be temporarily waived from certain

370.3 program requirements due to domestic violence. The brochure must provide information  
 370.4 about services and other programs to help victims of domestic violence.

370.5 (b) The brochure must be funded with TANF funds.

370.6 EFFECTIVE DATE. This section is effective upon federal approval.

370.7 **Sec. 8. [256D.0515] ASSET LIMITATIONS FOR FOOD STAMP HOUSEHOLDS.**

370.8 All food stamp households must be determined eligible for the benefit discussed  
 370.9 under section 256.029. Food stamp households must demonstrate that:

370.10 (1) their gross income meets the federal Food Stamp requirements under United  
 370.11 States Code, title 7, section 2014(c); and

370.12 (2) they have financial resources, excluding vehicles, of less than \$7,000.

370.13 EFFECTIVE DATE. This section is effective upon federal approval.

370.14 **Sec. 9. Minnesota Statutes 2004, section 256J.01, is amended by adding a subdivision**  
 370.15 **to read:**

370.16 **Subd. 6. Legislative approval to move programs or activities. The commissioner**  
 370.17 **shall not move programs or activities funded with MFIP or TANF maintenance of effort**  
 370.18 **funds to other funding sources unless specifically approved by law.**

370.19 **Sec. 10. Minnesota Statutes 2004, section 256J.021, is amended to read:**

370.20 **256J.021 SEPARATE STATE PROGRAM FOR USE OF STATE MONEY**  
 370.21 **PROGRAMS.**

370.22 **(a) Beginning ~~Until~~ October 1, 2001 2006, and each year thereafter,** the  
 370.23 commissioner of human services must treat MFIP expenditures made to or on behalf of  
 370.24 any minor child under section 256J.02, subdivision 2, clause (1), who is a resident of  
 370.25 this state under section 256J.12, and who is part of a two-parent eligible household as  
 370.26 expenditures under a separately funded state program and report those expenditures to the  
 370.27 federal Department of Health and Human Services as separate state program expenditures  
 370.28 under Code of Federal Regulations, title 45, section 263.5.

370.29 **(b) Beginning October 1, 2006, the commissioner of human services must treat**  
 370.30 **MFIP expenditures made to or on behalf of any minor child under section 256J.02,**  
 370.31 **subdivision 2, clause (1), who is a resident of this state under section 256J.12, and who is**  
 370.32 **part of a two-parent eligible household as expenditures under a separately funded state**  
 371.1 **program. These expenditures shall not count toward the state's maintenance of effort**  
 371.2 **(MOE) requirements under the federal Temporary Assistance to Needy Families (TANF)**

371.3 program except if counting certain families would allow the commissioner to avoid a  
371.4 federal penalty. Families receiving assistance under this section must comply with all  
371.5 applicable requirements in chapter 256J.

371.6 (c) Beginning October 1, 2006, and each year thereafter, the commissioner of  
371.7 human services must treat MFIP expenditures made to or on behalf of any minor child  
371.8 under section 256J.02, subdivision 2, clause (1), who is a resident of this state under  
371.9 section 256J.12, and who is part of a household participating in the work participation rate  
371.10 enhancement program under section 256J.575, as expenditures under a program funded  
371.11 with state nonmaintenance of effort funds. These expenditures shall not count toward the  
371.12 state's maintenance of effort (MOE) requirements under the federal Temporary Assistance  
371.13 to Needy Families (TANF) program, except if counting certain families would allow the  
371.14 commissioner to avoid a federal penalty. Families receiving assistance under this section  
371.15 must comply with all applicable requirements in chapter 256J.

371.16 Sec. 11. Minnesota Statutes 2004, section 256J.08, subdivision 65, is amended to read:

371.17 Subd. 65. **Participant.** "Participant" means a person who is currently receiving cash  
371.18 assistance or the food portion available through MFIP. A person who fails to withdraw  
371.19 or access electronically any portion of the person's cash and food assistance payment by  
371.20 the end of the payment month, who makes a written request for closure before the first  
371.21 of a payment month and repays cash and food assistance electronically issued for that  
371.22 payment month within that payment month, or who returns any uncashed assistance  
371.23 check and food coupons and withdraws from the program is not a participant. A person  
371.24 who withdraws a cash or food assistance payment by electronic transfer or receives and  
371.25 cashes an MFIP assistance check or food coupons and is subsequently determined to be  
371.26 ineligible for assistance for that period of time is a participant, regardless whether that  
371.27 assistance is repaid. The term "participant" includes the caregiver relative and the minor  
371.28 child whose needs are included in the assistance payment. A person in an assistance unit  
371.29 who does not receive a cash and food assistance payment because the case has been  
371.30 suspended from MFIP is a participant. A person who receives cash payments under the  
371.31 diversionary work program under section 256J.95 is a participant. A person who receives  
371.32 cash payments under the work participation rate enhancement program under section  
371.33 256J.575 is a participant.

371.34 Sec. 12. Minnesota Statutes 2004, section 256J.37, subdivision 3a, is amended to read:

372.1 Subd. 3a. **Rental subsidies; unearned income.** (a) Effective July 1, 2003, the  
372.2 county agency shall count \$50 of the value of public and assisted rental subsidies provided

372.3 through the Department of Housing and Urban Development (HUD) as unearned income  
372.4 to the cash portion of the MFIP grant. The full amount of the subsidy must be counted as  
372.5 unearned income when the subsidy is less than \$50. The income from this subsidy shall  
372.6 be budgeted according to section 256J.34.

372.7 (b) The provisions of this subdivision shall not apply to an MFIP assistance unit  
372.8 which includes a participant who is:

372.9 (1) age 60 or older;

372.10 (2) a caregiver who is suffering from an illness, injury, or incapacity that has been  
372.11 certified by a qualified professional when the illness, injury, or incapacity is expected  
372.12 to continue for more than 30 days and prevents the person from obtaining or retaining  
372.13 employment; or

372.14 (3) a caregiver whose presence in the home is required due to the illness or  
372.15 incapacity of another member in the assistance unit, a relative in the household, or a foster  
372.16 child in the household when the illness or incapacity and the need for the participant's  
372.17 presence in the home has been certified by a qualified professional and is expected to  
372.18 continue for more than 30 days.

372.19 (c) The provisions of this subdivision shall not apply to an MFIP assistance unit  
372.20 where the parental caregiver is an SSI recipient.

372.21 (d) Prior to implementing this provision, the commissioner must identify the MFIP  
372.22 participants subject to this provision and provide written notice to these participants at  
372.23 least 30 days before the first grant reduction. The notice must inform the participant of the  
372.24 basis for the potential grant reduction, the exceptions to the provision, if any, and inform  
372.25 the participant of the steps necessary to claim an exception. A person who is found not to  
372.26 meet one of the exceptions to the provision must be notified and informed of the right to a  
372.27 fair hearing under section 256J.40. The notice must also inform the participant that the  
372.28 participant may be eligible for a rent reduction resulting from a reduction in the MFIP  
372.29 grant and encourage the participant to contact the local housing authority.

372.30 (e) This subdivision is suspended from July 1, 2006, through June 30, 2007.

372.31 Sec. 13. Minnesota Statutes 2004, section 256J.521, subdivision 1, is amended to read:

372.32 Subdivision 1. **Assessments.** (a) For purposes of MFIP employment services,  
372.33 assessment is a continuing process of gathering information related to employability for  
372.34 the purpose of identifying both participant's strengths and strategies for coping with  
372.35 issues that interfere with employment. The job counselor must use information from the  
373.1 assessment process to develop and update the employment plan under subdivision 2 or 3,  
373.2 as appropriate, and to determine whether the participant qualifies for a family violence

373.3 waiver including an employment plan under subdivision 3, and to determine whether  
373.4 the participant should be referred to the work participation rate enhancement program  
373.5 under section 256J.575.

373.6 (b) The scope of assessment must cover at least the following areas:

373.7 (1) basic information about the participant's ability to obtain and retain employment,  
373.8 including: a review of the participant's education level; interests, skills, and abilities; prior  
373.9 employment or work experience; transferable work skills; child care and transportation  
373.10 needs;

373.11 (2) identification of personal and family circumstances that impact the participant's  
373.12 ability to obtain and retain employment, including: any special needs of the children, the  
373.13 level of English proficiency, family violence issues, and any involvement with social  
373.14 services or the legal system;

373.15 (3) the results of a mental and chemical health screening tool designed by the  
373.16 commissioner and results of the brief screening tool for special learning needs. Screening  
373.17 tools for mental and chemical health and special learning needs must be approved by the  
373.18 commissioner and may only be administered by job counselors or county staff trained in  
373.19 using such screening tools. The commissioner shall work with county agencies to develop  
373.20 protocols for referrals and follow-up actions after screens are administered to participants,  
373.21 including guidance on how employment plans may be modified based upon outcomes  
373.22 of certain screens. Participants must be told of the purpose of the screens and how the  
373.23 information will be used to assist the participant in identifying and overcoming barriers to  
373.24 employment. Screening for mental and chemical health and special learning needs must  
373.25 be completed by participants who are unable to find suitable employment after six weeks  
373.26 of job search under subdivision 2, paragraph (b), and participants who are determined to  
373.27 have barriers to employment under subdivision 2, paragraph (d). Failure to complete the  
373.28 screens will result in sanction under section 256J.46; and

373.29 (4) a comprehensive review of participation and progress for participants who have  
373.30 received MFIP assistance and have not worked in unsubsidized employment during  
373.31 the past 12 months. The purpose of the review is to determine the need for additional  
373.32 services and supports, including placement in subsidized employment or unpaid work  
373.33 experience under section 256J.49, subdivision 13, or referral to the work participation rate  
373.34 enhancement program under section 256J.575.

373.35 (c) Information gathered during a caregiver's participation in the diversionary work  
373.36 program under section 256J.95 must be incorporated into the assessment process.

374.1 (d) The job counselor may require the participant to complete a professional chemical  
374.2 use assessment to be performed according to the rules adopted under section 254A.03,

374.3 subdivision 3, including provisions in the administrative rules which recognize the cultural  
374.4 background of the participant, or a professional psychological assessment as a component  
374.5 of the assessment process, when the job counselor has a reasonable belief, based on  
374.6 objective evidence, that a participant's ability to obtain and retain suitable employment  
374.7 is impaired by a medical condition. The job counselor may assist the participant with  
374.8 arranging services, including child care assistance and transportation, necessary to meet  
374.9 needs identified by the assessment. Data gathered as part of a professional assessment  
374.10 must be classified and disclosed according to the provisions in section 13.46.

374.11 Sec. 14. Minnesota Statutes 2004, section 256J.521, subdivision 2, is amended to read:

374.12 Subd. 2. **Employment plan; contents.** (a) Based on the assessment under  
374.13 subdivision 1, the job counselor and the participant must develop an employment plan  
374.14 that includes participation in activities and hours that meet the requirements of section  
374.15 256J.55, subdivision 1. The purpose of the employment plan is to identify for each  
374.16 participant the most direct path to unsubsidized employment and any subsequent steps that  
374.17 support long-term economic stability. The employment plan should be developed using  
374.18 the highest level of activity appropriate for the participant. Activities must be chosen from  
374.19 clauses (1) to (6), which are listed in order of preference. Notwithstanding this order of  
374.20 preference for activities, priority must be given for activities related to a family violence  
374.21 waiver when developing the employment plan. The employment plan must also list the  
374.22 specific steps the participant will take to obtain employment, including steps necessary  
374.23 for the participant to progress from one level of activity to another, and a timetable for  
374.24 completion of each step. Levels of activity include:

- 374.25 (1) unsubsidized employment;
- 374.26 (2) job search;
- 374.27 (3) subsidized employment or unpaid work experience;
- 374.28 (4) unsubsidized employment and job readiness education or job skills training;
- 374.29 (5) unsubsidized employment or unpaid work experience and activities related to  
374.30 a family violence waiver or preemployment needs; and
- 374.31 (6) activities related to a family violence waiver or preemployment needs.

374.32 (b) Participants who are determined to possess sufficient skills such that the  
374.33 participant is likely to succeed in obtaining unsubsidized employment must job search at  
374.34 least 30 hours per week for up to six weeks and accept any offer of suitable employment.

35 The remaining hours necessary to meet the requirements of section 256J.55, subdivision  
5.1 1, may be met through participation in other work activities under section 256J.49,  
375.2 subdivision 13. The participant's employment plan must specify, at a minimum: (1)

375.3 whether the job search is supervised or unsupervised; (2) support services that will  
375.4 be provided; and (3) how frequently the participant must report to the job counselor.  
375.5 Participants who are unable to find suitable employment after six weeks must meet  
375.6 with the job counselor to determine whether other activities in paragraph (a) should be  
375.7 incorporated into the employment plan. Job search activities which are continued after six  
375.8 weeks must be structured and supervised.

375.9 (c) Beginning July 1, 2004, activities and hourly requirements in the employment  
375.10 plan may be adjusted as necessary to accommodate the personal and family circumstances  
375.11 of participants identified under section 256J.561, subdivision 2, paragraph (d). Participants  
375.12 who no longer meet the provisions of section 256J.561, subdivision 2, paragraph (d),  
375.13 must meet with the job counselor within ten days of the determination to revise the  
375.14 employment plan.

375.15 (d) Participants who are determined to have barriers to obtaining or retaining  
375.16 employment that will not be overcome during six weeks of job search under paragraph (b)  
375.17 must work with the job counselor to develop an employment plan that addresses those  
375.18 barriers by incorporating appropriate activities from paragraph (a), clauses (1) to (6). The  
375.19 employment plan must include enough hours to meet the participation requirements in  
375.20 section 256J.55, subdivision 1, unless a compelling reason to require fewer hours is noted  
375.21 in the participant's file.

375.22 (e) The job counselor and the participant must sign the employment plan to indicate  
375.23 agreement on the contents. Failure to develop or comply with activities in the plan, or  
375.24 voluntarily quitting suitable employment without good cause, will result in the imposition  
375.25 of a sanction under section 256J.46.

375.26 (f) Employment plans must be reviewed at least every three months to determine  
375.27 whether activities and hourly requirements should be revised. The job counselor is  
375.28 encouraged to allow participants who are participating in at least 20 hours of work  
375.29 activities to also participate in employment and training activities in order to meet the  
375.30 federal hourly participation rates.

375.31 Sec. 15. Minnesota Statutes 2004, section 256J.53, subdivision 2, is amended to read:

375.32 Subd. 2. **Approval of postsecondary education or training.** ~~(a) In order for a~~  
375.33 ~~postsecondary education or training program to be an approved activity in an employment~~  
375.34 ~~plan, the participant must be working in unsubsidized employment at least 20 hours per~~  
375.35 ~~week.~~

376.1 ~~(b)~~ (a) Participants seeking approval of a postsecondary education or training plan  
376.2 must provide documentation that:

- 376.3 (1) the employment goal can only be met with the additional education or training;
- 376.4 (2) there are suitable employment opportunities that require the specific education or  
76.5 training in the area in which the participant resides or is willing to reside;
- 376.6 (3) the education or training will result in significantly higher wages for the  
376.7 participant than the participant could earn without the education or training;
- 376.8 (4) the participant can meet the requirements for admission into the program; and
- 376.9 (5) there is a reasonable expectation that the participant will complete the training  
376.10 program based on such factors as the participant's MFIP assessment, previous education,  
376.11 training, and work history; current motivation; and changes in previous circumstances.

376.12 ~~(b)~~ (b) The hourly unsubsidized employment requirement does not apply for  
376.13 intensive education or training programs lasting 12 weeks or less when full-time  
376.14 attendance is required.

376.15 ~~(c)~~ (c) Participants with an approved employment plan in place on July 1, 2003,  
376.16 which includes more than 12 months of postsecondary education or training shall be  
376.17 allowed to complete that plan provided that hourly requirements in section 256J.55,  
376.18 subdivision 1, and conditions specified in paragraph ~~(b)~~ (a), and subdivisions 3 and 5 are  
376.19 met. A participant whose case is subsequently closed for three months or less for reasons  
376.20 other than noncompliance with program requirements and who returns to MFIP shall  
376.21 be allowed to complete that plan provided that hourly requirements in section 256J.55,  
376.22 subdivision 1, and conditions specified in paragraph ~~(b)~~ (a) and subdivisions 3 and 5 are  
376.23 met.

376.24 Sec. 16. Minnesota Statutes 2004, section 256J.53, is amended by adding a subdivision  
376.25 to read:

376.26 **Subd. 2a. Employment while attending postsecondary education.** For the first  
376.27 12 months of education, the participant may work, but there is no work requirement.  
376.28 For the subsequent 12 months of education, the participant must work in unsubsidized  
376.29 employment at least 20 hours per week.

376.30 Sec. 17. **[256J.575] WORK PARTICIPATION RATE ENHANCEMENT**  
376.31 **PROGRAM.**

376.32 **Subdivision 1. Purpose.** (a) The work participation rate enhancement program  
376.33 (WORK PREP) is Minnesota's cash assistance program to serve families who are not  
376.34 making significant progress within MFIP due to a variety of barriers to employment.

377.1 (b) The goal of this program is to stabilize and improve the lives of families at risk  
377.2 of long-term welfare dependency or family instability due to employment barriers such as

377.3 physical disability, mental disability, age, and caring for a disabled household member.

377.4 WORK PREP provides services to promote and support families to achieve the greatest  
377.5 possible degree of self-sufficiency.

377.6 Subd. 2. Definitions. The terms used in this section have the meanings given them  
377.7 in paragraphs (a) to (d).

377.8 (a) The "work participation rate enhancement program" means the program  
377.9 established under this section.

377.10 (b) "Case management" means the services provided by or through the county agency  
377.11 to participating families, including assessment, information, referrals, and assistance in the  
377.12 preparation and implementation of a family stabilization plan under subdivision 5.

377.13 (c) "Family stabilization plan" means a plan developed by a case manager and  
377.14 the participant, which identifies the participant's most appropriate path to unsubsidized  
377.15 employment, family stability, and barrier reduction, taking into account the family's  
377.16 circumstances.

377.17 (d) "Family stabilization services" means programs, activities, and services in this  
377.18 section that provide participants and their family members with assistance regarding,  
377.19 but not limited to:

377.20 (1) obtaining and retaining unsubsidized employment;

377.21 (2) family stability;

377.22 (3) economic stability; and

377.23 (4) barrier reduction.

377.24 The goal of the program is to achieve the greatest degree of economic self-sufficiency  
377.25 and family well-being possible for the family under the circumstances.

377.26 Subd. 3. Eligibility. (a) The following MFIP or DWP participants are eligible for  
377.27 the program under this section:

377.28 (1) a participant identified under section 256J.561, subdivision 2, paragraph (d), who  
377.29 has or is eligible for an employment plan developed under section 256J.521, subdivision  
377.30 2, paragraph (c);

377.31 (2) a participant identified under section 256J.95, subdivision 12, paragraph (b), as  
377.32 unlikely to benefit from the diversionary work program;

377.33 (3) a participant who meets the requirements for or has been granted a hardship  
377.34 extension under section 256J.425, subdivision 2 or 3; and

377.35 (4) a participant who is applying for supplemental security income or Social Security  
377.36 disability insurance.

378.1 (b) Families must meet all other eligibility requirements for MFIP established in  
378.2 this chapter. Families are eligible for financial assistance to the same extent as if they  
378.3 were participating in MFIP.

378.4 Subd. 4. Universal participation. All caregivers must participate in family  
378.5 stabilization services as defined in subdivision 2.

378.6 Subd. 5. Case management; family stabilization plans; coordinated services. (a)  
378.7 The county agency shall provide family stabilization services to families through a case  
378.8 management model. A case manager shall be assigned to each participating family within  
378.9 30 days after the family begins to receive financial assistance as a participant of the work  
378.10 participation rate enhancement program. The case manager, with the full involvement  
378.11 of the family, shall recommend, and the county agency shall establish and modify as  
378.12 necessary, a family stabilization plan for each participating family.

378.13 (b) The family stabilization plan shall include:

378.14 (1) each participant's plan for long-term self-sufficiency, including an employment  
378.15 goal where applicable;

378.16 (2) an assessment of each participant's strengths and barriers, and any special  
378.17 circumstances of the participant's family that impact, or are likely to impact, the  
378.18 participant's progress towards the goals in the plan; and

378.19 (3) an identification of the services, supports, education, training, and  
378.20 accommodations needed to overcome any barriers to enable the family to achieve  
378.21 self-sufficiency and to fulfill each caregiver's personal and family responsibilities.

378.22 (c) The case manager and the participant must meet within 30 days of the family's  
378.23 referral to the case manager. The initial family stabilization plan shall be completed within  
8.24 30 days of the first meeting with the case manager. The case manager shall establish a  
378.25 schedule for periodic review of the family stabilization plan that includes personal contact  
378.26 with the participant at least once per month. In addition, the case manager shall review  
378.27 and modify if necessary the plan under the following circumstances:

378.28 (1) there is a lack of satisfactory progress in achieving the goals of the plan;

378.29 (2) the participant has lost unsubsidized or subsidized employment;

378.30 (3) a family member has failed to comply with a family stabilization plan  
378.31 requirement;

378.32 (4) services required by the plan are unavailable; or

378.33 (5) changes to the plan are needed to promote the well-being of the children.

.34 (d) Family stabilization plans under this section shall be written for a period of  
8.35 time not to exceed six months.

379.1 **Subd. 6. Cooperation with program requirements. (a) To be eligible, a participant**  
379.2 **must comply with paragraphs (b) to (f).**

379.3 **(b) Participants shall engage in family stabilization plan services for the appropriate**  
379.4 **number of hours per week based on the participant's plan, but not fewer than ten hours per**  
379.5 **week, provided the activities are scheduled and available, unless good cause exists for**  
379.6 **not doing so, as defined in section 256J.57, subdivision 1.**

379.7 **(c) The case manager shall review the participant's progress toward the goals in the**  
379.8 **family stabilization plan every six months to determine whether conditions have changed,**  
379.9 **including whether revisions to the plan are needed.**

379.10 **(d) When the participant has increased participation in work-related activities**  
379.11 **sufficient to meet the federal participation requirements of TANF, the county agency shall**  
379.12 **refer the participant to the MFIP program and assign the participant to a job counselor.**  
379.13 **The participant and the job counselor must meet within 15 days of referral to MFIP to**  
379.14 **develop an employment plan under section 256J.521. No reapplication is necessary and**  
379.15 **financial assistance shall continue without interruption.**

379.16 **(e) Participants who have not increased their participation in work activities**  
379.17 **sufficient to meet the federal participation requirements of TANF may request a referral to**  
379.18 **the MFIP program and assignment to a job counselor after 12 months in the program.**

379.19 **(f) A participant's requirement to comply with any or all family stabilization plan**  
379.20 **requirements under this subdivision shall be excused when the case management services,**  
379.21 **training and educational services, and family support services identified in the participant's**  
379.22 **family stabilization plan are unavailable for reasons beyond the control of the participant,**  
379.23 **including when money appropriated is not sufficient to provide the services.**

379.24 **Subd. 7. Sanctions. (a) The financial assistance grant of a participating family shall**  
379.25 **be reduced, according to section 256J.46, if a participating adult fails without good cause**  
379.26 **to comply or continue to comply with the family stabilization plan requirements in this**  
379.27 **subdivision, unless compliance has been excused under subdivision 6, paragraph (f).**

379.28 **(b) Given the purpose of the work participation rate enhancement program in this**  
379.29 **section and the nature of the underlying family circumstances that act as barriers to both**  
379.30 **employment and full compliance with program requirements, sanctions are appropriate**  
379.31 **only when it is clear that there is both the ability to comply and willful noncompliance by**  
379.32 **the participant, as confirmed by a behavioral health or medical professional.**

379.33 **(c) Prior to the imposition of a sanction, the county agency must review the**  
379.34 **participant's case to determine if the family stabilization plan is still appropriate and meet**  
379.35 **with the participant face-to-face. The participant may bring an advocate to the face-to-face**

380.1 meeting. If a face-to-face meeting is not conducted, the county agency must send the  
380.2 participant a written notice that includes the information required under clause (1):

380.3 (1) during the face-to-face meeting, the county agency must:

380.4 (i) determine whether the continued noncompliance can be explained and mitigated  
380.5 by providing a needed family stabilization service, as defined in subdivision 2, paragraph  
380.6 (d);

380.7 (ii) determine whether the participant qualifies for a good cause exception under  
380.8 section 256J.57, or if the sanction is for noncooperation with child support requirements,  
380.9 determine if the participant qualifies for a good cause exemption under section 256.741,  
380.10 subdivision 10;

380.11 (iii) determine whether activities in the family stabilization plan are appropriate  
380.12 based on the family's circumstances;

380.13 (iv) explain the consequences of continuing noncompliance;

380.14 (v) identify other resources that may be available to the participant to meet the  
380.15 needs of the family; and

380.16 (vi) inform the participant of the right to appeal under section 256J.40; and

380.17 (2) if the lack of an identified activity or service can explain the noncompliance, the  
380.18 county must work with the participant to provide the identified activity.

380.19 (d) After the requirements of paragraph (c) are met and prior to imposition of a  
380.20 sanction, the county agency shall provide a notice of intent to sanction under section  
380.21 256J.57, subdivision 2, and, when applicable, a notice of adverse action as provided  
380.22 in section 256J.31.

380.23 (e) Section 256J.57 applies to this section except to the extent that it is modified  
380.24 by this subdivision.

380.25 **Sec. 18. [256J.621] WORK PARTICIPATION BONUS.**

380.26 Upon exiting the diversionary work program (DWP) or upon terminating MFIP cash  
380.27 assistance with earnings, a participant who is employed and working 24 hours a week may  
380.28 be eligible for transitional assistance of \$50 per month to assist in meeting the family's  
380.29 basic needs as the participant continues to move toward self-sufficiency.

380.30 To be eligible for a transitional assistance payment, the participant must not receive  
380.31 MFIP cash assistance or diversionary work program assistance during the month and  
380.32 must be employed an average of at least 24 hours a week. Transitional assistance shall  
380.33 be available for a maximum of 12 months from the date the participant exited the  
380.34 diversionary work program or terminated MFIP cash assistance.

381.1 The commissioner shall establish minimal policies and develop forms to verify  
381.2 eligibility for transitional assistance. The commissioner is authorized to change or  
381.3 modify the provisions of this section in order to comply with federal rules or regulations  
381.4 promulgated as a result of the federal Deficit Reduction Act (DEFRA) of 2005.

381.5 Expenditures on the transitional assistance program shall be maintenance of effort  
381.6 state funds. Months in which a participant receives transitional assistance under this  
381.7 section shall not count toward the participant's MFIP 60-month time limit.

381.8 Sec. 19. Minnesota Statutes 2004, section 256J.626, subdivision 1, is amended to read:

381.9 Subdivision 1. **Consolidated fund.** The consolidated fund is established to support  
381.10 counties and tribes in meeting their duties under this chapter. Counties and tribes must  
381.11 use funds from the consolidated fund to develop programs and services that are designed  
381.12 to improve participant outcomes as measured in section 256J.751, subdivision 2, and  
381.13 to provide case management services to participants of the work participation rate  
381.14 enhancement program. Counties may use the funds for any allowable expenditures under  
381.15 subdivision 2. Tribes may use the funds for any allowable expenditures under subdivision  
381.16 2, except those in clauses (1) and (6).

381.17 Sec. 20. Minnesota Statutes 2004, section 256J.626, subdivision 2, is amended to read:

381.18 Subd. 2. **Allowable expenditures.** (a) The commissioner must restrict expenditures  
381.19 under the consolidated fund to benefits and services allowed under title IV-A of the federal  
381.20 Social Security Act. Allowable expenditures under the consolidated fund may include, but  
381.21 are not limited to:

381.22 (1) short-term, nonrecurring shelter and utility needs that are excluded from the  
381.23 definition of assistance under Code of Federal Regulations, title 45, section 260.31, for  
381.24 families who meet the residency requirement in section 256J.12, subdivisions 1 and 1a.  
381.25 Payments under this subdivision are not considered TANF cash assistance and are not  
381.26 counted towards the 60-month time limit;

381.27 (2) transportation needed to obtain or retain employment or to participate in other  
381.28 approved work activities or activities under a family stabilization plan;

381.29 (3) direct and administrative costs of staff to deliver employment services for MFIP  
381.30 ~~or~~ the diversionary work program, or the work participation rate enhancement program;  
381.31 to administer financial assistance; and to provide specialized services intended to assist  
381.32 hard-to-employ participants to transition to work or transition from the work participation  
381.33 rate enhancement program to MFIP;

382.1 (4) costs of education and training including functional work literacy and English as  
382.2 a second language;

382.3 (5) cost of work supports including tools, clothing, boots, and other work-related  
382.4 expenses;

382.5 (6) county administrative expenses as defined in Code of Federal Regulations, title  
382.6 45, section 260(b);

382.7 (7) services to parenting and pregnant teens;

382.8 (8) supported work;

382.9 (9) wage subsidies;

382.10 (10) child care needed for MFIP ~~or, the diversionary work program, or the work~~  
382.11 participation rate enhancement program participants to participate in social services;

382.12 (11) child care to ensure that families leaving MFIP or diversionary work program  
382.13 will continue to receive child care assistance from the time the family no longer qualifies  
382.14 for transition year child care until an opening occurs under the basic sliding fee child  
382.15 care program; ~~and~~

382.16 (12) services to help noncustodial parents who live in Minnesota and have minor  
382.17 children receiving MFIP or DWP assistance, but do not live in the same household as the  
382.18 child, obtain or retain employment; and

382.19 (13) services to help families participating in the work participation rate  
382.20 enhancement program achieve the greatest possible degree of self-sufficiency.

382.21 (b) Administrative costs that are not matched with county funds as provided in  
382.22 subdivision 8 may not exceed 7.5 percent of a county's or 15 percent of a tribe's allocation  
382.23 under this section. The commissioner shall define administrative costs for purposes of  
382.24 this subdivision.

382.25 (c) The commissioner may waive the cap on administrative costs for a county or tribe  
382.26 that elects to provide an approved supported employment, unpaid work, or community  
382.27 work experience program for a major segment of the county's or tribe's MFIP population.  
382.28 The county or tribe must apply for the waiver on forms provided by the commissioner. In  
382.29 no case shall total administrative costs exceed the TANF limits.

382.30 Sec. 21. Minnesota Statutes 2004, section 256J.626, subdivision 3, is amended to read:

382.31 Subd. 3. **Eligibility for services.** Families with a minor child, a pregnant woman,  
382.32 or a noncustodial parent of a minor child receiving assistance, with incomes below 200  
382.33 percent of the federal poverty guideline for a family of the applicable size, are eligible  
382.34 for services funded under the consolidated fund. Counties and tribes must give priority  
382.35 to families currently receiving MFIP ~~or, the diversionary work program, or the work~~

383.1 participation rate enhancement program, and families at risk of receiving MFIP or  
383.2 diversionary work program.

383.3 Sec. 22. Minnesota Statutes 2004, section 256J.626, subdivision 4, is amended to read:

383.4 Subd. 4. **County and tribal biennial service agreements.** (a) Effective January 1,  
383.5 2004, and each two-year period thereafter, each county and tribe must have in place an  
383.6 approved biennial service agreement related to the services and programs in this chapter.  
383.7 In counties with a city of the first class with a population over 300,000, the county must  
383.8 consider a service agreement that includes a jointly developed plan for the delivery of  
383.9 employment services with the city. Counties may collaborate to develop multicounty,  
383.10 multitribal, or regional service agreements.

383.11 (b) The service agreements will be completed in a form prescribed by the  
383.12 commissioner. The agreement must include:

383.13 (1) a statement of the needs of the service population and strengths and resources  
383.14 in the community;

383.15 (2) numerical goals for participant outcomes measures to be accomplished during  
383.16 the biennial period. The commissioner may identify outcomes from section 256J.751,  
383.17 subdivision 2, as core outcomes for all counties and tribes;

383.18 (3) strategies the county or tribe will pursue to achieve the outcome targets.  
383.19 Strategies must include specification of how funds under this section will be used and may  
383.20 include community partnerships that will be established or strengthened; ~~and~~

383.21 (4) strategies the county or tribe will pursue under the work participation rate  
383.22 enhancement program; and

383.23 (5) other items prescribed by the commissioner in consultation with counties and  
383.24 tribes.

383.25 (c) The commissioner shall provide each county and tribe with information needed  
383.26 to complete an agreement, including: (1) information on MFIP cases in the county or  
383.27 tribe; (2) comparisons with the rest of the state; (3) baseline performance on outcome  
383.28 measures; and (4) promising program practices.

383.29 (d) The service agreement must be submitted to the commissioner by October 15,  
383.30 2003, and October 15 of each second year thereafter. The county or tribe must allow  
383.31 a period of not less than 30 days prior to the submission of the agreement to solicit  
383.32 comments from the public on the contents of the agreement.

383.33 (e) The commissioner must, within 60 days of receiving each county or tribal service  
383.34 agreement, inform the county or tribe if the service agreement is approved. If the service

384.1 agreement is not approved, the commissioner must inform the county or tribe of any  
384.2 revisions needed prior to approval.

384.3 (f) The service agreement in this subdivision supersedes the plan requirements  
384.4 of section 116L.88.

384.5 Sec. 23. Minnesota Statutes 2004, section 256J.626, subdivision 5, is amended to read:

384.6 Subd. 5. **Innovation projects.** Beginning January 1, 2005, no more than \$3,000,000  
384.7 of the funds annually appropriated to the commissioner for use in the consolidated  
384.8 fund shall be available to the commissioner for projects testing innovative approaches  
384.9 to improving outcomes for MFIP participants, and persons at risk of receiving MFIP  
384.10 as detailed in subdivision 3, and for providing incentives to counties and tribes that  
384.11 exceed performance. Projects shall be targeted to geographic areas with poor outcomes  
384.12 as specified in section 256J.751, subdivision 5, or to subgroups within the MFIP case  
384.13 load who are experiencing poor outcomes. For purposes of an incentive, a county or  
384.14 tribe exceeds performance if the county or tribe is above the top of the county or tribe's  
384.15 annualized range of expected performance on the three-year self-support index under  
384.16 section 256J.751, subdivision 2, clause (7), and achieve a 50 percent MFIP participation  
384.17 rate under section 256J.751, subdivision 2, clause (8), as averaged across the four quarterly  
384.18 measurements for the most recent year for which the measurements are available.

384.19 Sec. 24. Minnesota Statutes 2005 Supplement, section 256J.626, subdivision 6,  
384.20 is amended to read:

384.21 Subd. 6. **Base allocation to counties and tribes; definitions.** (a) For purposes of  
384.22 this section, the following terms have the meanings given.

384.23 (1) "2002 historic spending base" means the commissioner's determination of  
384.24 the sum of the reimbursement related to fiscal year 2002 of county or tribal agency  
384.25 expenditures for the base programs listed in clause (6), items (i) through (iv), and earnings  
384.26 related to calendar year 2002 in the base program listed in clause (6), item (v), and the  
384.27 amount of spending in fiscal year 2002 in the base program listed in clause (6), item (vi),  
384.28 issued to or on behalf of persons residing in the county or tribal service delivery area.

384.29 (2) "Adjusted caseload factor" means a factor weighted:

384.30 (i) 47 percent on the MFIP cases in each county at four points in time in the most  
384.31 recent 12-month period for which data is available multiplied by the county's caseload  
384.32 difficulty factor; and

385.1 (ii) 53 percent on the count of adults on MFIP in each county and tribe at four points  
385.2 in time in the most recent 12-month period for which data is available multiplied by the  
385.3 county or tribe's caseload difficulty factor.

385.4 (3) "Caseload difficulty factor" means a factor determined by the commissioner for  
385.5 each county and tribe based upon the self-support index described in section 256J.751,  
385.6 subdivision 2, clause (7).

385.7 (4) "Initial allocation" means the amount potentially available to each county or tribe  
385.8 based on the formula in paragraphs (b) through (h).

385.9 (5) "Final allocation" means the amount available to each county or tribe based on  
385.10 the formula in paragraphs (b) through (h); ~~after adjustment by subdivision 7.~~

385.11 (6) "Base programs" means the:

385.12 (i) MFIP employment and training services under Minnesota Statutes 2002, section  
385.13 256J.62, subdivision 1, in effect June 30, 2002;

385.14 (ii) bilingual employment and training services to refugees under Minnesota Statutes  
385.15 2002, section 256J.62, subdivision 6, in effect June 30, 2002;

385.16 (iii) work literacy language programs under Minnesota Statutes 2002, section  
385.17 256J.62, subdivision 7, in effect June 30, 2002;

385.18 (iv) supported work program authorized in Laws 2001, First Special Session chapter  
385.19 9, article 17, section 2, in effect June 30, 2002;

385.20 (v) administrative aid program under section 256J.76 in effect December 31, 2002;  
385.21 and

385.22 (vi) emergency assistance program under Minnesota Statutes 2002, section 256J.48,  
385.23 in effect June 30, 2002.

385.24 (b) The commissioner shall:

385.25 (1) beginning July 1, 2003, determine the initial allocation of funds available under  
385.26 this section according to clause (2);

385.27 (2) allocate all of the funds available for the period beginning July 1, 2003, and  
385.28 ending December 31, 2004, to each county or tribe in proportion to the county's or tribe's  
385.29 share of the statewide 2002 historic spending base;

385.30 (3) determine for calendar year 2005 the initial allocation of funds to be made  
385.31 available under this section in proportion to the county or tribe's initial allocation for the  
385.32 period of July 1, 2003, to December 31, 2004;

385.33 (4) determine for calendar year 2006 the initial allocation of funds to be made  
385.34 available under this section based 90 percent on the proportion of the county or tribe's  
385.35 share of the statewide 2002 historic spending base and ten percent on the proportion of  
385.36 the county or tribe's share of the adjusted caseload factor;

386.1 (5) determine for calendar year 2007 the initial allocation of funds to be made  
 386.2 available under this section based 70 percent on the proportion of the county or tribe's  
 386.3 share of the statewide 2002 historic spending base and 30 percent on the proportion of the  
 386.4 county or tribe's share of the adjusted caseload factor; and

386.5 (6) determine for calendar year 2008 and subsequent years the initial allocation of  
 386.6 funds to be made available under this section based 50 percent on the proportion of the  
 386.7 county or tribe's share of the statewide 2002 historic spending base and 50 percent on the  
 386.8 proportion of the county or tribe's share of the adjusted caseload factor.

386.9 (c) With the commencement of a new or expanded tribal TANF program or an  
 386.10 agreement under section 256.01, subdivision 2, paragraph (g), in which some or all of  
 386.11 the responsibilities of particular counties under this section are transferred to a tribe,  
 386.12 the commissioner shall:

386.13 (1) in the case where all responsibilities under this section are transferred to a tribal  
 386.14 program, determine the percentage of the county's current caseload that is transferring to a  
 386.15 tribal program and adjust the affected county's allocation accordingly; and

386.16 (2) in the case where a portion of the responsibilities under this section are  
 386.17 transferred to a tribal program, the commissioner shall consult with the affected county or  
 386.18 counties to determine an appropriate adjustment to the allocation.

386.19 ~~(d) Effective January 1, 2005, counties and tribes will have their final allocations~~  
 386.20 ~~adjusted based on the performance provisions of subdivision 7.~~

386.21 **Sec. 25. [256K.60] RUNAWAY AND HOMELESS YOUTH ACT.**

386.22 **Subdivision 1. Definitions. (a) The definitions of this subdivision apply to this**  
 386.23 **section.**

386.24 **(b) "Commissioner" means the commissioner of human services.**

386.25 **(c) "Homeless youth" means a person 21 years or younger who is unaccompanied**  
 386.26 **by a parent or guardian and is without shelter where appropriate care and supervision are**  
 386.27 **available, whose parent or legal guardian is unable or unwilling to provide shelter and**  
 386.28 **care, or who lacks a fixed, regular, and adequate nighttime residence. The following are**  
 386.29 **not fixed, regular, or adequate nighttime residences:**

386.30 **(1) a supervised publicly or privately operated shelter designed to provide temporary**  
 386.31 **living accommodations;**

386.32 **(2) an institution publicly or privately operated shelter designed to provide**  
 386.33 **temporary living accommodations;**

386.34 **(3) transitional housing;**

387.1 (4) a temporary placement with a peer, friend, or family member that has not offered  
387.2 permanent residence, a residential lease, or temporary lodging for more than 30 days; or

387.3 (5) a public or private place not designed for, nor ordinarily used as, a regular  
387.4 sleeping accommodation for human beings.

387.5 Homeless youth does not include persons incarcerated or otherwise detained under  
387.6 federal or state law.

387.7 (d) "Youth at risk of homelessness" means a person 21 years or younger whose status  
387.8 or circumstances indicate a significant danger of experiencing homelessness in the near  
387.9 future. Status or circumstances that indicate a significant danger may include youth exiting  
387.10 out-of-home placements, youth who previously were homeless, youth whose parents or  
387.11 primary caregivers are or were previously homeless, youth who are exposed to abuse and  
387.12 neglect in their homes, youth who experience conflict with parents due to chemical or  
387.13 alcohol dependency, mental health disabilities, or other disabilities, and runaways.

387.14 (e) "Runaway" means an unmarried child under the age of 18 years who is absent  
387.15 from the home of a parent or guardian or other lawful placement without the consent of  
387.16 the parent, guardian, or lawful custodian.

387.17 Subd. 2. Homeless and runaway youth report. The commissioner shall develop a  
387.18 comprehensive report on homeless youth, youth at risk of homelessness, and runaways.

387.19 The commissioner shall study and report on services for homeless, runaway, and  
387.20 at-risk youth. The report shall include the coordination of services under subdivisions 3  
387.21 to 5.

387.22 Subd. 3. Street and community outreach and drop-in program. Youth drop-in  
387.23 centers must provide walk-in access to crisis intervention and on-going supportive services  
387.24 including one-to-one case management services on a self-referral basis. Street and  
387.25 community outreach programs must locate, contact, and provide information, referrals,  
387.26 and services to homeless youth, youth at risk of homelessness, and runaways. Information,  
387.27 referrals, and services provided may include, but are not limited to:

387.28 (1) family reunification services;

387.29 (2) conflict resolution or mediation counseling;

387.30 (3) assistance in obtaining temporary emergency shelter;

387.31 (4) assistance in obtaining food, clothing, medical care, or mental health counseling;

387.32 (5) counseling regarding violence, prostitution, substance abuse, sexually transmitted  
387.33 diseases, and pregnancy;

387.34 (6) referrals to other agencies that provide support to services to homeless youth,  
387.35 youth at risk of homelessness, and runaways;

387.36 (7) assistance with education, employment, and independent living skills;

388.1 (8) after-care services;

388.2 (9) specialized services for highly vulnerable runaways and homeless youth,

8.3 including teen parents, emotionally disturbed and mentally ill youth, and sexually

388.4 exploited youth; and

388.5 (10) homelessness prevention.

388.6 Subd. 4. Emergency shelter program. (a) Emergency shelter programs must

388.7 provide homeless youth and runaways with referral and walk-in access to emergency,

388.8 short-term residential care. The program shall provide homeless youth and runaways with

388.9 safe, dignified shelter, including private shower facilities, beds, and at least one meal each

388.10 day, and shall assist a runaway with reunification with the family or legal guardian when

388.11 required or appropriate.

388.12 (b) The services provided at emergency shelters may include, but are not limited to:

388.13 (1) family reunification services;

388.14 (2) individual, family, and group counseling;

388.15 (3) assistance obtaining clothing;

388.16 (4) access to medical and dental care and mental health counseling;

388.17 (5) education and employment services;

388.18 (6) recreational activities;

388.19 (7) advocacy and referral services;

388.20 (8) independent living skills training;

388.21 (9) after-care and follow-up services;

388.22 (10) transportation; and

388.23 (11) homelessness prevention.

3.24 Subd. 5. Supportive housing and transitional living programs. Transitional

388.25 living programs must help homeless youth and youth at risk of homelessness to find and

388.26 maintain safe, dignified housing. The program may also provide rental assistance and

388.27 related supportive services, or refer youth to other organizations or agencies that provide

388.28 such services. Services provided may include, but are not limited to:

388.29 (1) educational assessment and referrals to educational programs;

388.30 (2) career planning, employment, work skill training, and independent living skills

388.31 training;

388.32 (3) job placement;

388.33 (4) budgeting and money management;

34 (5) assistance in securing housing appropriate to needs and income;

3.35 (6) counseling regarding violence, prostitution, substance abuse, sexually transmitted

388.36 diseases, and pregnancy;

- 389.1 (7) referral for medical services or chemical dependency treatment;
- 389.2 (8) parenting skills;
- 389.3 (9) self-sufficiency support services or life skill training;
- 389.4 (10) after-care and follow-up services; and
- 389.5 (11) homelessness prevention.

389.6 **Sec. 26. [259.86] POSTADOPTION SEARCH SERVICES.**

389.7 (a) The commissioner of human services shall develop a specialized curriculum  
 389.8 to train department, county agency, and social service agency staff in performing and  
 389.9 complying with the postadoption search services developed in the best practices guidelines  
 389.10 reported to the legislature in 2006.

389.11 (b) All department and county social service agency staff providing postadoption  
 389.12 search services, shall complete six hours of postadoption search services training as a  
 389.13 specialized curriculum of the child welfare training.

389.14 (c) All private agency staff providing postadoption search services, shall complete at  
 389.15 least six hours of postadoption search services training.

389.16 **Sec. 27. Minnesota Statutes 2004, section 259.87, is amended to read:**

389.17 **259.87 RULES.**

389.18 **The commissioner of human services shall make rules as necessary to administer**  
 389.19 **sections 259.79 ~~and~~, 259.83, and 259.86.**

389.20 **Sec. 28. Minnesota Statutes 2004, section 518.551, subdivision 7, is amended to read:**

389.21 **Subd. 7. Fees ~~and cost recovery fees~~ for IV-D services.** (a) When a recipient of  
 389.22 IV-D services is no longer receiving assistance under the state's title IV-A, IV-E foster  
 389.23 care, medical assistance, or MinnesotaCare programs, the public authority responsible  
 389.24 for child support enforcement must notify the recipient, within five working days of the  
 389.25 notification of ineligibility, that IV-D services will be continued unless the public authority  
 389.26 is notified to the contrary by the recipient. The notice must include the implications  
 389.27 of continuing to receive IV-D services, including the available services and fees, cost  
 389.28 recovery fees, and distribution policies relating to fees.

389.29 (b) An application fee of \$25 shall be paid by the person who applies for child  
 389.30 support and maintenance collection services, except persons who are receiving public  
 389.31 assistance as defined in section 256.741 ~~and, if enacted,~~ the diversionary work program  
 389.32 under section 256J.95, persons who transfer from public assistance to nonpublic assistance

390.1 status, and minor parents and parents enrolled in a public secondary school, area learning  
390.2 center, or alternative learning program approved by the commissioner of education.

390.3 (c) In the case of an individual who has never received assistance under a state  
390.4 program funded under Title IV-A of the Social Security Act and for whom the public  
390.5 authority has collected at least \$500 of support, the public authority must impose an  
390.6 annual federal collections fee of \$25 for each case in which services are furnished. This  
390.7 fee must be retained by the public authority from support collected on behalf of the  
390.8 individual, but not from the first \$500 collected.

390.9 (d) When the public authority provides full IV-D services to an obligee who has  
390.10 applied for those services, upon written notice to the obligee, the public authority must  
390.11 charge a cost recovery fee of one percent of the amount collected. This fee must be  
390.12 deducted from the amount of the child support and maintenance collected and not assigned  
390.13 under section 256.741 before disbursement to the obligee. This fee does not apply to an  
390.14 obligee who:

390.15 (1) is currently receiving assistance under the state's title IV-A, IV-E foster care,  
390.16 medical assistance, or MinnesotaCare programs; or

390.17 (2) has received assistance under the state's title IV-A or IV-E foster care programs,  
390.18 until the person has not received this assistance for 24 consecutive months.

390.19 ~~(d)~~ (e) When the public authority provides full IV-D services to an obligor who has  
390.20 applied for such services, upon written notice to the obligor, the public authority must  
390.21 charge a cost recovery fee of one percent of the monthly court-ordered child support and  
390.22 maintenance obligation. The fee may be collected through income withholding, as well  
390.23 as by any other enforcement remedy available to the public authority responsible for  
390.24 child support enforcement.

390.25 ~~(e)~~ (f) Fees assessed by state and federal tax agencies for collection of overdue  
390.26 support owed to or on behalf of a person not receiving public assistance must be imposed  
390.27 on the person for whom these services are provided. The public authority upon written  
390.28 notice to the obligee shall assess a fee of \$25 to the person not receiving public assistance  
390.29 for each successful federal tax interception. The fee must be withheld prior to the release  
390.30 of the funds received from each interception and deposited in the general fund.

390.31 ~~(f)~~ (g) Federal collections fees collected under paragraph (c) and cost recovery fees  
390.32 collected under paragraphs ~~(e)~~ and (d) and (e) shall be considered child support program  
390.33 income according to Code of Federal Regulations, title 45, section 304.50, and shall  
390.34 be deposited in the ~~cost recovery fee~~ special revenue fund account established under  
390.35 paragraph ~~(h)~~ (i). The commissioner of human services must elect to recover costs based  
390.36 on either actual or standardized costs.

391.1 ~~(g)~~ (h) The limitations of this subdivision on the assessment of fees shall not apply  
391.2 to the extent inconsistent with the requirements of federal law for receiving funds for the  
391.3 programs under Title IV-A and Title IV-D of the Social Security Act, United States Code,  
391.4 title 42, sections 601 to 613 and United States Code, title 42, sections 651 to 662.

391.5 ~~(h)~~ (i) The commissioner of human services is authorized to establish a special  
391.6 revenue fund account to receive ~~child support~~ the federal collections fees collected under  
391.7 paragraph (c) and cost recovery fees collected under paragraphs (d) and (e). A portion of  
391.8 the nonfederal share of these fees may be retained for expenditures necessary to administer  
391.9 the ~~fee~~ fees and must be transferred to the child support system special revenue account.  
391.10 The remaining nonfederal share of the federal collections fees and cost recovery fee fees  
391.11 must be retained by the commissioner and dedicated to the child support general fund  
391.12 county performance-based grant account authorized under sections 256.979 and 256.9791.

391.13 EFFECTIVE DATE. This section is effective October 1, 2006, or later if the  
391.14 commissioner determines that a later implementation will not result in federal fiscal  
391.15 penalties.

391.16 Sec. 29. Laws 2005, First Special Session chapter 4, article 7, section 59, is amended  
391.17 to read:

391.18 Sec. 59. **REPORT TO LEGISLATURE.**

391.19 The commissioner shall report to the legislature by December 15, 2006, on the  
391.20 redesign of case management services. In preparing the report, the commissioner  
391.21 shall consult with representatives for consumers, consumer advocates, counties, labor  
391.22 organizations representing county social service workers, and service providers. The  
391.23 report shall include draft legislation for case management changes that will:

391.24 (1) streamline administration;

391.25 (2) improve consumer access to case management services;

391.26 (3) address the use of a comprehensive universal assessment protocol for persons  
391.27 seeking community supports;

391.28 (4) establish case management performance measures;

391.29 (5) provide for consumer choice of the case management service vendor; and

391.30 (6) provide a method of payment for case management services that is cost-effective  
391.31 and best supports the draft legislation in clauses (1) to (5).

391.32 EFFECTIVE DATE. This section is effective the day following final enactment.

391.33 Sec. 30. **IMPACT ON REDUCED MEDICAID REIMBURSEMENTS.**

392.1 The commissioner of human services shall report to the chair of the house Health  
 392.2 Policy and Finance Committee and the chairs of the senate Health and Family Security  
 392.3 Committee and Health and Human Services Budget Division by December 1, 2006, on the  
 392.4 impact of reduced Medicaid reimbursements resulting from the federal Deficit Reduction  
 392.5 Act of 2005. The report shall include options to restore lost revenues and ensure the  
 392.6 continuation of targeted case management and other affected social services.

392.7 **Sec. 31. COMMISSIONER AUTHORITY TO PROVIDE GUIDANCE ON**  
 392.8 **FEDERAL REGULATIONS.**

392.9 The commissioner shall provide guidance to counties and tribes as necessary to  
 392.10 comply with Temporary Assistance to Needy Families regulations issued pursuant to  
 392.11 Public Law 109-171.

392.12 **Sec. 32. PARENT FEE SCHEDULE.**

392.13 Notwithstanding Minnesota Rules, part 3400.0100, subpart 4, the parent fee  
 392.14 schedule is as follows:

392.15 <u>Income Range (as a percent of the federal</u> 392.16 <u>poverty guidelines)</u>	<u>Co-payment (as a percentage of adjusted</u> <u>gross income)</u>
392.17 <u>0-74.99%</u>	<u>\$0/month</u>
392.18 <u>75.00-99.99%</u>	<u>\$5/month</u>
392.19 <u>100.00-104.99%</u>	<u>2.61%</u>
392.20 <u>105.00-109.99%</u>	<u>2.61%</u>
392.21 <u>110.00-114.99%</u>	<u>2.61%</u>
392.22 <u>115.00-119.99%</u>	<u>2.61%</u>
392.23 <u>120.00-124.99%</u>	<u>2.91%</u>
392.24 <u>125.00-129.99%</u>	<u>2.91%</u>
392.25 <u>130.00-134.99%</u>	<u>2.91%</u>
392.26 <u>135.00-139.99%</u>	<u>2.91%</u>
392.27 <u>140.00-144.99%</u>	<u>3.21%</u>
392.28 <u>145.00-149.99%</u>	<u>3.21%</u>
392.29 <u>150.00-154.99%</u>	<u>3.21%</u>
392.30 <u>155.00-159.99%</u>	<u>3.84%</u>

393.1	<u>160.00-164.99%</u>	<u>3.84%</u>
393.2	<u>165.00-169.99%</u>	<u>4.46%</u>
393.3	<u>170.00-174.99%</u>	<u>4.76%</u>
393.4	<u>175.00-179.99%</u>	<u>5.05%</u>
393.5	<u>180.00-184.99%</u>	<u>5.65%</u>
393.6	<u>185.00-189.99%</u>	<u>5.95%</u>
393.7	<u>190.00-194.99%</u>	<u>6.24%</u>
393.8	<u>195.00-199.99%</u>	<u>6.84%</u>
393.9	<u>200.00-204.99%</u>	<u>7.58%</u>
393.10	<u>205.00-209.99%</u>	<u>8.33%</u>
393.11	<u>210.00-214.99%</u>	<u>9.20%</u>
393.12	<u>215.00-219.99%</u>	<u>10.07%</u>
393.13	<u>220.00-224.99%</u>	<u>10.94%</u>
393.14	<u>225.00-229.99%</u>	<u>11.55%</u>
393.15	<u>230.00-234.99%</u>	<u>12.16%</u>
393.16	<u>235.00-239.99%</u>	<u>12.77%</u>
393.17	<u>240.00-244.99%</u>	<u>13.38%</u>
393.18	<u>245.00-249.99%</u>	<u>14.00%</u>
393.19	<u>250%</u>	<u>ineligible</u>

393.20 A family's monthly co-payment fee is the fixed percentage established for the  
 393.21 income range multiplied by the highest possible income within that income range.

393.22 EFFECTIVE DATE. This section is effective July 1, 2006.

393.23 **Sec. 33. REPEALER.**

393.24 Minnesota Statutes 2004, section 256J.626, subdivision 9, and Minnesota Statutes  
 393.25 2005 Supplement, sections 119B.13, subdivision 7; and 256J.626, subdivision 7, are  
 393.26 repealed.

393.27 (b) Laws 2003, First Special Session chapter 14, article 9, section 36; is repealed.

ARTICLE 25

MENTAL HEALTH AND CHEMICAL HEALTH

Section 1. Minnesota Statutes 2004, section 245.465, is amended by adding a subdivision to read:

Subd. 3. Responsibility not duplicated. For individuals who have health care coverage, the county board is not responsible for providing mental health services which are covered by the entity that administers the health care coverage.

Sec. 2. [245.4682] MENTAL HEALTH SERVICE DELIVERY AND FINANCE REFORM.

Subdivision 1. Policy. The commissioner of human services shall undertake a series of reforms to improve the underlying structural, financing, and organizational problems in Minnesota's mental health system with the goal of improving the availability, quality, and accountability of mental health care within the state.

Subd. 2. General provisions. In the design and implementation of reforms to the mental health system, the commissioner shall:

(1) consult with consumers, families, counties, tribes, advocates, providers, and other stakeholders;

(2) bring to the legislature, and the State Mental Health Advisory Council by January 15, 2007, recommendations for legislation to update the role of counties and to clarify the case management roles and functions of health plans and counties;

(3) ensure continuity of care for persons affected by these reforms including:

(i) ensuring client choice of provider by requiring broad provider networks;

(ii) allowing clients options to maintain previously established therapeutic relationships; and

(iii) developing mechanisms to facilitate a smooth transition of service responsibilities;

(4) provide accountability for the efficient and effective use of public and private resources in achieving positive outcomes for consumers;

(5) ensure client access to applicable protections and appeals; and

(6) make budget transfers that do not increase the state and county costs to effectively implement improvements to the mental health system and efficiently allocate state funds. When making transfers necessary to implement movement of responsibility for clients and services between counties and health care programs, the commissioner, in consultation with counties, shall ensure that any transfer of state grants to health

395.1 care programs, including the value of case management transfer grants under section  
395.2 256B.0625, subdivision 20, does not exceed the value of the services being transferred  
395.3 for the latest 12-month period for which data is available. The commissioner may make  
395.4 quarterly adjustments based on the availability of additional data during the first four  
395.5 quarters after the transfers first occur.

395.6 Subd. 3. Regional projects for coordination of care. (a) Consistent with section  
395.7 256B.69 and chapters 256D and 256L, the commissioner is authorized to solicit, approve,  
395.8 and implement regional projects to demonstrate the integration of physical and mental  
395.9 health services within prepaid health plans and their coordination with social services. The  
395.10 commissioner, in consultation with consumers, families, and their representatives, shall:

395.11 (1) determine criteria for approving the regional projects and use those criteria to  
395.12 solicit regional proposals for integrated service networks;

395.13 (2) require that each project be based on locally defined partnerships that include  
395.14 at least one health maintenance organization, community integrated service network, or  
395.15 accountable provider network authorized and operating under chapter 62D, 62N, or 62T,  
395.16 or county-based purchasing entity under section 256B.692 that is eligible to contract with  
395.17 the commissioner as a prepaid health plan, and the county or counties within the region;

395.18 (3) allow potential bidders at least 90 days to respond to the request for proposals;

395.19 (4) waive any administrative rule not consistent with the implementation of the  
395.20 regional projects; and

395.21 (5) begin implementation of the regional projects no earlier than January 1, 2008,  
395.22 with not more than 20 percent of the statewide population described in paragraph (b)  
395.23 included during calendar year 2008 and additional individuals included in subsequent  
395.24 years.

395.25 (b) Notwithstanding any statute or administrative rule to the contrary, the  
395.26 commissioner shall enroll all medical assistance eligible persons with serious and  
395.27 persistent mental illness or severe emotional disturbance in the prepaid plan of their choice  
395.28 within the project region unless:

395.29 (1) an individual has another basis for exclusion from the prepaid plan under section  
395.30 256B.69, subdivision 4;

395.31 (2) an individual has a previously established therapeutic relationship with a  
395.32 provider who is not included in the available prepaid plans; or

395.33 (3) the service the individual wishes to use is not included in the available prepaid  
395.34 plans.

395.35 (c) If the person with serious and persistent mental illness or severe emotional  
395.36 disturbance declines to choose a plan, the commissioner may preferentially assign

396.1 that person to the prepaid plan participating in the integrated service network. The  
396.2 commissioner shall implement the enrollment changes within a regional project on the  
6.3 timeline specified in that region's approved application.

396.4 (d) The commissioner, in consultation with consumers, families, and their  
396.5 representatives, shall evaluate the regional projects begun in 2008, and shall refine the  
396.6 design of the regional service integration projects before expanding beyond the 20  
396.7 percent of the statewide population and expanding the number of regions engaged in the  
396.8 demonstration projects as additional qualified applicant partnerships present themselves.

396.9 (e) The commissioner shall apply for any federal waivers necessary to implement  
396.10 these changes.

396.11 **Sec. 3. [245.4835] COUNTY MAINTENANCE OF EFFORT.**

396.12 Subdivision 1. **Required expenditures.** Counties must maintain a level of  
396.13 expenditures for mental health services under sections 245.461 to 245.484 and 245.487 to  
396.14 245.4887 so that each year's county expenditures are at least equal to that county's average  
396.15 expenditures for those services for calendar years 2004 and 2005. The commissioner will  
396.16 adjust each county's base level for minimum expenditures in each year by the amount of  
396.17 any increase or decrease in that county's state grants or other noncounty revenues for  
396.18 mental health services under sections 245.461 to 245.484 and 245.487 to 245.4887.

396.19 Subd. 2. **Failure to maintain expenditures.** If a county does not comply with  
396.20 subdivision 1, the commissioner shall require the county to develop a corrective action plan  
396.21 according to a format and timeline established by the commissioner. If the commissioner  
396.22 determines that a county has not developed an acceptable corrective action plan within  
6.23 the required timeline, or that the county is not in compliance with an approved corrective  
396.24 action plan, the protections provided to that county under section 245.485 do not apply.

396.25 **Sec. 4. Minnesota Statutes 2005 Supplement, section 245.4874, is amended to read:**

396.26 **245.4874 DUTIES OF COUNTY BOARD.**

396.27 Subdivision 1. **Duties of the county board.** (a) The county board must:

396.28 (1) develop a system of affordable and locally available children's mental health  
396.29 services according to sections 245.487 to 245.4887;

396.30 (2) establish a mechanism providing for interagency coordination as specified in  
396.31 section 245.4875, subdivision 6;

396.32 (3) consider the assessment of unmet needs in the county as reported by the local  
396.33 children's mental health advisory council under section 245.4875, subdivision 5, paragraph

- 397.1 (b), clause (3). The county shall provide, upon request of the local children's mental health  
397.2 advisory council, readily available data to assist in the determination of unmet needs;
- 397.3 (4) assure that parents and providers in the county receive information about how to  
397.4 gain access to services provided according to sections 245.487 to 245.4887;
- 397.5 (5) coordinate the delivery of children's mental health services with services  
397.6 provided by social services, education, corrections, health, and vocational agencies to  
397.7 improve the availability of mental health services to children and the cost-effectiveness of  
397.8 their delivery;
- 397.9 (6) assure that mental health services delivered according to sections 245.487  
397.10 to 245.4887 are delivered expeditiously and are appropriate to the child's diagnostic  
397.11 assessment and individual treatment plan;
- 397.12 (7) provide the community with information about predictors and symptoms of  
397.13 emotional disturbances and how to access children's mental health services according to  
397.14 sections 245.4877 and 245.4878;
- 397.15 (8) provide for case management services to each child with severe emotional  
397.16 disturbance according to sections 245.486; 245.4871, subdivisions 3 and 4; and 245.4881,  
397.17 subdivisions 1, 3, and 5;
- 397.18 (9) provide for screening of each child under section 245.4885 upon admission  
397.19 to a residential treatment facility, acute care hospital inpatient treatment, or informal  
397.20 admission to a regional treatment center;
- 397.21 (10) prudently administer grants and purchase-of-service contracts that the county  
397.22 board determines are necessary to fulfill its responsibilities under sections 245.487 to  
397.23 245.4887;
- 397.24 (11) assure that mental health professionals, mental health practitioners, and case  
397.25 managers employed by or under contract to the county to provide mental health services  
397.26 are qualified under section 245.4871;
- 397.27 (12) assure that children's mental health services are coordinated with adult mental  
397.28 health services specified in sections 245.461 to 245.486 so that a continuum of mental  
397.29 health services is available to serve persons with mental illness, regardless of the person's  
397.30 age;
- 397.31 (13) assure that culturally informed mental health consultants are used as necessary  
397.32 to assist the county board in assessing and providing appropriate treatment for children of  
397.33 cultural or racial minority heritage; and
- 397.34 (14) consistent with section 245.486, arrange for or provide a children's mental  
397.35 health screening to a child receiving child protective services or a child in out-of-home  
397.36 placement, a child for whom parental rights have been terminated, a child found to be

398.1 delinquent, and a child found to have committed a juvenile petty offense for the third or  
398.2 subsequent time, unless a screening has been performed within the previous 180 days, or  
398.3 the child is currently under the care of a mental health professional. The court or county  
398.4 agency must notify a parent or guardian whose parental rights have not been terminated of  
398.5 the potential mental health screening and the option to prevent the screening by notifying  
398.6 the court or county agency in writing. The screening shall be conducted with a screening  
398.7 instrument approved by the commissioner of human services according to criteria that  
398.8 are updated and issued annually to ensure that approved screening instruments are valid  
398.9 and useful for child welfare and juvenile justice populations, and shall be conducted  
398.10 by a mental health practitioner as defined in section 245.4871, subdivision 26, or a  
398.11 probation officer or local social services agency staff person who is trained in the use of  
398.12 the screening instrument. Training in the use of the instrument shall include training in the  
398.13 administration of the instrument, the interpretation of its validity given the child's current  
398.14 circumstances, the state and federal data practices laws and confidentiality standards, the  
398.15 parental consent requirement, and providing respect for families and cultural values.  
398.16 If the screen indicates a need for assessment, the child's family, or if the family lacks  
398.17 mental health insurance, the local social services agency, in consultation with the child's  
398.18 family, shall have conducted a diagnostic assessment, including a functional assessment,  
398.19 as defined in section 245.4871. The administration of the screening shall safeguard the  
398.20 privacy of children receiving the screening and their families and shall comply with the  
398.21 Minnesota Government Data Practices Act, chapter 13, and the federal Health Insurance  
398.22 Portability and Accountability Act of 1996, Public Law 104-191. Screening results shall be  
398.23 considered private data and the commissioner shall not collect individual screening results.

3.24 (b) When the county board refers clients to providers of children's therapeutic  
398.25 services and supports under section 256B.0943, the county board must clearly identify  
398.26 the desired services components not covered under section 256B.0943 and identify the  
398.27 reimbursement source for those requested services, the method of payment, and the  
398.28 payment rate to the provider.

398.29 Subd. 2. Responsibility not duplicated. For individuals that have health care  
398.30 coverage, the county board is not responsible for providing mental health services which  
398.31 are covered by the entity which administers the health care coverage.

398.32 **Sec. 5. [245.4889] CHILDREN'S MENTAL HEALTH GRANTS.**

398.33 Subdivision 1. Establishment and authority. The commissioner is authorized to  
398.34 make grants from available appropriations to assist counties, Indian tribes, children's  
398.35 collaboratives under section 124D.23 or 245.493, or mental health service providers for

399.1 providing services to children with emotional disturbances as defined in section 245.4871,  
399.2 subdivision 15, and their families; and to young adults meeting the criteria for transition  
399.3 services in section 245.4875, subdivision 8, and their families. Services must be designed  
399.4 to help each child to function and remain with the child's family in the community and  
399.5 delivered consistent with the child's treatment plan. Transition services to eligible young  
399.6 adults must be designed to foster independent living in the community.

399.7 Subd. 2. Grant application and reporting requirements. To apply for a grant  
399.8 an applicant organization shall submit an application and budget for the use of the  
399.9 money in the form specified by the commissioner. The commissioner shall make grants  
399.10 only to entities whose applications and budgets are approved by the commissioner. In  
399.11 awarding grants, the commissioner shall give priority to applications that indicate plans  
399.12 to collaborate in the development, funding, and delivery of services with other agencies  
399.13 in the local system of care. The commissioner shall specify requirements for reports,  
399.14 including quarterly fiscal reports, according to section 256.01, subdivision 2, paragraph  
399.15 (g). The commissioner shall require collection of data and periodic reports that the  
399.16 commissioner deems necessary to demonstrate the effectiveness of each service.

399.17 Sec. 6. Minnesota Statutes 2004, section 245.50, subdivision 1, is amended to read:

399.18 Subdivision 1. **Definitions.** For purposes of this section, the following terms have  
399.19 the meanings given them.

399.20 (a) "Bordering state" means Iowa, North Dakota, South Dakota, or Wisconsin.

399.21 (b) "Receiving agency" means a public or private hospital, mental health center,  
399.22 chemical health treatment facility, or other person or organization which provides mental  
399.23 health or chemical health services under this section to individuals from a state other than  
399.24 the state in which the agency is located.

399.25 (c) "Receiving state" means the state in which a receiving agency is located.

399.26 (d) "Sending agency" means a state or county agency which sends an individual to a  
399.27 bordering state for treatment under this section.

399.28 (e) "Sending state" means the state in which the sending agency is located.

399.29 Sec. 7. Minnesota Statutes 2004, section 245.50, subdivision 2, is amended to read:

399.30 Subd. 2. **Purpose and authority.** (a) The purpose of this section is to enable  
399.31 appropriate treatment to be provided to individuals, across state lines from the individual's  
399.32 state of residence, in qualified facilities that are closer to the homes of individuals than are  
399.33 facilities available in the individual's home state.

400.1 (b) Unless prohibited by another law and subject to the exceptions listed in  
400.2 subdivision 3, a county board or the commissioner of human services may contract with  
400.3 an agency or facility in a bordering state for mental health or chemical health services  
400.4 for residents of Minnesota, and a Minnesota mental health or chemical health agency  
400.5 or facility may contract to provide services to residents of bordering states. Except as  
400.6 provided in subdivision 5, a person who receives services in another state under this  
400.7 section is subject to the laws of the state in which services are provided. A person who will  
400.8 receive services in another state under this section must be informed of the consequences  
400.9 of receiving services in another state, including the implications of the differences in state  
400.10 laws, to the extent the individual will be subject to the laws of the receiving state.

400.11 Sec. 8. Minnesota Statutes 2004, section 245.50, subdivision 5, is amended to read:

400.12 Subd. 5. **Special contracts; bordering states.** (a) An individual who is detained,  
400.13 committed, or placed on an involuntary basis under chapter 253B may be confined or  
400.14 treated in a bordering state pursuant to a contract under this section. An individual who is  
400.15 detained, committed, or placed on an involuntary basis under the civil law of a bordering  
400.16 state may be confined or treated in Minnesota pursuant to a contract under this section. A  
400.17 peace or health officer who is acting under the authority of the sending state may transport  
400.18 an individual to a receiving agency that provides services pursuant to a contract under  
400.19 this section and may transport the individual back to the sending state under the laws  
400.20 of the sending state. Court orders valid under the law of the sending state are granted  
400.21 recognition and reciprocity in the receiving state for individuals covered by a contract  
400.22 under this section to the extent that the court orders relate to confinement for treatment  
400.23 or care of mental illness or chemical dependency. Such treatment or care may address  
400.24 other conditions that may be co-occurring with the mental illness or chemical dependency.  
400.25 These court orders are not subject to legal challenge in the courts of the receiving state.  
400.26 Individuals who are detained, committed, or placed under the law of a sending state and  
400.27 who are transferred to a receiving state under this section continue to be in the legal  
400.28 custody of the authority responsible for them under the law of the sending state. Except  
400.29 in emergencies, those individuals may not be transferred, removed, or furloughed from  
400.30 a receiving agency without the specific approval of the authority responsible for them  
400.31 under the law of the sending state.

400.32 (b) While in the receiving state pursuant to a contract under this section, an  
3 individual shall be subject to the sending state's laws and rules relating to length of  
.34 confinement, reexaminations, and extensions of confinement. No individual may be sent

401.1 to another state pursuant to a contract under this section until the receiving state has  
401.2 enacted a law recognizing the validity and applicability of this section.

401.3 (c) If an individual receiving services pursuant to a contract under this section leaves  
401.4 the receiving agency without permission and the individual is subject to involuntary  
401.5 confinement under the law of the sending state, the receiving agency shall use all  
401.6 reasonable means to return the individual to the receiving agency. The receiving agency  
401.7 shall immediately report the absence to the sending agency. The receiving state has the  
401.8 primary responsibility for, and the authority to direct, the return of these individuals  
401.9 within its borders and is liable for the cost of the action to the extent that it would be  
401.10 liable for costs of its own resident.

401.11 (d) Responsibility for payment for the cost of care remains with the sending agency.

401.12 (e) This subdivision also applies to county contracts under subdivision 2 which  
401.13 include emergency care and treatment provided to a county resident in a bordering state.

401.14 Sec. 9. Minnesota Statutes 2004, section 245.94, subdivision 1, is amended to read:

401.15 Subdivision 1. **Powers.** (a) The ombudsman may prescribe the methods by which  
401.16 complaints to the office are to be made, reviewed, and acted upon. The ombudsman may  
401.17 not levy a complaint fee.

401.18 (b) The ombudsman may mediate or advocate on behalf of a client.

401.19 (c) The ombudsman may investigate the quality of services provided to clients and  
401.20 determine the extent to which quality assurance mechanisms within state and county  
401.21 government work to promote the health, safety, and welfare of clients, other than clients  
401.22 in acute care facilities who are receiving services not paid for by public funds. The  
401.23 ombudsman office is a health oversight agency as defined in section 164.501 of part 45 of  
401.24 the Code of Federal Regulation.

401.25 (d) At the request of a client, or upon receiving a complaint or other information  
401.26 affording reasonable grounds to believe that the rights of a client who is not capable  
401.27 of requesting assistance have been adversely affected, the ombudsman may gather  
401.28 information about and analyze, on behalf of the client, the actions of an agency, facility, or  
401.29 program.

401.30 (e) The ombudsman may examine, on behalf of a client, records of an agency,  
401.31 facility, or program if the records relate to a matter that is within the scope of the  
401.32 ombudsman's authority. If the records are private and the client is capable of providing  
401.33 consent, the ombudsman shall first obtain the client's consent. The ombudsman is not  
401.34 required to obtain consent for access to private data on clients with mental retardation or a  
401.35 related condition. The ombudsman is not required to obtain consent for access to private

402.1 data on decedents who were receiving services for mental illness, mental retardation or a  
402.2 related condition, or emotional disturbance.

402.3 (f) The ombudsman may subpoena a person to appear, give testimony, or produce  
402.4 documents or other evidence that the ombudsman considers relevant to a matter under  
402.5 inquiry. If the subpoena is directed to a government entity governed by chapter 13, the  
402.6 government entity must respond to the subpoena, notwithstanding Minnesota Rules,  
402.7 1205.0100, subpart 5. The ombudsman may petition the ~~appropriate~~ Ramsey County  
402.8 district court to enforce the subpoena. A witness who is at a hearing or is part of an  
402.9 investigation possesses the same privileges that a witness possesses in the courts or under  
402.10 the law of this state. Data obtained from a person under this paragraph are private data as  
402.11 defined in section 13.02, subdivision 12, or nonpublic data as defined in section 13.02,  
402.12 subdivision 9.

402.13 (g) The ombudsman may, at reasonable times in the course of conducting a review,  
402.14 enter and view premises within the control of an agency, facility, or program.

402.15 (h) The ombudsman may attend Department of Human Services Review Board  
402.16 and Special Review Board proceedings; proceedings regarding the transfer of patients  
402.17 or residents, as defined in section 246.50, subdivisions 4 and 4a, between institutions  
402.18 operated by the Department of Human Services; and, subject to the consent of the affected  
402.19 client, other proceedings affecting the rights of clients. The ombudsman is not required to  
402.20 obtain consent to attend meetings or proceedings and have access to private data on clients  
402.21 with mental retardation or a related condition.

402.22 (i) The ombudsman shall have access to data of agencies, facilities, or programs  
402.23 classified as private or confidential as defined in section 13.02, subdivisions 3 and 12,  
2.24 regarding services provided to clients with mental retardation or a related condition.

402.25 (j) To avoid duplication and preserve evidence, the ombudsman shall inform  
402.26 relevant licensing or regulatory officials before undertaking a review of an action of  
402.27 the facility or program.

402.28 (k) Sections 245.91 to 245.97 are in addition to other provisions of law under which  
402.29 any other remedy or right is provided.

402.30 (l) The ombudsman may classify as confidential the identity of any individual who  
402.31 has provided data or information, if the individual requests the classification.

402.32 Sec. 10. Minnesota Statutes 2004, section 245.97, subdivision 6, is amended to read:

13 Subd. 6. **Terms, compensation, and removal.** The membership terms,  
2.34 compensation, and removal of members of the committee and the filling of membership  
402.35 vacancies are governed by section ~~15.0575~~ 15.0559.

403.1 Sec. 11. Minnesota Statutes 2004, section 246.54, subdivision 1, is amended to read:

403.2 Subdivision 1. **County portion for cost of care.** Except for chemical dependency  
403.3 services provided under sections 254B.01 to 254B.09, the client's county shall pay to the  
403.4 state of Minnesota a portion of the cost of care provided in a regional treatment center  
403.5 or a state nursing facility to a client legally settled in that county. A county's payment  
403.6 shall be made from the county's own sources of revenue and payments shall be paid  
403.7 as follows: payments to the state from the county shall equal 20 percent of the cost of  
403.8 care, as determined by the commissioner, for each ~~day~~ of the first 60 days, or the portion  
403.9 thereof, that the client spends at a regional treatment center or a state nursing facility.  
403.10 After the first 60 days, the county share is 50 percent. This increase in the county share of  
403.11 payment shall not apply if the continued placement of the client in the regional treatment  
403.12 center, state nursing facility, or community behavioral health hospital is the result of  
403.13 one of the following:

403.14 (1) the individual has been admitted for assessment and treatment under a court  
403.15 order issued under the Rules of Criminal Procedure, parts 20.01 and 20.02; or

403.16 (2) there has been medical certification by the head of the center, facility, or hospital  
403.17 that the client is in need of continued treatment at a hospital level of care.

403.18 If payments received by the state under sections 246.50 to 246.53 exceed 80 percent  
403.19 of the cost of care for the first 60 days or 50 percent of any additional days, the county  
403.20 shall be responsible for paying the state only the remaining amount. The county shall  
403.21 not be entitled to reimbursement from the client, the client's estate, or from the client's  
403.22 relatives, except as provided in section 246.53. ~~No such payments shall be made for any~~  
403.23 ~~client who was last committed prior to July 1, 1947.~~

403.24 **EFFECTIVE DATE.** This section is effective January 1, 2007.

403.25 Sec. 12. Minnesota Statutes 2004, section 246.54, is amended by adding a subdivision  
403.26 to read:

403.27 **Subd. 3. Additional exception for community behavioral health hospitals.**

403.28 Subdivision 1 does not apply to services provided at state-operated community behavioral  
403.29 health hospitals. For services at these facilities, a county's payment shall be made from  
403.30 the county's own sources of revenue and payments shall be paid as follows: payments to  
403.31 the state from the county shall equal 50 percent of the cost of care, as determined by the  
403.32 commissioner, for each day, or the portion thereof, that the client spends at the facility.  
403.33 After the first 60 days, the county share of payment shall not apply if the continued  
403.34 placement of the client in the community behavioral health hospital is the result of one of  
403.35 the following:

404.1 (1) the individual has been admitted for assessment and treatment under a court  
404.2 order issued under the Rules of Criminal Procedure, parts 20.01 and 20.02; or

404.3 (2) there has been medical certification by the head of the center, facility, or hospital  
404.4 that the client is in need of continued treatment at a hospital level of care.

404.5 If payments received by the state under sections 246.50 to 246.53 exceed 50 percent  
404.6 of the cost of care, the county shall be responsible for paying the state only the remaining  
404.7 amount. The county shall not be entitled to reimbursement from the client, the client's  
404.8 estate, or from the client's relatives, except as provided in section 246.53.

404.9 **EFFECTIVE DATE.** This section is effective January 1, 2007.

404.10 Sec. 13. Minnesota Statutes 2004, section 253B.02, subdivision 2, is amended to read:

404.11 **Subd. 2. Chemically dependent person.** "Chemically dependent person" means  
404.12 any person (a) determined as being incapable of self-management or management of  
404.13 personal affairs by reason of the habitual and excessive use of alcohol, drugs, or other  
404.14 mind-altering substances; and (b) whose recent conduct as a result of habitual and  
404.15 excessive use of alcohol, drugs, or other mind-altering substances poses a substantial  
404.16 likelihood of physical harm to self or others as demonstrated by (i) a recent attempt or  
404.17 threat to physically harm self or others, (ii) evidence of recent serious physical problems,  
404.18 or (iii) a failure to obtain necessary food, clothing, shelter, or medical care. "Chemically  
404.19 dependent person" also means a pregnant woman who has engaged during the pregnancy  
404.20 in habitual or excessive use, for a nonmedical purpose, of any of the following controlled  
404.21 substances or their derivatives: opium, cocaine, heroin, phencyclidine, methamphetamine,  
404.22 or amphetamine.

404.23 Sec. 14. **[254A.20] CHEMICAL USE ASSESSMENTS.**

404.24 **Subdivision 1. Persons arrested outside of home county.** When a chemical use  
404.25 assessment is required under Minnesota Rules, parts 9530.6600 to 9530.6655, for a person  
404.26 who is arrested and taken into custody by a peace officer outside of the person's county  
404.27 of residence, the assessment must be completed by the person's county of residence no  
404.28 later than three weeks after the assessment is initially requested. If the assessment is  
404.29 not performed within this time limit, the county where the person is to be sentenced  
404.30 shall perform the assessment. The county of financial responsibility must be determined  
404.31 under chapter 256G.

404.32 **Subd. 2. Probation officer as contact.** When a chemical use assessment is required  
404.33 under Minnesota Rules, parts 9530.6600 to 9530.6655, for a person who is on probation  
404.34 or under other correctional supervision, the assessor, either orally or in writing, shall

405.1 contact the person's probation officer to verify or supplement the information provided  
405.2 by the person.

405.3 Subd. 3. Financial conflicts of interest. (a) Except as provided in paragraph (b), an  
405.4 assessor conducting a chemical use assessment under Minnesota Rules, parts 9530.6600  
405.5 to 9530.6655, may not have any direct or shared financial interest or referral relationship  
405.6 resulting in shared financial gain with a treatment provider.

405.7 (b) A county may contract with an assessor having a conflict described in paragraph  
405.8 (a) if the county documents that:

405.9 (1) the assessor is employed by a culturally specific service provider or a service  
405.10 provider with a program designed to treat individuals of a specific age, sex, or sexual  
405.11 preference; or

405.12 (2) the county does not employ a sufficient number of qualified assessors and the  
405.13 only qualified assessors available in the county have a direct or shared financial interest or  
405.14 a referral relationship resulting in shared financial gain with a treatment provider.

405.15 An assessor under this paragraph may not place clients in treatment. The assessor  
405.16 shall gather required information and provide it to the county along with any required  
405.17 documentation. The county shall make all placement decisions for clients assessed by  
405.18 assessors under this paragraph.

405.19 EFFECTIVE DATE. This section is effective July 1, 2006, except for subdivision  
405.20 3, which is effective July 1, 2008.

405.21 Sec. 15. [254A.25] DUTIES OF COMMISSIONER RELATED TO CHEMICAL  
405.22 HEALTH.

405.23 The commissioner shall:

405.24 (1) develop a directory that identifies key characteristics of each licensed chemical  
405.25 dependency treatment program; and

405.26 (2) post copies of state licensing reviews at an online location where they may be  
405.27 reviewed by agencies that make client placements.

405.28 Sec. 16. Minnesota Statutes 2004, section 256B.0625, subdivision 20, is amended to  
405.29 read:

405.30 Subd. 20. Mental health case management. (a) To the extent authorized by rule  
405.31 of the state agency, medical assistance covers case management services to persons with  
405.32 serious and persistent mental illness and children with severe emotional disturbance.  
405.33 Services provided under this section must meet the relevant standards in sections 245.461

406.1 to 245.4887, the Comprehensive Adult and Children's Mental Health Acts, Minnesota  
406.2 Rules, parts 9520.0900 to 9520.0926, and 9505.0322, excluding subpart 10.

406.3 (b) Entities meeting program standards set out in rules governing family community  
406.4 support services as defined in section 245.4871, subdivision 17, are eligible for medical  
406.5 assistance reimbursement for case management services for children with severe  
406.6 emotional disturbance when these services meet the program standards in Minnesota  
406.7 Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10.

406.8 (c) Medical assistance and MinnesotaCare payment for mental health case  
406.9 management shall be made on a monthly basis. In order to receive payment for an eligible  
406.10 child, the provider must document at least a face-to-face contact with the child, the child's  
406.11 parents, or the child's legal representative. To receive payment for an eligible adult, the  
406.12 provider must document:

406.13 (1) at least a face-to-face contact with the adult or the adult's legal representative; or

406.14 (2) at least a telephone contact with the adult or the adult's legal representative and  
406.15 document a face-to-face contact with the adult or the adult's legal representative within  
406.16 the preceding two months.

406.17 (d) Payment for mental health case management provided by county or state staff  
406.18 shall be based on the monthly rate methodology under section 256B.094, subdivision 6,  
406.19 paragraph (b), with separate rates calculated for child welfare and mental health, and  
406.20 within mental health, separate rates for children and adults.

406.21 (e) Payment for mental health case management provided by Indian health services  
406.22 or by agencies operated by Indian tribes may be made according to this section or other  
406.23 relevant federally approved rate setting methodology.

406.24 (f) Payment for mental health case management provided by vendors who contract  
406.25 with a county or Indian tribe shall be based on a monthly rate negotiated by the host county  
406.26 or tribe. The negotiated rate must not exceed the rate charged by the vendor for the same  
406.27 service to other payers. If the service is provided by a team of contracted vendors, the  
406.28 county or tribe may negotiate a team rate with a vendor who is a member of the team. The  
406.29 team shall determine how to distribute the rate among its members. No reimbursement  
406.30 received by contracted vendors shall be returned to the county or tribe, except to reimburse  
406.31 the county or tribe for advance funding provided by the county or tribe to the vendor.

406.32 (g) If the service is provided by a team which includes contracted vendors, tribal  
406.33 staff, and county or state staff, the costs for county or state staff participation in the team  
406.34 shall be included in the rate for county-provided services. In this case, the contracted  
406.35 vendor, the tribal agency, and the county may each receive separate payment for services  
406.36 provided by each entity in the same month. In order to prevent duplication of services,

407.1 each entity must document, in the recipient's file, the need for team case management and  
407.2 a description of the roles of the team members.

407.3 ~~(h) The commissioner shall calculate the nonfederal share of actual medical~~  
407.4 ~~assistance and general assistance medical care payments for each county, based on the~~  
407.5 ~~higher of calendar year 1995 or 1996, by service date, project that amount forward to 1999,~~  
407.6 ~~and transfer one-half of the result from medical assistance and general assistance medical~~  
407.7 ~~care to each county's mental health grants under section 256E.12 for calendar year 1999.~~  
407.8 ~~The annualized minimum amount added to each county's mental health grant shall be~~  
407.9 ~~\$3,000 per year for children and \$5,000 per year for adults. The commissioner may reduce~~  
407.10 ~~the statewide growth factor in order to fund these minimums. The annualized total amount~~  
407.11 ~~transferred shall become part of the base for future mental health grants for each county.~~

407.12 ~~(i) Any net increase in revenue to the county or tribe as a result of the change in this~~  
407.13 ~~section must be used to provide expanded mental health services as defined in sections~~  
407.14 ~~245.461 to 245.4887, the Comprehensive Adult and Children's Mental Health Acts,~~  
407.15 ~~excluding inpatient and residential treatment. For adults, increased revenue may also be~~  
407.16 ~~used for services and consumer supports which are part of adult mental health projects~~  
407.17 ~~approved under Laws 1997, chapter 203, article 7, section 25. For children, increased~~  
407.18 ~~revenue may also be used for respite care and nonresidential individualized rehabilitation~~  
407.19 ~~services as defined in section 245.492, subdivisions 17 and 23. "Increased revenue" has~~  
407.20 ~~the meaning given in Minnesota Rules, part 9520.0903, subpart 3.~~

407.21 ~~(j)~~ (h) Notwithstanding section 256B.19, subdivision 1, the nonfederal share of  
407.22 costs for mental health case management shall be provided by the recipient's county of  
407.23 responsibility, as defined in sections 256G.01 to 256G.12, from sources other than federal  
407.24 funds or funds used to match other federal funds. If the service is provided by a tribal  
407.25 agency, the nonfederal share, if any, shall be provided by the recipient's tribe. When this  
407.26 service is paid by the state without a federal share through fee-for-service, 50 percent of  
407.27 the cost shall be provided by the recipient's county of responsibility.

407.28 (i) Notwithstanding Minnesota Rules to the contrary, prepaid medical assistance,  
407.29 general assistance medical care, and MinnesotaCare include mental health case  
407.30 management. When the service is provided through prepaid capitation, the nonfederal  
407.31 share is paid by the state and there is no county share.

407.32 ~~(k)~~ (j) The commissioner may suspend, reduce, or terminate the reimbursement to a  
407.33 provider that does not meet the reporting or other requirements of this section. The county  
407.34 of responsibility, as defined in sections 256G.01 to 256G.12, or, if applicable, the tribal  
407.35 agency, is responsible for any federal disallowances. The county or tribe may share this  
407.36 responsibility with its contracted vendors.

408.1 ~~(h)~~ (k) The commissioner shall set aside a portion of the federal funds earned for  
408.2 county expenditures under this section to repay the special revenue maximization account  
408.3 under section 256.01, subdivision 2, clause (15). The repayment is limited to:

408.4 (1) the costs of developing and implementing this section; and

408.5 (2) programming the information systems.

408.6 ~~(m)~~ (l) Payments to counties and tribal agencies for case management expenditures  
408.7 under this section shall only be made from federal earnings from services provided  
408.8 under this section. When this service is paid by the state without a federal share through  
408.9 fee-for-service, 50 percent of the cost shall be provided by the state. Payments to  
408.10 county-contracted vendors shall include ~~both~~ the federal earnings, the state share, and the  
408.11 county share.

408.12 ~~(n) Notwithstanding section 256B.041, county payments for the cost of mental~~  
408.13 ~~health case management services provided by county or state staff shall not be made~~  
408.14 ~~to the commissioner of finance. For the purposes of mental health case management~~  
408.15 ~~services provided by county or state staff under this section, the centralized disbursement~~  
408.16 ~~of payments to counties under section 256B.041 consists only of federal earnings from~~  
408.17 ~~services provided under this section.~~

408.18 ~~(o)~~ (m) Case management services under this subdivision do not include therapy,  
408.19 treatment, legal, or outreach services.

408.20 ~~(p)~~ (n) If the recipient is a resident of a nursing facility, intermediate care facility,  
408.21 or hospital, and the recipient's institutional care is paid by medical assistance, payment  
408.22 for case management services under this subdivision is limited to the last 180 days of  
408.23 the recipient's residency in that facility and may not exceed more than six months in a  
408.24 calendar year.

408.25 ~~(q)~~ (o) Payment for case management services under this subdivision shall not  
408.26 duplicate payments made under other program authorities for the same purpose.

408.27 ~~(r) By July 1, 2000, the commissioner shall evaluate the effectiveness of the changes~~  
408.28 ~~required by this section, including changes in number of persons receiving mental health~~  
408.29 ~~case management, changes in hours of service per person, and changes in caseload size.~~

408.30 ~~(s) For each calendar year beginning with the calendar year 2001, the annualized~~  
408.31 ~~amount of state funds for each county determined under paragraph (h) shall be adjusted by~~  
408.32 ~~the county's percentage change in the average number of clients per month who received~~  
408.33 ~~case management under this section during the fiscal year that ended six months prior to~~  
34 ~~the calendar year in question, in comparison to the prior fiscal year.~~

409.1 ~~(t) For counties receiving the minimum allocation of \$3,000 or \$5,000 described~~  
409.2 ~~in paragraph (h), the adjustment in paragraph (s) shall be determined so that the county~~  
409.3 ~~receives the higher of the following amounts:~~

409.4 ~~(1) a continuation of the minimum allocation in paragraph (h); or~~

409.5 ~~(2) an amount based on that county's average number of clients per month who~~  
409.6 ~~received case management under this section during the fiscal year that ended six months~~  
409.7 ~~prior to the calendar year in question, times the average statewide grant per person per~~  
409.8 ~~month for counties not receiving the minimum allocation:~~

409.9 ~~(u) The adjustments in paragraphs (s) and (t) shall be calculated separately for~~  
409.10 ~~children and adults:~~

409.11 **EFFECTIVE DATE.** This section is effective January 1, 2008.

409.12 Sec. 17. Minnesota Statutes 2004, section 256B.0625, subdivision 28, is amended to  
409.13 read:

409.14 Subd. 28. **Certified nurse practitioner services.** Medical assistance covers  
409.15 services performed by a certified pediatric nurse practitioner, a certified family nurse  
409.16 practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological  
409.17 nurse practitioner, a certified neonatal nurse practitioner, ~~or~~ a certified geriatric nurse  
409.18 practitioner, a clinical nurse specialist in mental health, or a certified psychiatric nurse  
409.19 practitioner in independent practice, if:

409.20 (1) the service provided on an inpatient basis is not included as part of the cost for  
409.21 inpatient services included in the operating payment rate;

409.22 (2) the service is otherwise covered under this chapter as a physician service; and

409.23 (3) the service is within the scope of practice of the nurse practitioner's license as a  
409.24 registered nurse, as defined in section 148.171.

409.25 Sec. 18. Minnesota Statutes 2004, section 256B.0945, subdivision 1, is amended to  
409.26 read:

409.27 Subdivision 1. **Provider qualifications.** Counties must arrange to provide  
409.28 residential services for children with severe emotional disturbance according to sections  
409.29 245.4882, 245.4885, and this section. Services must be provided by a facility that is  
409.30 licensed according to section 245.4882 and administrative rules promulgated thereunder,  
409.31 and under contract with the county. ~~Facilities providing services under subdivision 2,~~  
409.32 ~~paragraph (a), must be accredited as a psychiatric facility by the Joint Commission~~  
409.33 ~~on Accreditation of Healthcare Organizations, the Commission on Accreditation of~~

410.1 ~~Rehabilitation Facilities, or the Council on Accreditation. Accreditation is not required for~~  
410.2 ~~facilities providing services under subdivision 2, paragraph (b).~~

410.3 Sec. 19. Minnesota Statutes 2004, section 256B.0945, subdivision 4, is amended to  
410.4 read:

410.5 Subd. 4. **Payment rates.** (a) Notwithstanding sections 256B.19 and 256B.041,  
410.6 payments to counties for residential services provided by a residential facility shall only  
410.7 be made of federal earnings for services provided under this section, and the nonfederal  
410.8 share of costs for services provided under this section shall be paid by the county from  
410.9 sources other than federal funds or funds used to match other federal funds. Payment to  
410.10 counties for services provided according to this section shall be a proportion of the per  
410.11 day contract rate that relates to rehabilitative mental health services and shall not include  
410.12 payment for costs or services that are billed to the IV-E program as room and board.

410.13 (b) Per diem rates paid to providers under this section by prepaid plans shall be the  
410.14 proportion of the per day contract rate that relates to rehabilitative mental health services  
410.15 and shall not include payment for costs or services that are billed to the IV-E program  
410.16 as room and board.

410.17 (c) The commissioner shall set aside a portion not to exceed five percent of the  
410.18 federal funds earned for county expenditures under this section to cover the state costs of  
410.19 administering this section. Any unexpended funds from the set-aside shall be distributed  
410.20 to the counties in proportion to their earnings under this section.

410.21 **EFFECTIVE DATE.** This section is effective January 1, 2008.

410.22 Sec. 20. Minnesota Statutes 2005 Supplement, section 256B.0946, subdivision 1,  
410.23 is amended to read:

410.24 Subdivision 1. **Covered service.** (a) Effective July 1, 2006, and subject to federal  
410.25 approval, medical assistance covers medically necessary services described under  
410.26 paragraph (b) that are provided by a provider entity eligible under subdivision 3 to a client  
410.27 eligible under subdivision 2 who is placed in a treatment foster home licensed under  
410.28 Minnesota Rules, parts 2960.3000 to 2960.3340.

410.29 (b) Services to children with severe emotional disturbance residing in treatment  
410.30 foster care settings must meet the relevant standards for mental health services under  
410.31 sections 245.487 to 245.4887. In addition, specific service components reimbursed by  
410.32 medical assistance must meet the following standards:

410.33 (1) case management service component must meet the standards in Minnesota  
410.34 Rules, parts 9520.0900 to 9520.0926 and 9505.0322, excluding subparts 6 and 10;

411.1 (2) psychotherapy, crisis assistance, and skills training components must meet the  
411.2 standards for children's therapeutic services and supports in section 256B.0943; and  
411.3 (3) family psychoeducation services under supervision of a mental health  
411.4 professional.

411.5 Sec. 21. Minnesota Statutes 2004, section 256B.69, subdivision 5g, is amended to read:

411.6 Subd. 5g. **Payment for covered services.** For services rendered on or after January  
411.7 1, 2003, the total payment made to managed care plans for providing covered services  
411.8 under the medical assistance and general assistance medical care programs is reduced by  
411.9 .5 percent from their current statutory rates. This provision excludes payments for nursing  
411.10 home services, home and community-based waivers, ~~and~~ payments to demonstration  
411.11 projects for persons with disabilities, and mental health services added as covered benefits  
411.12 after December 31, 2006.

411.13 Sec. 22. Minnesota Statutes 2004, section 256B.69, subdivision 5h, is amended to read:

411.14 Subd. 5h. **Payment reduction.** In addition to the reduction in subdivision 5g,  
411.15 the total payment made to managed care plans under the medical assistance program is  
411.16 reduced 1.0 percent for services provided on or after October 1, 2003, and an additional  
411.17 1.0 percent for services provided on or after January 1, 2004. This provision excludes  
411.18 payments for nursing home services, home and community-based waivers, ~~and~~ payments  
411.19 to demonstration projects for persons with disabilities, and mental health services added as  
411.20 covered benefits after December 31, 2006.

411.21 Sec. 23. **[256B.763] CRITICAL ACCESS MENTAL HEALTH RATE INCREASE.**

411.22 (a) For services defined in paragraph (b) and rendered on or after July 1, 2007,  
411.23 payment rates shall be increased by 23.7 percent over the rates in effect on January 1,  
411.24 2006, for:

411.25 (1) psychiatrists and advanced practice registered nurses with a psychiatric specialty;  
411.26 (2) community mental health centers under section 256B.0625, subdivision 5; and  
411.27 (3) mental health clinics and centers certified under Minnesota Rules, parts  
411.28 9520.0750 to 9520.0870, or hospital outpatient psychiatric departments that are designated  
411.29 as essential community providers under section 62Q.19.

411.30 (b) This increase applies to group skills training when provided as a component of  
411.31 children's therapeutic services and support, psychotherapy, medication management,  
411.32 evaluation and management, diagnostic assessment, explanation of findings, psychological

412.1 testing, neuropsychological services, direction of behavioral aides, and inpatient  
412.2 consultation.

412.3 (c) This increase does not apply to rates that are governed by section 256B.0625,  
412.4 subdivision 30, or 256B.761, paragraph (b), other cost-based rates, rates that are  
412.5 negotiated with the county, rates that are established by the federal government, or rates  
412.6 that increased between January 1, 2004, and January 1, 2005.

412.7 (d) The commissioner shall adjust rates paid to prepaid health plans under contract  
412.8 with the commissioner to reflect the rate increases provided in paragraph (a). The prepaid  
412.9 health plan must pass this rate increase to the providers identified in paragraph (a).

412.10 Sec. 24. Minnesota Statutes 2005 Supplement, section 256D.03, subdivision 4, is  
412.11 amended to read:

412.12 Subd. 4. **General assistance medical care; services.** (a)(i) For a person who is  
412.13 eligible under subdivision 3, paragraph (a), clause (2), item (i), general assistance medical  
412.14 care covers, except as provided in paragraph (c):

412.15 (1) inpatient hospital services;

412.16 (2) outpatient hospital services;

412.17 (3) services provided by Medicare certified rehabilitation agencies;

412.18 (4) prescription drugs and other products recommended through the process  
412.19 established in section 256B.0625, subdivision 13;

412.20 (5) equipment necessary to administer insulin and diagnostic supplies and equipment  
412.21 for diabetics to monitor blood sugar level;

412.22 (6) eyeglasses and eye examinations provided by a physician or optometrist;

412.23 (7) hearing aids;

412.24 (8) prosthetic devices;

412.25 (9) laboratory and X-ray services;

412.26 (10) physician's services;

412.27 (11) medical transportation except special transportation;

412.28 (12) chiropractic services as covered under the medical assistance program;

412.29 (13) podiatric services;

412.30 (14) dental services as covered under the medical assistance program;

412.31 ~~(15) outpatient services provided by a mental health center or clinic that is under~~  
412.32 ~~contract with the county board and is established under section 245.62~~ mental health  
412.33 services covered under chapter 256B;

412.34 ~~(16) day treatment services for mental illness provided under contract with the~~  
412.35 ~~county board;~~

413.1 ~~(17)~~ (16) prescribed medications for persons who have been diagnosed as mentally  
413.2 ill as necessary to prevent more restrictive institutionalization;

413.3 ~~(18)~~ (17) psychological services, medical supplies and equipment, and Medicare  
413.4 premiums, coinsurance and deductible payments;

413.5 ~~(19)~~ (18) medical equipment not specifically listed in this paragraph when the use  
413.6 of the equipment will prevent the need for costlier services that are reimbursable under  
413.7 this subdivision;

413.8 ~~(20)~~ (19) services performed by a certified pediatric nurse practitioner, a  
413.9 certified family nurse practitioner, a certified adult nurse practitioner, a certified  
413.10 obstetric/gynecological nurse practitioner, a certified neonatal nurse practitioner, or a  
413.11 certified geriatric nurse practitioner in independent practice, if (1) the service is otherwise  
413.12 covered under this chapter as a physician service, (2) the service provided on an inpatient  
413.13 basis is not included as part of the cost for inpatient services included in the operating  
413.14 payment rate, and (3) the service is within the scope of practice of the nurse practitioner's  
413.15 license as a registered nurse, as defined in section 148.171;

413.16 ~~(21)~~ (20) services of a certified public health nurse or a registered nurse practicing  
413.17 in a public health nursing clinic that is a department of, or that operates under the direct  
413.18 authority of, a unit of government, if the service is within the scope of practice of the  
413.19 public health nurse's license as a registered nurse, as defined in section 148.171; and

413.20 ~~(22)~~ (21) telemedicine consultations, to the extent they are covered under section  
413.21 256B.0625, subdivision 3b; and

413.22 ~~(23)~~ (21) mental health telemedicine and psychiatric consultation as covered under  
413.23 section 256B.0625, subdivisions 46 and 48.

413.24 (ii) Effective October 1, 2003, for a person who is eligible under subdivision 3,  
413.25 paragraph (a), clause (2), item (ii), general assistance medical care coverage is limited  
413.26 to inpatient hospital services, including physician services provided during the inpatient  
413.27 hospital stay. A \$1,000 deductible is required for each inpatient hospitalization.

413.28 (b) Effective August 1, 2005, sex reassignment surgery is not covered under this  
413.29 subdivision.

413.30 (c) In order to contain costs, the commissioner of human services shall select  
413.31 vendors of medical care who can provide the most economical care consistent with high  
413.32 medical standards and shall where possible contract with organizations on a prepaid  
413.33 capitation basis to provide these services. The commissioner shall consider proposals by  
413.34 counties and vendors for prepaid health plans, competitive bidding programs, block grants,  
413.35 or other vendor payment mechanisms designed to provide services in an economical  
413.36 manner or to control utilization, with safeguards to ensure that necessary services are

414.1 provided. Before implementing prepaid programs in counties with a county operated or  
414.2 affiliated public teaching hospital or a hospital or clinic operated by the University of  
414.3 Minnesota, the commissioner shall consider the risks the prepaid program creates for the  
414.4 hospital and allow the county or hospital the opportunity to participate in the program in a  
414.5 manner that reflects the risk of adverse selection and the nature of the patients served by  
414.6 the hospital, provided the terms of participation in the program are competitive with the  
414.7 terms of other participants considering the nature of the population served. Payment for  
414.8 services provided pursuant to this subdivision shall be as provided to medical assistance  
414.9 vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For  
414.10 payments made during fiscal year 1990 and later years, the commissioner shall consult  
414.11 with an independent actuary in establishing prepayment rates, but shall retain final control  
414.12 over the rate methodology.

414.13 (d) Recipients eligible under subdivision 3, paragraph (a), shall pay the following  
414.14 co-payments for services provided on or after October 1, 2003:

414.15 (1) \$25 for eyeglasses;

414.16 (2) \$25 for nonemergency visits to a hospital-based emergency room;

414.17 (3) \$3 per brand-name drug prescription and \$1 per generic drug prescription,  
414.18 subject to a \$12 per month maximum for prescription drug co-payments. No co-payments  
414.19 shall apply to antipsychotic drugs when used for the treatment of mental illness; and

414.20 (4) 50 percent coinsurance on restorative dental services.

414.21 (e) Co-payments shall be limited to one per day per provider for nonpreventive visits,  
414.22 eyeglasses, and nonemergency visits to a hospital-based emergency room. Recipients of  
414.23 general assistance medical care are responsible for all co-payments in this subdivision.

414.24 The general assistance medical care reimbursement to the provider shall be reduced by  
414.25 the amount of the co-payment, except that reimbursement for prescription drugs shall not  
414.26 be reduced once a recipient has reached the \$12 per month maximum for prescription  
414.27 drug co-payments. The provider collects the co-payment from the recipient. Providers  
414.28 may not deny services to recipients who are unable to pay the co-payment, except as  
414.29 provided in paragraph (f).

414.30 (f) If it is the routine business practice of a provider to refuse service to an individual  
414.31 with uncollected debt, the provider may include uncollected co-payments under this  
414.32 section. A provider must give advance notice to a recipient with uncollected debt before  
414.33 services can be denied.

414.34 (g) Any county may, from its own resources, provide medical payments for which  
414.35 state payments are not made.

415.1 (h) Chemical dependency services that are reimbursed under chapter 254B must not  
415.2 be reimbursed under general assistance medical care.

415.3 (i) The maximum payment for new vendors enrolled in the general assistance  
415.4 medical care program after the base year shall be determined from the average usual and  
415.5 customary charge of the same vendor type enrolled in the base year.

415.6 (j) The conditions of payment for services under this subdivision are the same as the  
415.7 conditions specified in rules adopted under chapter 256B governing the medical assistance  
415.8 program, unless otherwise provided by statute or rule.

415.9 (k) Inpatient and outpatient payments shall be reduced by five percent, effective July  
415.10 1, 2003. This reduction is in addition to the five percent reduction effective July 1, 2003,  
415.11 and incorporated by reference in paragraph (i).

415.12 (l) Payments for all other health services except inpatient, outpatient, and pharmacy  
415.13 services shall be reduced by five percent, effective July 1, 2003.

415.14 (m) Payments to managed care plans shall be reduced by five percent for services  
415.15 provided on or after October 1, 2003.

415.16 (n) A hospital receiving a reduced payment as a result of this section may apply the  
415.17 unpaid balance toward satisfaction of the hospital's bad debts.

415.18 (o) Fee-for-service payments for nonpreventive visits shall be reduced by \$3  
415.19 for services provided on or after January 1, 2006. For purposes of this subdivision, a  
415.20 visit means an episode of service which is required because of a recipient's symptoms,  
415.21 diagnosis, or established illness, and which is delivered in an ambulatory setting by  
415.22 a physician or physician ancillary, chiropractor, podiatrist, advance practice nurse,  
415.23 audiologist, optician, or optometrist.

415.24 (p) Payments to managed care plans shall not be increased as a result of the removal  
415.25 of the \$3 nonpreventive visit co-payment effective January 1, 2006.

415.26 (q) Payments for mental health services added as covered benefits after December  
415.27 31, 2006, are not subject to the reductions in paragraphs (i), (k), (l), and (m).

415.28 **EFFECTIVE DATE.** This section is effective January 1, 2007, except mental  
415.29 health case management under paragraph (a)(i)(15) is effective January 1, 2008.

415.30 Sec. 25. Minnesota Statutes 2005 Supplement, section 256L.03, subdivision 1, is  
415.31 amended to read:

415.32 Subdivision 1. **Covered health services.** For individuals under section 256L.04,  
415.33 subdivision 7, with income no greater than 75 percent of the federal poverty guidelines  
415.34 or for families with children under section 256L.04, subdivision 1, all subdivisions of  
415.35 this section apply. "Covered health services" means the health services reimbursed

416.1 under chapter 256B, with the exception of inpatient hospital services, special education  
416.2 services, private duty nursing services, adult dental care services other than services  
416.3 covered under section 256B.0625, subdivision 9, orthodontic services, nonemergency  
416.4 medical transportation services, personal care assistant and case management services,  
416.5 nursing home or intermediate care facilities services, inpatient mental health services,  
416.6 and chemical dependency services. ~~Outpatient mental health services covered under the  
416.7 MinnesotaCare program are limited to diagnostic assessments, psychological testing,  
416.8 explanation of findings, mental health telemedicine, psychiatric consultation, medication  
416.9 management by a physician, day treatment, partial hospitalization, and individual, family,  
416.10 and group psychotherapy.~~

416.11 No public funds shall be used for coverage of abortion under MinnesotaCare  
416.12 except where the life of the female would be endangered or substantial and irreversible  
416.13 impairment of a major bodily function would result if the fetus were carried to term; or  
416.14 where the pregnancy is the result of rape or incest.

416.15 Covered health services shall be expanded as provided in this section.

416.16 EFFECTIVE DATE. This section is effective January 1, 2007, except mental  
416.17 health case management under subdivision 1 is effective January 1, 2008.

416.18 Sec. 26. Minnesota Statutes 2005 Supplement, section 256L.035, is amended to read:

416.19 **256L.035 LIMITED BENEFITS COVERAGE FOR CERTAIN SINGLE**  
416.20 **ADULTS AND HOUSEHOLDS WITHOUT CHILDREN.**

416.21 (a) "Covered health services" for individuals under section 256L.04, subdivision  
416.22 7, with income above 75 percent, but not exceeding 175 percent, of the federal poverty  
416.23 guideline means:

416.24 (1) inpatient hospitalization benefits with a ten percent co-payment up to \$1,000 and  
416.25 subject to an annual limitation of \$10,000;

416.26 (2) physician services provided during an inpatient stay; and

416.27 (3) physician services not provided during an inpatient stay; outpatient hospital  
416.28 services; freestanding ambulatory surgical center services; chiropractic services; lab and  
416.29 diagnostic services; diabetic supplies and equipment; mental health services as covered  
416.30 under chapter 256B; and prescription drugs; subject to the following co-payments:

416.31 (i) \$50 co-pay per emergency room visit;

416.32 (ii) \$3 co-pay per prescription drug; and

416.33 (iii) \$5 co-pay per nonpreventive visit.

417.1 The services covered under this section may be provided by a physician, physician  
417.2 ancillary, chiropractor, psychologist, ~~or~~ licensed independent clinical social worker, or  
417.3 other mental health providers covered under chapter 256B if the services are within the  
417.4 scope of practice of that health care professional.

417.5 For purposes of this section, "a visit" means an episode of service which is required  
417.6 because of a recipient's symptoms, diagnosis, or established illness, and which is delivered  
417.7 in an ambulatory setting by any health care provider identified in this paragraph.

417.8 Enrollees are responsible for all co-payments in this section.

417.9 (b) Reimbursement to the providers shall be reduced by the amount of the  
417.10 co-payment, except that reimbursement for prescription drugs shall not be reduced once a  
417.11 recipient has reached the \$20 per month maximum for prescription drug co-payments.

417.12 The provider collects the co-payment from the recipient. Providers may not deny services  
417.13 to recipients who are unable to pay the co-payment, except as provided in paragraph (c).

417.14 (c) If it is the routine business practice of a provider to refuse service to an individual  
417.15 with uncollected debt, the provider may include uncollected co-payments under this  
417.16 section. A provider must give advance notice to a recipient with uncollected debt before  
417.17 services can be denied.

417.18 **EFFECTIVE DATE.** This section is effective January 1, 2007, except mental  
417.19 health case management under paragraph (a), clause (3), is effective January 1, 2008.

417.20 Sec. 27. Minnesota Statutes 2004, section 256L.12, subdivision 9a, is amended to read:

417.21 Subd. 9a. **Rate setting; ratable reduction.** For services rendered on or after  
417.22 October 1, 2003, the total payment made to managed care plans under the MinnesotaCare  
417.23 program is reduced 1.0 percent. This provision excludes payments for mental health  
417.24 services added as covered benefits after December 31, 2006.

417.25 Sec. 28. **MENTAL HEALTH PILOT PROGRAM FOR UNSHELTERED**  
417.26 **INDIVIDUALS.**

417.27 **Subdivision 1. Pilot project program components.** The commissioner of human  
417.28 services shall establish two pilot projects, one in Ramsey County and one in Hennepin  
417.29 County, which shall:

417.30 (1) operate two ten-bed facilities in separate locations;

417.31 (2) provide community support to individuals who have been living homeless for at  
417.32 least one year;

417.33 (3) provide 24-hour supervision; and

418.1 (4) provide on-site mental health services which focus on the mental health needs of  
418.2 individuals who have lived unsheltered.

418.3 Subd. 2. Group residential housing. Notwithstanding Minnesota Statutes, section  
418.4 256I.05, subdivisions 1a and 1c, a county agency shall negotiate a supplementary rate in  
418.5 addition to the rate specified in Minnesota Statutes, section 256I.05, subdivision 1, not to  
418.6 exceed \$700 per month, including any legislatively authorized inflationary adjustments for  
418.7 a group residential program that meets the components under subdivision 1, and for the  
418.8 independent living component of the program under subdivision 3.

418.9 Subd. 3. Independent living. An individual who has lived in one of the facilities  
418.10 under subdivision 1, and who is being transitioned to independent living as part of the  
418.11 program plan, continues to be eligible for group residential housing and the supplementary  
418.12 service rate negotiated with the county under subdivision 2.

418.13 Subd. 4. Effective date. This section is effective July 1, 2006, through June 30,  
418.14 2008.

418.15 **Sec. 29. RECOMMENDATIONS ON CHANGING THE CONSOLIDATED**  
418.16 **CHEMICAL DEPENDENCY TREATMENT FUND.**

418.17 The commissioner shall report to the legislature by January 15, 2007, on  
418.18 recommendations which analyze the merits of changing the statutory maintenance of  
418.19 effort provisions in the chemical dependency treatment fund.

418.20 **Sec. 30. PLAN FOR IMPROVING COMMUNITY-BASED SUBSTANCE**  
418.21 **ABUSE TREATMENT AND OTHER ISSUES RELATED TO IMPROVING**  
418.22 **CHEMICAL HEALTH.**

418.23 (a) The commissioner of human services shall present a plan to the senate and  
418.24 house of representatives committees having jurisdiction over substance abuse treatment  
418.25 issues by January 15, 2007, for improving the availability of community-based substance  
418.26 abuse treatment.

418.27 (b) The commissioner of human services shall also report back to the senate and  
418.28 house of representatives committees having jurisdiction over substance abuse treatment  
418.29 issues by January 15, 2007, on the merits, feasibility, and cost of:

418.30 (1) posting treatment program peer reviews at an online location where they can be  
418.31 viewed by agencies that make client placements;

418.32 (2) annually distributing information to chemical health assessors on best practices  
418.33 in assessments, including model instruments for adults and adolescents;

418.34 (3) monitoring the compliance of local agencies with assessment and referral rules;

- 419.1 (4) working with the commissioner of health to develop guidelines and training
- 419.2 materials for health care organizations on the use of brief interventions for alcohol abuse;
- 419.3 (5) providing local agencies with examples of best practices for addressing needs of
- 419.4 persons being considered for repeat placements into publicly funded treatment;
- 419.5 (6) identifying best practices to help local agencies monitor the progress of clients
- 419.6 placed in treatment; and
- 419.7 (7) periodically providing local agencies with statewide information on treatment
- 419.8 outcomes.

419.9 **Sec. 31. REVISOR'S INSTRUCTION.**

419.10 In the next edition of Minnesota Statutes, the revisor of statutes shall change the  
419.11 reference to sections 245.487 to 245.4887, the Children's Mental Health Act, wherever it  
419.12 appears in statutes or rules to sections 245.487 to 245.4889.

419.13 **Sec. 32. REPEALER.**

419.14 Minnesota Statutes 2004, sections 245.465, subdivision 2; 256B.0945, subdivisions  
419.15 5, 6, 7, 8, and 9; and 256B.83, are repealed.

419.16 **ARTICLE 26**

419.17 **HEALTH AND HUMAN SERVICES APPROPRIATIONS**

419.18 **Section 1. HEALTH AND HUMAN SERVICES APPROPRIATIONS.**

419.19 The sums shown in the columns marked "APPROPRIATIONS" are added to or, if  
419.20 shown in parentheses, subtracted from the appropriations in Laws 2005, First Special  
419.21 Session chapter 4, article 9, or other law to the agencies and for the purposes specified  
419.22 in this article. The appropriations are from the general fund or another named fund and  
419.23 are available for the fiscal years indicated for each purpose. The figures "2006" and  
419.24 "2007" used in this article mean that the addition to or subtraction from the appropriation  
419.25 listed under them is available for the fiscal year ending June 30, 2006, or June 30,  
419.26 2007, respectively. "The first year" is fiscal year 2006. "The second year" is fiscal year  
419.27 2007. "The biennium" is fiscal years 2006 and 2007. Supplementary appropriations and  
419.28 reductions to appropriations for the fiscal year ending June 30, 2006, are effective the  
419.29 day following final enactment.

419.30 **SUMMARY BY FUND**

419.31	<u>2006</u>	<u>2007</u>	<u>TOTAL</u>
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420.1	<b><u>General</u></b>	\$	<u>26,673,000</u>	\$	<u>66,463,000</u>	\$	<u>93,136,000</u>
420.2	<b><u>Health Care Access</u></b>		<u>-0-</u>		<u>38,881,000</u>		<u>38,881,000</u>
420.3	<b><u>Special Revenue</u></b>		<u>514,000</u>		<u>762,000</u>		<u>1,276,000</u>
420.4	<b><u>Federal TANF</u></b>		<u>7,484,000</u>		<u>11,748,000</u>		<u>19,232,000</u>
420.5	<b><u>TOTAL</u></b>	\$	<u>34,671,000</u>	\$	<u>117,854,000</u>	\$	<u>152,525,000</u>

**APPROPRIATIONS**

**Available for the Year  
Ending June 30**

420.6					<u>2006</u>		<u>2007</u>
420.7							
420.8							
420.9							
420.10		\$		\$			

420.11 **Sec. 2. COMMISSIONER OF HUMAN**  
 422  
 420.12 **SERVICES**

420.13	<b><u>Subdivision 1. Total appropriation</u></b>				<u>31,709,000</u>		<u>100,608,000</u>
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420.14 **Summary by Fund**

420.15	<b><u>General</u></b>		<u>24,225,000</u>		<u>59,393,000</u>		
420.16	<b><u>Health Care Access</u></b>		<u>-0-</u>		<u>29,467,000</u>		
420.17	<b><u>TANF</u></b>		<u>7,484,000</u>		<u>11,748,000</u>		

420.18 **Special revenue fund transfer**

22.1  
 420.19 **Notwithstanding any law to the contrary,**  
 420.20 **excluding accounts authorized under**  
 420.21 **Minnesota Statutes, section 16A.1286,**  
 420.22 **and Minnesota Statutes, chapter 245B, the**  
 420.23 **commissioner shall transfer \$900,000 in**  
 420.24 **fiscal year 2007 of uncommitted special**  
 420.25 **revenue fund balances to the general fund.**  
 420.26 **The actual transfers shall be identified within**  
 420.27 **the standard information provided to the**  
 420.28 **chairs of the legislative committees with**  
 22.28  
 420.29 **jurisdiction over health and human services**  
 420.30 **issues in December 2006.**

420.31 **TANF maintenance of effort**

- 423.1 suspending the \$50 MFIP subsidized housing  
423.2 penalty and with recommendations on  
423.3 funding sources to continue this suspension  
423.4 after June 30, 2007.
- 423.5 **Children's services grants base level**  
423.6 **adjustment**
- 423.7 The general fund base for children's services  
423.8 grants shall be increased by \$7,964,000 in  
423.9 fiscal year 2008 and \$7,964,000 in fiscal year  
423.10 2009.
- 423.11 **Children's and community services grants**
- 423.12 Notwithstanding Minnesota Statutes, section  
423.13 256M.50, supplemental social service block  
423.14 grant funds of \$153,936 appropriated under  
423.15 the federal 2005 Department of Defense  
423.16 Appropriations Act, Public Law 109-148,  
423.17 shall be allocated proportionately to those  
423.18 counties that served hurricane evacuees and  
423.19 reported those services on the Social Service  
423.20 Information System.
- 423.21 **Children's and community services grants**  
423.22 **base level adjustment**
- 423.23 The general fund base for children's and  
423.24 community services grants shall be decreased  
423.25 by \$2,849,000 in fiscal year 2009.
- 423.26 **Basic sliding fee allocations; conversion to**  
423.27 **automated payment system**
- 423.28 As determined by the commissioner,  
423.29 counties may use up to six percent of either  
423.30 calendar year 2008 or 2009 allocations under  
423.31 Minnesota Statutes, section 119B.03, to  
423.32 fund accelerated payments that may occur  
423.33 during the preceding calendar year during  
423.34 conversion to the automated child care

424.1 assistance program system. If conversion  
 424.2 occurs over two calendar years, counties  
 424.3 may use up to three percent of the combined  
 424.4 calendar year allocations to fund accelerated  
 424.5 payments. Funding advanced under this  
 424.6 paragraph shall be considered part of the  
 424.7 allocation from which it was originally  
 424.8 advanced for purposes of setting future  
 424.9 allocations under Minnesota Statutes, section  
 424.10 119B.03, subdivisions 6, 6a, 6b, and 8, and  
 424.11 shall include funding for administrative costs  
 424.12 under Minnesota Statutes, section 119B.15.  
 424.13 Notwithstanding any contrary provisions in  
 424.14 this article, this paragraph shall sunset on  
 424.15 December 31, 2009.

424.16 **(d) Other children's and economic assistance**  
 424.17 **grants**

424.18	<u>Summary by Fund</u>		
424.19	<u>General</u>	<u>(370,000)</u>	<u>(452,000)</u>
424.20	<u>Federal TANF</u>	<u>-0-</u>	<u>140,000</u>

424.21 **Other children's and economic assistance**  
 424.22 **grants base level adjustment**

424.23 The general fund base for other children's  
 424.24 and economic assistance grants shall be  
 424.25 increased by \$20,000 in fiscal year 2008 and  
 424.26 by \$20,000 in fiscal year 2009.

424.27 **New chance program appropriation**

424.28 Of the general fund appropriation, \$140,000  
 424.29 for fiscal year 2007 is for a grant to the  
 424.30 new chance program. The new chance  
 424.31 program shall provide comprehensive  
 424.32 services through a private, nonprofit agency  
 424.33 to young parents in Hennepin County who  
 424.34 have dropped out of school and are receiving

425.1 public assistance. The program administrator  
 425.2 shall report annually to the commissioner  
 425.3 of human services on skills development,  
 425.4 education, job training, and job placement  
 425.5 outcomes for program participants. This  
 425.6 appropriation shall become part of base level  
 425.7 funding for the biennium beginning July 1,  
 425.8 2007.

425.9 **Food program surplus reduction**

425.10 The general fund base for the Minnesota food  
 425.11 assistance program is reduced by \$370,000  
 425.12 in fiscal year 2006, and by \$452,000 in fiscal  
 425.13 year 2007.

425.14 **(e) Group residential housing grants** -0- 168,000

425.15 **Subd. 3. Children and economic assistance**  
 425.16 **management**

425.17 Summary by Fund

425.18	<u>General</u>	<u>9,000</u>	<u>26,000</u>
425.19	<u>Federal TANF</u>	<u>-0-</u>	<u>292,000</u>

425.20 **(a) Children and economic assistance**  
 425.21 **administration**

425.22 Summary by Fund

425.23	<u>General</u>	<u>-0-</u>	<u>7,000</u>
425.24	<u>Federal TANF</u>	<u>-0-</u>	<u>51,000</u>

425.25 **(b) Children and economic assistance**  
 425.26 **operations**

425.27 Summary by Fund

425.28	<u>General</u>	<u>9,000</u>	<u>19,000</u>
425.29	<u>Federal TANF</u>	<u>-0-</u>	<u>241,000</u>

426.1 **Children and economic assistance**426.2 **operations base level adjustment**

426.3 **The general fund base for children and**  
 426.4 **economic assistance operations shall be**  
 426.5 **decreased by \$19,000 in fiscal year 2008 and**  
 426.6 **by \$19,000 in fiscal year 2009.**

426.7 **Children and economic assistance**426.8 **operations TANF base level adjustment**

426.9 **The TANF base for children and economic**  
 426.10 **assistance operations shall be decreased by**  
 426.11 **\$241,000 in fiscal year 2008 and by \$241,000**  
 426.12 **in fiscal year 2009.**

5.13 **Subd. 4. Health care grants**426.14 **Summary by Fund**

426.15	<b><u>General</u></b>	<b><u>-0-</u></b>	<b><u>4,439,000</u></b>
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426.16	<b><u>Health Care Access</u></b>	<b><u>-0-</u></b>	<b><u>25,806,000</u></b>
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426.17	<b><u>(a) MinnesotaCare grants health care access</u></b>	<b><u>-0-</u></b>	<b><u>8,304,000</u></b>
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426.18 **Transfer to Minnesota pharmacy access**426.19 **account**

426.20 **Notwithstanding Minnesota Statutes,**  
 426.21 **section 295.581, the commissioner of**  
 426.22 **finance shall transfer \$1,925,000 from the**  
 426.23 **health care access fund to the Minnesota**  
 426.24 **pharmacy access account in fiscal year**  
 426.25 **2008 and \$916,000 in fiscal year 2009.**  
 426.26 **Notwithstanding any provision in this article**  
 426.27 **to the contrary, this paragraph in this article**  
 426.28 **shall expire on June 30, 2009.**

426.29 **(b) Medical Assistance Basic Health Care -**.30 **Families and Children**426.31 **Summary by Fund**

426.32	<b><u>General</u></b>	<b><u>-0-</u></b>	<b><u>75,000</u></b>
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427.1	<u>Health Care Access</u>	<u>-0-</u>	<u>3,532,000</u>	
427.2	<u>(c) Medical Assistance Basic Health Care -</u>			
427.3	<u>Elderly and Disabled</u>			
427.4	<u>Summary by Fund</u>			
427.5	<u>General</u>	<u>-0-</u>	<u>(472,000)</u>	
427.6	<u>Health Care Access</u>	<u>-0-</u>	<u>11,420,000</u>	
427.7	<u>(d) General Assistance Medical Care</u>		<u>-0-</u>	<u>4,836,000</u>
427.8	<u>(e) Other health care grants</u>			
427.9	<u>Health Care Access</u>	<u>-0-</u>	<u>2,550,000</u>	
427.10	<u>Dental grants</u>			
427.11	<u>Of the health care access fund appropriation,</u>			
427.12	<u>\$300,000 in fiscal year 2007 is for grants to</u>			
427.13	<u>nonprofit dental providers under Minnesota</u>			
427.14	<u>Statutes, section 256B.76, paragraph (d).</u>			
427.15	<u>This appropriation shall become part of base</u>			
427.16	<u>level funding for the biennium beginning</u>			
427.17	<u>July 1, 2007.</u>			
427.18	<u>Critical access dental providers</u>			
427.19	<u>(a) Of the health care access fund</u>			
427.20	<u>appropriation, \$3,532,000 in fiscal year 2007</u>			
427.21	<u>only is for critical access dental provider</u>			
427.22	<u>rates and \$78,000 is for related administrative</u>			
427.23	<u>costs.</u>			
427.24	<u>(b) Notwithstanding Minnesota Statutes,</u>			
427.25	<u>section 256B.76, paragraph (c), effective for</u>			
427.26	<u>dental services provided between October 1,</u>			
427.27	<u>2006, and June 30, 2007, the commissioner</u>			
427.28	<u>shall increase reimbursement rates for</u>			
427.29	<u>dentists and dental clinics deemed to be</u>			

428.1 critical access dental providers by 38 percent  
428.2 above the reimbursement rate that would  
3.3 otherwise be paid to the provider. Payments  
428.4 to prepaid health plans made on or after  
428.5 January 1, 2007, shall be adjusted to reflect  
428.6 these increases.

428.7 (c) By February 15, 2007, the commissioner  
428.8 shall report to the legislature on the results  
428.9 of higher payments to critical access dental  
428.10 providers and with recommendations on  
428.11 funding sources to continue these higher  
428.12 payments in effect after June 30, 2007.

3.13 **Intensive care management**

428.14 (a) Of the health care access fund  
428.15 appropriation, \$1,505,000 for fiscal year  
428.16 2007 is for the intensive care management  
428.17 pilot program established under Minnesota  
428.18 Statutes, section 256B.075, subdivision 2,  
428.19 paragraph (d), of which \$5,000 is for systems  
428.20 costs and the remainder is to be distributed  
428.21 as follows:

428.22 (1) \$300,000 is to be paid under a contract  
3.23 with the neighborhood health care network  
428.24 for the community care network project that  
428.25 consists of a network of safety net clinics and  
428.26 health centers working in cooperation with  
428.27 a safety net hospital, a health plan, and the  
428.28 Department of Human Services to improve  
428.29 care coordination services;

428.30 (2) of the balance remaining after the  
428.31 payment made under clause (1), 60 percent  
428.32 shall be paid in grants to federally qualified  
3.33 health centers, as defined in Minnesota  
428.34 Statutes, section 256B.075, subdivision 2,  
428.35 paragraph (d), in proportion to each center's

429.1 amount of discounts granted to patients  
429.2 during calendar year 2005 as reported on  
429.3 the federal Uniform Data Systems report in  
429.4 conformance with the Bureau of Primary  
429.5 Health Care Program Expectations Policy  
429.6 Information Notice 98-23, except that each  
429.7 eligible federally qualified health center shall  
429.8 receive at least \$10,000 but no more than  
429.9 20 percent of the total amount of money  
429.10 available under this clause;

429.11 (3) the balance remaining after the payments  
429.12 made under clauses (1) and (2) shall be paid  
429.13 in grants to community clinics, as defined  
429.14 in Minnesota Statutes, section 256B.075,  
429.15 subdivision 2, paragraph (d), to be distributed  
429.16 based on each clinic's proportionate amount  
429.17 of contribution to patients as determined in  
429.18 accordance with the clinic's formal policy for  
429.19 sliding fee discounts approved by the clinic's  
429.20 board of directors, as reported by each clinic,  
429.21 except that each eligible community clinic  
429.22 shall receive at least \$10,000 but no more  
429.23 than 20 percent of the total amount of money  
429.24 available under this clause; and

429.25 (4) the commissioner shall pay the amounts  
429.26 at the beginning of the fiscal year, even if  
429.27 federal approval has not yet been granted.

429.28 (b) Base level funding for this activity shall  
429.29 be \$1,500,000 each year for the biennium  
429.30 beginning July 1, 2007.

429.31 **MinnesotaCare outreach**

429.32 Of the health care access fund appropriation,  
429.33 \$750,000 in fiscal year 2007 is for the  
429.34 MinnesotaCare outreach grants under

430.1 Minnesota Statutes, section 256L.04,  
 430.2 subdivision 4.  
 430.3 **MinnesotaCare outreach reimbursement**  
 430.4 Federal administrative reimbursement  
 430.5 resulting from MinnesotaCare outreach is  
 430.6 appropriated to the commissioner for this  
 430.7 activity.

430.8 **Subd. 5. Health care management**

430.9 Summary by Fund

430.10	<u>General</u>	<u>-0-</u>	<u>1,508,000</u>
430.11	<u>Health Care Access</u>	<u>-0-</u>	<u>3,661,000</u>

430.12 **(a) Health care administration**

430.13 Summary by Fund

430.14	<u>General</u>	<u>-0-</u>	<u>1,428,000</u>
430.15	<u>Health Care Access</u>	<u>-0-</u>	<u>843,000</u>

430.16 **Health care administration health care**  
 430.17 **access base level adjustment**

430.18 The health care access fund base for health  
 430.19 care administration shall be increased by  
 430.20 \$420,000 in fiscal year 2008 and shall be  
 430.21 decreased by \$7,000 in fiscal year 2009.

430.22 **Health care administration base level**  
 430.23 **adjustment**

430.24 The general fund base for health care  
 430.25 administration shall be increased by  
 430.26 \$195,000 in fiscal year 2008 and shall be  
 430.27 decreased by \$382,000 in fiscal year 2009.

430.28 **(b) Health care operations**

430.29 Summary by Fund

430.30	<u>General</u>	<u>-0-</u>	<u>80,000</u>
430.31	<u>Health Care Access</u>	<u>-0-</u>	<u>2,818,000</u>

431.1 HealthMatch delay

431.2 The commissioner shall delay

431.3 implementation of the HealthMatch program

431.4 by two months. Of the health care access

431.5 fund appropriation, \$929,000 in fiscal year

431.6 2007 is for the administrative costs of the

431.7 two-month delay.

431.8 Health care operations base level

431.9 adjustment

431.10 The general fund base for health care

431.11 operations shall be decreased by \$38,000 in

431.12 fiscal year 2008 and increased by \$32,000 in

431.13 fiscal year 2009.

431.14 Health care operations health care access

431.15 fund base level adjustment

431.16 The health care access fund base for health

431.17 care operations shall be increased by

431.18 \$482,000 in fiscal year 2008 and \$496,000 in

431.19 fiscal year 2009.

431.20 Subd. 6. Continuing care grants

1,500,000

(1,522,000)

431.21 (a) Aging and adult grants

-0-

25,000

431.22 Medicare Part D information and

431.23 assistance reimbursement

431.24 Federal administrative reimbursement

431.25 obtained from information and assistance

431.26 services provided by the Senior Linkage or

431.27 Disability Linkage lines to people who are

431.28 identified as eligible for medical assistance

431.29 shall be appropriated to the commissioner

431.30 for this activity.

431.31 Aging and adult grants base level

431.32 adjustment

432.1 Base level funding for aging and adult grants  
 432.2 shall be reduced in fiscal year 2008 by  
 3 \$25,000 and by \$25,000 in fiscal year 2009.

432.4 (b) Alternative care grants -0- 3,337,000

432.5 Alternative care base level adjustment

432.6 Base level funding for alternative care grants  
 432.7 shall be reduced by \$1,737,000 in fiscal year  
 432.8 2008 and reduced by \$2,504,000 in fiscal  
 432.9 year 2009.

432.10 (c) Medical assistance long-term care

432.11 facilities -0- (1,874,000)

432.12 Temporary rate increase

432.13 Of the general fund appropriation, \$29,000  
 432.14 in fiscal year 2007 is for a temporary rate  
 432.15 increase equivalent to six percent of the  
 432.16 operating rate in effect on July 1, 2006, for  
 432.17 a day training and habilitation provider in  
 432.18 Meeker County providing services to up to  
 432.19 110 individuals. This rate increase shall be in  
 432.20 effect only until June 30, 2007.

432.21 (d) Medical assistance long-term care waivers 1,500,000 (415,000)

432.22 Additional waiver allocations

432.23 Notwithstanding the waiver growth limits  
 432.24 in Laws 2005, First Special Session chapter  
 432.25 4, article 9, section 2, paragraph (d), the  
 432.26 commissioner may allocate an additional  
 432.27 waiver allocation under Minnesota Statutes,  
 432.28 section 256B.49, for a recipient of personal  
 432.29 care assistant services who is eligible for  
 30 and chooses waived services and received  
 432.31 personal care assistant services from a  
 432.32 provider who was billing for a service

433.1 delivery model for that recipient other than  
 433.2 individual or shared care on March 1, 2006.

433.3 **(e) Mental health grants** -0- (2,595,000)

433.4 **Mental health grants base level adjustment**

433.5 The general fund base for mental health  
 433.6 grants shall be decreased by \$2,893,000 in  
 433.7 fiscal year 2008 and \$8,043,000 in fiscal year  
 433.8 2009.

433.9 **(f) Chemical dependency nonentitlement**

433.10 **grants** -0- -0-

433.11 **Methamphetamine coordinator**

433.12 The following amounts shall be transferred  
 433.13 from the federal chemical health block grant  
 433.14 fund to the commissioner of health for the  
 433.15 fiscal years indicated for the purposes of  
 433.16 Minnesota Statutes, section 144.90: \$82,000  
 433.17 in fiscal year 2007; \$205,000 in fiscal year  
 433.18 2008; and \$205,000 in fiscal year 2009.

433.19 **Subd. 7. Continuing care management**

433.20 Summary by Fund

433.21 **General** -0- 881,000

433.22 **Health Care Access** -0- -0-

433.23 **Continuing care management base level**  
 433.24 **adjustment**

433.25 The general fund base for continuing  
 433.26 care management shall be decreased by  
 433.27 \$200,000 in fiscal year 2008 and decreased  
 433.28 by \$386,000 in fiscal year 2009.

433.29 **Subd. 8. State-operated services** 30,570,000 44,628,000

433.30 **State-operated services base level**  
 433.31 **adjustment**

434.1 The general fund base for state-operated  
434.2 services shall be increased by \$758,000 in  
3 fiscal year 2008 and decreased by \$3,694,000  
434.4 in fiscal year 2009.

434.5 **Minnesota Security Hospital**

434.6 For the purposes of enhancing the safety  
434.7 of the public, improving supervision, and  
434.8 enhancing community-based mental health  
434.9 treatment, state-operated services may  
434.10 establish additional community capacity  
434.11 for providing treatment and supervision  
434.12 of clients who have been ordered into a  
13 less restrictive alternative of care from the  
434.14 state-operated services transition services  
434.15 program consistent with Minnesota Statutes,  
434.16 section 246.014.

434.17 **Minnesota Security Hospital discharge**  
434.18 **planning**

434.19 The commissioner shall study the feasibility  
434.20 of requiring the Minnesota Security Hospital  
434.21 to take full responsibility for the provisional  
434.22 discharge planning for patients moving from  
r.23 the St. Peter Campus into the community  
434.24 under the process outlined by Minnesota  
434.25 Statutes, section 253B.18, subdivision 8. The  
434.26 commissioner shall report the results of the  
434.27 study to the legislature by January 15, 2007.

434.28 **State-operated services salary deficit**

434.29 The state-operated services salary deficit  
434.30 of \$6,833,000 in fiscal year 2006, and  
434.31 \$10,274,000 in fiscal year 2007 shall be  
32 absorbed by the Department of Human  
34.33 Services, excluding state-operated services.

434.34 **Sec. 3. COMMISSIONER OF HEALTH**435.1 **Subdivision 1. Total appropriation** **-0-** **12,064,000**435.2 **Summary by Fund**435.3 **General** **-0-** **2,510,000**435.4 **Health Care Access Fund** **-0-** **9,414,000**435.5 **State Government Special**435.6 **Revenue** **-0-** **140,000**435.7 **The appropriations in this section are added**435.8 **to appropriations in Laws 2005, First Special**435.9 **Session chapter 4, article 9, section 3.**435.10 **Subd. 2. Health protection**435.11 **Summary by Fund**435.12 **General** **-0-** **2,510,000**435.13 **State Government Special**435.14 **Revenue Fund** **-0-** **140,000**435.15 **Health protection base level adjustment**435.16 **The general fund base for health protection**435.17 **shall be decreased by \$2,510,000 in fiscal**435.18 **year 2008 and \$2,510,000 in fiscal year 2009.**435.19 **Health protection state government special**435.20 **revenue base level adjustment**435.21 **The state government special revenue fund**435.22 **base for health protection shall be increased**435.23 **by \$140,000 in fiscal year 2008 and \$140,000**435.24 **in fiscal year 2009.**435.25 **Pandemic influenza preparedness**435.26 **(a) Of the general fund appropriation,**435.27 **\$2,510,000 in fiscal year 2007 only is for**435.28 **preparation, planning, and response to an**



436.32 The health care access fund base for policy  
 436.33 quality and compliance shall be decreased  
 437.1 by \$9,121,000 in fiscal year 2008 and  
 437.2 \$9,121,000 in fiscal year 2009.

437.3 **Sec. 4. VETERANS NURSING HOMES**

437.4 **BOARD** **2,448,000** **4,560,000**

437.5 This appropriation is added to appropriations  
 437.6 in Laws 2005, First Special Session chapter  
 437.7 4, article 9, section 4.

437.8 **Base level adjustment**

437.9 The general fund base for the board shall be  
 437.10 increased by \$3,981,000 in fiscal year 2008  
 437.11 and \$3,981,000 in fiscal year 2009.

437.12 **Sec. 5. HEALTH-RELATED BOARDS**

437.13 **Subdivision 1. State government special**  
 437.14 **revenue** **514,000** **622,000**

437.15 **Base level adjustment**

437.16 The state government special revenue fund  
 437.17 base for the health-related boards shall be  
 437.18 decreased by \$505,000 in fiscal year 2008  
 437.19 and \$505,000 in fiscal year 2009.

437.20 **Subd. 2. Board of Chiropractic Examiners** **5,000** **5,000**

437.21 **Board of Chiropractic Examiners**  
 437.22 **appropriation increase**

437.23 (a) This appropriation is added to  
 437.24 appropriations in Laws 2005, First Special  
 437.25 Session chapter 4, article 9, section  
 437.26 5, subdivision 3. This is a onetime  
 437.27 appropriation.

437.28	<u>(b) This increase is to correct programming</u>		
437.29	<u>difficulties incurred during implementation</u>		
.30	<u>of payment processing changes.</u>		
438.1	<b><u>Subd. 3. Board of Dentistry</u></b>	<u>-0-</u>	<u>67,000</u>
438.2	<b><u>Board of Dentistry appropriation increase</u></b>		
438.3	<u>(a) This appropriation is added to</u>		
438.4	<u>appropriations in Laws 2005, First Special</u>		
438.5	<u>Session chapter 4, article 9, section 5,</u>		
438.6	<u>subdivision 4.</u>		
438.7	<u>(b) This increase is to retain a legal analyst</u>		
438.8	<u>as part of the board staff.</u>		
438.9	<b><u>Subd. 4. Board of Medical Practice</u></b>	<u>500,000</u>	<u>500,000</u>
438.10	<b><u>Board of Medical Practice increase</u></b>		
438.11	<u>(a) This appropriation is added to</u>		
438.12	<u>appropriations in Laws 2005, First Special</u>		
438.13	<u>Session chapter 4, article 9, section</u>		
438.14	<u>5, subdivision 7. This is a onetime</u>		
438.15	<u>appropriation.</u>		
438.16	<u>(b) This increase is to cover higher than</u>		
438.17	<u>expected costs of investigation and legal</u>		
438.18	<u>action.</u>		
438.19	<b><u>Subd. 5. Board of Physical Therapy</u></b>	<u>9,000</u>	<u>-0-</u>
438.20	<b><u>Board of Physical Therapy appropriation</u></b>		
438.21	<b><u>increase</u></b>		
438.22	<u>(a) This appropriation is added to</u>		
438.23	<u>appropriations in Laws 2005, First Special</u>		
438.24	<u>Session chapter 4, article 9, section</u>		
438.25	<u>5, subdivision 12. This is a onetime</u>		
438.26	<u>appropriation.</u>		
438.27	<u>(b) This increase is to correct programming</u>		
438.28	<u>difficulties incurred during implementation</u>		
438.29	<u>of payment processing changes.</u>		



439.31            Subd. 24. Funding from other than state funds. Notwithstanding sections  
439.32 16A.013 to 16A.016, the commissioner may accept, on behalf of the state, additional  
440.1 funding from sources other than state funds for the purpose of financing the cost of  
440.2 assistance program grants or nongrant administration. All additional funding under this  
440.3 subdivision is appropriated to the commissioner for use as designated by the grantor of  
440.4 funding.

440.5            Sec. 9. Minnesota Statutes 2004, section 256.014, is amended by adding a subdivision  
440.6 to read:

440.7            Subd. 5. Systems account management. Money appropriated for computer  
440.8 projects approved by the Office of Enterprise Technology, funded by the legislature, and  
440.9 approved by the commissioner of finance, may be transferred from one project to another  
440.10 and from development to operations as the commissioner of human services considers  
440.11 necessary. Any unexpended balance in the appropriation for these projects does not cancel  
440.12 but is available for ongoing development and operations.

440.13            Sec. 10. Minnesota Statutes 2004, section 256.014, is amended by adding a subdivision  
440.14 to read:

440.15            Subd. 6. Systems continuity. In the event of disruption of technical systems or  
440.16 computer operations, the commissioner may use available grant appropriations to ensure  
440.17 continuity of payments for maintaining the health, safety, and well-being of clients served  
440.18 by programs administered by the Department of Human Services. Grant funds must be  
440.19 used in a manner consistent with the original intent of the appropriation.

440.20            Sec. 11. Minnesota Statutes 2004, section 518.5852, is amended to read:

440.21            **518.5852 CENTRAL COLLECTIONS UNIT.**

440.22            Subdivision 1. Creation and maintenance. The commissioner of human services  
440.23 shall create and maintain a central collections unit for the purpose of receiving, processing,  
440.24 and disbursing payments, and for maintaining a record of payments, in all cases in which:

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

440.28            The commissioner may contract for services to carry out these provisions,  
440.29 provided that the commissioner first meets and negotiates with the affected exclusive  
440.30 representatives.

440.31        **Subd. 2. Deposit of payments.** Payments to the commissioner from other  
440.32 governmental units, private enterprises, and individuals for services performed by the  
440.33 central collections unit must be deposited in the state systems account authorized under  
441.1 section 256.014. These payments are appropriated to the commissioner for the operation  
441.2 of the child support payment center or system, according to section 256.014

441.3        **Sec. 12. SUNSET OF UNCODIFIED LANGUAGE.**

441.4        All uncodified language contained in this article expires on June 30, 2007, unless a  
441.5 different expiration date is explicit.

441.6        **Sec. 13. REPEALER.**

441.7        Minnesota Statutes 2004, section 62J.694, subdivision 5, is repealed.

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 151, after line 4, insert:

1.4 "Sec. 33. UNIVERSITY OF MINNESOTA LICENSING AND MINNESOTA  
1.5 MARKET IMPACT STUDY.

1.6 The University of Minnesota shall establish a task force to study the market impact  
1.7 on Minnesota producers of agricultural products from the University of Minnesota  
1.8 licensing germplasm and to make recommendations to the legislature and the Board of  
1.9 Regents on ways to mitigate any negative impacts on Minnesota businesses that arise from  
1.10 University of Minnesota license agreements.

1.11 The task force must include:

1.12 (1) a representative of the University of Minnesota;

1.13 (2) a representative of the Department of Agriculture, serving as the chair; and

1.14 (3) representatives of the Minnesota Farm Bureau, the Minnesota Farmers Union,  
1.15 agricultural commodity organizations, the Minnesota Apple Growers Association, the  
1.16 Minnesota Fruit and Vegetable Growers Association, the Minnesota Nursery Landscape  
1.17 Association, and the Minnesota Grown Program. The chair may also invite participation  
1.18 from other staff and faculty of the University of Minnesota as necessary to fulfill the  
1.19 purpose of the task force. Members serve on the task force on a voluntary basis.

1.20 The task force must, as a first priority, study the license agreement for the MN#1914  
1.21 apple selection. The Board of Regents and the licensee are requested, in good faith, to  
1.22 refrain from implementing the MN#1914 license until the task force has reported its  
1.23 findings to the legislature with a mitigation plan approved by the task force. The task force  
1.24 must report to the committees of the legislature with responsibility for higher education  
1.25 no later than January 15, 2007."

1.26 Renumber the sections in sequence and correct the internal references

1.27 Amend the title accordingly

- 1.1 Senator ..... moves to amend the Supplemental Appropriations bill
- 1.2 (SC4643) as follows:
- 1.3 Page 198, delete section 44
- 1.4 Renumber the sections in sequence and correct the internal references
- 1.5 Amend the title accordingly

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 237, after line 31, insert:

3.1 "Sec. 12. Minnesota Statutes 2005 Supplement, section 201.061, subdivision 3,  
3.2 is amended to read:

3.3 Subd. 3. **Election day registration.** (a) An individual who is eligible to vote may  
3.4 register on election day by appearing in person at the polling place for the precinct in  
3.5 which the individual maintains residence, by completing a registration application, making  
3.6 an oath in the form prescribed by the secretary of state and providing proof of residence.  
3.7 An individual may prove residence for purposes of registering by:

3.8 (1) presenting a driver's license or Minnesota identification card issued pursuant  
3.9 to section 171.07;

10 (2) presenting any document approved by the secretary of state as proper  
3.11 identification;

3.12 (3) presenting one of the following:

3.13 (i) a current valid student identification card from a postsecondary educational  
3.14 institution in Minnesota, if a list of students from that institution has been prepared under  
3.15 section 135A.17 and certified to the county auditor in the manner provided in rules of  
3.16 the secretary of state; or

3.17 (ii) a current student fee statement that contains the student's valid address in the  
3.18 precinct together with a picture identification card; or

3.19 (4) having a voter who is registered to vote in the precinct, or who is an employee  
20 employed by and working in a residential facility in the precinct and vouching for a  
3.21 resident in the facility, sign an oath in the presence of the election judge vouching that  
3.22 the voter or employee personally knows that the individual is a resident of the precinct.

3.23 A voter who has been vouched for on election day may not sign a proof of residence  
3.24 oath vouching for any other individual on that election day. A voter who is registered to  
3.25 vote in the precinct may sign up to ~~15~~ five proof-of-residence oaths on any election day.

3.26 This limitation does not apply to an employee of a residential facility described in this  
3.27 clause. The secretary of state shall provide a form for election judges to use in recording  
3.28 the number of individuals for whom a voter signs proof-of-residence oaths on election  
3.29 day. The form must include space for the maximum number of individuals for whom a  
30 voter may sign proof-of-residence oaths. For each proof-of-residence oath, the form  
3.31 must include a statement that the voter is registered to vote in the precinct, personally  
3.32 knows that the individual is a resident of the precinct, and is making the statement on

2.1 oath. The form must include a space for the voter's printed name, signature, telephone  
2.2 number, and address.

2.3 The oath required by this subdivision and Minnesota Rules, part 8200.9939, must  
2.4 be attached to the voter registration application and the information on the oath must be  
2.5 recorded on the records of both the voter registering on election day and the voter who  
2.6 is vouching for the person's residence, and entered into the statewide voter registration  
2.7 system by the county auditor when the voter registration application is entered into that  
2.8 system.

2.9 (b) The operator of a residential facility shall prepare a list of the names of its  
2.10 employees currently working in the residential facility and the address of the residential  
2.11 facility. The operator shall certify the list and provide it to the appropriate county auditor  
2.12 no less than 20 days before each election for use in election day registration.

2.13 (c) "Residential facility" means transitional housing as defined in section 256E.33,  
2.14 subdivision 1; a supervised living facility licensed by the commissioner of health under  
2.15 section 144.50, subdivision 6; a nursing home as defined in section 144A.01, subdivision  
2.16 5; a residence registered with the commissioner of health as a housing with services  
2.17 establishment as defined in section 144D.01, subdivision 4; a veterans home operated by  
2.18 the board of directors of the Minnesota Veterans Homes under chapter 198; a residence  
2.19 licensed by the commissioner of human services to provide a residential program as  
2.20 defined in section 245A.02, subdivision 14; a residential facility for persons with a  
2.21 developmental disability licensed by the commissioner of human services under section  
2.22 252.28; group residential housing as defined in section 256I.03, subdivision 3; a shelter  
2.23 for battered women as defined in section 611A.37, subdivision 4; or a supervised  
2.24 publicly or privately operated shelter or dwelling designed to provide temporary living  
2.25 accommodations for the homeless.

2.26 (d) For tribal band members, an individual may prove residence for purposes of  
2.27 registering by:

2.28 (1) presenting an identification card issued by the tribal government of a tribe  
2.29 recognized by the Bureau of Indian Affairs, United States Department of the Interior, that  
2.30 contains the name, address, signature, and picture of the individual; or

2.31 (2) presenting an identification card issued by the tribal government of a tribe  
2.32 recognized by the Bureau of Indian Affairs, United States Department of the Interior, that  
2.33 contains the name, signature, and picture of the individual and also presenting one of the  
2.34 documents listed in Minnesota Rules, part 8200.5100, subpart 2, item B.

2.35 (e) A county, school district, or municipality may require that an election judge  
2.36 responsible for election day registration initial each completed registration application.

2.37 "

2.38 Renumber the sections in sequence and correct the internal references

2.39 Amend the title accordingly

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 174, delete section 7 and insert:

1.4 "Sec. 7. Minnesota Statutes 2004, section 115.03, is amended by adding a  
1.5 subdivision to read:

1.6 Subd. 10. Trading permits. Prior to completion of a total maximum daily load for  
1.7 an impaired water, the agency may issue trading permits among existing point source  
1.8 dischargers within the affected watershed where:

1.9 (1) all applicable requirements of the federal Clean Water Act and regulations  
1.10 thereunder are met;

1.11 (2) a baseline for point sources has been established by one or more applicable  
1.12 water quality-based effluent limitations; and

3 (3) any trades are secured using binding legal instruments between any involved  
1.14 parties for the life of the project.

1.15 "

1.16 Renumber the sections in sequence and correct the internal references

1.17 Amend the title accordingly

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 10, delete section 10

1.4 Page 30, after line 7, insert:

1.5 "Sec. 39. EARLY CHILDHOOD AND EARLY ELEMENTARY GRADE  
1.6 INTEGRATION.

1.7 For fiscal years 2007 through 2010, any school district, charter school, Head Start  
1.8 program, or any relevant public or private entity may work together to develop a pilot  
1.9 program to demonstrate the efficacy of integrating early childhood education and care  
1.10 with early elementary grades. A district, charter school, or Head Start program that  
1.11 develops an early childhood integration pilot must use existing funds to pay for the pilot  
1.12 program's cost. School districts, charter schools, Head Start programs, and public or  
1.13 private entities that participate in this pilot program are encouraged to enter into an  
1.14 agreement to provide early education and care for children under a unified administrative  
1.15 structure that establishes an education continuum for children during the prekindergarten,  
1.16 kindergarten, and postkindergarten years through grade 3. School districts, charter  
1.17 schools, Head Start programs, and public or private entities that participate in this pilot  
1.18 program are encouraged to provide for the education, support, and empowerment of  
1.19 parents and special education for children as needed."

1.20 Renumber the sections in sequence and correct the internal references

1.21 Amend the title accordingly

1.1 Senator ..... moves to amend the Omnibus Appropriations Bill, Article  
1.2 11 (SC4643) to S.F. No. .... as follows:

1.3 Page 137, after line 18, insert:

1.4 "Sec. 4. Minnesota Statutes 2004, section 135A.031, is amended by adding a  
1.5 subdivision to read:

1.6 Subd. 3a. Determination of instructional service base. The instructional services  
1.7 base for each public postsecondary system is the sum of: (1) the state share; and (2) the  
1.8 legislatively estimated tuition for the second year of the most recent biennium; and (3)  
1.9 adjustments for inflation and enrollment changes as calculated in subdivision 4a.

1.10 Sec. 5. Minnesota Statutes 2004, section 135A.031, is amended by adding a  
1.11 subdivision to read:

1.12 Subd. 4a. Adjustment for enrollments. (a) Each public postsecondary system's  
1.13 instructional services base shall be adjusted for estimated changes in enrollments. For  
1.14 each two percent change in estimated full-year equivalent enrollment, an adjustment shall  
1.15 be made to 65 percent of the instructional services base. The remaining 35 percent of the  
1.16 instructional services base is not subject to the adjustment in this subdivision.

1.17 (b) For all purposes where student enrollment is used for budgeting purposes,  
1.18 student enrollment shall be measured in full-year equivalents and shall include only  
1.19 enrollments in courses that award credit or otherwise satisfy any of the requirements of an  
1.20 academic or vocational program.

1.21 (c) The enrollment adjustment shall be made for each year of the subsequent  
1.22 biennium. The base enrollment year is the 1995 fiscal year enrollment. The base  
1.23 enrollment shall be updated for each two percent change in estimated full-year equivalent  
1.24 enrollment. If the actual enrollment differs from the estimated enrollment, an adjustment  
1.25 shall be made in the next biennium.

1.26 "

1.27 Page 151, line 13, delete "135A.01;" and delete "subdivisions 1, 2, 5, and 6" and  
1.28 insert "subdivision 5"

1.29 Page 151, line 14, delete "135A.032;"

1.30 Renumber the sections in sequence and correct the internal references

1.31 Amend the title accordingly

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 437, line 7, after the period, insert "Of this appropriation, \$1,868,000 in  
1.4 fiscal year 2006 and \$2,159,000 in fiscal year 2007 is to supplement nursing staff at the  
1.5 Minneapolis facility. The board shall negotiate with state bargaining units to address  
1.6 wages, benefits, and the staffing skill mix in order to appropriately serve the acuity level  
1.7 of residents."

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 14, line 27, after "of" insert "up to 19"

1.4 Page 14, line 29, strike "simple" and strike everything after "members"

1.5 Page 14, strike line 30

1.6 Page 14, line 31, strike everything before the period

1.7 Page 14, line 34, strike the second "and" and insert a comma and after "ethnically"  
1.8 insert ", and economically"

1.9 Page 15, delete lines 2 to 7 and insert:

1.10 "The governor shall appoint up to seven voting members that include representatives  
1.11 of:

1.12 (1) kindergarten through grade 12 or postsecondary educators;

1.13 (2) early childhood development providers, including child care providers;

1.14 (3) local school boards;

1.15 (4) nonprofit organizations with expertise in early childhood development; and

1.16 (5) federal early childhood programs serving low-income children.

1.17 The governor shall ensure that, to the extent possible, the board of directors is  
1.18 balanced according to geography, race, ethnicity, age, gender, and economic status.

1.19 The commissioners of education and human services shall be nonvoting members  
1.20 of the private nonprofit organization. The speaker of the house of representatives, the  
1.21 minority leader of the house of representatives, the majority leader of the senate, and the  
1.22 minority leader of the senate shall each appoint a legislator to be nonvoting members of  
1.23 the board.

1.24 The board of directors is subject to the open meeting law under chapter 13D.  
1.25 All other terms and conditions under which board members serve and operate must be  
1.26 described in the articles and bylaws of the organization. The private nonprofit organization  
1.27 is not a state agency and is not subject to laws governing public agencies except the  
1.28 provisions of chapter 13, salary limits under section 15A.0815, subdivision 2, and audits  
1.29 by the legislative auditor under chapter 3 apply."

1.30 Page 16, after line 11, insert:

1.31 "**EFFECTIVE DATE.** The changes made in paragraph (b) are effective retroactive  
1.32 to July 1, 2005."

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 255, after line 8, insert:

1.4 "Sec. 6. Minnesota Statutes 2004, section 144.9501, subdivision 1, is amended to  
1.5 read:

1.6 Subdivision 1. **Citation.** Sections 144.9501 to ~~144.9509~~ 144.9512 may be cited  
1.7 as the "Lead Poisoning Prevention Act."

1.8 Sec. 7. Minnesota Statutes 2004, section 144.9501, subdivision 2, is amended to read:

1.9 Subd. 2. **Applicability.** The definitions in this section apply to sections 144.9501 to  
1.10 ~~144.9509~~ 144.9512.

1.11 Sec. 8. Minnesota Statutes 2004, section 144.9501, is amended by adding a subdivision  
1.12 to read:

1.13 **Subd. 9a. Eligible organization.** "Eligible organization" means a city, board of  
1.14 health, community health department, community action agency, nonprofit organization,  
1.15 or community development corporation.

1.16 Sec. 9. Minnesota Statutes 2004, section 144.9503, subdivision 3, is amended to read:

1.17 Subd. 3. **Primary prevention lead education strategy.** The commissioner of  
1.18 health shall develop and maintain a primary prevention lead education strategy to prevent  
1.19 lead exposure. The strategy includes:

1.20 (1) lead education materials that describe the health effects of lead exposure, safety  
1.21 measures, and methods to be used in the lead hazard reduction process;

1.22 (2) providing lead education materials to the general public including, but not  
1.23 limited to, information on the dangers and hazards of jewelry containing lead;

1.24 (3) providing lead education materials to property owners, landlords, and tenants  
1.25 by swab team workers and public health professionals, such as nurses, sanitarians,  
1.26 health educators, nonprofit organizations working on lead issues, and other public health  
1.27 professionals in areas at high risk for toxic lead exposure; and

1.28 (4) promoting awareness of community, legal, and housing resources.

1.29 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.30 Sec. 10. Minnesota Statutes 2004, section 144.9507, is amended by adding a  
1.31 subdivision to read:

2 **Subd. 6. Medical assistance.** Medical assistance reimbursement for lead risk  
1.33 assessment services under section 256B.0625, subdivision 49, shall not be used to replace  
1.34 or decrease existing state or local funding for lead services and lead-related activities.

2.1           Sec. 11. **[144.9512] LEAD ABATEMENT PROGRAM.**

2.2           Subdivision 1. Grants; administration. Within the limits of the available  
2.3 appropriation, the commissioner may make grants to eligible organizations to train  
2.4 workers to provide swab team services for residential property. Grants may be awarded to  
2.5 eligible organizations to provide technical assistance and training to ensure quality and  
2.6 consistency within the statewide program.

2.7           Subd. 2. Applicants. (a) Interested eligible organizations may apply to the  
2.8 commissioner for grants under this section. Two or more eligible organizations may  
2.9 jointly apply for a grant. Priority shall be given to community action agencies in greater  
2.10 Minnesota and to either community action agencies or neighborhood based nonprofit  
2.11 organizations in cities of the first class. Of the total annual appropriation, 12.5 percent may  
2.12 be used for administrative purposes. The commissioner may deviate from this percentage  
2.13 if a grantee can justify the need for a larger administrative allowance. Of this amount,  
2.14 up to five percent may be used by the commissioner for state administrative purposes.  
2.15 Applications must provide information requested by the commissioner, including at least  
2.16 the information required to assess the factors listed in paragraph (d).

2.17           (b) The commissioner must consult with boards of health to provide swab team  
2.18 services for purposes of secondary prevention. The priority for swab teams created  
2.19 by grants to eligible organizations under this section must be work assigned by the  
2.20 commissioner, or by a board of health if so designated by the commissioner, to provide  
2.21 secondary prevention swab team services to fulfill the requirements of section 144.9504,  
2.22 subdivision 6, in response to a lead order. Swab teams assigned work under this section  
2.23 by the commissioner, that are not engaged daily in fulfilling the requirements of section  
2.24 144.9504, subdivision 6, must deliver swab team services in response to elevated blood  
2.25 lead levels as defined in section 144.9501, subdivision 9, where lead orders were not  
2.26 issued, and for purposes of primary prevention in census tracts known to be in areas at  
2.27 high risk for toxic lead exposure as described in section 144.9503, subdivision 2.

2.28           (c) Any additional money must be used for grants to establish swab teams for  
2.29 primary prevention under section 144.9503, in census tracts in areas at high risk for toxic  
2.30 lead exposure as determined under section 144.9503, subdivision 2.

2.31           (d) In evaluating grant applications, the commissioner must consider the following  
2.32 criteria:

2.33           (1) plans for the provision of swab team services for primary and secondary  
2.34 prevention;

2.35           (2) plans for resident and property owner education on lead safety;

2.36           (3) measures of program effectiveness;

- 3.1 (4) coordination of program activities with other federal, state, and local public
- 3.2 health and housing renovation programs; and
- 3.3 (5) prior experience in providing swab team services.

3.4 Subd. 3. Eligible grant activities. An eligible organization receiving a grant  
 3.5 under this section must ensure that all participating lead supervisors or certified firms are  
 3.6 licensed and that all swab team workers are certified by the Department of Health under  
 3.7 section 144.9505. Eligible organizations may participate in the program by:

- 3.8 (1) providing on-the-job training for swab team workers;
- 3.9 (2) providing swab team services to meet the requirements of sections 144.9503,  
 3.10 subdivision 4, and 144.9504, subdivision 6;
- 3.11 (3) providing lead hazard reduction to meet the requirements of section 144.9501,  
 3.12 subdivision 17;
- 13 (4) providing lead dust clean-up equipment and materials, as described in section  
 3.14 144.9503, subdivision 1, to residents; or
- 3.15 (5) having a swab team worker instruct residents and property owners on appropriate  
 3.16 lead control techniques, including the lead-safe directives developed by the commissioner.

3.17 Subd. 4. Swab team workers. Each worker engaged in swab team services  
 3.18 established under this section must have blood lead concentrations below 15 micrograms  
 3.19 of lead per deciliter of whole blood as determined by a baseline blood lead screening. Any  
 3.20 organization receiving a grant under this section is responsible for lead screening and must  
 3.21 assure that all swab team workers meet the standards established in this subdivision.  
 3.22 Grantees must use appropriate workplace procedures including following the lead-safe  
 23 directives developed by the commissioner to reduce risk of elevated blood lead levels.  
 3.24 Grantees and participating contractors must report all employee blood lead levels that  
 3.25 exceed 15 micrograms of lead per deciliter of whole blood to the commissioner.

3.26 Subd. 5. Program benefits. As a condition of providing swab team services under  
 3.27 this section, an organization may require a property owner to not increase rents on a  
 3.28 property solely as a result of a substantial improvement made with public funds under the  
 3.29 programs in this section.

3.30 Subd. 6. Requirements of organizations receiving grants. An eligible  
 3.31 organization that is awarded a grant under this section must prepare and submit a quarterly  
 3.32 progress report to the commissioner beginning three months after receipt of the grant.

3.33 "

3.34 Page 262, after line 4, insert:

3.35 "Sec. 12. LEAD REDUCTION STUDY.

4.1 The commissioner of health, in consultation with the Department of Employment  
4.2 and Economic Development, the Minnesota Housing Finance Agency, and the Department  
4.3 of Human Services, shall develop and evaluate the best strategies to reduce the number of  
4.4 children endangered by lead paint. The study shall make recommendations on:

4.5 (1) how to promote and encourage primary prevention;

4.6 (2) how to ensure that all children at risk are tested; and

4.7 (3) how to provide a lead prevention program to assist families and protect children  
4.8 with blood lead levels more than five micrograms of lead per deciliter of whole blood from  
4.9 reaching levels of ten micrograms or greater.

4.10 The commissioner shall submit the results of the study and any recommendations,  
4.11 including any necessary legislative changes to the legislature by January 15, 2007.

4.12 **Sec. 13. REVISOR'S INSTRUCTION.**

4.13 The revisor of statutes shall change the range reference "144.9501 to 144.9509"  
4.14 to "144.9501 to 144.9512" wherever the reference appears in Minnesota Statutes and  
4.15 Minnesota Rules.

4.16 **Sec. 14. REPEALER.**

4.17 Minnesota Statutes 2004, section 119A.46, subdivisions 4, 5, 6, 7, 9, and 10, and  
4.18 Minnesota Statutes 2005 Supplement, section 119A.46, subdivisions 1, 2, 3, and 8, are  
4.19 repealed."

4.20 Page 285, after line 17, insert:

4.21 "Sec. 25. Minnesota Statutes 2004, section 256B.0625, is amended by adding a  
4.22 subdivision to read:

4.23 Subd. 49. **Lead risk assessments.** (a) Effective October 1, 2006, or six months after  
4.24 federal approval, whichever is later, medical assistance covers lead risk assessments  
4.25 provided by a lead risk assessor who is licensed by the commissioner of health under  
4.26 section 144.9505 and employed by an assessing agency as defined in section 144.9501.  
4.27 Medical assistance covers a onetime on-site investigation of a recipient's home or primary  
4.28 residence to determine the existence of lead so long as the recipient is under the age of  
4.29 21 and has a venous blood lead level as set forth in section 144.9504, subdivision 2,  
4.30 paragraph (a).

4.31 (b) Medical assistance reimbursement covers the lead risk assessor's time to  
4.32 complete the following activities:

4.33 (1) gathering samples;

4.34 (2) interviewing family members;

4.35 (3) gathering data, including meter readings; and

5.1 (4) providing a report with the results of the investigation and options for reducing  
5.2 lead-based paint hazards.

5.3 Medical assistance coverage of lead risk assessment does not include testing of  
5.4 environmental substances such as water, paint, or soil or any other laboratory services.

5.5 Medical assistance coverage of lead risk assessments is not included in the capitated  
5.6 services for children enrolled in health plans through the prepaid medical assistance  
5.7 program and the MinnesotaCare program.

5.8 (c) Payment for lead risk assessment must be cost-based and must meet the criteria  
5.9 for federal financial participation under the medical assistance program. The rate must  
5.10 be based on allowable expenditures from statewide cost information gathered. Under  
5.11 section 144.9507, subdivision 5, federal medical assistance funds may not replace existing  
5.12 funding for lead-related activities. The nonfederal share of costs for services provided  
5.13 under this subdivision must be from state or local funds and is the responsibility of the  
5.14 agency providing the risk assessment. Eligible expenditures for the nonfederal share of  
5.15 costs may not be made from federal funds or funds used to match other federal funds,  
5.16 except as allowed for Indian tribes under federal law. Any federal disallowances are the  
5.17 responsibility of the agency providing risk assessment services.

5.18 "

5.19 Page 365, after line 36, insert:

5.20 "Sec. 4. **[325E.385] ITEMS CONTAINING LEAD PROHIBITED.**

5.21 Subdivision 1. **Definition.** For the purposes of this section "jewelry" means: (1)  
5.22 an ornament worn by a person on the body or on clothing, including, but not limited to,  
5.23 a necklace, bracelet, anklet, earring, locket, pendant, charm bracelet, ring, pinky ring,  
5.24 chain, broach, pin, lapel pin, headband, watchband; or (2) any pendant, bead, chain, link,  
5.25 or other component of such an ornament.

5.26 Subd. 2. **Warning.** (a) No person shall offer for sale, sell, or distribute free of  
5.27 charge any jewelry or item of personal decoration that contains more than 600 parts per  
5.28 million of lead unless it bears a warning label clearly visible to the buyer indicating that  
5.29 the item contains lead.

5.30 (b) The obligation to test for lead content and label accurately lies with the producer  
5.31 or packager of the item and not with the retail seller. Retailers may not sell unlabeled  
5.32 items without first verifying that the items were tested by the producer or packager.

3 Subd. 3. **Sale prohibited.** Effective July 1, 2006, no person shall sell, offer for  
5.34 sale, or distribute free of charge any trinket, jewelry, items of personal decoration, toy,

6.1 or clothing containing more than 600 parts per million of lead that is intended for use  
6.2 by a child under the age of 12.

6.3 Subd. 4. Exemption. This section does not apply to consumer-to-consumer  
6.4 transactions.

6.5 EFFECTIVE DATE. This section is effective the day following final enactment."

6.6 Renumber the sections in sequence and correct the internal references

6.7 Amend the title accordingly

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 362, line 7, delete "ALL SCHEDULES" and insert "SCHEDULE II  
1.4 CONTROLLED SUBSTANCES"

1.5 Page 362, line 8, delete "PROGRAM" and insert "SYSTEM"

1.6 Page 362, line 14, delete "subdivisions 3 to 6" and insert "subdivision 3"

1.7 Page 362, line 17, after the period, insert "Dispensing does not include the direct  
1.8 administering of a controlled substance to a patient by a licensed health care professional."

1.9 Page 362, line 24, delete "program" and insert "system"

1.10 Page 362, line 26, delete "all" and after the period, insert "Data for controlled  
1.11 substance prescriptions that are dispensed in a quantity small enough to provide treatment  
1.12 to a patient for a period of 48 hours or less need not be reported."

1.13 Page 363, line 32, before "The" insert "(a)"

1.14 Page 363, line 33, delete "and shall use the database" and insert ". The database may  
1.15 be used by permissible users identified under subdivision 6"

1.16 Page 364, after line 4, insert:"

1.17 (b) No permissible user identified under subdivision 6 may access the database  
1.18 for the sole purpose of identifying prescribers of controlled substances for unusual or  
1.19 excessive prescribing patterns without a valid search warrant or court order."

1.20 Page 364, line 5, delete "program" and insert "system"

1.21 Page 364, line 9, delete everything after "any" and insert "personal identifying  
1.22 information has been removed or encrypted."

1.23 Page 364, delete line 10

1.24 Page 364, line 22, delete everything after "conduct" and insert "a bona fide  
1.25 investigation of a specific licensee;"

1.26 Page 364, delete line 23

1.27 Page 364, line 25, delete "of their" and insert "under this section;"

1.28 Page 364, delete line 26

1.29 Page 365, delete line 27 and insert "electronic reporting system to determine if the  
1.30 system is cost effective and whether it is negatively impacting appropriate prescribing  
1.31 practices of controlled substances. The board may"

1.32 Page 365, lines 29, 32, and 35, delete "program" and insert "system"

2.1 Page 366, line 3, delete "program" and insert "system"

2.2 Page 366, after line 4, insert:

2.3 "Sec. 5. **BOARD OF PHARMACY.**

2.4 The board of pharmacy shall not increase the license fees of pharmacists or  
2.5 pharmacies in order to adequately fund the prescription electronic reporting system under  
2.6 Minnesota Statutes, section 152.126, without specific authority from the legislature."

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 181, after line 19, insert:

1.4 "Sec. 9. Minnesota Statutes 2004, section 16B.325, is amended to read:

1.5 **16B.325 SUSTAINABLE BUILDING GUIDELINES.**

1.6 Subdivision 1. Energy, lighting, air quality, and other guidelines. The Department  
1.7 of Administration and the Department of Commerce, with the assistance of other agencies,  
1.8 shall develop sustainable building design guidelines for all new state buildings by January  
1.9 15, 2003. The primary objectives of these guidelines are to ensure that all new state  
1.10 buildings initially exceed existing energy code, as established in Minnesota Rules, chapter  
1.11 7676, by at least 30 percent. The guidelines must focus on achieving the lowest possible  
1.12 lifetime cost for new buildings and allow for changes in the guidelines that encourage  
1.13 continual energy conservation improvements in new buildings. The design guidelines  
1.14 must establish sustainability guidelines that include air quality and lighting standards and  
1.15 that create and maintain a healthy environment and facilitate productivity improvements;  
1.16 specify ways to reduce material costs; and must consider the long-term operating costs of  
1.17 the building, including the use of renewable energy sources and distributed electric energy  
1.18 generation that uses a renewable source or natural gas or a fuel that is as clean or cleaner  
1.19 than natural gas. In developing the guidelines, the departments shall use an open process,  
1.20 including providing the opportunity for public comment. The guidelines established under  
1.21 this ~~section~~ subdivision are mandatory for all new buildings receiving funding from the  
1.22 bond proceeds fund after January 1, 2004.

1.23 Subd. 2. Greenhouse gases. The Department of Administration and the Department  
1.24 of Commerce, with the assistance of other agencies, shall report to the legislature by  
1.25 March 15, 2007, on guidelines and procedures for a requirement that no net increases  
1.26 in greenhouse gases are allowed as a result of new building projects. The guidelines  
1.27 established under this subdivision are mandatory for all new buildings receiving funding  
1.28 from the bond proceeds fund after January 1, 2008.

1.29 "

1.30 Page 189, after line 4, insert:

1.31 "Sec. 23. Minnesota Statutes 2005 Supplement, section 216C.052, subdivision 3,  
1.32 is amended to read:

1.33 **Subd. 3. Assessment and appropriation.** In addition to the amount noted in  
1.34 subdivision 2, the commission may assess utilities, using the mechanism specified in that  
1.35 subdivision, up to an additional \$500,000 annually through June 30, ~~2006~~ 2008. The

2.1 amounts assessed under this subdivision are appropriated to the commission, and some or  
2.2 all of the amounts assessed may be transferred to the commissioner of administration, for  
2.3 the purposes specified in section 16B.325 and Laws 2001, chapter 212, article 1, section  
2.4 3, as needed to implement those sections.

2.5 Sec. 24. Minnesota Statutes 2005 Supplement, section 216C.052, subdivision 4,  
2.6 is amended to read:

2.7 Subd. 4. **Expiration.** ~~This section expires~~ Subdivisions 1 and 2 expire June 30,  
2.8 2007. Subdivision 3 expires June 30, 2008.

2.9 "

2.10 Renumber the sections in sequence and correct the internal references

2.11 Amend the title accordingly

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 109, after line 15, insert:

1.4 "Sec. 16. LEASE LEVY; ADMINISTRATIVE SPACE, ROCORI AND  
1.5 FARIBAULT.

1.6 Independent School Districts Nos. 656, Faribault, and 750, Rocori, may lease  
1.7 administrative space under Minnesota Statutes, section 126C.40, subdivision 1, if the  
1.8 district can demonstrate to the satisfaction of the commissioner of education that the  
1.9 administrative space is less expensive than instructional space that the district would  
1.10 otherwise lease. The commissioner must deny this levy authority unless the district  
1.11 passes a resolution stating its intent to lease instructional space under Minnesota Statutes,  
1.12 section 126C.40, subdivision 1, if the commissioner does not grant authority under this  
1.13 section. The resolution must also certify that a lease of administrative space under this  
1.14 section is less expensive than the district's proposed instructional lease. Levy authority  
1.15 under this section shall not exceed the total levy authority under Minnesota Statutes,  
1.16 section 126C.40, subdivision 1, paragraph (e).

1.17 **EFFECTIVE DATE.** This section is effective for revenue for taxes payable in  
1.18 2007."

1.19 Renumber the sections in sequence and correct the internal references

1.20 Amend the title accordingly

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 189, after line 24, insert:

1.4 "Sec. 24. Minnesota Statutes 2004, section 298.22, subdivision 1, is amended to  
1.5 read:

1.6 Subdivision 1. **The office of the commissioner of Iron Range resources and**  
1.7 **rehabilitation.** (1) The office of the commissioner of Iron Range resources and  
1.8 rehabilitation is created as an agency in the executive branch of state government. The  
1.9 governor shall appoint the commissioner of Iron Range resources and rehabilitation under  
1.10 section 15.06.

1.11 (2) The commissioner may hold other positions or appointments that are not  
1.12 incompatible with duties as commissioner of Iron Range resources and rehabilitation. The  
3 commissioner may appoint a deputy commissioner. All expenses of the commissioner,  
1.14 including the payment of such staff and other assistance as may be necessary, must be  
1.15 paid out of the amounts appropriated by section 298.28 or otherwise made available by  
1.16 law to the commissioner.

1.17 (3) When the commissioner determines that distress and unemployment exists or  
1.18 may exist in the future in any county by reason of the removal of natural resources or  
1.19 a possibly limited use of natural resources in the future and any resulting decrease in  
1.20 employment, the commissioner may use whatever amounts of the appropriation made to  
1.21 the commissioner of revenue in section 298.28 that are determined to be necessary and  
1.22 proper in the development of the remaining resources of the county and in the vocational  
3 training and rehabilitation of its residents, except that the amount needed to cover cost  
1.24 overruns awarded to a contractor by an arbitrator in relation to a contract awarded by  
1.25 the commissioner or in effect after July 1, 1985, is appropriated from the general fund.  
1.26 For the purposes of this section, "development of remaining resources" includes, but is  
1.27 not limited to, the promotion of tourism.

1.28 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.29 Sec. 25. Minnesota Statutes 2004, section 298.22, subdivision 8, is amended to read:

1.30 Subd. 8. **Spending priority.** In making or approving any expenditures on programs  
1.31 or projects, the commissioner and the board shall give the highest priority to programs  
and projects that target relief to those areas of the taconite assistance area as defined in  
33 section 273.1341, that have the largest percentages of job losses and population losses  
1.34 directly attributable to the economic downturn in the taconite industry since the 1980s.  
1.35 The commissioner and the board shall compare the 1980 population and employment

2.1 figures with the 2000 population and employment figures, and shall specifically consider  
 2.2 the job losses in 2000 and 2001 resulting from the closure of LTV Steel Mining Company,  
 2.3 in making or approving expenditures consistent with this subdivision, as well as the areas  
 2.4 of residence of persons who suffered job loss for which relief is to be targeted under this  
 2.5 subdivision. The commissioner may lease, for a term not exceeding 50 years and upon the  
 2.6 terms determined by the commissioner and approved by the board, surface and mineral  
 2.7 interests owned or acquired by the state of Minnesota acting by and through the office  
 2.8 of the commissioner of Iron Range resources and rehabilitation within those portions of  
 2.9 the taconite assistance area impacted by the closure of the LTV Steel Mining Company  
 2.10 facility near Hoyt Lakes. The payments and royalties from such leases must be deposited  
 2.11 into the fund established in section 298.292. This subdivision supersedes any other  
 2.12 conflicting provisions of law and does not preclude the commissioner and the board from  
 2.13 making expenditures for programs and projects in other areas.

2.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.15 Sec. 26. Minnesota Statutes 2004, section 298.22, is amended by adding a subdivision  
 2.16 to read:

2.17 Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation  
 2.18 shall annually prepare a budget of operational expenditures, programs, and projects, and  
 2.19 submit it to the Iron Range Resources and Rehabilitation Board and the governor for  
 2.20 approval. Upon board approval, the commissioner is authorized to expend available funds  
 2.21 approved in the budget for operational expenditures, projects, and programs.

2.22 Sec. 27. Minnesota Statutes 2004, section 298.2213, subdivision 4, is amended to read:

2.23 Subd. 4. **Project approval.** The board and commissioner shall by August 1 each  
 2.24 year prepare a list of projects to be funded from the money appropriated in this section  
 2.25 with necessary supporting information including descriptions of the projects, plans, and  
 2.26 cost estimates. A project must not be approved by the board unless it finds that:

- 2.27 (1) the project will materially assist, directly or indirectly, the creation of additional
- 2.28 long-term employment opportunities;
- 2.29 (2) the prospective benefits of the expenditure exceed the anticipated costs; and
- 2.30 (3) in the case of assistance to private enterprise, the project will serve a sound
- 2.31 business purpose.

2.32 ~~To be proposed by the board,~~ Each project must be approved by a majority of  
 2.33 the Iron Range Resources and Rehabilitation Board members and the commissioner of  
 2.34 Iron Range resources and rehabilitation. The list of projects must be submitted to the  
 2.35 governor, who shall, by November 15 of each year, approve, disapprove, or return for

3.1 further consideration, each project. The money for a project may be spent only upon  
3.2 approval of the project by the governor. The board may submit supplemental projects  
3.3 for approval at any time.

3.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.5 Sec. 28. Minnesota Statutes 2004, section 298.223, subdivision 2, is amended to read:

3.6 Subd. 2. **Administration.** The taconite area environmental protection fund shall be  
3.7 administered by the commissioner of the Iron Range Resources and Rehabilitation Board.  
3.8 The commissioner shall by September 1 of each year submit to the board a list of projects  
3.9 to be funded from the taconite area environmental protection fund, with such supporting  
3.10 information including description of the projects, plans, and cost estimates as may be  
3.11 necessary. Upon approval by a majority of the members of the Iron Range Resources  
3.12 and Rehabilitation Board, this list shall be submitted to the governor by November 1 of  
3.13 each year. By December 1 of each year, the governor shall approve or disapprove, or  
3.14 return for further consideration, each project. Funds for a project may be expended only  
3.15 upon approval of the project by the board and governor. The commissioner may submit  
3.16 supplemental projects to the board and governor for approval at any time.

3.17 Sec. 29. Minnesota Statutes 2004, section 298.223, subdivision 3, is amended to read:

3.18 Subd. 3. **Appropriation.** There is hereby annually appropriated to the commissioner  
3.19 of Iron Range resources and rehabilitation such taconite area environmental protection  
3.20 funds as are necessary to carry out the projects and programs approved and such funds as  
3.21 are necessary for administration of this section. Annual administrative costs, not including  
3.22 detailed engineering expenses for the projects, shall not exceed five percent of the amount  
3.23 annually expended from the fund.

3.24 Funds for the purposes of this section are provided by section 298.28, subdivision  
3.25 11, relating to the taconite area environmental protection fund.

3.26 Sec. 30. Minnesota Statutes 2005 Supplement, section 298.296, subdivision 1, is  
3.27 amended to read:

3.28 Subdivision 1. **Project approval.** The board and commissioner shall by August 1 of  
3.29 each year prepare a list of projects to be funded from the Douglas J. Johnson economic  
3.30 protection trust with necessary supporting information including description of the  
3.31 projects, plans, and cost estimates. These projects shall be consistent with the priorities  
established in section 298.292 and shall not be approved by the board unless it finds that:

3.33 (a) the project will materially assist, directly or indirectly, the creation of additional  
3.34 long-term employment opportunities;

3.35 (b) the prospective benefits of the expenditure exceed the anticipated costs; and

4.1 (c) in the case of assistance to private enterprise, the project will serve a sound  
4.2 business purpose.

4.3 ~~To be proposed by the board, a~~ Each project must be approved by at least eight  
4.4 Iron Range Resources and Rehabilitation Board members and the commissioner of  
4.5 Iron Range resources and rehabilitation. The list of projects shall be submitted to the  
4.6 governor, who shall, by November 15 of each year, approve or disapprove, or return for  
4.7 further consideration, each project. The money for a project may be expended only upon  
4.8 approval of the project by the governor. The board may submit supplemental projects  
4.9 for approval at any time.

4.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.11 Sec. 31. Minnesota Statutes 2005 Supplement, section 298.298, is amended to read:

4.12 **298.298 LONG-RANGE PLAN.**

4.13 Consistent with the policy established in sections 298.291 to 298.298, the Iron  
4.14 Range Resources and Rehabilitation Board and commissioner shall prepare and present  
4.15 to the governor and the legislature by ~~January 1, 1984~~ December 31, 2006, a long-range  
4.16 plan for the use of the Douglas J. Johnson economic protection trust fund for the  
4.17 economic development and diversification of the taconite assistance area defined in  
4.18 section 273.1341. ~~The Iron Range Resources and Rehabilitation Board shall, before~~  
4.19 ~~November 15 of each even numbered year, prepare a report to the governor and legislature~~  
4.20 ~~updating and revising this long-range plan and reporting on the Iron Range Resources and~~  
4.21 ~~Rehabilitation Board's progress on those matters assigned to it by law. After January 1,~~  
4.22 ~~1984,~~ No project shall be approved by the Iron Range Resources and Rehabilitation Board  
4.23 which is not consistent with the goals and objectives established in the long-range plan.

4.24 **EFFECTIVE DATE.** This section is effective the day following final enactment."

4.25 Renumber the sections in sequence and correct the internal references

4.26 Amend the title accordingly

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 176, delete line 3 and insert:

"

1.4 **(b) Biotechpartnership** 16,000,000

1.5 "

1.7 Page 176, line 4, delete "For" and insert "Notwithstanding Minnesota Statutes,  
1.8 section 295.581, in fiscal year 2006, this appropriation is from the health care access  
1.9 fund and is for"

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 3, delete section 1 and insert:

"

1.4 Section 1. APPROPRIATIONS SUMMARY.

1.5 (General Fund Only, Excluding Forecast Adjustments)

1.6	<u>APPROPRIATIONS</u>	<u>2006</u>	<u>2007</u>	<u>TOTAL</u>
1.7	<u>Early Childhood Education</u> \$	<u>124,000</u> \$	<u>23,294,000</u> \$	<u>23,418,000</u>
1.8	<u>K-12 Education</u>	<u>463,000</u>	<u>34,437,000</u>	<u>34,900,000</u>
1.9	<u>Higher Education</u>		<u>4,700,000</u>	<u>4,700,000</u>
1.10	<u>Environment &amp; Agriculture</u>	<u>523,000</u>	<u>2,363,000</u>	<u>2,886,000</u>
1.11	<u>Clean Water Legacy</u>		<u>20,000,000</u>	<u>20,000,000</u>
1.12	<u>Economic Development</u>	<u>2,000,000</u>	<u>2,850,000</u>	<u>4,850,000</u>
1.13	<u>Transportation</u>		<u>4,349,000</u>	<u>4,349,000</u>
1.14	<u>Public Safety</u>	<u>3,385,000</u>	<u>6,473,000</u>	<u>9,858,000</u>
1.15	<u>State Government</u>	<u>4,250,000</u>	<u>5,132,000</u>	<u>9,382,000</u>
1.16	<u>Health and Human Services</u>	<u>26,673,000</u>	<u>66,463,000</u>	<u>93,136,000</u>
1.17	<u>SUBTOTAL</u> \$	<u>37,418,000</u> \$	<u>170,061,000</u> \$	<u>207,479,000</u>
1.18	<u>TRANSFERS IN</u>	<u>2,933,000</u>	<u>900,000</u>	<u>3,833,000</u>
1.19	<u>TOTAL</u> \$	<u>34,485,000</u> \$	<u>169,161,000</u> \$	<u>203,646,000</u>

1.20 "

1.22 Page 4, line 11, delete "199B.03" and insert "119B.03"

1.23 Page 8, line 6, delete the colon

1.24 Page 8, line 7, delete "(1)"

1.25 Page 8, line 8, delete the semicolon and strike "or"

1.26 Page 8, lines 10 and 11, delete the new language and insert "except that in counties  
1.27 where the maximum rate is set at the 100th percentile on January 1, 2006, as published in  
1.28 Policy Bulletin 05-68-15, the maximum rate shall continue to be set at the 100th percentile"

1.29 Page 8, line 18, delete "clause (1),"

1.30 Page 154, line 16, after the period, insert "This is a onetime appropriation."

1.31 Page 169, line 31, before "This" insert "Except as otherwise provided,"

32 Page 200, line 8, delete "16 to 18" and insert "24 to 26"

1.33 Page 212, line 1, after "seek" insert a comma

1.34 Page 219, line 24, delete "2" and insert "1a"

- 2.1 Page 220, line 12, delete "safe" and insert "safer"
- 2.2 Page 220, line 18, after "(5)" insert "list"
- 2.3 Page 231, line 7, after the period, insert "This is a onetime appropriation."
- 2.4 Page 234, line 32, delete "13" and insert "14"
- 2.5 Page 367, line 34, delete "(i)"
- 2.6 Page 368, line 2, delete the semicolon and strike "or"
- 2.7 Page 368, lines 4 and 5, delete the new language and insert "except that in counties  
2.8 where the maximum rate is set at the 100th percentile on January 1, 2006, as published in  
2.9 Policy Bulletin 05-68-15, the maximum rate shall continue to be set at the 100th percentile"
- 2.10 Page 403, line 12, delete the first comma and insert "or" and delete ", or community  
2.11 behavioral health hospital"
- 2.12 Page 403, line 16, delete the first comma and insert "or" and delete ", or hospital"
- 2.13 Page 403, line 32, delete "facility" and insert "hospital"
- 2.14 Page 404, line 3, delete "center, facility, or"

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 231, after line 7, insert:

"

1.4 Sec. 4. SECRETARY OF STATE

1.5 Subdivision 1. Total Appropriation 4,000,000

1.6 This onetime appropriation is from the Help  
1.7 America Vote Act account in the special  
1.8 revenue fund and is available until June  
1.9 30, 2007. It may be spent for the purposes  
1.10 described in the following subdivisions.

1.11 Subd. 2. Election day registration system 1,700,000

1.12 For development of the platform for a  
1.13 statewide, real-time polling-place based  
1.14 election day registration system that will also  
1.15 support the use of electronic polling books  
1.16 in the polling place.

1.17 Subd. 3. Electronic voting systems 2,300,000

1.18 To be distributed before August 1, 2006,  
1.19 to mitigate expenses of certain counties  
1.20 for electronic voting systems required and  
1.21 permitted to be purchased under Laws  
1.22 2005, chapter 162, and to be used only for  
1.23 electronic voting systems permitted by that  
1.24 law and the Help America Vote Act, Public  
1.25 Law 107-252, as follows:

- 1.26 (a) Anoka County \$233,000
- 1.27 (b) Benton County 21,000
- 1.28 (c) Carver County 142,000
- 1.29 (d) Crow Wing County 7,000
- 30 (e) Dakota County 276,000
- 1.31 (f) Dodge County 42,000
- 1.32 (g) Fillmore County 83,000
- 1.33 (h) Kanabec County 32,000

2.1	<u>(i) Lac Qui Parle</u>	
2.2	<u>County</u>	<u>3,000</u>
2.3	<u>(j) Mille Lacs County</u>	<u>45,000</u>
2.4	<u>(k) Nicollet County</u>	<u>4,000</u>
2.5	<u>(l) Olmsted County</u>	<u>144,000</u>
2.6	<u>(m) Pennington County</u>	<u>3,000</u>
2.7	<u>(n) Pope County</u>	<u>22,000</u>
2.8	<u>(o) Ramsey County</u>	<u>887,000</u>
2.9	<u>(p) Renville County</u>	<u>17,000</u>
2.10	<u>(q) Stearns County</u>	<u>102,000</u>
2.11	<u>(r) Steele County</u>	<u>62,000</u>
2.12	<u>(s) Todd County</u>	<u>13,000</u>
2.13	<u>(t) Washington County</u>	<u>162,000</u>

2.14 Subd. 4. Sales Tax on Voting Systems

2.15 Sales tax receipts from purchases of  
 2.16 electronic voting systems that comply with  
 2.17 the requirements of the Help America Vote  
 2.18 Act, Public Law 107-252, made on or after  
 2.19 February 1, 2006, by counties using money  
 2.20 from the Help America Vote Act account in  
 2.21 the state treasury must be credited to that  
 2.22 account, notwithstanding any other law to the  
 2.23 contrary, and are appropriated to the secretary  
 2.24 of state to improve election administration  
 2.25 consistent with the Help America Vote Act.

2.26 **EFFECTIVE DATE.** This section is effective retroactively from February 1, 2006."

2.28 Renumber the sections in sequence and correct the internal references

2.29 Correct the appropriation summaries in articles 1 and 17

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 9, after line 22, insert:

1.4 "Sec. 9. Minnesota Statutes 2004, section 121A.17, subdivision 3, is amended to read:

1.5 Subd. 3. **Screening program.** (a) A screening program must include at least the  
1.6 following components: developmental assessments, hearing and vision screening or  
1.7 referral, immunization review and referral, the child's height and weight, identification  
1.8 of risk factors that may influence learning, an interview with the parent about the child,  
1.9 and referral for assessment, diagnosis, and treatment when potential needs are identified.  
1.10 The district and the person performing or supervising the screening must provide a  
1.11 parent or guardian with clear written notice that the parent or guardian may decline to  
1.12 answer questions or provide information about family circumstances that might affect  
3 development and identification of risk factors that may influence learning. The notice  
1.14 must clearly state that declining to answer questions or provide information does not  
1.15 prevent the child from being enrolled in kindergarten or first grade if all other screening  
1.16 components are met. If a parent or guardian is not able to read and comprehend the written  
1.17 notice, the district and the person performing or supervising the screening must convey  
1.18 the information in another manner. The notice must also inform the parent or guardian  
1.19 that a child need not submit to the district screening program if the child's health records  
1.20 indicate to the school that the child has received comparable developmental screening  
1.21 performed within the preceding 365 days by a public or private health care organization or  
1.22 individual health care provider. The notice must be given to a parent or guardian at the  
3 time the district initially provides information to the parent or guardian about screening  
1.24 and must be given again at the screening location.

1.25 (b) The social/emotional component of the developmental assessment must be  
1.26 completed using a social/emotional screening instrument approved by the commissioner  
1.27 of education, and consistent with the standards of the commissioners of health and human  
1.28 services.

1.29 (c) All screening components shall be consistent with the standards of the state  
1.30 commissioner of health for early developmental screening programs. A developmental  
1.31 screening program must not provide laboratory tests or a physical examination to any  
1.32 child. The district must request from the public or private health care organization or the  
1.33 individual health care provider the results of any laboratory test or physical examination  
1.34 within the 12 months preceding a child's scheduled screening.

1.35 ~~(e)~~(d) If a child is without health coverage, the school district must refer the child to  
1.36 an appropriate health care provider.

2.1           ~~(d)~~(e) A board may offer additional components such as nutritional, physical and  
2.2 dental assessments, review of family circumstances that might affect development, blood  
2.3 pressure, laboratory tests, and health history.

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

2.8           Renumber the sections in sequence and correct the internal references

2.9           Amend the title accordingly

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 204, line 28, delete "1,883,000" and insert "1,983,000"

1.4 Page 209, after line 20, insert:

"

1.5 **(i) Additional Minneapolis peace officers** -0- 100,000

1.6 For a grant to the city of Minneapolis.

1.7 This grant money is to be used by the

1.8 Minneapolis Police Department to hire

1.9 additional peace officers to be assigned to

1.10 downtown Minneapolis.

1.11 The commissioner shall work with the Bureau of Criminal Apprehension, the State Patrol,  
1.12 the Hennepin County Sheriff's Office, the Minneapolis Police Department, and the Metro  
1.13 Transit Police, in a collaborative manner to increase and coordinate law enforcement  
1.14 efforts in downtown Minneapolis."

1.16 Page 209, line 22, delete "3,930,000" and insert "3,830,000"

1.17 Page 209, line 29, delete "3,209,000" and insert "3,109,000"

1.18 Correct the subdivision and section totals and the summaries by fund

1.1 Senator ..... moves to amend the Supplemental Appropriations bill

1.2 (SC4643) as follows:

1.3 Page 179, line 16, delete "2,000,000" and insert "1,750,000"

1.4 Page 202, line 33, delete "429,000" and insert "400,000"

1.5 Page 209, after line 20, insert:

"

1.6	<b><u>(i) Financial Crimes Task Force</u></b>	<u>177,000</u>	<u>177,000</u>
-----	---	----------------	----------------

1.8 "

1.9 Page 231, line 8, delete "275,000" and insert "200,000"

1.10 Correct the section totals and the appropriation summaries

1.1 Senator ..... moves to amend the Supplemental Appropriations bill  
1.2 (SC4643) as follows:

1.3 Page 201, delete lines 10 and 11, and insert:

1.4 "This appropriation is available until

1.5 expended."

**Senate Counsel, Research,  
and Fiscal Analysis**

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**Senate**

**State of Minnesota**

**S.F. No. 3016 - Welfare Reform/Foreign Operating  
Corporation Tax Bill**

**Author:** Senator Linda Berglin

**Prepared by:** Joan White, Senate Counsel (651/296-3814)

**Date:** March 13, 2006



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**Article 1 - Welfare Reform Article**

**Section 1** (Minnesota Statutes 2005 Supplement, section 119B.09, subdivision 1) changes the eligibility for child care assistance, allowing households that have an income less than or equal to 200 percent of the federal poverty guidelines, instead of 175 percent, to be eligible for child care assistance.

**Section 2** (proposed coding, section 119B.095) reinstates the child care co-payment schedule that was effective prior to the 2003 legislative session.

**Section 3** (Minnesota Statutes 2004, section 119B.13, adding subdivision 8) provides a two percent cost of living increase to child care provider rates.

**Section 4** (Minnesota Statutes 2005 Supplement, section 256D.03, subdivision 3) reinstates emergency services under the general assistance medical care (GAMC) program for undocumented noncitizens and nonimmigrants.

**Section 5** (Minnesota Statutes 2005 Supplement, section 256D.03, subdivision 4) eliminates GAMC co-payments

**Section 6** (Minnesota Statutes 2005 Supplement, section 256J.21, subdivision 2) strikes a cross reference to a provision that is being repealed.

**Section 7** (Minnesota Statutes 2004, section 256J.24, adding subdivision 5b) provides a ten percent cost of living increase to the MFIP transitional standard.

**Section 8** provides repealers.

Paragraph (a), Minnesota Statutes, section 256B.0631, subdivisions 2 and 4, repeals Medical Assistance co-payments; section 256J.37, subdivision 3a, repeals the MFIP housing penalty; and section 256L.04, subdivision 10, repeals MinnesotaCare ineligibility provisions for noncitizens..

Paragraph (b), Minnesota Statutes, section 256B.0631, subdivisions 1 and 3, repeal Medical Assistance co-payments; and section 256J.37, subdivision 3b, repeals the MFIP SSI penalty.

Paragraph (c) repeals the existing child care fee schedule.

### **Article 2 - Tax Article**

Article 2 contains tax provisions related to foreign operating corporations.

JW:mvm

**Consolidated Fiscal Note – 2005-06 Session**

**Bill #:** S3016-1A **Complete Date:** 04/09/06

**Chief Author:** BERGLIN, LINDA

**Title:** WELFARE REFORM & TAX ARTICLES

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue	X	

**Agencies:** Human Services Dept (04/09/06)

Revenue Dept (03/24/06)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Net Expenditures</b>					
General Fund		0	46,078	60,940	68,764
Human Services Dept		0	46,078	60,940	68,764
Health Care Access Fund		0	0	0	503
Human Services Dept		0	0	0	503
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund		0	46,078	60,940	68,764
Human Services Dept		0	46,078	60,940	68,764
Health Care Access Fund		0	0	0	503
Human Services Dept		0	0	0	503
<b>Total Cost &lt;Savings&gt; to the State</b>		0	46,078	60,940	69,267

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalent</b>					
-- No Impact --					
<b>Total FTE</b>					

**Consolidated EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER

Date: 04/09/06 Phone: 296-6661

**Fiscal Note – 2005-06 Session**

**Bill #:** S3016-1A **Complete Date:** 04/09/06

**Chief Author:** BERGLIN, LINDA

**Title:** WELFARE REFORM & TAX ARTICLES

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

**Agency Name:** Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
<b>Expenditures</b>					
General Fund		0	46,078	60,940	68,764
Health Care Access Fund		0	0	0	503
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
General Fund		0	46,078	60,940	68,764
Health Care Access Fund		0	0	0	503
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
General Fund		0	46,078	60,940	68,764
Health Care Access Fund		0	0	0	503
<b>Total Cost &lt;Savings&gt; to the State</b>		0	46,078	60,940	69,267

	FY05	FY06	FY07	FY08	FY09
<b>Full Time Equivalents</b>					
-- No Impact --					
<b>Total FTE</b>					

**Narrative: SF 3016-1A**

Bill Description

This bill would make changes in program eligibility, copayments and provider rates in the Child Care Assistance programs. It would increase the program entry level for transition year and basic sliding fee (BSF) child care assistance programs from 175% of the Federal Poverty Guideline (FPG) to 200% of the FPG, would reduce the copayment fees for families with incomes that exceed the federal poverty guidelines (FPG) and would increase provider rates by a one-time 2% cost of living adjustment.

The bill restores emergency General Assistance Medical Care (GAMC) eligibility for undocumented immigrants and nonimmigrants and ongoing GAMC for undocumented immigrants and nonimmigrant children under age 18, aged, blind and disabled individuals and Cuban and Haitian entrants and eliminates MA and GAMC Copayments. The bill also eliminates the MinnesotaCare citizenship and immigration status requirements.

Finally, the bill provides for a one-time 10% cost of living adjustment to the Minnesota Family Investment Program (MFIP) and the Diversionary Work Program (DWP) transitional standard. Due to the need for initial Federal approval the Department would implement the cost of living rate increase as an ongoing annual increase effective August 1, 2006 and July 1 each year thereafter.

Assumptions

See Attached

Expenditure and/or Revenue Formula

See attached

	2006	2007	2008	2009
		(thousands)		
Section 1 Child Care Assistance Entry Level to 200%	\$0	\$3,306	\$6,750	\$6,855
Section 2 Child Care Assistance Co-pay Changes	\$0	\$3,093	\$4,134	\$4,171
Section 3 Child Care Assistance Provider 2% COLA (one-time) \$0	\$3,525	\$4,158	\$3,929	
Section 4 GAMC Eligibility Changes - HCAF	\$0	\$0	\$0	\$503
Section 4 GAMC Eligibility Changes - GF	\$0	\$0	\$0	\$6,250
Section 5 GAMC Co-pays Eliminated	\$0	\$7,516	\$15,120	\$16,777
Section 6 MFIP COLA (one time)	\$0	\$17,182	\$18,802	\$18,813
Section 8 Repealer MFIP \$50 Housing and SSI Income	\$0	\$10,944	\$11,965	\$11,969
Systems - One Month HealthMatch delay (state share, co-pays)	\$0	\$465	\$8	\$0
MMIS Costs	\$0	\$6	\$3	\$0
MAXIS Costs (MFIP Changes)	\$0	\$41	\$0	\$0
<b>TOTAL</b>	<b>\$0</b>	<b>\$46,078</b>	<b>\$60,940</b>	<b>\$69,267</b>

Long-term Fiscal Considerations

Local Government Costs

References/Sources

Susan Snyder  
Reports & Forecasts Division  
MN Dept of Human Services  
651.431.2947

George Hoffman  
Reports & Forecasts Division  
MN Dept. of Human Services  
651.431.2940

Minnesota  
MFIP and CCAP  
Fiscal Analysis of SF3016 Amended

Section 1: 200% FPG Entry

TY Entry From 175-200% FPG

This section establishes income eligibility for transition year child care for families up to 200% FPG. The effect of this change is to add eligibility for families who exit MFIP with income above the current TY entry level of 175% FPG and below 200% FPG.

Based on department data, it is estimated that about 2% of MFIP exits in a given month result from income between 175-200% FPG. It is further estimated that about one-fifth of these exits had no prior subsidized child care usage. Without prior use of MFIP child care, these cases would need to satisfy an initial income test and would be denied TY eligibility under current law. Finally, we assume about 30% of these former MFIP cases would apply for subsidized child care, and that each case would use an average of nine months of TY child care if eligible.

Since these additional families have average incomes higher than the overall TY caseload, they will pay higher average copays. Thus, the average monthly CCAP payment for these cases will be lower than the overall projections under current law. Based on department caseload data and the proposed copay schedule, the average CCAP payment for these additional cases is projected to be about \$75 per month less than the overall TY caseload average.

This section assumes the proposed maximum rate schedule and copay schedule in sections 2 and 3.

The effective date is July 1, 2006. A twelve-month phase-in is assumed due to initial eligibility determination, and billing lags.

	FY 2006	FY 2007	FY 2008	FY 2009
Average monthly MFIP exits	2,820	2,820	2,820	2,820
Estimated pct 175%-200% FPG	2%	2%	2%	2%
Avg monthly MFIP exits between 175-200% FPG	62	62	62	62
Percent with no prior child care	20%	20%	20%	20%
Avg monthly MFIP exits 175-200% FPG with no prior child care	12	12	12	12
Pct applying for TY child care	30%	30%	30%	30%
Avg mthly MFIP exits currently denied TY child care	4	4	4	4
Avg no. TY months per case	9	9	9	9
Avg monthly TY child care pmt (with copay adjustments)	\$809	\$787	\$799	\$808
Phase-in effect	0%	50%	100%	100%
TY direct service cost	\$0	\$159,320	\$323,727	\$327,169
Administrative allowance	\$0	\$7,966	\$16,186	\$16,358
Total TY cost	\$0	\$167,286	\$339,913	\$343,528

BSF Entry From 175-200% FPG

This section also eliminates the requirement that families have income less than 175% FPG to become eligible for the Basic Sliding Fee (BSF) program. Under current law, families must be below 175% FPG to enter the BSF program. However, once eligible, they can remain in the program until the family reaches 250% FPG. This policy change would allow additional families to become eligible for the BSF program with application incomes between 175-200% FPG.

During FY2003, the BSF program operated under an entry and exit income threshold of 300% FPG. This fiscal analysis assumes a similar income distribution to the FY2003 historical experience for families with incomes between 175-200% FPG. The fiscal analysis also recognizes that families who satisfy initial income eligibility can then remain BSF eligible until they reach 250% FPG. Thus, there is also a projected increase in BSF families with incomes between 200-250% FPG under this proposal.

Based on sample data used in federal reporting, it is estimated that about 12% of the current average monthly BSF caseload has income between 175-200% FPG. It is further estimated that about 17% of the FY2003 average monthly BSF caseload had income between 175-200% FPG. This difference can be interpreted as the additional expected caseload with incomes between 175-200% FPG if the 175% FPG income requirement were changed to 200% FPG for initial eligibility determination. Based on the projected average monthly BSF caseload in FY2007, this translates into an additional 535 average monthly BSF cases with incomes between 175-200% FPG. Further, these families with application incomes between 175-200% FPG are BSF eligible until their income reaches 250% FPG. It is estimated that this results in an additional 178 average monthly families in BSF with incomes between 200-250% FPG.

Since these additional BSF families have average incomes higher than the overall BSF caseload, they will pay higher average copays. Thus, the average monthly CCAP payment for these cases will be lower than the overall projections under current law. Based on department BSF caseload data and the proposed copay schedule, the average CCAP payment for these additional cases is projected to be about \$73 per month less than the overall BSF caseload average.

BSF is a capped appropriation that is allocated to counties. If BSF funding is not adjusted to reflect the costs in this fiscal note or the actual demand for BSF eligibility among families with application incomes between 175-200% FPG exceeds these projections, it will result in a larger waiting list.

This section assumes the proposed maximum rate schedule and copay schedule in sections 2 and 3.

The effective date is July 1, 2006. A twelve-month phase-in is assumed due to county allocation adjustments, initial eligibility determination, and billing lags.

	FY2006	FY2007	FY2008	FY2009
Additional avg mo. BSF cases	713	713	713	713
Average monthly BSF payment (with copay adjustments)	\$713	\$698	\$713	\$725
Phase-in effect	0%	50%	100%	100%
BSF direct service cost	\$0	\$2,988,781	\$6,104,463	\$6,201,542
Administrative allowance	\$0	\$149,439	\$305,223	\$310,077
Total BSF Cost	\$0	\$3,138,220	\$6,409,686	\$6,511,619
Total Cost of Section 1	\$0	\$3,305,506	\$6,749,599	\$6,855,147

#### Section 2: Copayment Change

This section repeals the current law CCAP copayment schedule and replaces it with a new schedule. The current law schedule charges no copay for families with income under 75% FPG, charges a copay of \$5/month for families with incomes between 75% and 100% FPG, and charges a sliding scale copay amount starting at 3.23% of income for families between 100%-125% FPG and ending with 18% income for families between 245%-250% FPG. The new copay schedule would charge no copay for families with incomes under 100% FPG and specifies a sliding scale copay amount starting at 2.20% of income for families with 35% of State Median Income (SMI) and ending with 20% of income for families between 74.5 and 75% SMI.

Based on department data and the published copayment tables for FY2006, it is estimated that the average monthly MFIP/TY copay would decrease by about \$9/month (from \$30/month to \$21/month) under the new schedule, and the average monthly BSF copay would decrease by about \$30/month (from \$98/month to \$68/month).

This section assumes the proposed maximum rate schedule in section 3.

The effective date is July 1, 2006. This copay change will impact individual CCAP cases as their income is redetermined, leading to a 6-month phase-in.

	FY2006	FY2007	FY2008	FY2009
MFIP/TY Child Care				
Avg mo. MFIP/TY cases (fcst)	8,568	8,846	8,786	8,791
Additional MFIP/TY cases (from max rate change)	0	64	39	19
Avg monthly MFIP/TY cases	8,568	8,910	8,825	8,810
Avg mo. copay reduction	\$9	\$9	\$9	\$9
Phase-in	0%	75%	100%	100%
MFIP/TY direct service cost	\$0	\$728,207	\$961,679	\$960,140
County administrative allowance	\$0	\$36,410	\$48,084	\$48,007
Total MFIP/TY cost	\$0	\$764,617	\$1,009,763	\$1,008,147
BSF Child Care				
Avg monthly BSF cases	8,394	8,254	8,304	8,408
Avg mo. copay reduction	\$30	\$30	\$30	\$30
Phase-in	0%	75%	100%	100%

BSF direct service cost	\$0	\$2,217,815	\$2,975,153	\$3,012,350
County administrative allowance	\$0	\$110,891	\$148,758	\$150,617
<b>Total BSF cost</b>	<b>\$0</b>	<b>\$2,328,706</b>	<b>\$3,123,910</b>	<b>\$3,162,967</b>
<b>Total Cost of Section 2</b>	<b>\$0</b>	<b>\$3,093,323</b>	<b>\$4,133,673</b>	<b>\$4,171,114</b>
Section 3: Reimbursement Rates Adjustment				

Maximum reimbursement rates for child care providers were frozen July 1, 2003 at the levels that were set in 2002. Some maximum rates in rural counties were increased July 1, 2005, and on Jan 1, 2006, most maximum rates were increased to the lesser of the 75th percentile of the most recent market rates survey (2005) or the frozen rates inflated by 1.75%.

This section provides a one-time 2% cost of living increase to maximum reimbursement rates for child care providers.

The fiscal impact of this policy change results from a) an expected MFIP child care caseload increase; b) an average payment increase that affects the MFIP, TY, and BSF programs; and c) a small adjustment in the cost of accelerated payments due to the implementation of the MEC2 system. Phase-in of rates is built into the estimated payment and caseload increases.

The relationship between average CCAP caseload and published maximum reimbursement rates is used to estimate the effect of increased reimbursement rates on MFIP child care caseload. Based on historical experience, and assuming phase-in of new cases, it is estimated that 64 additional average monthly MFIP child care cases will result in FY07 because of the increased reimbursement rates.

The relationship between historical average CCAP payments and published maximum reimbursement tables is used to estimate the effect of the maximum rate increase on payments. These effects are also adjusted for expected phase-in of implementation. In FY07 avg. monthly payments are expected to increase between \$11 and \$15 per case.

BSF is a capped appropriation that is allocated to counties. This fiscal analysis uses a "base forecast" which assumes a caseload in the BSF program based on the number of cases that are expected to be served given the average payments projected in the February 2006 forecast.

The effective date for this section is July 1, 2006.

MFIP Caseload Effect	FY2006	FY2007	FY2008	FY2009
Average monthly MFIP child care caseload, increase	0	64	39	19
Average monthly MFIP payment Months	\$971	\$1,010	\$1,030	\$1,045
	0	12	12	12
Direct service cost	\$0	\$771,644	\$481,616	\$243,522
Administrative allowance	\$0	\$38,582	\$24,081	\$12,176
<b>MFIP cost due to caseload increase</b>	<b>\$0</b>	<b>\$810,226</b>	<b>\$505,697</b>	<b>\$255,698</b>
MFIP Average Payment Effect	FY2006	FY2007	FY2008	FY2009
Avg mo. MFIP CCAP caseload	5,765	6,032	5,997	6,010
Avg mo. MFIP payment increase	\$0	\$15	\$20	\$20
Number of months	0	12	12	12
Total direct service cost	\$0	\$1,054,556	\$1,427,392	\$1,452,051
Administrative allowance	\$0	\$52,728	\$71,370	\$72,603
<b>MFIP cost due to avg payment</b>	<b>\$0</b>	<b>\$1,107,284</b>	<b>\$1,498,762</b>	<b>\$1,524,654</b>
TY Average Payment Effect	FY2006	FY2007	FY2008	FY2009
Avg mo. TY caseload	2,802	2,814	2,789	2,781
Avg mo. TY payment increase	\$0	\$12	\$16	\$17
Months	0	12	12	12
Direct service cost	\$0	\$410,024	\$550,651	\$554,610
Administrative allowance	\$0	\$20,501	\$27,533	\$27,730
<b>TY cost due to average payment</b>	<b>\$0</b>	<b>\$430,525</b>	<b>\$578,184</b>	<b>\$582,340</b>
BSF Average Grant Effect	FY2006	FY2007	FY2008	FY2009

Avg mo. BSF caseload	8,394	8,254	8,304	8,408
Avg mo. BSF payment increase	\$0	\$11	\$15	\$15
Months	0	12	12	12
Direct service cost	\$0	\$1,059,549	\$1,451,428	\$1,491,619
Administrative allowance	\$0	\$52,977	\$72,571	\$74,581
BSF total cost due to avg pmt	\$0	\$1,112,527	\$1,524,000	\$1,566,200
Increased Billing During System Transition	FY2006	FY2007	FY2008	FY2009
MFIP/TY direct service cost due to system transition	\$0	\$41,929	\$30,746	\$0
Administrative allowance	\$0	\$2,096	\$1,537	\$0
MFIP/TY cost	\$0	\$44,026	\$32,283	\$0
BSF direct service cost due to system transition	\$0	\$19,867	\$18,143	\$0
Administrative allowance	\$0	\$993	\$907	\$0
BSF cost	\$0	\$20,860	\$19,050	\$0
Total MFIP/TY Cost	\$0	\$2,392,060	\$2,614,926	\$2,362,692
Total BSF Cost	\$0	\$1,133,387	\$1,543,050	\$1,566,200
Total Cost of Section 3	\$0	\$3,525,447	\$4,157,976	\$3,928,891

#### Minnesota

#### General Assistance Medical Care

#### Fiscal Analysis of a Proposal to

#### Restore Coverage of Certain Undocumented Individuals

#### Senate File 3016, Section 4

#### Effective January 2009

This section restores regular GAMC coverage of undocumented children, elderly, and disabled individuals, and certain Cuban and Haitian entrants. It also restores emergency GAMC coverage of other undocumented individuals.

We believe, however, that the requirement to have a Social Security number in the current law (256D.03h for GAMC; 256L.04, subd. 1a for MinnesotaCare) will continue to bar most undocumented individuals from regular GAMC and MinnesotaCare eligibility. A Social Security number is not required for emergency GAMC, so the full effect of that change is included in these estimates.

We estimate the enrollment effects of this change starting from the effects of the relevant eligibility cuts effective July 2003, which are estimated to have reduced GAMC enrollment at that time by 3025 regular enrollees and 275 emergency GAMC enrollees. We trend both enrollment numbers forward using the actual and forecasted enrollment for women covered under Minnesota's SCHIP prenatal coverage, most of whose enrollees are undocumented. Then we assume that 90% of undocumented individuals will be excluded from eligibility because they generally are unable to obtain Social Security numbers.

We use the the projected average monthly cost for GAMC-only enrollees for the regular GAMC projection. For the emergency GAMC projection, we use the average monthly cost per enrollee from January to June 2003, trended forward at 5% per year.

Regular GAMC	July 2003	FY 2006	FY 2007	FY 2008	FY 2009
SCHIP Prenatal					
Avg. monthly enrollees	1,961	2,565	2,722	2,900	3,077
GAMC Undocumented Children, Eld., Disabled					
Potential avg. mo. enrollees	3,025	3,956	4,199	4,473	4,747
Proportion with Soc. Sec. number		10.00%	10.00%	10.00%	10.00%
Projected avg. mo. enrollees					475
Avg. monthly cost		595.69	669.18	709.34	718.58
Average months / year					5.0
Total GAMC cost (gross)		\$0	\$0	\$0	\$1,705,374
Proportion shifted to MinnesotaCare					30.00%
Offset to GAMC from shift to MinnesotaCare:					
		FY 2006	FY 2007	FY 2008	FY 2009
GAMC avg. enrollment			0	0	-142
GAMC payments			\$0	\$0	-\$511,612
Net Regular GAMC Cost					
GAMC avg. enrollment			4,199	4,473	4,604
GAMC payments			\$0	\$0	\$1,193,762
MinnesotaCare					
Avg. enrollment			0	0	142
Payments			\$0	\$0	\$511,612
Premium revenue			\$0	\$0	\$8,544
Net state cost			\$0	\$0	\$503,068
Emergency GAMC					
Avg. monthly enrollees	275	360	382	407	432
Avg. monthly cost	\$1,792	\$2,024	\$2,126	\$2,232	\$2,344
Average months			0.0	0.0	5.0
Total GAMC cost			\$0	\$0	\$5,056,279

Grand total GAMC cost	\$0	\$0	\$0	\$6,250,041
Net state MinnesotaCare cost	\$0	\$0	\$0	\$503,068

Section 5

Medical Assistance and General Assistance Medical Care  
A Fiscal Analysis of a Proposal to  
Eliminate All MA and GAMC copayments

Based on actuarial estimates, current managed care rates include a reduction for copayments.

For MA and GAMC that reduction is 1.345% and 4.403%. Of the GAMC adjustment .995% is for the GAMC restorative dental copayment.

Based on actual offsets from January 2004 to June 2004, it is estimated that eliminating copayments in MA and GAMC would increase the FFS forecast for MA Families and Children by 0.24%, MA Elderly and Disabled by 0.52% and GAMC by 1.02%

Costs in MA Elderly and Disabled are adjusted to account for the impact of Medicare Part D.

Assumes a September 2006 implementation date; January 2007 for HMO.

	HMO	FFS	
MA Fam	1.345%	0.19%	
MA E&D	0.027%	0.36%	
GAMC HMO	4.403%	0.75%	

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
February 2006 Forecast (in 000s)				
HMO				
MA elderly and disabled	\$368,576	\$348,195	\$391,196	\$435,272
MA families and children	\$847,398	\$897,490	\$1,010,723	\$1,167,748
GAMC	\$199,939	\$180,820	\$127,337	\$137,050
FFS				
MA Elderly and Disabled	\$891,131	\$837,342	\$920,495	\$997,942
MA families and children	\$311,191	\$353,321	\$426,577	\$460,466
GAMC	\$91,022	\$87,836	\$80,866	\$80,262
Impact of elimination of copayments (in 000s)				
MA Elderly and Disabled HMO	\$0	\$39	\$105	\$117
MA Elderly and Disabled FFS	\$0	\$2,010	\$3,314	\$3,593
Total	\$0	\$2,049	\$3,419	\$3,710
Federal Share	\$0	\$1,024	\$1,710	\$1,855
State Share	\$0	\$1,024	\$1,710	\$1,855
MA Families and Children HMO	\$0	\$5,030	\$13,594	\$15,706
MA Families and Children FFS	\$0	\$444	\$803	\$867
Total	\$0	\$5,473	\$14,398	\$16,573
Federal Share	\$0	\$2,737	\$7,199	\$8,287

State Share	\$0	\$2,737	\$7,199	\$8,287
GAMC HMO	\$0	\$3,317	\$5,607	\$6,034
GAMC FFS	\$0	\$438	\$605	\$601
GAMC Total	\$0	\$3,755	\$6,212	\$6,635
Total GF	\$0	\$7,516	\$15,120	\$16,777

Section 7: MFIP Transitional Standard COLA

This section increases the MFIP transitional standard with a one-time 10% increase to the cash portion of the transitional standard. It is assumed that the Family Wage Level (FWL) will remain at 110% of the new transitional standard, and that the Earned Income Disregard (currently at 37%) will be adjusted to maintain the MFIP exit level at 115% of FPG.

This change will increase MFIP cash grants through the higher transitional standard (for families without earnings) or the family wage level (for families with earnings). DWP cash grants may be increased because the grant is capped at the MFIP transitional standard. Both MFIP and DWP grants can also be affected through the change in the earned income disregard. In addition, new MFIP & DWP cases are subject to an initial income eligibility test which is based on the transitional standard; cases that are currently ineligible may become eligible with the higher transitional standards.

In FY07, the COLA will increase the transitional standard for a family of size 3 from its current level of \$884 to \$938, and the corresponding FWL from \$972 to \$1,032. To maintain the MFIP exit level at 115% of FPG, at 2006 FPG levels, the earned income disregard would decrease from 37% to 35%.

Using DHS data, it is estimated that MFIP average grants will increase by \$43 per month, and DWP average grants will increase by \$19 per month.

It is also estimated that there will be a small number of new cases that are not eligible under the current law because they fail the initial income eligibility test, but would be eligible under the higher transitional standard. These are cases with earned income and from DHS data are estimated to have average grants of \$130 per month.

The effective date for this section is July 1, 2006. Due to the requirement that DHS receive prior approval from the US Department of Agriculture, this section is projected to be implemented August 1, 2006.

	FY 2006	FY 2007	FY 2008	FY 2009
Average monthly MFIP cases	34,507	34,882	34,966	34,992
Average grant increase	\$0	\$43	\$43	\$43
Number of months	0	11	12	12
MFIP Cost of Increased Grants	\$0	\$16,391,533	\$17,924,336	\$17,937,840
Average monthly DWP cases	3,661	3,651	3,651	3,640
Average grant increase	\$0	\$19	\$19	\$19
Number of months	0	11	12	12
DWP Cost of Increased Grants	\$0	\$746,842	\$814,532	\$812,088
Avg monthly MFIP/DWP cases	38,168	38,534	38,616	38,631
Percent previously ineligible	0	0.11%	0.11%	0.11%
Avg monthly additional MFIP/DWP cases	0	40	41	41
Average grant	\$130	\$130	\$130	\$130
Phase-in	0	75%	100%	100%
Cost of Additional Cases	\$0	\$43,394	\$63,253	\$63,278
Total Cost of Section 7	\$0	\$17,181,769	\$18,802,121	\$18,813,206

Section 8: Repeal of SSI/Housing Budgeting

This section repeals the requirement to budget up to \$50 as unearned income for certain MFIP cases who receive subsidized housing. Excluded from this current law budgeting requirement are: 1) cases which include a person who is: a) age 60 or older, b) ill or incapacitated, c) required in the home because another member of the household is disabled; or 2) cases that contain a parental caregiver who receives supplemental security income (SSI). This section will have the effect of increasing cash grant amounts for non-excluded cases by up to \$50 for each affected household.

Based on MAXIS data, it is projected that roughly 14% of MFIP cases are impacted by the subsidized housing budgeting requirement in a given month. It is further estimated that on average about \$44 per case is budgeted off the cash portion of the MFIP grant for affected cases.

Note, also, that the average grant effect in this fiscal analysis assumes the simultaneous repeal of the SSI budgeting. This includes additional costs (of about \$12K per year) due to the fact that a handful of families budgeting both subsidized housing and SSI have excess SSI in the budget (i.e. some of the SSI in the budget is not actually counted since the cash grant has already been reduced to zero). If only the subsidized housing budget is repealed, such cases wouldn't receive the full \$50 increase since at least some of the excess SSI would then be counted instead of the subsidized housing.

The effective date for this section is July 1, 2006. Due to the requirement that DHS receive prior approval from the US Department of Agriculture, this section is projected to be implemented August 1, 2006.

This section assumes the proposed MFIP COLA of section 7.

	FY 2006	FY 2007	FY 2008	FY 2009
Average monthly MFIP cases	38,168	38,534	38,616	38,631
Pct of MFIP cases with budgeted subsidized housing deduction	14%	14%	14%	14%
Average monthly MFIP cases with subs. housing deduction	5,192	5,242	5,253	5,255
Avg monthly budgeted amount	\$44	\$44	\$44	\$44
Months	0	11	12	12
Cost for Repeal of Subsidized Housing Budget	\$0	\$2,539,001	\$2,775,736	\$2,776,842

This section would also repeal the requirement to budget up to \$125 per case as unearned income for certain MFIP cases that include at least one SSI recipient in the household. Affected MFIP cases are those in which the SSI recipient is a mandatory assistance unit member and is MFIP ineligible solely due to SSI recipient status. Excluded from this current law budgeting requirement are MFIP cases in which a relative caregiver (including a grandparent) could elect to be included in the MFIP assistance unit, unless the caregiver's children or stepchildren are also included in the unit. This proposal will have the effect of increasing cash grants for non-excluded cases by up to \$125/month.

Based on MAXIS data, it is projected that roughly 18% of MFIP cases are impacted by the SSI budgeting requirement. It is further estimated that on average \$111 per case is budgeted off the cash portion of the MFIP grant.

The effective date for this section is July 1, 2006. Due to the requirement that DHS receive prior approval from the US Department of Agriculture, this section is projected to be implemented August 1, 2006.

This section assumes the proposed MFIP COLA of section 7.

	FY 2006	FY 2007	FY 2008	FY 2009
Average monthly MFIP cases	38,168	38,534	38,616	38,631
Estimated percent of MFIP cases with SSI deduction	18%	18%	18%	18%
Estimated avg mo. MFIP cases with SSI deduction	6,806	6,871	6,886	6,889
Avg monthly budgeted amount	\$111	\$111	\$111	\$111
Months	0	11	12	12
Cost for Repeal of SSI Budget	\$0	\$8,405,264	\$9,188,965	\$9,192,627
Total Cost of Section 8	\$0	\$10,944,265	\$11,964,701	\$11,969,468

Agency Contact Name: Jenny Ehrnst 431-3831  
 FN Coord Signature: STEVE BARTA  
 Date: 04/07/06 Phone: 431-2916

**EBO Comments**

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER  
Date: 04/09/06 Phone: 296-6661

**Fiscal Note – 2005-06 Session**

**Bill #:** S3016-1A **Complete Date:** 03/24/06

**Chief Author:** BERGLIN, LINDA

**Title:** WELFARE REFORM & TAX ARTICLES

<b>Fiscal Impact</b>	<b>Yes</b>	<b>No</b>
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue	X	

**Agency Name:** Revenue Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Expenditures</b>					
-- No Impact --					
<b>Less Agency Can Absorb</b>					
-- No Impact --					
<b>Net Expenditures</b>					
-- No Impact --					
<b>Revenues</b>					
-- No Impact --					
<b>Net Cost &lt;Savings&gt;</b>					
-- No Impact --					
<b>Total Cost &lt;Savings&gt; to the State</b>					

	<b>FY05</b>	<b>FY06</b>	<b>FY07</b>	<b>FY08</b>	<b>FY09</b>
<b>Full Time Equivalent</b>					
-- No Impact --					
<b>Total FTE</b>					

**Bill Description** – The proposed bill significantly changes the qualifications for Foreign Operating Corporations (FOC's). The tax provisions in Article 2 of SF 3016-1A would result in a revenue increase to the state's general fund.

There will be a positive revenue impact to the state's general fund if the proposed bill passes. However, the revenue impact is not included in this fiscal note at this time.

There will not be a fiscal impact to the Department of Revenue if the proposed bill passes.

**Revenue Analysis Assumptions**

**Fiscal Impact Assumptions**

**Revenue Analysis Formula**

**Fiscal Impact Formula**

**Long-Term Fiscal Considerations**

None

**Local Government Costs**

None

**References/Sources**

FN Coord Signature: JOHN POWERS

Date: 03/23/06 Phone: 556-4054

**EBO Comments**

A revenue analysis was not included with this fiscal note at this time.

EBO Signature: ALEXANDRA BROAT

Date: 03/24/06 Phone: 296-1700

Senators Berglin; Pogemiller; Johnson, D.E.; Koering and Dille introduced--  
S.F. No. 3016: Referred to the Committee on Finance.

A bill for an act

relating to human services; making changes to child care provider rates and parent fees; eliminating certain health care co-pays; increasing the MFIP transitional standard; reinstating health care benefits for certain noncitizens; repealing MFIP housing and SSI penalties; modifying foreign operating corporation tax provision; appropriating money from the tax relief account; amending Minnesota Statutes 2004, sections 119B.13, by adding a subdivision; 256J.24, by adding a subdivision; 290.34, subdivision 1; Minnesota Statutes 2005 Supplement, sections 119B.09, subdivision 1; 256D.03, subdivisions 3, 4; 256J.21, subdivision 2; 289A.38, subdivision 6; 290.01, subdivisions 6b, 19c, 19d; proposing coding for new law in Minnesota Statutes, chapter 119B; repealing Minnesota Statutes 2004, sections 256B.0631, subdivisions 2, 4; 256J.37, subdivision 3a; 256L.04, subdivision 10; Minnesota Statutes 2005 Supplement, sections 256B.0631, subdivisions 1, 3; 256J.37, subdivision 3b; Laws 2005, First Special Session chapter 4, article 3, section 19.

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

ARTICLE 1

WELFARE REFORM ARTICLE

Section 1. Minnesota Statutes 2005 Supplement, section 119B.09, subdivision 1, is amended to read:

Subdivision 1. **General eligibility requirements for all applicants for child care assistance.** (a) Child care services must be available to families who need child care to find or keep employment or to obtain the training or education necessary to find employment and who:

(1) have household income less than or equal to 250 percent of the federal poverty guidelines, adjusted for family size, and meet the requirements of section 119B.05; receive MFIP assistance; and are participating in employment and training services under chapter 256J or 256K; or

2.1 (2) have household income less than or equal to ~~175~~ 200 percent of the federal  
 2.2 poverty guidelines, adjusted for family size, at program entry and less than 250 percent of  
 2.3 the federal poverty guidelines, adjusted for family size, at program exit.

2.4 (b) Child care services must be made available as in-kind services.

2.5 (c) All applicants for child care assistance and families currently receiving child care  
 2.6 assistance must be assisted and required to cooperate in establishment of paternity and  
 2.7 enforcement of child support obligations for all children in the family as a condition  
 2.8 of program eligibility. For purposes of this section, a family is considered to meet the  
 2.9 requirement for cooperation when the family complies with the requirements of section  
 2.10 256.741.

2.11 **Sec. 2. [119B.095] CO-PAYMENT FEE FOR FAMILIES WITH ANNUAL**  
 2.12 **INCOMES THAT EXCEED THE FEDERAL POVERTY LEVEL.**

2.13 (a) The monthly family co-payment fee for families with annual incomes greater than  
 2.14 the federal poverty level, adjusted for family size, is determined in paragraphs (b) and (c):

2.15 (b) The family's annual gross income is converted into a percentage of state median  
 2.16 income (SMI) for a family of four, adjusted for family size, by dividing the family's  
 2.17 annual gross income by 100 percent of the SMI for a family of four, adjusted for family  
 2.18 size. The percentage must be carried out to the nearest 100th of a percent.

2.19 (c) If the family's annual gross income is less than or equal to 75 percent of the  
 2.20 SMI for a family of four, adjusted for family size, the family's monthly co-payment fee  
 2.21 is the fixed percentage established for the family's income range in clauses (1) to (60),  
 2.22 multiplied by the highest possible income within that income range, divided by 12, and  
 2.23 rounded to the nearest whole dollar.

	<u>Percent of SMI</u>	<u>Percent</u>
2.25	<u>(1) less than 35.01</u>	<u>2.20</u>
2.26	<u>(2) 35.01 to 42.00</u>	<u>2.70</u>
2.27	<u>(3) 42.01 to 43.00</u>	<u>3.75</u>
2.28	<u>(4) 43.01 to 44.00</u>	<u>4.00</u>
2.29	<u>(5) 44.01 to 45.00</u>	<u>4.25</u>
2.30	<u>(6) 45.01 to 46.00</u>	<u>4.50</u>
2.31	<u>(7) 46.01 to 47.00</u>	<u>4.75</u>
2.32	<u>(8) 47.01 to 48.00</u>	<u>5.00</u>
2.33	<u>(9) 48.01 to 49.00</u>	<u>5.25</u>

3.1	(10)	<u>49.01 to 50.00</u>	<u>5.50</u>
	(11)	<u>50.01 to 50.50</u>	<u>5.75</u>
3.3	(12)	<u>50.51 to 51.00</u>	<u>6.00</u>
3.4	(13)	<u>51.01 to 51.50</u>	<u>6.25</u>
3.5	(14)	<u>51.51 to 52.00</u>	<u>6.50</u>
3.6	(15)	<u>52.01 to 52.50</u>	<u>6.75</u>
3.7	(16)	<u>52.51 to 53.00</u>	<u>7.00</u>
3.8	(17)	<u>53.01 to 53.50</u>	<u>7.25</u>
3.9	(18)	<u>53.51 to 54.00</u>	<u>7.50</u>
3.10	(19)	<u>54.01 to 54.50</u>	<u>7.75</u>
3.11	(20)	<u>54.51 to 55.00</u>	<u>8.00</u>
3.12	(21)	<u>55.01 to 55.50</u>	<u>8.30</u>
3.13	(22)	<u>55.51 to 56.00</u>	<u>8.60</u>
3.14	(23)	<u>56.01 to 56.50</u>	<u>8.90</u>
3.15	(24)	<u>56.51 to 57.00</u>	<u>9.20</u>
3.16	(25)	<u>57.01 to 57.50</u>	<u>9.50</u>
3.17	(26)	<u>57.51 to 58.00</u>	<u>9.80</u>
3.18	(27)	<u>58.01 to 58.50</u>	<u>10.10</u>
3.19	(28)	<u>58.51 to 59.00</u>	<u>10.40</u>
3.20	(29)	<u>59.01 to 59.50</u>	<u>10.70</u>
3.21	(30)	<u>59.51 to 60.00</u>	<u>11.00</u>
3.22	(31)	<u>60.01 to 60.50</u>	<u>11.30</u>
3.23	(32)	<u>60.51 to 61.00</u>	<u>11.60</u>
3.24	(33)	<u>61.01 to 61.50</u>	<u>11.90</u>
3.25	(34)	<u>61.51 to 62.00</u>	<u>12.20</u>
3.26	(35)	<u>62.01 to 62.50</u>	<u>12.50</u>
3.27	(36)	<u>62.51 to 63.00</u>	<u>12.80</u>
3.28	(37)	<u>63.01 to 63.50</u>	<u>13.10</u>
3.29	(38)	<u>63.51 to 64.00</u>	<u>13.40</u>

4.1	<u>(39)</u>	<u>64.01 to 64.50</u>	<u>13.70</u>
4.2	<u>(40)</u>	<u>64.51 to 65.00</u>	<u>14.00</u>
4.3	<u>(41)</u>	<u>65.01 to 65.50</u>	<u>14.30</u>
4.4	<u>(42)</u>	<u>65.51 to 66.00</u>	<u>14.60</u>
4.5	<u>(43)</u>	<u>66.01 to 66.50</u>	<u>14.90</u>
4.6	<u>(44)</u>	<u>66.51 to 67.00</u>	<u>15.20</u>
4.7	<u>(45)</u>	<u>67.01 to 67.50</u>	<u>15.50</u>
4.8	<u>(46)</u>	<u>67.51 to 68.00</u>	<u>15.80</u>
4.9	<u>(47)</u>	<u>68.01 to 68.50</u>	<u>16.10</u>
4.10	<u>(48)</u>	<u>68.51 to 69.00</u>	<u>16.40</u>
4.11	<u>(49)</u>	<u>69.01 to 69.50</u>	<u>16.70</u>
4.12	<u>(50)</u>	<u>69.51 to 70.00</u>	<u>17.00</u>
4.13	<u>(51)</u>	<u>70.01 to 70.50</u>	<u>17.30</u>
4.14	<u>(52)</u>	<u>70.51 to 71.00</u>	<u>17.60</u>
4.15	<u>(53)</u>	<u>71.01 to 71.50</u>	<u>17.90</u>
4.16	<u>(54)</u>	<u>71.51 to 72.00</u>	<u>18.20</u>
4.17	<u>(55)</u>	<u>72.01 to 72.50</u>	<u>18.50</u>
4.18	<u>(56)</u>	<u>72.51 to 73.00</u>	<u>18.80</u>
4.19	<u>(57)</u>	<u>73.01 to 73.50</u>	<u>19.10</u>
4.20	<u>(58)</u>	<u>73.51 to 74.00</u>	<u>19.40</u>
4.21	<u>(59)</u>	<u>74.01 to 74.50</u>	<u>19.70</u>
4.22	<u>(60)</u>	<u>74.51 to 75.00</u>	<u>20.00</u>

4.23 Sec. 3. Minnesota Statutes 2004, section 119B.13, is amended by adding a subdivision  
4.24 to read:

4.25 Subd. 8. Cost of living increase. In addition to the provider rates specified under  
4.26 this section, the commissioner shall provide a two percent cost of living rate increase to  
4.27 providers.

4.28 Sec. 4. Minnesota Statutes 2005 Supplement, section 256D.03, subdivision 3, is  
4.29 amended to read:

5.1 Subd. 3. **General assistance medical care; eligibility.** (a) General assistance  
5.2 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  
5.4 income according to section 256B.056, subdivision 5, or MinnesotaCare as defined in  
5.5 paragraph (b), except as provided in paragraph (c), and:

5.6 (1) who is receiving assistance under section 256D.05, except for families with  
5.7 children who are eligible under Minnesota family investment program (MFIP), or who is  
5.8 having a payment made on the person's behalf under sections 256I.01 to 256I.06; or

5.9 (2) who is a resident of Minnesota; and

5.10 (i) who has gross countable income not in excess of 75 percent of the federal poverty  
5.11 guidelines for the family size, using a six-month budget period and whose equity in assets  
5.12 is not in excess of \$1,000 per assistance unit. Exempt assets, the reduction of excess  
5.13 assets, and the waiver of excess assets must conform to the medical assistance program in  
5.14 section 256B.056, subdivision 3, with the following exception: the maximum amount of  
5.15 undistributed funds in a trust that could be distributed to or on behalf of the beneficiary by  
5.16 the trustee, assuming the full exercise of the trustee's discretion under the terms of the  
5.17 trust, must be applied toward the asset maximum;

5.18 (ii) who has gross countable income above 75 percent of the federal poverty  
5.19 guidelines but not in excess of 175 percent of the federal poverty guidelines for the  
5.20 family size, using a six-month budget period, whose equity in assets is not in excess  
5.21 of the limits in section 256B.056, subdivision 3c, and who applies during an inpatient  
5.22 hospitalization; or

5.23 (iii) the commissioner shall adjust the income standards under this section each July  
24 1 by the annual update of the federal poverty guidelines following publication by the  
5.25 United States Department of Health and Human Services.

5.26 (b) Effective for applications and renewals processed on or after September 1, 2006,  
5.27 general assistance medical care may not be paid for applicants or recipients who are adults  
5.28 with dependent children under 21 whose gross family income is equal to or less than 275  
5.29 percent of the federal poverty guidelines who are not described in paragraph (e).

5.30 (c) Effective for applications and renewals processed on or after September 1, 2006,  
5.31 general assistance medical care may be paid for applicants and recipients who meet all  
5.32 eligibility requirements of paragraph (a), clause (2), item (i), for a temporary period  
5.33 beginning the date of application. Immediately following approval of general assistance  
5.34 medical care, enrollees shall be enrolled in MinnesotaCare under section 256L.04,  
5.35 subdivision 7, with covered services as provided in section 256L.03 for the rest of the  
5.36 six-month eligibility period, until their six-month renewal.

6.1 (d) To be eligible for general assistance medical care following enrollment in  
6.2 MinnesotaCare as required by paragraph (c), an individual must complete a new  
6.3 application.

6.4 (e) Applicants and recipients eligible under paragraph (a), clause (1), or who have  
6.5 applied for and are awaiting a determination of blindness or disability by the state medical  
6.6 review team or a determination of eligibility for Supplemental Security Income or Social  
6.7 Security Disability Insurance by the Social Security Administration, or who fail to meet  
6.8 the requirements of section 256L.09, subdivision 2, are exempt from the MinnesotaCare  
6.9 enrollment requirements of this subdivision.

6.10 (f) For applications received on or after October 1, 2003, eligibility may begin no  
6.11 earlier than the date of application. For individuals eligible under paragraph (a), clause  
6.12 (2), item (i), a redetermination of eligibility must occur every 12 months. Individuals are  
6.13 eligible under paragraph (a), clause (2), item (ii), only during inpatient hospitalization but  
6.14 may reapply if there is a subsequent period of inpatient hospitalization.

6.15 (g) Beginning September 1, 2006, Minnesota health care program applications and  
6.16 renewals completed by recipients and applicants who are persons described in paragraph  
6.17 (c) and submitted to the county agency shall be determined for MinnesotaCare eligibility  
6.18 by the county agency. If all other eligibility requirements of this subdivision are met,  
6.19 eligibility for general assistance medical care shall be available in any month during which  
6.20 MinnesotaCare enrollment is pending. Upon notification of eligibility for MinnesotaCare,  
6.21 notice of termination for eligibility for general assistance medical care shall be sent to  
6.22 an applicant or recipient. If all other eligibility requirements of this subdivision are  
6.23 met, eligibility for general assistance medical care shall be available until enrollment in  
6.24 MinnesotaCare subject to the provisions of paragraphs (c), (e), and (f).

6.25 (h) The date of an initial Minnesota health care program application necessary to  
6.26 begin a determination of eligibility shall be the date the applicant has provided a name,  
6.27 address, and Social Security number, signed and dated, to the county agency or the  
6.28 Department of Human Services. If the applicant is unable to provide a name, address,  
6.29 Social Security number, and signature when health care is delivered due to a medical  
6.30 condition or disability, a health care provider may act on an applicant's behalf to establish  
6.31 the date of an initial Minnesota health care program application by providing the county  
6.32 agency or Department of Human Services with provider identification and a temporary  
6.33 unique identifier for the applicant. The applicant must complete the remainder of the  
6.34 application and provide necessary verification before eligibility can be determined. The  
6.35 county agency must assist the applicant in obtaining verification if necessary.

7.1 (i) County agencies are authorized to use all automated databases containing  
7.2 information regarding recipients' or applicants' income in order to determine eligibility  
7.3 for general assistance medical care or MinnesotaCare. Such use shall be considered  
7.4 sufficient in order to determine eligibility and premium payments by the county agency.

7.5 (j) General assistance medical care is not available for a person in a correctional  
7.6 facility unless the person is detained by law for less than one year in a county correctional  
7.7 or detention facility as a person accused or convicted of a crime, or admitted as an  
7.8 inpatient to a hospital on a criminal hold order, and the person is a recipient of general  
7.9 assistance medical care at the time the person is detained by law or admitted on a criminal  
7.10 hold order and as long as the person continues to meet other eligibility requirements  
7.11 of this subdivision.

7.12 (k) General assistance medical care is not available for applicants or recipients who  
7.13 do not cooperate with the county agency to meet the requirements of medical assistance.

7.14 (l) In determining the amount of assets of an individual eligible under paragraph  
7.15 (a), clause (2), item (i), there shall be included any asset or interest in an asset, including  
7.16 an asset excluded under paragraph (a), that was given away, sold, or disposed of for  
7.17 less than fair market value within the 60 months preceding application for general  
7.18 assistance medical care or during the period of eligibility. Any transfer described in this  
7.19 paragraph shall be presumed to have been for the purpose of establishing eligibility for  
7.20 general assistance medical care, unless the individual furnishes convincing evidence to  
7.21 establish that the transaction was exclusively for another purpose. For purposes of this  
7.22 paragraph, the value of the asset or interest shall be the fair market value at the time it  
7.23 was given away, sold, or disposed of, less the amount of compensation received. For any  
7.24 uncompensated transfer, the number of months of ineligibility, including partial months,  
7.25 shall be calculated by dividing the uncompensated transfer amount by the average monthly  
7.26 per person payment made by the medical assistance program to skilled nursing facilities  
7.27 for the previous calendar year. The individual shall remain ineligible until this fixed period  
7.28 has expired. The period of ineligibility may exceed 30 months, and a reapplication for  
7.29 benefits after 30 months from the date of the transfer shall not result in eligibility unless  
7.30 and until the period of ineligibility has expired. The period of ineligibility begins in the  
7.31 month the transfer was reported to the county agency, or if the transfer was not reported,  
7.32 the month in which the county agency discovered the transfer, whichever comes first. For  
7.33 applicants, the period of ineligibility begins on the date of the first approved application.

7.34 (m) When determining eligibility for any state benefits under this subdivision,  
7.35 the income and resources of all noncitizens shall be deemed to include their sponsor's  
7.36 income and resources as defined in the Personal Responsibility and Work Opportunity

8.1 Reconciliation Act of 1996, title IV, Public Law 104-193, sections 421 and 422, and  
8.2 subsequently set out in federal rules.

8.3 (n) (1) An undocumented noncitizens and nonimmigrants are noncitizen or a  
8.4 nonimmigrant is ineligible for general assistance medical care other than emergency  
8.5 services. For purposes of this subdivision, a nonimmigrant is an individual in one or  
8.6 more of the classes listed in United States Code, title 8, section 1101(a)(15), and an  
8.7 undocumented noncitizen is an individual who resides in the United States without the  
8.8 approval or acquiescence of the Immigration and Naturalization Service.

8.9 (2) This paragraph does not apply to a child under age 18; to a Cuban or Haitian  
8.10 entrant as defined in Public Law 96-422, section 501(e)(1) or (2)(a); or to a noncitizen  
8.11 who is aged, blind, or disabled as defined in Code of Federal Regulations, title 42,  
8.12 sections 435.520, 435.530, 435.531, 435.540, and 435.541, who cooperates with United  
8.13 States Citizenship and Immigration Services to pursue any applicable immigration status,  
8.14 including citizenship, that would qualify the individual for medical assistance with federal  
8.15 financial participation.

8.16 (3) For purposes of this paragraph, "emergency services" has the meaning given in  
8.17 Code of Federal Regulations, title 42, section 440.255(b)(1), except that it also means  
8.18 services rendered because of suspected or actual pesticide poisoning.

8.19 (o) Notwithstanding any other provision of law, a noncitizen who is ineligible for  
8.20 medical assistance due to the deeming of a sponsor's income and resources, is ineligible  
8.21 for general assistance medical care.

8.22 ~~(p) Effective July 1, 2003, general assistance medical care emergency services end.~~

8.23 Sec. 5. Minnesota Statutes 2005 Supplement, section 256D.03, subdivision 4, is  
8.24 amended to read:

8.25 Subd. 4. **General assistance medical care; services.** (a)(i) For a person who is  
8.26 eligible under subdivision 3, paragraph (a), clause (2), item (i), general assistance medical  
8.27 care covers, except as provided in paragraph (c):

- 8.28 (1) inpatient hospital services;
- 8.29 (2) outpatient hospital services;
- 8.30 (3) services provided by Medicare certified rehabilitation agencies;
- 8.31 (4) prescription drugs and other products recommended through the process  
8.32 established in section 256B.0625, subdivision 13;
- 8.33 (5) equipment necessary to administer insulin and diagnostic supplies and equipment  
8.34 for diabetics to monitor blood sugar level;
- 8.35 (6) eyeglasses and eye examinations provided by a physician or optometrist;

- 9.1 (7) hearing aids;
- 9.2 (8) prosthetic devices;
- (9) laboratory and X-ray services;
- 9.4 (10) physician's services;
- 9.5 (11) medical transportation except special transportation;
- 9.6 (12) chiropractic services as covered under the medical assistance program;
- 9.7 (13) podiatric services;
- 9.8 (14) dental services as covered under the medical assistance program;
- 9.9 (15) outpatient services provided by a mental health center or clinic that is under
- 9.10 contract with the county board and is established under section 245.62;
- 9.11 (16) day treatment services for mental illness provided under contract with the
- 9.12 county board;
- 9.13 (17) prescribed medications for persons who have been diagnosed as mentally ill as
- 9.14 necessary to prevent more restrictive institutionalization;
- 9.15 (18) psychological services, medical supplies and equipment, and Medicare
- 9.16 premiums, coinsurance and deductible payments;
- 9.17 (19) medical equipment not specifically listed in this paragraph when the use of
- 9.18 the equipment will prevent the need for costlier services that are reimbursable under
- 9.19 this subdivision;
- 9.20 (20) services performed by a certified pediatric nurse practitioner, a certified family
- 9.21 nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological
- 9.22 nurse practitioner, a certified neonatal nurse practitioner, or a certified geriatric nurse
- 9.23 practitioner in independent practice, if (1) the service is otherwise covered under this
- 4 chapter as a physician service, (2) the service provided on an inpatient basis is not included
- 9.25 as part of the cost for inpatient services included in the operating payment rate, and (3) the
- 9.26 service is within the scope of practice of the nurse practitioner's license as a registered
- 9.27 nurse, as defined in section 148.171;
- 9.28 (21) services of a certified public health nurse or a registered nurse practicing in
- 9.29 a public health nursing clinic that is a department of, or that operates under the direct
- 9.30 authority of, a unit of government, if the service is within the scope of practice of the
- 9.31 public health nurse's license as a registered nurse, as defined in section 148.171;
- 9.32 (22) telemedicine consultations, to the extent they are covered under section
- 9.33 256B.0625, subdivision 3b; and
- (23) mental health telemedicine and psychiatric consultation as covered under
- 9.35 section 256B.0625, subdivisions 46 and 48.

10.1 (ii) Effective October 1, 2003, for a person who is eligible under subdivision 3,  
10.2 paragraph (a), clause (2), item (ii), general assistance medical care coverage is limited  
10.3 to inpatient hospital services, including physician services provided during the inpatient  
10.4 hospital stay. A \$1,000 deductible is required for each inpatient hospitalization.

10.5 (b) Effective August 1, 2005, sex reassignment surgery is not covered under this  
10.6 subdivision.

10.7 (c) In order to contain costs, the commissioner of human services shall select  
10.8 vendors of medical care who can provide the most economical care consistent with high  
10.9 medical standards and shall where possible contract with organizations on a prepaid  
10.10 capitation basis to provide these services. The commissioner shall consider proposals by  
10.11 counties and vendors for prepaid health plans, competitive bidding programs, block grants,  
10.12 or other vendor payment mechanisms designed to provide services in an economical  
10.13 manner or to control utilization, with safeguards to ensure that necessary services are  
10.14 provided. Before implementing prepaid programs in counties with a county operated or  
10.15 affiliated public teaching hospital or a hospital or clinic operated by the University of  
10.16 Minnesota, the commissioner shall consider the risks the prepaid program creates for the  
10.17 hospital and allow the county or hospital the opportunity to participate in the program in a  
10.18 manner that reflects the risk of adverse selection and the nature of the patients served by  
10.19 the hospital, provided the terms of participation in the program are competitive with the  
10.20 terms of other participants considering the nature of the population served. Payment for  
10.21 services provided pursuant to this subdivision shall be as provided to medical assistance  
10.22 vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For  
10.23 payments made during fiscal year 1990 and later years, the commissioner shall consult  
10.24 with an independent actuary in establishing prepayment rates, but shall retain final control  
10.25 over the rate methodology.

10.26 ~~(d) Recipients eligible under subdivision 3, paragraph (a), shall pay the following~~  
10.27 ~~co-payments for services provided on or after October 1, 2003:~~

10.28 ~~(1) \$25 for eyeglasses;~~

10.29 ~~(2) \$25 for nonemergency visits to a hospital-based emergency room;~~

10.30 ~~(3) \$3 per brand-name drug prescription and \$1 per generic drug prescription,~~

10.31 ~~subject to a \$12 per month maximum for prescription drug co-payments. No co-payments~~  
10.32 ~~shall apply to antipsychotic drugs when used for the treatment of mental illness, and~~

10.33 ~~(4) 50 percent coinsurance on restorative dental services.~~

10.34 ~~(c) Co-payments shall be limited to one per day per provider for nonpreventive visits,~~  
10.35 ~~eyeglasses, and nonemergency visits to a hospital-based emergency room. Recipients of~~  
10.36 ~~general assistance medical care are responsible for all co-payments in this subdivision.~~

11.1 ~~The general assistance medical care reimbursement to the provider shall be reduced by~~  
11.2 ~~the amount of the co-payment, except that reimbursement for prescription drugs shall not~~  
3 ~~be reduced once a recipient has reached the \$12 per month maximum for prescription~~  
11.4 ~~drug co-payments. The provider collects the co-payment from the recipient. Providers~~  
11.5 ~~may not deny services to recipients who are unable to pay the co-payment, except as~~  
11.6 ~~provided in paragraph (f).~~

11.7 ~~(f) If it is the routine business practice of a provider to refuse service to an individual~~  
11.8 ~~with uncollected debt, the provider may include uncollected co-payments under this~~  
11.9 ~~section. A provider must give advance notice to a recipient with uncollected debt before~~  
11.10 ~~services can be denied.~~

11.11 ~~(g) (d)~~ Any county may, from its own resources, provide medical payments for  
11.12 which state payments are not made.

11.13 ~~(h) (e)~~ Chemical dependency services that are reimbursed under chapter 254B must  
11.14 not be reimbursed under general assistance medical care.

11.15 ~~(i) (f)~~ The maximum payment for new vendors enrolled in the general assistance  
11.16 medical care program after the base year shall be determined from the average usual and  
11.17 customary charge of the same vendor type enrolled in the base year.

11.18 ~~(j) (g)~~ The conditions of payment for services under this subdivision are the same  
11.19 as the conditions specified in rules adopted under chapter 256B governing the medical  
11.20 assistance program, unless otherwise provided by statute or rule.

11.21 ~~(k) (h)~~ Inpatient and outpatient payments shall be reduced by five percent, effective  
11.22 July 1, 2003. This reduction is in addition to the five percent reduction effective July 1,  
11.23 2003, and incorporated by reference in paragraph ~~(i) (f)~~.

11.24 ~~(l) (i)~~ Payments for all other health services except inpatient, outpatient, and  
11.25 pharmacy services shall be reduced by five percent, effective July 1, 2003.

11.26 ~~(m) (j)~~ Payments to managed care plans shall be reduced by five percent for services  
11.27 provided on or after October 1, 2003.

11.28 ~~(n) (k)~~ A hospital receiving a reduced payment as a result of this section may apply  
11.29 the unpaid balance toward satisfaction of the hospital's bad debts.

11.30 ~~(o) Fee-for-service payments for nonpreventive visits shall be reduced by \$3~~  
11.31 ~~for services provided on or after January 1, 2006. For purposes of this subdivision, a~~  
11.32 ~~visit means an episode of service which is required because of a recipient's symptoms,~~  
11.33 ~~diagnosis, or established illness, and which is delivered in an ambulatory setting by~~  
11.34 ~~a physician or physician ancillary, chiropractor, podiatrist, advance practice nurse,~~  
11.35 ~~audiologist, optician, or optometrist.~~

12.1 ~~(p) Payments to managed care plans shall not be increased as a result of the removal~~  
12.2 ~~of the \$3 nonpreventive visit co-payment effective January 1, 2006.~~

12.3 Sec. 6. Minnesota Statutes 2005 Supplement, section 256J.21, subdivision 2, is  
12.4 amended to read:

12.5 Subd. 2. **Income exclusions.** The following must be excluded in determining a  
12.6 family's available income:

12.7 (1) payments for basic care, difficulty of care, and clothing allowances received for  
12.8 providing family foster care to children or adults under Minnesota Rules, parts 9555.5050  
12.9 to 9555.6265, 9560.0521, and 9560.0650 to 9560.0655, and payments received and used  
12.10 for care and maintenance of a third-party beneficiary who is not a household member;

12.11 (2) reimbursements for employment training received through the Workforce  
12.12 Investment Act of 1998, United States Code, title 20, chapter 73, section 9201;

12.13 (3) reimbursement for out-of-pocket expenses incurred while performing volunteer  
12.14 services, jury duty, employment, or informal carpooling arrangements directly related to  
12.15 employment;

12.16 (4) all educational assistance, except the county agency must count graduate student  
12.17 teaching assistantships, fellowships, and other similar paid work as earned income and,  
12.18 after allowing deductions for any unmet and necessary educational expenses, shall  
12.19 count scholarships or grants awarded to graduate students that do not require teaching  
12.20 or research as unearned income;

12.21 (5) loans, regardless of purpose, from public or private lending institutions,  
12.22 governmental lending institutions, or governmental agencies;

12.23 (6) loans from private individuals, regardless of purpose, provided an applicant or  
12.24 participant documents that the lender expects repayment;

12.25 (7)(i) state income tax refunds; and

12.26 (ii) federal income tax refunds;

12.27 (8)(i) federal earned income credits;

12.28 (ii) Minnesota working family credits;

12.29 (iii) state homeowners and renters credits under chapter 290A; and

12.30 (iv) federal or state tax rebates;

12.31 (9) funds received for reimbursement, replacement, or rebate of personal or real  
12.32 property when these payments are made by public agencies, awarded by a court, solicited  
12.33 through public appeal, or made as a grant by a federal agency, state or local government,  
12.34 or disaster assistance organizations, subsequent to a presidential declaration of disaster;

- 13.1 (10) the portion of an insurance settlement that is used to pay medical, funeral, and  
13.2 burial expenses, or to repair or replace insured property;
- 13.3 (11) reimbursements for medical expenses that cannot be paid by medical assistance;
- 13.4 (12) payments by a vocational rehabilitation program administered by the state  
13.5 under chapter 268A, except those payments that are for current living expenses;
- 13.6 (13) in-kind income, including any payments directly made by a third party to a  
13.7 provider of goods and services;
- 13.8 (14) assistance payments to correct underpayments, but only for the month in which  
13.9 the payment is received;
- 13.10 (15) payments for short-term emergency needs under section 256J.626, subdivision  
13.11 2;
- 13.12 (16) funeral and cemetery payments as provided by section 256.935;
- 13.13 (17) nonrecurring cash gifts of \$30 or less, not exceeding \$30 per participant in  
13.14 a calendar month;
- 13.15 (18) any form of energy assistance payment made through Public Law 97-35,  
13.16 Low-Income Home Energy Assistance Act of 1981, payments made directly to energy  
13.17 providers by other public and private agencies, and any form of credit or rebate payment  
13.18 issued by energy providers;
- 13.19 (19) Supplemental Security Income (SSI), including retroactive SSI payments and  
13.20 other income of an SSI recipient, ~~except as described in section 256J.37, subdivision 3b;~~
- 13.21 (20) Minnesota supplemental aid, including retroactive payments;
- 13.22 (21) proceeds from the sale of real or personal property;
- 13.23 (22) state adoption assistance payments under section 259.67, and up to an equal  
13.24 amount of county adoption assistance payments;
- 13.25 (23) state-funded family subsidy program payments made under section 252.32 to  
13.26 help families care for children with mental retardation or related conditions, consumer  
13.27 support grant funds under section 256.476, and resources and services for a disabled  
13.28 household member under one of the home and community-based waiver services  
13.29 programs under chapter 256B;
- 13.30 (24) interest payments and dividends from property that is not excluded from and  
13.31 that does not exceed the asset limit;
- 13.32 (25) rent rebates;
- 13.33 (26) income earned by a minor caregiver, minor child through age 6, or a minor  
13.34 child who is at least a half-time student in an approved elementary or secondary education  
13.35 program;

- 14.1 (27) income earned by a caregiver under age 20 who is at least a half-time student in  
14.2 an approved elementary or secondary education program;
- 14.3 (28) MFIP child care payments under section 119B.05;
- 14.4 (29) all other payments made through MFIP to support a caregiver's pursuit of  
14.5 greater economic stability;
- 14.6 (30) income a participant receives related to shared living expenses;
- 14.7 (31) reverse mortgages;
- 14.8 (32) benefits provided by the Child Nutrition Act of 1966, United States Code, title  
14.9 42, chapter 13A, sections 1771 to 1790;
- 14.10 (33) benefits provided by the women, infants, and children (WIC) nutrition program,  
14.11 United States Code, title 42, chapter 13A, section 1786;
- 14.12 (34) benefits from the National School Lunch Act, United States Code, title 42,  
14.13 chapter 13, sections 1751 to 1769e;
- 14.14 (35) relocation assistance for displaced persons under the Uniform Relocation  
14.15 Assistance and Real Property Acquisition Policies Act of 1970, United States Code, title  
14.16 42, chapter 61, subchapter II, section 4636, or the National Housing Act, United States  
14.17 Code, title 12, chapter 13, sections 1701 to 1750jj;
- 14.18 (36) benefits from the Trade Act of 1974, United States Code, title 19, chapter  
14.19 12, part 2, sections 2271 to 2322;
- 14.20 (37) war reparations payments to Japanese Americans and Aleuts under United  
14.21 States Code, title 50, sections 1989 to 1989d;
- 14.22 (38) payments to veterans or their dependents as a result of legal settlements  
14.23 regarding Agent Orange or other chemical exposure under Public Law 101-239, section  
14.24 10405, paragraph (a)(2)(E);
- 14.25 (39) income that is otherwise specifically excluded from MFIP consideration in  
14.26 federal law, state law, or federal regulation;
- 14.27 (40) security and utility deposit refunds;
- 14.28 (41) American Indian tribal land settlements excluded under Public Laws 98-123,  
14.29 98-124, and 99-377 to the Mississippi Band Chippewa Indians of White Earth, Leech  
14.30 Lake, and Mille Lacs reservations and payments to members of the White Earth Band,  
14.31 under United States Code, title 25, chapter 9, section 331, and chapter 16, section 1407;
- 14.32 (42) all income of the minor parent's parents and stepparents when determining the  
14.33 grant for the minor parent in households that include a minor parent living with parents or  
14.34 stepparents on MFIP with other children;
- 14.35 (43) income of the minor parent's parents and stepparents equal to 200 percent of the  
14.36 federal poverty guideline for a family size not including the minor parent and the minor

15.1 parent's child in households that include a minor parent living with parents or stepparents  
15.2 not on MFIP when determining the grant for the minor parent. The remainder of income is  
15.3 deemed as specified in section 256J.37, subdivision 1b;

15.4 (44) payments made to children eligible for relative custody assistance under section  
15.5 257.85;

15.6 (45) vendor payments for goods and services made on behalf of a client unless the  
15.7 client has the option of receiving the payment in cash; and

15.8 (46) the principal portion of a contract for deed payment.

15.9 Sec. 7. Minnesota Statutes 2004, section 256J.24, is amended by adding a subdivision  
15.10 to read:

15.11 Subd. 5b. Cost of living increase. The commissioner shall provide a ten percent  
15.12 cost of living increase to the cash portion of the transitional standard.

15.13 Sec. 8. REPEALER.

15.14 (a) Minnesota Statutes 2004, sections 256B.0631, subdivisions 2 and 4; 256J.37,  
15.15 subdivision 3a; and 256L.04, subdivision 10, are repealed.

15.16 (b) Minnesota Statutes 2005 Supplement, sections 256B.0631, subdivisions 1 and 3;  
15.17 and 256J.37, subdivision 3b, are repealed.

15.18 (c) Laws 2005, First Special Session chapter 4, article 3, section 19, is repealed.

## 15.19 ARTICLE 2

### 15.20 TAX ARTICLE

15.21 Section 1. Minnesota Statutes 2005 Supplement, section 289A.38, subdivision 6,  
15.22 is amended to read:

15.23 Subd. 6. **Omission in excess of 25 percent.** Additional taxes may be assessed  
15.24 within 6-1/2 years after the due date of the return or the date the return was filed,  
15.25 whichever is later, if:

15.26 (1) the taxpayer omits from gross taxable income an amount properly includable  
15.27 in it that is in excess of 25 percent of the amount of gross taxable income ~~stated in the~~  
15.28 return that would have been reported but for the omission;

15.29 (2) the taxpayer omits from a sales, use, or withholding tax return an amount of taxes  
15.30 in excess of 25 percent of the taxes reported in the return; or

15.31 (3) the taxpayer omits from the gross estate assets in excess of 25 percent of the  
15.32 gross estate reported in the return.

16.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.

16.2 Sec. 2. Minnesota Statutes 2005 Supplement, section 290.01, subdivision 6b, is  
16.3 amended to read:

16.4 Subd. 6b. **Foreign operating corporation.** The term "foreign operating  
16.5 corporation," when applied to a corporation, means a domestic corporation with the  
16.6 following characteristics:

16.7 (1) it is part of a unitary business at least one member of which is taxable in this state;

16.8 (2) it is not a foreign sales corporation under section 922 of the Internal Revenue  
16.9 Code, as amended through December 31, 1999, for the taxable year;

16.10 (3) ~~either (i) the average of the percentages of its property and payrolls, including~~  
16.11 ~~the pro rata share of its unitary partnerships' property and payrolls, assigned to locations~~  
16.12 ~~outside the United States, where the United States includes the District of Columbia and~~  
16.13 ~~excludes the commonwealth of Puerto Rico and possessions of the United States, as~~  
16.14 ~~determined under section 290.191 or 290.20, is 80 percent or more; or (ii) it has in effect a~~  
16.15 ~~valid election under section 936 of the Internal Revenue Code; or (ii) at least 80 percent~~  
16.16 of the gross income from all sources of the corporation in the tax year is active foreign  
16.17 business income; and

16.18 (4) ~~it has \$1,000,000 of payroll and \$2,000,000 of property, as determined under~~  
16.19 ~~section 290.191 or 290.20, that are located outside the United States. If the domestic~~  
16.20 ~~corporation does not have payroll as determined under section 290.191 or 290.20, but it~~  
16.21 ~~or its partnerships have paid \$1,000,000 for work, performed directly for the domestic~~  
16.22 ~~corporation or the partnerships, outside the United States, then paragraph (3)(i) shall not~~  
16.23 ~~require payrolls to be included in the average calculation for purposes of this subdivision,~~  
16.24 active foreign business income means gross income that is (i) derived from sources  
16.25 without the United States, as defined in subtitle A, chapter 1, subchapter N, part 1, of the  
16.26 Internal Revenue Code; and (ii) attributable to the active conduct of a trade or business in  
16.27 a foreign country.

16.28 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
16.29 December 31, 2005.

16.30 Sec. 3. Minnesota Statutes 2005 Supplement, section 290.01, subdivision 19c, is  
16.31 amended to read:

16.32 Subd. 19c. **Corporations; additions to federal taxable income.** For corporations,  
16.33 there shall be added to federal taxable income:

17.1 (1) the amount of any deduction taken for federal income tax purposes for income,  
17.2 excise, or franchise taxes based on net income or related minimum taxes, including but not  
3 limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota,  
17.4 another state, a political subdivision of another state, the District of Columbia, or any  
17.5 foreign country or possession of the United States;

17.6 (2) interest not subject to federal tax upon obligations of: the United States, its  
17.7 possessions, its agencies, or its instrumentalities; the state of Minnesota or any other  
17.8 state, any of its political or governmental subdivisions, any of its municipalities, or any  
17.9 of its governmental agencies or instrumentalities; the District of Columbia; or Indian  
17.10 tribal governments;

17.11 (3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal  
17.12 Revenue Code;

17.13 (4) the amount of any net operating loss deduction taken for federal income tax  
17.14 purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss  
17.15 deduction under section 810 of the Internal Revenue Code;

17.16 (5) the amount of any special deductions taken for federal income tax purposes  
17.17 under sections 241 to 247 of the Internal Revenue Code;

17.18 (6) losses from the business of mining, as defined in section 290.05, subdivision 1,  
17.19 clause (a), that are not subject to Minnesota income tax;

17.20 (7) the amount of any capital losses deducted for federal income tax purposes under  
17.21 sections 1211 and 1212 of the Internal Revenue Code;

17.22 (8) the exempt foreign trade income of a foreign sales corporation under sections  
17.23 921(a) and 291 of the Internal Revenue Code;

17.24 (9) the amount of percentage depletion deducted under sections 611 through 614 and  
17.25 291 of the Internal Revenue Code;

17.26 (10) for certified pollution control facilities placed in service in a taxable year  
17.27 beginning before December 31, 1986, and for which amortization deductions were elected  
17.28 under section 169 of the Internal Revenue Code of 1954, as amended through December  
17.29 31, 1985, the amount of the amortization deduction allowed in computing federal taxable  
17.30 income for those facilities;

17.31 (11) the amount of any deemed dividend from a foreign operating corporation  
17.32 determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend  
17.33 shall be reduced by the amount of the addition to income required by clauses (19), (20),  
17.34 (21), and (22);

18.1 (12) the amount of a partner's pro rata share of net income which does not flow  
18.2 through to the partner because the partnership elected to pay the tax on the income under  
18.3 section 6242(a)(2) of the Internal Revenue Code;

18.4 (13) the amount of net income excluded under section 114 of the Internal Revenue  
18.5 Code;

18.6 (14) any increase in subpart F income, as defined in section 952(a) of the Internal  
18.7 Revenue Code, for the taxable year when subpart F income is calculated without regard  
18.8 to the provisions of section 614 of Public Law 107-147;

18.9 (15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A)  
18.10 and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer  
18.11 has an activity that in the taxable year generates a deduction for depreciation under  
18.12 section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year  
18.13 that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed  
18.14 under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the  
18.15 depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the  
18.16 amount of the loss from the activity that is not allowed in the taxable year. In succeeding  
18.17 taxable years when the losses not allowed in the taxable year are allowed, the depreciation  
18.18 under section 168(k)(1)(A) and (k)(4)(A) is allowed;

18.19 (16) 80 percent of the amount by which the deduction allowed by section 179 of the  
18.20 Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal  
18.21 Revenue Code of 1986, as amended through December 31, 2003;

18.22 (17) to the extent deducted in computing federal taxable income, the amount of the  
18.23 deduction allowable under section 199 of the Internal Revenue Code; ~~and~~

18.24 (18) the exclusion allowed under section 139A of the Internal Revenue Code for  
18.25 federal subsidies for prescription drug plans;

18.26 (19) an amount equal to the interest and intangible expenses, losses, and costs paid,  
18.27 accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit  
18.28 of a corporation that is a member of the taxpayer's unitary business group that qualifies  
18.29 as a foreign operating corporation. For purposes of this clause, intangible expenses and  
18.30 costs include:

18.31 (i) expenses, losses, and costs for, or related to, the direct or indirect acquisition,  
18.32 use, maintenance or management, ownership, sale, exchange, or any other disposition of  
18.33 intangible property;

18.34 (ii) losses incurred, directly or indirectly, from factoring transactions or discounting  
18.35 transactions;

18.36 (iii) royalty, patent, technical, and copyright fees;

- 19.1 (iv) licensing fees; and  
19.2 (v) other similar expenses and costs.

19.3 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent  
19.4 applications, trade names, trademarks, service marks, copyrights, mask works, trade  
19.5 secrets, and similar types of intangible assets.

19.6 This clause does not apply to any item of interest or intangible expenses or costs paid,  
19.7 accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect  
19.8 to such item of income to the extent that the income to the foreign operating corporation  
19.9 is income from sources without the United States as defined in subtitle A, chapter 1,  
19.10 subchapter N, part 1, of the Internal Revenue Code;

19.11 (20) except as already included in the taxpayer's taxable income pursuant to clause  
19.12 (19), any interest income and income generated from intangible property received or  
19.13 accrued by a foreign operating corporation that is a member of the taxpayer's unitary  
19.14 group. For purposes of this clause, income generated from intangible property includes:

19.15 (i) income related to the direct or indirect acquisition, use, maintenance or  
19.16 management, ownership, sale, exchange, or any other disposition of intangible property;

19.17 (ii) income from factoring transactions or discounting transactions;

19.18 (iii) royalty, patent, technical, and copyright fees;

19.19 (iv) licensing fees; and

19.20 (v) other similar income.

19.21 For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent  
19.22 applications, trade names, trademarks, service marks, copyrights, mask works, trade  
19.23 secrets, and similar types of intangible assets.

19.24 This clause does not apply to any item of interest or intangible income received or accrued  
19.25 by a foreign operating corporation with respect to such item of income to the extent that  
19.26 the income is income from sources without the United States as defined in subtitle A,  
19.27 chapter 1, subchapter N, part 1, of the Internal Revenue Code;

19.28 (21) the dividends attributable to the income of a foreign operating corporation that  
19.29 is a member of the taxpayer's unitary group in an amount that is equal to the dividends  
19.30 paid deduction of a real estate investment trust under section 561(a) of the Internal  
19.31 Revenue Code for amounts paid or accrued by the real estate investment trust to the  
19.32 foreign operating corporation; and

19.33 (22) the income of a foreign operating corporation that is a member of the taxpayer's  
19.34 unitary group in an amount that is equal to gains derived from the sale of real or personal  
19.35 property located in the United States.

20.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
20.2 December 31, 2005.

20.3 Sec. 4. Minnesota Statutes 2005 Supplement, section 290.01, subdivision 19d, is  
20.4 amended to read:

20.5 Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For  
20.6 corporations, there shall be subtracted from federal taxable income after the increases  
20.7 provided in subdivision 19c:

20.8 (1) the amount of foreign dividend gross-up added to gross income for federal  
20.9 income tax purposes under section 78 of the Internal Revenue Code;

20.10 (2) the amount of salary expense not allowed for federal income tax purposes due to  
20.11 claiming the federal jobs credit under section 51 of the Internal Revenue Code;

20.12 (3) any dividend (not including any distribution in liquidation) paid within the  
20.13 taxable year by a national or state bank to the United States, or to any instrumentality of  
20.14 the United States exempt from federal income taxes, on the preferred stock of the bank  
20.15 owned by the United States or the instrumentality;

20.16 (4) amounts disallowed for intangible drilling costs due to differences between  
20.17 this chapter and the Internal Revenue Code in taxable years beginning before January  
20.18 1, 1987, as follows:

20.19 (i) to the extent the disallowed costs are represented by physical property, an amount  
20.20 equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09,  
20.21 subdivision 7, subject to the modifications contained in subdivision 19e; and

20.22 (ii) to the extent the disallowed costs are not represented by physical property, an  
20.23 amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section  
20.24 290.09, subdivision 8;

20.25 (5) the deduction for capital losses pursuant to sections 1211 and 1212 of the  
20.26 Internal Revenue Code, except that:

20.27 (i) for capital losses incurred in taxable years beginning after December 31, 1986,  
20.28 capital loss carrybacks shall not be allowed;

20.29 (ii) for capital losses incurred in taxable years beginning after December 31, 1986,  
20.30 a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be  
20.31 allowed;

20.32 (iii) for capital losses incurred in taxable years beginning before January 1, 1987, a  
20.33 capital loss carryback to each of the three taxable years preceding the loss year, subject to  
20.34 the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

21.1 (iv) for capital losses incurred in taxable years beginning before January 1, 1987,  
21.2 a capital loss carryover to each of the five taxable years succeeding the loss year to the  
3 extent such loss was not used in a prior taxable year and subject to the provisions of  
21.4 Minnesota Statutes 1986, section 290.16, shall be allowed;

21.5 (6) an amount for interest and expenses relating to income not taxable for federal  
21.6 income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and  
21.7 expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or  
21.8 291 of the Internal Revenue Code in computing federal taxable income;

21.9 (7) in the case of mines, oil and gas wells, other natural deposits, and timber for  
21.10 which percentage depletion was disallowed pursuant to subdivision 19c, clause (11), a  
21.11 reasonable allowance for depletion based on actual cost. In the case of leases the deduction  
21.12 must be apportioned between the lessor and lessee in accordance with rules prescribed  
21.13 by the commissioner. In the case of property held in trust, the allowable deduction must  
21.14 be apportioned between the income beneficiaries and the trustee in accordance with the  
21.15 pertinent provisions of the trust, or if there is no provision in the instrument, on the basis  
21.16 of the trust's income allocable to each;

21.17 (8) for certified pollution control facilities placed in service in a taxable year  
21.18 beginning before December 31, 1986, and for which amortization deductions were elected  
21.19 under section 169 of the Internal Revenue Code of 1954, as amended through December  
21.20 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes  
21.21 1986, section 290.09, subdivision 7;

21.22 (9) amounts included in federal taxable income that are due to refunds of income,  
21.23 excise, or franchise taxes based on net income or related minimum taxes paid by the  
24 corporation to Minnesota, another state, a political subdivision of another state, the  
21.25 District of Columbia, or a foreign country or possession of the United States to the extent  
21.26 that the taxes were added to federal taxable income under section 290.01, subdivision 19c,  
21.27 clause (1), in a prior taxable year;

21.28 (10) 80 percent of royalties, fees, or other like income accrued or received from a  
21.29 foreign operating corporation or a foreign corporation which is part of the same unitary  
21.30 business as the receiving corporation, unless the income resulting from such payments or  
21.31 accruals is income from sources within the United States as defined in subtitle A, chapter  
21.32 1, subchapter N, part 1, of the Internal Revenue Code;

21.33 (11) income or gains from the business of mining as defined in section 290.05,  
21.34 subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

21.35 (12) the amount of handicap access expenditures in the taxable year which are not  
21.36 allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

22.1 (13) the amount of qualified research expenses not allowed for federal income tax  
22.2 purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that  
22.3 the amount exceeds the amount of the credit allowed under section 290.068;

22.4 (14) the amount of salary expenses not allowed for federal income tax purposes due  
22.5 to claiming the Indian employment credit under section 45A(a) of the Internal Revenue  
22.6 Code;

22.7 (15) the amount of any refund of environmental taxes paid under section 59A of the  
22.8 Internal Revenue Code;

22.9 (16) for taxable years beginning before January 1, 2008, the amount of the federal  
22.10 small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code  
22.11 which is included in gross income under section 87 of the Internal Revenue Code;

22.12 (17) for a corporation whose foreign sales corporation, as defined in section 922  
22.13 of the Internal Revenue Code, constituted a foreign operating corporation during any  
22.14 taxable year ending before January 1, 1995, and a return was filed by August 15, 1996,  
22.15 claiming the deduction under section 290.21, subdivision 4, for income received from  
22.16 the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of  
22.17 income excluded under section 114 of the Internal Revenue Code, provided the income is  
22.18 not income of a foreign operating company;

22.19 (18) any decrease in subpart F income, as defined in section 952(a) of the Internal  
22.20 Revenue Code, for the taxable year when subpart F income is calculated without regard  
22.21 to the provisions of section 614 of Public Law 107-147;

22.22 (19) in each of the five tax years immediately following the tax year in which an  
22.23 addition is required under subdivision 19c, clause (15), an amount equal to one-fifth of  
22.24 the delayed depreciation. For purposes of this clause, "delayed depreciation" means the  
22.25 amount of the addition made by the taxpayer under subdivision 19c, clause (15). The  
22.26 resulting delayed depreciation cannot be less than zero; and

22.27 (20) in each of the five tax years immediately following the tax year in which an  
22.28 addition is required under subdivision 19c, clause (16), an amount equal to one-fifth of the  
22.29 amount of the addition.

22.30 **EFFECTIVE DATE.** This section is effective for taxable years beginning after  
22.31 December 31, 2005.

22.32 Sec. 5. Minnesota Statutes 2004, section 290.34, subdivision 1, is amended to read:

22.33 Subdivision 1. **Business conducted in such a way as to create losses or improper**  
22.34 **taxable net income.** (a) When any corporation liable to taxation under this chapter  
22.35 conducts its business in such a manner as, directly or indirectly, to benefit its members

23.1 or stockholders or any person or corporation interested in such business or to reduce the  
23.2 income attributable to this state by selling the commodities or services in which it deals  
23.3 at less than the fair price which might be obtained therefor, or buying such commodities  
23.4 or services at more than the fair price for which they might have been obtained, or when  
23.5 any corporation, a substantial portion of whose shares is owned directly or indirectly by  
23.6 another corporation, deals in the commodities or services of the latter corporation in such  
23.7 a manner as to create a loss or improper net income or to reduce the taxable net income  
23.8 attributable to this state, the commissioner of revenue may determine the amount of its  
23.9 income so as to reflect what would have been its reasonable taxable net income but for the  
23.10 arrangements causing the understatement of its taxable net income or the overstatement of  
23.11 its losses, having regard to the fair profits which, but for any agreement, arrangement, or  
23.12 understanding, might have been or could have been obtained from such business.

23.13 (b) When any corporation engages in a transaction or series of transactions whose  
23.14 primary business purpose is the avoidance of tax, or engages in a transaction or series of  
23.15 transactions without economic substance, that transaction or series of transactions shall be  
23.16 disregarded and the commissioner shall determine taxable net income without regard for  
23.17 any such transaction or series of transactions.

23.18 **Sec. 6. INTENT OF LEGISLATURE.**

23.19 Section 5 does not change Minnesota law, but merely clarifies the legislature's  
23.20 intention with respect to transactions without economic substance or business purpose.

APPENDIX  
Repealed Minnesota Statutes: 06-6390

**256B.0631 MEDICAL ASSISTANCE CO-PAYMENTS.**

Subdivision 1. **Co-payments.** (a) Except as provided in subdivision 2, the medical assistance benefit plan shall include the following co-payments for all recipients, effective for services provided on or after October 1, 2003:

(1) \$3 per nonpreventive visit. For purposes of this subdivision, a visit means an episode of service which is required because of a recipient's symptoms, diagnosis, or established illness, and which is delivered in an ambulatory setting by a physician or physician ancillary, chiropractor, podiatrist, nurse midwife, advanced practice nurse, audiologist, optician, or optometrist;

(2) \$3 for eyeglasses;

(3) \$6 for nonemergency visits to a hospital-based emergency room; and

(4) \$3 per brand-name drug prescription and \$1 per generic drug prescription, subject to a \$12 per month maximum for prescription drug co-payments. No co-payments shall apply to antipsychotic drugs when used for the treatment of mental illness.

(b) Recipients of medical assistance are responsible for all co-payments in this subdivision.

Subd. 2. **Exceptions.** Co-payments shall be subject to the following exceptions:

(1) children under the age of 21;

(2) pregnant women for services that relate to the pregnancy or any other medical condition that may complicate the pregnancy;

(3) recipients expected to reside for at least 30 days in a hospital, nursing home, or intermediate care facility for the mentally retarded;

(4) recipients receiving hospice care;

(5) 100 percent federally funded services provided by an Indian health service;

(6) emergency services;

(7) family planning services;

(8) services that are paid by Medicare, resulting in the medical assistance program paying for the coinsurance and deductible; and

(9) co-payments that exceed one per day per provider for nonpreventive visits, eyeglasses, and nonemergency visits to a hospital-based emergency room.

Subd. 3. **Collection.** The medical assistance reimbursement to the provider shall be reduced by the amount of the co-payment, except that reimbursement for prescription drugs shall not be reduced once a recipient has reached the \$12 per month maximum for prescription drug co-payments. The provider collects the co-payment from the recipient. Providers may not deny services to recipients who are unable to pay the co-payment, except as provided in subdivision 4.

Subd. 4. **Uncollected debt.** If it is the routine business practice of a provider to refuse service to an individual with uncollected debt, the provider may include uncollected co-payments under this section. A provider must give advance notice to a recipient with uncollected debt before services can be denied.

**256J.37 TREATMENT OF INCOME AND LUMP SUMS.**

Subd. 3a. **Rental subsidies; unearned income.** (a) Effective July 1, 2003, the county agency shall count \$50 of the value of public and assisted rental subsidies provided through the Department of Housing and Urban Development (HUD) as unearned income to the cash portion of the MFIP grant. The full amount of the subsidy must be counted as unearned income when the subsidy is less than \$50. The income from this subsidy shall be budgeted according to section 256J.34.

(b) The provisions of this subdivision shall not apply to an MFIP assistance unit which includes a participant who is:

(1) age 60 or older;

(2) a caregiver who is suffering from an illness, injury, or incapacity that has been certified by a qualified professional when the illness, injury, or incapacity is expected to continue for more than 30 days and prevents the person from obtaining or retaining employment; or

(3) a caregiver whose presence in the home is required due to the illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household when the illness or incapacity and the need for the participant's presence in the home has been certified by a qualified professional and is expected to continue for more than 30 days.

(c) The provisions of this subdivision shall not apply to an MFIP assistance unit where the parental caregiver is an SSI recipient.

(d) Prior to implementing this provision, the commissioner must identify the MFIP participants subject to this provision and provide written notice to these participants at least 30

APPENDIX

Repealed Minnesota Statutes: 06-6390

days before the first grant reduction. The notice must inform the participant of the basis for the potential grant reduction, the exceptions to the provision, if any, and inform the participant of the steps necessary to claim an exception. A person who is found not to meet one of the exceptions to the provision must be notified and informed of the right to a fair hearing under section 256J.40. The notice must also inform the participant that the participant may be eligible for a rent reduction resulting from a reduction in the MFIP grant and encourage the participant to contact the local housing authority.

Subd. 3b. **Treatment of Supplemental Security Income.** The county shall reduce the cash portion of the MFIP grant by up to \$125 for an MFIP assistance unit that includes one or more SSI recipients who reside in the household, and who would otherwise be included in the MFIP assistance unit under section 256J.24, subdivision 2, but are excluded solely due to the SSI recipient status under section 256J.24, subdivision 3, paragraph (a), clause (1). If the SSI recipient or recipients receive less than \$125 of SSI, only the amount received shall be used in calculating the MFIP cash assistance payment. This provision does not apply to relative caregivers who could elect to be included in the MFIP assistance unit under section 256J.24, subdivision 4, unless the caregiver's children or stepchildren are included in the MFIP assistance unit.

**256L.04 ELIGIBLE PERSONS.**

Subd. 10. **Citizenship requirements.** Eligibility for MinnesotaCare is limited to citizens of the United States, qualified noncitizens, and other persons residing lawfully in the United States as described in section 256B.06, subdivision 4, paragraphs (a) to (e) and (j). Undocumented noncitizens and nonimmigrants are ineligible for MinnesotaCare. 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 noncitizen is an individual who resides in the United States without the approval or acquiescence of the Immigration and Naturalization Service.

APPENDIX  
Repealed Minnesota Session Laws: 06-6390

**Laws 2005, First Special Session chapter 4, article 3, section 19**

**Sec. 19. [PARENT FEE SCHEDULE.]**

(a) Notwithstanding Minnesota Rules, part 3400.0100, subpart 4, the parent fee schedule is as follows: <u>Income Range (as a</u> <u>Co-payment (as a percent of the federal</u> <u>percentage of adjusted poverty guidelines)</u> <u>gross income)</u> <u>0-74.99%</u> <u>\$0/month 75.00-99.99%</u> <u>\$5/month 100.00-104.99%</u> <u>3.23% 105.00-109.99%</u> <u>3.23% 110.00-114.99%</u> <u>3.23% 115.00-119.99%</u> <u>3.23% 120.00-124.99%</u> <u>3.60% 125.00-129.99%</u> <u>3.60% 130.00-134.99%</u> <u>3.60% 135.00-139.99%</u> <u>3.60% 140.00-144.99%</u> <u>3.97% 145.00-149.99%</u> <u>3.97% 150.00-154.99%</u> <u>3.97% 155.00-159.99%</u> <u>4.75% 160.00-164.99%</u> <u>4.75% 165.00-169.99%</u> <u>5.51% 170.00-174.99%</u> <u>5.88% 175.00-179.99%</u> <u>6.25% 180.00-184.99%</u> <u>6.98% 185.00-189.99%</u> <u>7.35% 190.00-194.99%</u> <u>7.72% 195.00-199.99%</u> <u>8.45% 200.00-204.99%</u> <u>9.92% 205.00-209.99%</u> <u>12.22% 210.00-214.99%</u> <u>12.65% 215.00-219.99%</u> <u>13.09% 220.00-224.99%</u> <u>13.52% 225.00-229.99%</u> <u>14.35% 230.00-234.99%</u> <u>15.71% 235.00-239.99%</u> <u>16.28% 240.00-244.99%</u> <u>17.37% 245.00-249.99%</u> <u>18.00% 250%</u> <u>ineligible</u>

(b) This schedule is effective January 1, 2006, and shall be implemented at or before the participant's next eligibility redetermination. The parent fee schedule in Laws 2003, First Special Session chapter 14, article 9, section 36, shall remain in effect until the schedule in this section is fully implemented.

(c) A family's monthly co-payment fee is the fixed percentage established for the income range multiplied by the highest possible income within that income range.

1.1 Senator ..... moves to amend S.F. No. 3016 as follows:

2 Page 15, delete section 8, and insert:

1.3 "Sec. 8. **REPEALER.**

1.4 (a) Minnesota Statutes 2004, section 256B.0631, subdivisions 2 and 4, are repealed.

1.5 (b) Minnesota Statutes 2005 Supplement, sections 256B.0631, subdivisions 1 and 3;  
1.6 and 256J.37, subdivision 3b, are repealed.

1.7 (c) Laws 2005, First Special Session chapter 4, article 3, section 19, is repealed.

1.8 (d) Minnesota Statutes 2004, section 256J.37, subdivision 3a, is repealed effective  
1.9 July 1, 2007."

1.1 Senator ..... moves to amend S.F. No. 3016 as follows:

1.2 Page 4, line 26, after "a" insert "onetime"

1.3 Page 15, line 11, after "a" insert "onetime"

1.1 **Senator Cohen from the Committee on Finance, to which was referred**

1.2 **S.F. No. 3016:** A bill for an act relating to human services; making changes to child  
1.3 care provider rates and parent fees; eliminating certain health care co-pays; increasing  
1.4 the MFIP transitional standard; reinstating health care benefits for certain noncitizens;  
1.5 repealing MFIP housing and SSI penalties; modifying foreign operating corporation tax  
1.6 provision; appropriating money from the tax relief account; amending Minnesota Statutes  
1.7 2004, sections 119B.13, by adding a subdivision; 256J.24, by adding a subdivision;  
1.8 290.34, subdivision 1; Minnesota Statutes 2005 Supplement, sections 119B.09,  
1.9 subdivision 1; 256D.03, subdivisions 3, 4; 256J.21, subdivision 2; 289A.38, subdivision  
1.10 6; 290.01, subdivisions 6b, 19c, 19d; proposing coding for new law in Minnesota Statutes,  
1.11 chapter 119B; repealing Minnesota Statutes 2004, sections 256B.0631, subdivisions 2, 4;  
1.12 256J.37, subdivision 3a; 256L.04, subdivision 10; Minnesota Statutes 2005 Supplement,  
1.13 sections 256B.0631, subdivisions 1, 3; 256J.37, subdivision 3b; Laws 2005, First Special  
1.14 Session chapter 4, article 3, section 19.

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

1.16 Page 4, line 26, after "a" insert "onetime"

1.17 Page 15, line 11, after "a" insert "onetime"

1.18 Page 15, delete section 8 and insert:

1.19 "Sec. 8. REPEALER.

1.20 (a) Minnesota Statutes 2004, section 256B.0631, subdivisions 2 and 4, are repealed.

1.21 (b) Minnesota Statutes 2005 Supplement, sections 256B.0631, subdivisions 1 and 3;

1.22 and 256J.37, subdivision 3b, are repealed.

1.23 (c) Laws 2005, First Special Session chapter 4, article 3, section 19, is repealed.

1.24 (d) Minnesota Statutes 2004, section 256J.37, subdivision 3a, is repealed effective

1.25 July 1, 2007."

1.26 Amend the title accordingly

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

1.29 .....  
1.30 (Committee Chair)

1.31 April 18, 2006 .....  
1.32 (Date of Committee recommendation)



4-18-06



