

Senators Hottinger, Neuville, Rosen, Frederickson and Kubly introduced--
S.F. No. 1841: Referred to the Committee on Environment and Natural Resources.

1 A bill for an act

2 relating to natural resources; eliminating the Project
3 Riverbend Board; amending Minnesota Statutes 2004,
4 sections 103F.387; 103F.389, subdivision 2; 103F.391;
5 repealing Minnesota Statutes 2004, sections 103F.383,
6 subdivisions 1, 2; 103F.385; 103F.389, subdivisions 3,
7 4; 103F.393.

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

9 Section 1. Minnesota Statutes 2004, section 103F.387, is
10 amended to read:

11 103F.387 [COMPREHENSIVE PLAN.]

12 ~~(a)~~ The comprehensive plan known as "Project Riverbend
13 Fifth Draft, June 1981" shall be implemented by ~~the board and~~
14 ~~the counties as provided in sections 103F.383 to 103F.393.~~ The
15 counties shall adopt land use ordinances consistent with the
16 plan. The standards set forth in the plan are the minimum
17 standards that may be adopted by ~~the board and~~ the counties.
18 The ~~board~~ counties may amend the comprehensive land use plan in
19 any way that does not reduce the minimum standards set forth in
20 the plan.

21 ~~(b) The board shall develop and establish a schedule for~~
22 ~~implementation and administration of the plan by the counties.~~
23 ~~The schedule shall be binding on the counties subject to~~
24 ~~approval by the governing bodies of the respective counties.~~

25 Sec. 2. Minnesota Statutes 2004, section 103F.389,
26 subdivision 2, is amended to read:

1 Subd. 2. [LAND USE ACTIONS MUST BE CONSISTENT WITH PLAN.]

2 (a) Notwithstanding any contrary provision of chapter 394, an
3 action of a type specified in subdivision 1, clauses (1) to (3),
4 is not effective until the county board has reviewed the action
5 and certified that it is consistent with the comprehensive land
6 use plan of-the-board.

7 (b) In determining consistency of ordinances and ordinance
8 amendments, the provisions of the comprehensive land use plan
9 shall be considered minimum standards. An aggrieved person may
10 appeal a decision of the type specified in subdivision 1,
11 clauses (1) to (3), which is reviewed by the county board under
12 this section in the manner provided for review of a decision of
13 a board of adjustment under section 394.27, subdivision 97-but
14 ~~only-after-the-procedures-prescribed-under-this-section-have~~
15 ~~been-completed~~.

16 Sec. 3. Minnesota Statutes 2004, section 103F.391, is
17 amended to read:

18 103F.391 [RESTRICTIONS ON LAND INCORPORATED OR ANNEXED.]

19 (a) If land subject to the comprehensive land use plan of
20 ~~the-board~~ is annexed, incorporated, or otherwise subjected to
21 the land use planning authority of a home rule charter or
22 statutory city, a moratorium shall exist on all subdivision
23 platting and building permits on that land until zoning
24 regulations are adopted for the land that comply with the
25 provisions of the comprehensive land use plan of-the-board.

26 (b) The moratorium shall also apply to construction,
27 grading and filling, and vegetative cutting as those activities
28 are defined in the comprehensive plan.

29 (c) This section does not apply to work done pursuant to
30 lawful permits issued before the land became subject to the land
31 use planning authority of the city.

32 Sec. 4. [REPEALER.]

33 Minnesota Statutes 2004, sections 103F.383, subdivisions 1
34 and 2; 103F.385; 103F.389, subdivisions 3 and 4; and 103F.393,
35 are repealed.

APPENDIX
Repealed Minnesota Statutes for 05-3448

103F.383 DEFINITIONS.

Subdivision 1. **Applicability.** The definitions in this section apply to sections 103F.383 to 103F.393.

Subd. 2. **Board.** "Board" means the project riverbend board.

103F.385 BOARD.

Subdivision 1. **Establishment.** The Project Riverbend Board is established under Laws 1982, chapter 627.

Subd. 2. **Members.** (a) Except as provided in Laws 1982, chapter 627, section 7, the board shall consist of six members, one each from the counties of Renville, Redwood, Brown, Nicollet, Blue Earth, and Le Sueur.

(b) The members shall be appointed by their respective county boards for a term of two years.

Subd. 3. **Chair.** The board shall select a chair, who shall preside at meetings and hearings and may call special meetings.

Subd. 4. **Procedural rules and records.** The board shall adopt rules for the transaction of its business and shall keep a public record of its transactions, findings, and determinations.

Subd. 5. **Quorum.** A majority of all members of the board constitutes a quorum and a majority vote of all members is required for the board to take any action pursuant to section 103F.389.

Subd. 6. **Staff and funds.** The counties shall supply staff and funds to the board as may be necessary for its operation.

103F.389 REVIEW AND CERTIFICATION OF LAND USE ACTIONS.

Subd. 3. **Procedure for certification.** (a) A copy of all notices of public hearings or, when a hearing is not required, a copy of the application to consider any actions of a type specified in subdivision 1, clauses (1) to (3), must be forwarded to the board by the county at least ten days prior to the hearing or meetings to consider the land use actions.

(b) The county shall notify the board of its final decision on the proposed action within ten days of the decision.

(c) By 30 days from the time it receives the notice, the board shall notify the county and the applicant of its approval or disapproval of the proposed action.

Subd. 4. **Disapproval of actions.** (a) If the board issues a notice of disapproval, either the county or the applicant may, within 30 days of notice, file a demand for a hearing with the board.

(b) If a demand is not filed during that period, the disapproval becomes final.

(c) If a demand is filed within the 30-day period, a hearing shall be held within 60 days of demand and shall be preceded by two weeks' published notice. Within 30 days after the hearing, the board shall either affirm its disapproval of the proposed action or certify its approval.

103F.393 BIENNIAL REPORT.

During the first year of each biennial legislative session, the board shall prepare and present to the appropriate policy committees of the legislature a report concerning the actions of the board in exercising the authority granted by the legislature under sections 103F.383 to 103F.393. The report shall include an assessment of the effectiveness of the board's comprehensive land use plan and its implementation in protecting and enhancing

APPENDIX

Repealed Minnesota Statutes for 05-3448

the outstanding scenic, recreational, natural, historical, scientific, and similar values of the Minnesota River and related shorelands situated within the member counties.

1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was re-referred

3 S.F. No. 1841: A bill for an act relating to natural
4 resources; eliminating the Project Riverbend Board; amending
5 Minnesota Statutes 2004, sections 103F.387; 103F.389,
6 subdivision 2; 103F.391; repealing Minnesota Statutes 2004,
7 sections 103F.383, subdivisions 1, 2; 103F.385; 103F.389,
8 subdivisions 3, 4; 103F.393.

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

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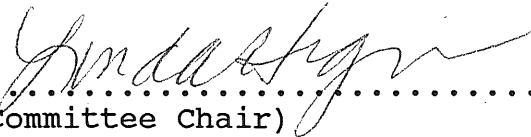
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.....
(Committee Chair)

April 4, 2005.....
(Date of Committee recommendation)

**Senate Counsel, Research,
and Fiscal Analysis**

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State of Minnesota

S.F. No. 1869 - Relating to Shared Ambulance Service

DPM

Author: Senator Sheila Kiscaden

Prepared by: Daniel P. McGowan, Senate Counsel (651/296-4397)

Date: April 4, 2005

The proposed legislation amends an exception in the uniform municipal contracting law that permitted the purchase of shared hospital or ambulance services in which more than one hospital or ambulance service pool together to purchase materials, supplies, and equipment without the need for complying with the competitive bidding requirement of the UMCL. This amendment would allow those shared purchasing programs to award contracts to more than one bidder if doing so would not decrease the service level or diminish the effects of competition.

DPM:vs

Senators Kiscaden and Senjem introduced--

S.F. No. 1869: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to local government; modifying a shared
3 hospital or ambulance service purchasing provision;
4 amending Minnesota Statutes 2004, section 471.345,
5 subdivision 10.

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

7 Section 1. Minnesota Statutes 2004, section 471.345,
8 subdivision 10, is amended to read:

9 Subd. 10. [SHARED HOSPITAL OR AMBULANCE SERVICE
10 PURCHASING.] Supplies, materials, or equipment to be used in the
11 operation of a hospital licensed under sections 144.50 to 144.56
12 or an ambulance service licensed under chapter 144E that are
13 purchased or leased under a shared service purchasing
14 arrangement whereby more than one hospital or ambulance service
15 purchases supplies, materials, or equipment with one or more
16 other hospitals or ambulance services either through one of the
17 hospitals or ambulance services or through another entity, may
18 be purchased without regard to the competitive bidding
19 requirements of this section, if the following conditions are
20 met:

21 (1) the hospital's or ambulance service's governing
22 authority authorizes the arrangement;

23 (2) the shared services purchasing program purchases items
24 available from more than one source on the basis of competitive
25 bids or competitive quotations of prices; and

1 (3) the arrangement authorizes the hospital's or ambulance
2 service's governing authority or its representatives to review
3 the purchasing procedures to determine compliance with these
4 requirements.

5 The shared services purchasing program may award contracts
6 to more than one bidder if doing so does not decrease the
7 service level or diminish the effects of competition.

1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was referred

3 S.F. No. 1869: A bill for an act relating to local
4 government; modifying a shared hospital or ambulance service
5 purchasing provision; amending Minnesota Statutes 2004, section
6 471.345, subdivision 10.

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

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[Handwritten Signature]
.....
(Committee Chair)

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April 4, 2005.....
(Date of Committee recommendation)

Senator LeClair introduced--

S.F. No. 1768: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to state government; authorizing Minnesota
3 Computers for School to acquire surplus property for
4 the state; amending Minnesota Statutes 2004, section
5 16C.23, subdivision 1.

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

7 Section 1. Minnesota Statutes 2004, section 16C.23,
8 subdivision 1, is amended to read:

9 Subdivision 1. [DEFINITIONS.] "Governmental unit or
10 nonprofit organization" means a governmental unit as defined in
11 section 471.59, subdivision 1, an Indian tribal
12 government, Minnesota Computers for School, and any nonprofit
13 and tax-exempt medical institution, hospital, clinic, health
14 center, school, school system, college, university, or other
15 institution organized and existing for any purpose authorized by
16 federal law to accept surplus federal property.

1 Senator moves to amend S.F. No. 1768 as follows:

2 Delete everything after the enacting clause and insert:

3 "Section 1. Minnesota Statutes 2004, section 16C.23, is
4 amended by adding a subdivision to read:

5 Subd. 6a. [COMPUTERS FOR SCHOOLS.] The commissioner may
6 transfer state surplus computers to Minnesota Computers for
7 Schools for refurbishing and distribution to any school, school
8 system, college, or university in Minnesota."

9 Delete the title and insert:

10 "A bill for an act relating to state government;
11 authorizing the commissioner of administration to transfer state
12 surplus computers to Minnesota Computers for Schools; amending
13 Minnesota Statutes 2004, section 16C.23, by adding a
14 subdivision."

1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was referred

3 S.F. No. 1768: A bill for an act relating to state
4 government; authorizing Minnesota Computers for School to
5 acquire surplus property for the state; amending Minnesota
6 Statutes 2004, section 16C.23, subdivision 1.

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

9 Delete everything after the enacting clause and insert:

10 "Section 1. Minnesota Statutes 2004, section 16C.23, is
11 amended by adding a subdivision to read:

12 Subd. 6a. [COMPUTERS FOR SCHOOLS.] The commissioner may
13 transfer state surplus computers to Minnesota Computers for
14 Schools for refurbishing and distribution to any school, school
15 system, college, or university in Minnesota."

16 Delete the title and insert:

17 "A bill for an act relating to state government;
18 authorizing the commissioner of administration to transfer state
19 surplus computers to Minnesota Computers for Schools; amending
20 Minnesota Statutes 2004, section 16C.23, by adding a
21 subdivision."

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

24
25 (Committee Chair)

26
27 April 4, 2005.....
28 (Date of Committee recommendation)

Senator Lourey introduced--

S.F. No. 1719: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to human services; reinstating certain
3 American Indian advisory councils; amending Minnesota
4 Statutes 2004, sections 254A.035, subdivision 2;
5 254A.04; 260.835.

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

7 Section 1. Minnesota Statutes 2004, section 254A.035,
8 subdivision 2, is amended to read:

9 Subd. 2. [MEMBERSHIP TERMS, COMPENSATION, REMOVAL AND
10 EXPIRATION.] The membership of this council shall be composed of
11 17 persons who are American Indians and who are appointed by the
12 commissioner. The commissioner shall appoint one representative
13 from each of the following groups: Red Lake Band of Chippewa
14 Indians; Fond du Lac Band, Minnesota Chippewa Tribe; Grand
15 Portage Band, Minnesota Chippewa Tribe; Leech Lake Band,
16 Minnesota Chippewa Tribe; Mille Lacs Band, Minnesota Chippewa
17 Tribe; Bois Forte Band, Minnesota Chippewa Tribe; White Earth
18 Band, Minnesota Chippewa Tribe; Lower Sioux Indian Reservation;
19 Prairie Island Sioux Indian Reservation; Shakopee Mdewakanton
20 Sioux Indian Reservation; Upper Sioux Indian Reservation;
21 International Falls Northern Range; Duluth Urban Indian
22 Community; and two representatives from the Minneapolis Urban
23 Indian Community and two from the St. Paul Urban Indian
24 Community. The terms, compensation, and removal of American
25 Indian Advisory Council members shall be as provided in section

1 15.059. The council expires June 30, ~~2001~~ 2008.

2 [EFFECTIVE DATE.] This section is effective retroactively
3 from June 30, 2001.

4 Sec. 2. Minnesota Statutes 2004, section 254A.04, is
5 amended to read:

6 254A.04 [CITIZENS ADVISORY COUNCIL.]

7 There is hereby created an Alcohol and Other Drug Abuse
8 Advisory Council to advise the Department of Human Services
9 concerning the problems of alcohol and other drug dependency and
10 abuse, composed of ten members. Five members shall be
11 individuals whose interests or training are in the field of
12 alcohol dependency and abuse; and five members whose interests
13 or training are in the field of dependency and abuse of drugs
14 other than alcohol. The terms, compensation and removal of
15 members shall be as provided in section 15.059. The council
16 expires June 30, ~~2001~~ 2008. The commissioner of human services
17 shall appoint members whose terms end in even-numbered years.
18 The commissioner of health shall appoint members whose terms end
19 in odd-numbered years.

20 [EFFECTIVE DATE.] This section is effective retroactively
21 from June 30, 2001.

22 Sec. 3. Minnesota Statutes 2004, section 260.835, is
23 amended to read:

24 260.835 [AMERICAN INDIAN CHILD WELFARE ADVISORY COUNCIL.]

25 Subdivision 1. [CREATION.] The commissioner shall appoint
26 an American Indian Advisory Council to help formulate policies
27 and procedures relating to Indian child welfare services and to
28 make recommendations regarding approval of grants provided under
29 section 260.785, subdivisions 1, 2, and 3. The council shall
30 consist of 17 members appointed by the commissioner and must
31 include representatives of each of the 11 Minnesota reservations
32 who are authorized by tribal resolution, one representative from
33 the Duluth Urban Indian Community, three representatives from
34 the Minneapolis Urban Indian Community, and two representatives
35 from the St. Paul Urban Indian Community. Representatives from
36 the urban Indian communities must be selected through an open

1 appointments process under section 15.0597. The terms,
2 compensation, and removal of American Indian Child Welfare
3 Advisory Council members shall be as provided in section 15.059.

4 Subd. 2. [EXPIRATION.] Notwithstanding section 15.059,
5 subdivision 5, the American Indian Child Welfare Advisory
6 Council expires June 30, 2008.

7 [EFFECTIVE DATE.] This section is effective retroactively
8 from June 30, 2003.

1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was referred

3 S.F. No. 1719: A bill for an act relating to human
4 services; reinstating certain American Indian advisory councils;
5 amending Minnesota Statutes 2004, sections 254A.035, subdivision
6 2; 254A.04; 260.835.

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

9 Page 2, after line 21, insert:

10 "Sec. 3. Minnesota Statutes 2004, section 256B.093,
11 subdivision 1, is amended to read:

12 Subdivision 1. [STATE TRAUMATIC BRAIN INJURY PROGRAM.] The
13 commissioner of human services shall:

14 (1) maintain a statewide traumatic brain injury program;

15 (2) supervise and coordinate services and policies for
16 persons with traumatic brain injuries;

17 (3) contract with qualified agencies or employ staff to
18 provide statewide administrative case management and
19 consultation;

20 (4) maintain an advisory committee to provide
21 recommendations in reports to the commissioner regarding program
22 and service needs of persons with traumatic brain injuries;

23 (5) investigate the need for the development of rules or
24 statutes for the traumatic brain injury home and community-based
25 services waiver;

26 (6) investigate present and potential models of service
27 coordination which can be delivered at the local level; and

28 (7) the advisory committee required by clause (4) must
29 consist of no fewer than ten members and no more than 30
30 members. The commissioner shall appoint all advisory committee
31 members to one- or two-year terms and appoint one member as
32 chair. Notwithstanding section 15.059, subdivision 5, the
33 advisory committee does not terminate until June 30, ~~2005~~ 2008."

34 Renumber the sections in sequence

35 Amend the title as follows:

36 Page 1, line 3, after the semicolon, insert "extending the
37 termination date for the Traumatic Brain Injury Advisory
38 Committee;"

1 Page 1, line 5, after the semicolon, insert "256B.093,
2 subdivision 1;"

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

5
6 (Committee Chair)

7
8 April 5, 2005.....
9 (Date of Committee recommendation)

**Senate Counsel, Research,
and Fiscal Analysis**

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Senate

State of Minnesota

S.F. No. 1135 - Relating to Brown County

Author: Senator Dennis Frederickson

Prepared by: Daniel P. McGowan, Senate Counsel (651/296-4397)



Date: April 4, 2005

The proposed special legislation for Brown County would authorize the Brown County Board to make the office of county recorder appointive, which would be done through a resolution adopted by the Brown County Board, which could reassign duties of the county recorder to other department heads as long as the statutorily required functions of the office are carried out. The person elected to the office of Brown County office recorder would continue to serve in that capacity until the end of the term of office or until a vacancy occurred. The county board adopting the resolution must do so by a four-fifths vote and provision is made for a reverse referendum if ten percent of the voters of the county petition for a referendum on the question. This bill is similar to numerous other bills that have been adopted for various counties in the past few years to give them the same authority.

DPM:vs

Senator Frederickson introduced--

S.F. No. 1135: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to Brown County; permitting the appointment
3 of the county recorder.

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

5 Section 1. [RECORDER MAY BE APPOINTED.]

6 Notwithstanding Minnesota Statutes, section 382.01, upon
7 adoption of a resolution by the Brown County Board of

8 Commissioners, the office of county recorder in the county is
9 not elective but must be filled by appointment by the county

10 board as provided in the resolution. Before the county board
11 may adopt a resolution under this section, the board must hold a

12 public hearing on the proposal to appoint the county recorder.

13 Sec. 2. [BOARD CONTROLS, MAY CHANGE AS LONG AS DUTIES
14 DONE.]

15 Upon adoption of a resolution by the Brown County Board of
16 Commissioners and subject to sections 3 and 4, the duties of the

17 elected official required by statute whose office is made

18 appointive as authorized by this act must be discharged by the

19 Board of Commissioners of Brown County acting through a

20 department head appointed by the board for that purpose. A

21 reorganization, reallocation, or delegation or other

22 administrative change or transfer does not diminish, prohibit,

23 or avoid the discharge of duties required by statute.

24 Sec. 3. [INCUMBENT TO COMPLETE TERM.]

1 The person currently serving as county recorder must serve
2 in that capacity and perform the duties, functions, and
3 responsibilities required by statute until the completion of the
4 current term of office or until a vacancy occurs in the office,
5 whichever occurs earlier.

6 Sec. 4. [FOUR-FIFTHS VOTE; REVERSE REFERENDUM.]

7 The county board may provide for the appointment of the
8 county recorder as permitted in this act without an affirmative
9 vote of the voters of the county if the resolution to make the
10 office appointed is approved by 80 percent of the members of the
11 county board. Before the adoption of the resolution, the county
12 board must publish a resolution notifying the public of its
13 intent to consider adopting the option once each week for two
14 consecutive weeks in the official publication of the county.
15 Following the publication, the county board shall provide an
16 opportunity at its next regular meeting for public comment
17 relating to the option, prior to formally adopting the option.
18 The option may be implemented without the submission of the
19 question of its implementation to the voters of the county,
20 unless within 30 days after the second publication of the
21 resolution, a petition requesting a referendum, signed by at
22 least ten percent of the registered voters of the county, is
23 filed with the county auditor. If a petition is filed, the
24 option may be implemented unless disapproved by a majority of
25 the voters of the county voting on the question at a regular or
26 special election.

27 Sec. 5. [EFFECTIVE DATE; LOCAL APPROVAL.]

28 This act is effective the day after the governing body of
29 Brown County and its chief clerical officer timely complete
30 their compliance with Minnesota Statutes, section 645.021,
31 subdivisions 2 and 3.

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A bill for an act

relating to telecommunications; providing for an alternative form of regulation for certain telephone companies; providing for reduced reporting requirements; clarifying the authority of the public utilities commission to issue remedial orders; establishing a single per number fee for certain telecommunications programs; regulating wireless telephone directories; providing for additional cable franchises; creating a task force on telecommunications; regulating cancellation of long distance service; authorizing the city of Alexandria to enter into certain telecommunication joint ventures; providing penalties; appropriating money; amending Minnesota Statutes 2004, sections 237.11; 237.295, subdivisions 1, 2; 237.462, by adding subdivisions; 237.69, subdivision 16, by adding a subdivision; 237.70, subdivisions 2, 5; 237.701, subdivision 1; 237.74, by adding a subdivision; 238.08, subdivision 1, by adding a subdivision; 403.06, subdivision 1a; 403.11, subdivision 1; 403.113, subdivision 1; 403.30, subdivision 1; Laws 1999, chapter 224, section 7, as amended; Laws 2002, chapter 329, section 5; proposing coding for new law in Minnesota Statutes, chapters 237; 325E; 325F; repealing Minnesota Statutes 2004, section 237.69, subdivisions 5, 17; Laws 1999, chapter 125, section 4, as amended.

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

ARTICLE 1

REGULATORY RELIEF

Section 1. Minnesota Statutes 2004, section 237.11, is amended to read:

237.11 [INSPECTING RECORDS AND PROPERTY; REPORTS REQUIRED.]

Every telephone company subject to the provisions of this chapter, wherever organized, shall keep an office in this state, and make such reports to the department as it shall from time to

1 time require. The department shall only require information for
2 an annual report from a telephone company, competitive local
3 exchange carrier, or independent telephone company that consists
4 of the name of the company, contact person, annual revenue, and
5 the annual status of the 911 plan update. All books, records,
6 and files, whether they relate to competitive or noncompetitive
7 services, and all of its property shall be at all times subject
8 to inspection by the commission and the department. It shall
9 close its accounts and take therefrom a balance sheet on
10 December 31 of each year, and on or before May 1 following, such
11 balance sheet, together with such other information as the
12 department shall require, verified by an officer of the
13 telephone company, shall be filed with the commission and the
14 department.

15 In the event that any telephone company shall fail to file
16 its annual report, as provided by this section, the department
17 is authorized to make such an examination of the books, records,
18 and vouchers of the company as is necessary to procure the
19 necessary data for the annual report and cause the same to be
20 prepared. The expense of procuring this data and preparing this
21 report shall be paid by the telephone company failing to report,
22 and the amount paid shall be credited by the commissioner of
23 finance to funds appropriated for the expense of the department.

24 The department is authorized to force collection of such
25 sum by an action at law in the name of the department.

26 Sec. 2. Minnesota Statutes 2004, section 237.462, is
27 amended by adding a subdivision to read:

28 Subd. 13. [REMEDIAL PAYMENTS.] The commission's authority
29 under this section includes authority to require refunds,
30 payments, or credits intended to provide compensation for
31 financial harm resulting from violations subject to penalty
32 payments under this section. Any remedial payments under this
33 section shall offset penalty payments ordered under subdivision
34 2 for the same violations.

35 Sec. 3. Minnesota Statutes 2004, section 237.462, is
36 amended by adding a subdivision to read:

1 Subd. 14. [WHOLESALE SERVICE QUALITY.] The commission's
2 authority to adopt wholesale service quality standards includes
3 the authority to establish remedy payments to provide
4 compensation and enforce those standards.

5 Sec. 4. [237.85] [DEFINITIONS.]

6 Subdivision 1. [SCOPE.] The definitions in this section
7 apply to sections 237.85 to 237.90.

8 Subd. 2. [BASIC SERVICE.] "Basic service" means one
9 unbundled, single line, unlimited local usage, residential voice
10 telephone service or unbundled single line, unlimited local
11 usage, business voice telephone service. Basic service includes:

12 (1) single party voice-grade service and touch-tone
13 capability;

14 (2) 911 or enhanced 911 access;

15 (3) 1+intraLATA and interLATA presubscription and
16 code-specific equal access to interexchange carriers subscribing
17 to its switched access service;

18 (4) access to directory assistance, directory listings, and
19 operator services;

20 (5) toll and information service-blocking;

21 (6) a white pages and directory assistance listing, or upon
22 customer request, a private listing that allows the customer to
23 have an unlisted or unpublished telephone number;

24 (7) call-tracing capability according to Minnesota Rules,
25 chapter 7813; and

26 (8) telecommunications relay service capability or access
27 necessary to comply with state and federal regulations.

28 Subd. 3. [CLASS OF SERVICES.] "Class of services" includes
29 all services provided to a particular class of customers,
30 including the residential class and the business class.

31 Subd. 4. [COMMISSION.] "Commission" means the Public
32 Utilities Commission.

33 Subd. 5. [COMPETITIVE REGULATION TELEPHONE
34 COMPANY.] "Competitive regulation telephone company" is a
35 telephone company that the commission authorizes to operate
36 under competitive regulation as provided in sections 237.86 to

1 237.90.

2 Subd. 6. [COMPETITIVE SERVICES REGULATION.] "Competitive
3 services regulation" means regulation of services determined to
4 be competitive as provided in sections 237.86 to 237.90.

5 Sec. 5. [237.86] [COMPETITIVE SERVICES REGULATION.]

6 Subdivision 1. [COMPETITION STANDARD.] Competitive
7 regulation as provided in sections 237.86 to 237.90 is permitted
8 for the residential services offered by a telephone company in
9 an exchange where three or more competitors offer comparable
10 retail residential services in the exchange. A residential
11 service is not comparable unless it provides basic service with
12 911 access through the dedicated 911 network. Competitive
13 regulation as provided in sections 237.86 to 237.90 is permitted
14 for the business class of services offered by a telephone
15 company in an exchange where three or more competitors offer
16 comparable service in an exchange through the use of unbundled
17 network elements, resale, voice over Internet protocol,
18 wireless, or a provider's own facilities, including cable. The
19 competitors must not be affiliated with the telephone company
20 seeking to be regulated under sections 237.86 to 237.90.

21 Subd. 2. [PETITION AND APPROVAL PROCESS.] (a) A telephone
22 company may petition the commission to have its retail
23 residential or business services in an exchange regulated as
24 provided in sections 237.86 to 237.90. The petition shall be
25 served upon the residential and small business utilities
26 division of the office of the attorney general, the Department
27 of Commerce, and any other persons who have requested to be on a
28 commissioner service list for petitions filed under this section.

29 (b) A petition shall be approved by the commission within
30 20 days after it is filed if it includes a signed affidavit that
31 identifies three or more competitors to the customer class or
32 classes in the exchange or exchanges covered by the petition.
33 The affidavit must be signed by an employee of the telephone
34 company with knowledge and the authority to make representations
35 on behalf of the company. Within 30 days after filing of the
36 affidavit, any interested person may file objections to the

1 petition setting forth the grounds upon which the person
2 believes the standard set forth in this section for competitive
3 services regulation has not been met. If the commission
4 determines after a hearing that the telephone company has failed
5 to meet the standard for competitive services regulation for a
6 particular class of services in a particular exchange, the
7 commission shall revoke the telephone company's competitive
8 regulation authority under sections 237.86 to 237.90 for those
9 services in the exchange in questions consistent with its
10 findings.

11 Sec. 6. [237.87] [RATES FOR SERVICES SUBJECT TO
12 COMPETITIVE SERVICES REGULATION.]

13 Subdivision 1. [PRICE AND SERVICE OFFERINGS.] A
14 competitive regulation telephone company may offer new local
15 services or change the prices, terms, or conditions of existing
16 local services as provided in this section for each class of
17 services in each exchange in which the commission has approved a
18 petition under section 237.86, subdivision 2.

19 Subd. 2. [BASIC SERVICE RATES.] (a) A competitive
20 regulation telephone company shall not increase its monthly
21 one-party residential and one-party business rates and
22 nonrecurring basic service rates for three years after the
23 commission has approved a petition under section 237.86,
24 subdivision 2. After three years, a basic services regulated
25 company may annually increase its monthly one-party residential
26 and one-party business rates and nonrecurring one-party
27 residential and one-party business installation service rates by
28 a percentage equal to or less than the inflation rate for the
29 prior year as measured by the Gross Domestic Product Price
30 Index, published by the federal government.

31 (b) Extended area service rates shall not be increased by a
32 competitive regulation telephone company without prior
33 commission approval.

34 (c) A competitive regulation telephone company may assess
35 special construction charges approved by the commission if
36 existing facilities are not available to the customer.

1 (d) Notwithstanding paragraph (a), a competitive regulation
2 telephone company may petition the commission and the commission
3 may authorize changes in residential or business local rates
4 associated with exongeous changes, including, but not limited
5 to, changes in the instrastate financial impact of:

6 (1) changes in intercarrier compensation;

7 (2) comprehensive local service rate restructuring;

8 (3) rate deaveraging;

9 (4) changes in universal service or funding payments;

10 (5) changes in local, state, or federal taxes;

11 (6) changes in the commission's application of

12 jurisdictional separation, the Uniform System of Accounts, or
13 other mandatory Financial Accounting Standards Board accounting
14 standards;

15 (7) assessments related to the use of telephone numbers,
16 including mandated number conservation efforts; and

17 (8) financial impacts of government mandates to construct
18 specific telecommunications infrastructure or develop systems.

19 Subd. 3. [OTHER PRICES SUBJECT TO EFFECTIVE
20 COMPETITION.] A competitive regulation telephone company's
21 prices for its intrastate retail services, other than basic
22 services and extended area service rates, are not subject to any
23 rate or price regulation except that the commission may, upon
24 complaint, order a competitive regulation telephone company to
25 change a retail or wholesale price or pricing practice or take
26 other appropriate action if the commission determines, after an
27 investigation, that:

28 (1) the price or pricing practice unreasonably restricts
29 resale in violation of Minnesota Statutes, section 237.121,
30 paragraph (a), clause (5);

31 (2) the price or pricing practice is unreasonably
32 discriminatory in violation of subdivision 6;

33 (3) the price or pricing practice is deceptive, misleading,
34 fraudulent, as those terms are defined in state or federal law,
35 or is otherwise unlawful under state or federal law;

36 (4) the price or pricing practice has caused or will result

1 in substantial customer harm; or

2 (5) the price or pricing practice will impede the
3 development of fair and reasonable competition or reflects the
4 absence of an effectively competitive market.

5 Subd. 4. [TARIFF CHANGES.] A competitive regulation
6 telephone company may offer new services or change the prices,
7 terms, or conditions of existing local service as permitted by
8 this section by filing amendments to its tariffs. These tariff
9 filings take effect as follows:

10 (a) A new service, price decrease, promotion, or
11 insubstantial change in the terms or conditions of a service may
12 take effect immediately upon filing without prior notice to
13 customers.

14 (b) A price increase, a substantial change in a term or
15 condition of a service, or a discontinuation of a service other
16 than basic local service may take effect 20 days after filing
17 and providing written notice to affected customers as provided
18 in clauses (1) and (2):

19 (1) the written notice of a price increase must be given in
20 simple and clear language by bill insert, bill notice, or direct
21 mail. To be simple and clear, the notice must bear the heading
22 "NOTICE OF PRICE INCREASE."

23 (2) the written notice of a substantial change in a term or
24 condition of service or of the discontinuance of a service must
25 be given in simple and clear language by bill insert, bill
26 notice, or direct mail. To be simple and clear, the notice
27 must, at a minimum, bear a heading such as "NOTICE OF CHANGE IN
28 TERMS" or "NOTICE OF DISCONTINUANCE," as appropriate.

29 Subd. 5. [COST INFORMATION.] The commission shall not
30 require a competitive regulation telephone company to file cost
31 information unless the commission determines that cost
32 information is needed to resolve a complaint or investigation
33 alleging that the competitive regulation telephone company is
34 violating a standard set forth in this section.

35 Subd. 6. [DISCRIMINATION.] No competitive regulation
36 telephone company may offer competitive services within the

1 state on terms or rates that are unreasonably discriminatory.
2 At a minimum, a competitive regulation telephone company must
3 provide its competitive services in accordance with paragraphs
4 (a) to (c).

5 (a) A competitive regulation telephone company shall charge
6 uniform rates for local services within its service area.
7 However, a competitive regulation telephone company may, upon a
8 filing under subdivision 4:

9 (1) offer unique pricing to certain customers or to certain
10 geographic locations for promotions as provided in section
11 237.626 or customer incentives of the type offered by other
12 providers and may offer local service as part of a package that
13 may include goods and services other than telecommunications
14 services. Nothing in this section is intended to give the
15 commission or department regulatory authority over
16 nontelecommunications services provided by the competitive
17 regulation telephone company;

18 (2) provide volume or term discounts;

19 (3) offer prices unique to particular customers, or groups
20 of customers, when differences in the cost of providing a
21 service, market conditions, or pricing practices of a competitor
22 justify a different price;

23 (4) pass through any legislatively authorized local taxes,
24 franchise fees, or special surcharges imposed by local or
25 regional governmental units on the services provided by the
26 competitive regulation telephone company in specific geographic
27 areas from which the taxes, fees, or surcharges originate; or

28 (5) furnish service free or at a reduced rate to its
29 officers, agents, or employees in furtherance of their
30 employment.

31 (b) A tariff providing for prices unique to particular
32 customers or groups of customers under paragraph (a), clause
33 (3), shall identify the service for which a unique price is
34 available and the conditions under which the unique price is
35 available.

36 (c) In addition to the exceptions provided in paragraph

1 (a), a competitive regulation telephone company may also charge
2 different rates for competitive local services within its
3 service territory upon a prior finding by the commission that
4 the competitive regulation telephone company has good cause to
5 do so.

6 Subd. 7. [PROTECTION FROM ANTICOMPETITIVE PRICING.] This
7 subdivision applies to prices governed by this section other
8 than one single-line local residential voice service or one
9 single-line local business voice telephone service. A
10 competitive regulation telephone company must not price its
11 local telephone services, whether offered singly or as part of a
12 bundle of services, below the total service long-run incremental
13 cost of providing the service or services.

14 Subd. 8. [RETAIL SERVICES ONLY.] The provisions of this
15 section apply only to retail services.

16 Subd. 9. [WHOLESALE OBLIGATIONS UNDER STATE AND FEDERAL
17 LAW.] Nothing in this section shall alter any wholesale
18 obligation of a competitive regulation telephone company under
19 state or federal law or the ability of the commission to enforce
20 applicable provisions of state or federal law.

21 Subd. 10. [COMPLAINTS.] The commission may investigate on
22 its own motion or upon a complaint an alleged violation of this
23 section. If the commission finds by a preponderance of the
24 evidence after a proceeding that existing rates, tariffs,
25 charges, schedules, or practices violate an applicable provision
26 of this chapter, the commission shall take appropriate action,
27 which may include ordering the competitive regulation telephone
28 company to;

29 (1) change the rate, tariff, charge, schedule, or practice;

30 (2) make the service reasonable, adequate, or obtainable;

31 or

32 (3) take other appropriate action.

33 Sec. 7. [237.88] [RATES NOT SUBJECT TO EFFECTIVE
34 COMPETITION.]

35 A competitive regulation telephone company's rates for
36 services in exchanges which the commission has not permitted to

1 be regulated under sections 237.86 to 237.90 shall be regulated
 2 as otherwise provided in this chapter, except that a new
 3 alternative form of regulation plan may apply only to those
 4 services which have not been determined to be subject to
 5 competitive services regulation or have been exempted from rate
 6 regulation under section 237.411.

7 Sec. 8. [237.89] [AFOR SERVICE QUALITY; INTERIM
 8 PROVISION.]

9 A competitive regulation telephone company shall comply
 10 with the service quality standards, penalties, and remedies in
 11 an AFOR plan in effect on June 1, 2005, until one year after the
 12 commission authorizes competitive regulation for that telephone
 13 company or the expiration of the AFOR plan, whichever is
 14 earlier. After that time, competitive services are subject to
 15 commission service quality rules of general applicability.

16 Sec. 9. [237.90] [APPLICABILITY OF OTHER LAWS;
 17 COMMISSION.]

18 A competitive regulation telephone company is not subject
 19 to rate-of-return regulation or the earnings investigations
 20 provisions of sections 237.075, 237.081, and 237.22 during the
 21 term of the election. Except as specifically provided in this
 22 section, the commission retains all authority under this chapter
 23 and competitive regulation telephone companies are subject to
 24 the requirements of this chapter and rules of the commission,
 25 including, but not limited to, laws and rules relating to the
 26 provider of last resort obligations and service quality.

27 Sec. 10. Laws 1999, chapter 224, section 7, as amended by
 28 Laws 2004, chapter 261, article 6, section 3, is amended to read:

29 Sec. 7. [SUNSET.]

30 ~~Sections 2 and 4 expire on August 17, 2005, and Minnesota~~
 31 ~~Statutes 1998, sections 237.63, 237.65, and 237.68, expire on~~
 32 ~~December 31, 2004.~~

33 [EFFECTIVE DATE.] This section is effective the day
 34 following final enactment.

35 Sec. 11. [ANTISLAMMING AND OTHER FRAUD.]

36 Nothing in this act undermines or changes the consumer

1 protection laws found in Minnesota Statutes, sections 237.661;
 2 237.663; and 237.665; or 325F.692.

3 ARTICLE 2

4 PER NUMBER FEE

5 Section 1. Minnesota Statutes 2004, section 237.295,
 6 subdivision 1, is amended to read:

7 Subdivision 1. [~~PAYMENT-FOR-INVESTIGATION FILING FEE FOR~~
 8 ~~NEW AUTHORITY.~~] ~~(a)-Whenever-the-department-or-commission,-in-a~~
 9 ~~proceeding-upon-its-own-motion,-on-complaint,-or-upon-an~~
 10 ~~application-to-it,-considers-it-necessary,-in-order-to-carry-out~~
 11 ~~the-duties-imposed-on-it,-to-investigate-the-books,-accounts,~~
 12 ~~practices,-and-activities-of-any-company,-parties-to-the~~
 13 ~~proceeding-shall-pay-the-expenses-reasonably-attributable-to-the~~
 14 ~~proceeding.--The-department-and-commission-shall-ascertain-the~~
 15 ~~expenses,-and-the-department-shall-render-a-bill-for-those~~
 16 ~~expenses-to-the-parties,-at-the-conclusion-of-the-proceeding.~~
 17 ~~The-department-is-authorized-to-submit-billings-to-parties-at~~
 18 ~~intervals-selected-by-the-department-during-the-course-of-a~~
 19 ~~proceeding.~~

20 ~~(b)-The-allocation-of-costs-may-be-adjusted-for-cause-by~~
 21 ~~the-commission-during-the-course-of-the-proceeding,-or-upon-the~~
 22 ~~closing-of-the-docket-and-issuance-of-an-order.--In-addition-to~~
 23 ~~the-rights-granted-in-subdivision-3,-parties-to-a-proceeding-may~~
 24 ~~object-to-the-allocation-at-any-time-during-the-proceeding.~~
 25 ~~Withdrawal-by-a-party-to-a-proceeding-does-not-absolve-the-party~~
 26 ~~from-paying-allocated-costs-as-determined-by-the-commission.~~
 27 ~~The-commission-may-decide-that-a-party-should-not-pay-any~~
 28 ~~allocated-costs-of-the-proceeding.~~

29 ~~(c)-The-bill-constitutes-notice-of-the-assessment-and-a~~
 30 ~~demand-for-payment.--The-amount-of-the-bills-assessed-by-the~~
 31 ~~department-under-this-subdivision-must-be-paid-by-the-parties~~
 32 ~~into-the-state-treasury-within-30-days-from-the-date-of~~
 33 ~~assessment.--The-total-amount,-in-a-calendar-year,-for-which-a~~
 34 ~~telephone-company-may-become-liable,-by-reason-of-costs-incurred~~
 35 ~~by-the-department-and-commission-within-that-calendar-year,-may~~
 36 ~~not-exceed-two-fifths-of-one-percent-of-the-gross-jurisdictional~~

1 operating-revenue-of-the-telephone-company-in-the-last-preceding
2 calendar-year.--Direct-charges-may-be-assessed-without-regard-to
3 this-limitation-until-the-gross-jurisdictional-operating-revenue
4 of-the-telephone-company-for-the-preceding-calendar-year-has
5 been-reported-for-the-first-time.--Where, under this
6 subdivision, costs are incurred within a calendar year that are
7 in excess of two-fifths of one percent of the gross
8 jurisdictional operating revenues, the excess costs are not
9 chargeable as part of the remainder under subdivision 2.

10 (d) Except as otherwise provided in paragraph (e), for
11 purposes of assessing the cost of a proceeding to a party,
12 "party" means any entity or group subject to the laws and rules
13 of this state, however organized, whether public or private,
14 whether domestic or foreign, whether for profit or nonprofit,
15 and whether natural, corporate, or political, such as a business
16 or commercial enterprise organized as any type or combination of
17 corporation, limited liability company, partnership, limited
18 liability partnership, proprietorship, association, cooperative,
19 joint venture, carrier, or utility, and any successor or
20 assignee of any of them, a social or charitable organization,
21 and any type or combination of political subdivision, which
22 includes the executive, judicial, or legislative branch of the
23 state, a local government unit, an agency of the state or a
24 local government unit, or a combination of any of them.

25 (e) For assessment and billing purposes, "party" does not
26 include the Department of Commerce or the Residential Utilities
27 Division of the Office of Attorney General, any entity or group
28 instituted primarily for the purpose of mutual help and not
29 conducted for profit, intervenors awarded compensation under
30 section 237.075, subdivision 10, or any individual or group or
31 counsel for the individual or group representing the interests
32 of end users or classes of end users of services provided by
33 telephone companies or telecommunications carriers, as
34 determined by the commission An application for a new authority
35 must be accompanied by a payment not to exceed \$2,000 as
36 determined by the Public Utilities Commission. This fee will be

1 reviewed annually and adjusted accordingly.

2 Sec. 2. Minnesota Statutes 2004, section 237.295,
3 subdivision 2, is amended to read:

4 Subd. 2. [ASSESSMENT OF COSTS.] The department and
5 commission shall quarterly, at least 30 days before the start of
6 each quarter, estimate the total of their expenditures in the
7 performance of their duties relating to telephone companies,
8 other than amounts chargeable to telephone companies under
9 subdivision 1, 5, or 6. The remainder must be assessed by the
10 department to the telephone companies operating in this state in
11 proportion to their respective gross jurisdictional operating
12 revenues during the last calendar year. The assessment must be
13 paid into the state treasury within 30 days after the bill has
14 been mailed to the telephone companies. The bill constitutes
15 notice of the assessment and demand of payment. ~~The total~~
16 ~~amount-that-may-be-assessed-to-the-telephone-companies-under~~
17 ~~this-subdivision-may-not-exceed-one-eighth-of-one-percent-of-the~~
18 ~~total-gross-jurisdictional-operating-revenues-during-the~~
19 ~~calendar-year.~~ The assessment for the third quarter of each
20 fiscal year must be adjusted to compensate for the amount by
21 which actual expenditures by the commission and department for
22 the preceding fiscal year were more or less than the estimated
23 expenditures previously assessed. A telephone company with
24 gross jurisdictional operating revenues of less than \$5,000 is
25 exempt from assessments under this subdivision.

26 Sec. 3. [237.491] [COMBINED PER NUMBER FEE.]

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

29 (b) "911 emergency and public safety communications program"
30 means the program governed by chapter 403.

31 (c) "Service provider" means a provider doing business in
32 Minnesota who provides real time, two-way voice service with a
33 Minnesota telephone number. "Minnesota telephone number" means
34 a ten-digit telephone number being used to connect to the public
35 switched telephone network and starting with area code 651, 612,
36 763, 952, 320, 218, or 507, or any subsequent area code assigned

1 to Minnesota.

2 (d) "Telecommunications access Minnesota program" means the
3 program governed by sections 237.50 to 237.55.

4 (e) "Telephone assistance program" means the program
5 governed by sections 237.69 to 237.711.

6 Subd. 2. [PER NUMBER FEE.] (a) By July 1, 2006, the Public
7 Utilities Commission shall establish a fee that applies to each
8 service provider based upon the number of Minnesota telephone
9 numbers in use by current customers of the service provider.
10 The fee must be set at a level calculated to generate only the
11 amount of revenue necessary to fund:

12 (1) the telephone assistance program and the
13 telecommunications access Minnesota program at the levels
14 established by the commission under sections 237.52, subdivision
15 2, and 237.70; and

16 (2) the 911 emergency and public safety communications
17 program at the levels certified by the commissioner of public
18 safety for purposes of sections 403.11, 403.113, 403.27, 403.30,
19 and 403.31 for current fiscal years.

20 (b) Notwithstanding any law to the contrary, the Public
21 Utilities Commission shall, by order, establish the procedures
22 by which each service provider, to the extent allowed under
23 federal law, shall collect and remit the fee proceeds to the
24 Department of Revenue. The commissioner of revenue shall
25 allocate the fee proceeds to the three funding areas in
26 paragraph (a) and shall deposit the allocations into the
27 appropriate accounts.

28 (c) The per access line fee used to collect revenues to
29 support the TAP, TAM, and 911 programs shall remain in effect
30 until replaced by the per telephone number fee.

31 Sec. 4. Minnesota Statutes 2004, section 237.69,
32 subdivision 16, is amended to read:

33 Subd. 16. [TELEPHONE ASSISTANCE PLAN.] "Telephone
34 assistance plan" means the plan to be adopted by the commission
35 and to be jointly administered by the commission, the Department
36 of Human-Services,-and-the-telephone-companies, Commerce, and

1 the local service providers, as required by sections 237.69 to
2 237.711.

3 Sec. 5. Minnesota Statutes 2004, section 237.69, is
4 amended by adding a subdivision to read:

5 Subd. 18. [LOCAL SERVICE PROVIDER.] "Local service
6 provider" means:

7 (1) a telephone company or telecommunications carrier
8 providing local service in Minnesota pursuant to a certificate
9 of authority granted by the commission; or

10 (2) a commercial mobile radio service (CMRS) provider,
11 personal communications services (PCS) provider, or other
12 wireless provider offering the functional equivalent of CMRS or
13 PCS in Minnesota, which has been designated by the commission as
14 an eligible telecommunications carrier in Minnesota pursuant to
15 47 United States Code, section 214, and relevant federal
16 regulations.

17 Sec. 6. Minnesota Statutes 2004, section 237.70,
18 subdivision 2, is amended to read:

19 Subd. 2. [SCOPE.] The telephone assistance plan must be
20 statewide and apply to local service providers that provide
21 ~~local-exchange~~ service in Minnesota.

22 Sec. 7. Minnesota Statutes 2004, section 237.70,
23 subdivision 5, is amended to read:

24 Subd. 5. [NATURE AND EXTENT OF CREDITS.] The telephone
25 assistance plan may provide for telephone assistance credits to
26 eligible households up to the amounts available under the
27 federal matching plan. However, the credits available under the
28 telephone assistance plan may not exceed:

29 (1) more than 50 percent of the local exchange rate charged
30 for the local exchange service provided to the household by that
31 household's local service provider; and

32 (2) the level of credits that can actually be funded in
33 accordance with the limitations contained in subdivision 6.

34 Sec. 8. Minnesota Statutes 2004, section 237.701,
5 subdivision 1, is amended to read:

36 Subdivision 1. [FUND CREATED; AUTHORIZED EXPENDITURES.]

1 The telephone assistance fund is created as a separate account
2 in the state treasury to consist of amounts received by the
3 commissioner of public safety representing the surcharge
4 authorized by section 237.70, subdivision 6, and amounts earned
5 on the fund assets. Money in the fund may be used only for:

6 (1) reimbursement to local service providers for expenses
7 and credits allowed in section 237.70, subdivision 7, paragraph
8 (d), clause (5);

9 (2) reimbursement of the reasonable administrative expenses
10 of the commission net-to-exceed-\$25,000-annually, a portion of
11 which may be used for periodic promotional activities,
12 including, but not limited to, radio or newspaper
13 advertisements, to inform eligible households of the
14 availability of the telephone assistance program; and

15 (3) reimbursement of the statewide indirect cost of the
16 commission.

17 Sec. 9. [325F.991] [911 EMERGENCY PHONE SERVICE
18 REPRESENTATIONS.]

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

22 (a) "911 emergency telecommunications system" means a
23 dedicated emergency telecommunications system required by
24 section 403.025.

25 (b) "Person" means an individual, corporation, firm, or
26 other legal entity.

27 (c) "Service provider" means a person doing business in
28 Minnesota who provides real time, two-way voice service
29 interconnected with the public switched telephone network using
30 numbers allocated for Minnesota by the North American Numbering
31 Plan Administration.

32 Subd. 2. [REPRESENTATIONS OF 911 SERVICE.] A person shall
33 not advertise, market, or otherwise represent that the person
34 furnishes a service capable of providing access to emergency
35 services by dialing 911 unless the person provides a service
36 that routes 911 calls through the 911 emergency

1 telecommunications system.

2 Subd. 3. [DISCLOSURE.] A service provider that does not
3 provide 911 dialing that routes 911 calls through the 911
4 emergency telecommunications system must disclose that fact in
5 all advertisements, marketing materials, and contracts. The
6 disclosure must be in capital letters, in 12-point font, and on
7 the front page of the advertisement, marketing materials, and
8 contracts. The disclosure must state: "THIS SERVICE DOES NOT
9 ROUTE 911 CALLS THROUGH THE 911 EMERGENCY SYSTEM."

10 Subd. 4. [CERTAIN CALLS NOT 911 CALLS.] For purposes of
11 this section, 911 calls routed to the general access number at a
12 public safety answering point do not qualify as being routed
13 through a 911 emergency telecommunications system.

14 Sec. 10. Minnesota Statutes 2004, section 403.06,
15 subdivision 1a, is amended to read:

16 Subd. 1a. [BIENNIAL BUDGET; ANNUAL FINANCIAL REPORT.] The
17 commissioner shall prepare a biennial budget for maintaining the
18 911 system. By December 15 of each year, the commissioner shall
19 submit a report to the legislature detailing the expenditures
20 for maintaining the 911 system, the 911 fees ~~collected~~ deposited
21 by the Department of Revenue, the balance of the 911 fund, and
22 the 911-related administrative expenses of the commissioner.
23 The commissioner is authorized to expend money that has been
24 appropriated to pay for the maintenance, enhancements, and
25 expansion of the 911 system.

26 Sec. 11. Minnesota Statutes 2004, section 403.11,
27 subdivision 1, is amended to read:

28 Subdivision 1. [EMERGENCY TELECOMMUNICATIONS SERVICE FEE.]
29 (a) Each customer of a wireless or wire-line telecommunications
30 service provider that furnishes service capable of originating a
31 911 emergency telephone call is assessed a fee under section
32 237.491 to cover the costs of ongoing maintenance and related
33 improvements for trunking and central office switching equipment
34 for 911 emergency telecommunications service, plus
35 administrative and staffing costs of the commissioner related to
36 managing the 911 emergency telecommunications service program.

1 Recurring charges by a wire-line telecommunications service
2 provider for updating the information required by section
3 403.07, subdivision 3, must be paid by the commissioner if the
4 wire-line telecommunications service provider is included in an
5 approved 911 plan and the charges are made pursuant to tariff,
6 price list, or contract. A portion of the fee assessed under
7 this section 237.491 must also be used for the purpose of
8 offsetting the costs, including administrative and staffing
9 costs, incurred by the State Patrol Division of the Department
10 of Public Safety in handling 911 emergency calls made from
11 wireless phones.

12 (b) Money remaining in the 911 emergency telecommunications
13 service account after all other obligations are paid must not
14 cancel and is carried forward to subsequent years and may be
15 appropriated from time to time to the commissioner to provide
16 financial assistance to counties for the improvement of local
17 emergency telecommunications services. The improvements may
18 include providing access to 911 service for telecommunications
19 service subscribers currently without access and upgrading
20 existing 911 service to include automatic number identification,
21 local location identification, automatic location
22 identification, and other improvements specified in revised
23 county 911 plans approved by the commissioner.

24 ~~(c) The fee may not be less than eight cents nor more than~~
25 ~~40 cents a month for each customer access line or other basic~~
26 ~~access service, including trunk equivalents as designated by the~~
27 ~~Public Utilities Commission for access charge purposes and~~
28 ~~including wireless telecommunications services. With the~~
29 ~~approval of the commissioner of finance, the commissioner of~~
30 ~~public safety shall establish the amount of the fee within the~~
31 ~~limits specified and inform the companies and carriers of the~~
32 ~~amount to be collected. When the revenue bonds authorized under~~
33 ~~section 403.27, subdivision 1, have been fully paid or defeased,~~
34 ~~the commissioner shall reduce the fee to reflect that debt~~
35 ~~service on the bonds is no longer needed. The commissioner~~
36 ~~shall provide companies and carriers a minimum of 45 days~~

1 ~~notice-of-each-fee-change---The-fee-must-be-the-same-for-all~~
 2 ~~customers-~~

3 ~~(d)-The-fee-must-be-collected-by-each-wireless-or-wire-line~~
 4 ~~telecommunications-service-provider-subject-to-the-fee---Fees~~
 5 ~~are-payable-to-and-must-be-submitted-to-the-commissioner-monthly~~
 6 ~~before-the-25th-of-each-month-following-the-month-of-collection,~~
 7 ~~except-that-fees-may-be-submitted-quarterly-if-less-than-\$250-a~~
 8 ~~month-is-due,-or-annually-if-less-than-\$25-a-month-is-due-~~
 9 ~~Receipts-must-be-deposited-in-the-state-treasury-and-credited-to~~
 10 ~~a-911-emergency-telecommunications-service-account-in-the~~
 11 ~~special-revenue-fund---The-money-in-the-account-may-only-be-used~~
 12 ~~for-911-telecommunications-services-~~

13 ~~(e) This subdivision does not apply to customers of~~
 14 ~~interexchange carriers.~~

15 ~~(f) (d) The installation and recurring charges for~~
 16 ~~integrating wireless 911 calls into enhanced 911 systems must be~~
 17 ~~paid by the commissioner if the 911 service provider is included~~
 18 ~~in the statewide design plan and the charges are made pursuant~~
 19 ~~to tariff, price list, or contract.~~

20 Sec. 12. Minnesota Statutes 2004, section 403.113,
 21 subdivision 1, is amended to read:

22 Subdivision 1. [FEE GRANT.] (a) ~~Each-customer-receiving~~
 23 ~~service-from-a-wireless-or-wire-line-telecommunications-service~~
 24 ~~provider-is-assessed-a-fee~~ The commissioner shall budget for and
 25 provide grants to PSAPs to fund implementation, operation,
 26 maintenance, enhancement, and expansion of enhanced 911 service,
 27 including acquisition of necessary equipment and the costs of
 28 the commissioner to administer the program. ~~The-actual-fee~~
 29 ~~assessed-under-section-403.11-and-the-enhanced-911-service-fee~~
 30 ~~must-be-collected-as-one-amount-and-may-not-exceed-the-amount~~
 31 ~~specified-in-section-403.117-subdivision-17-paragraph-(c)-~~

32 ~~(b) The-enhanced-911-service-fee-must-be-collected-and~~
 33 ~~deposited-in-the-same-manner-as-the-fee-in-section-403.11-and~~
 34 ~~used-solely-for-the-purposes-of-paragraph-(a)-and-subdivision-3-~~

35 ~~(c) The commissioner, in consultation with counties and 911~~
 36 ~~system users, shall determine the amount of the enhanced 911~~

1 service fee grant. The fee grant must include at least ten
 2 cents-per-month the amount funded in fiscal year 2005 to be
 3 distributed under subdivision 2. ~~The-commissioner-shall-inform~~
 4 ~~wireless-and-wire-line-telecommunications-service-providers-that~~
 5 ~~provide-service-capable-of-originating-a-911-emergency-telephone~~
 6 ~~call-of-the-total-amount-of-the-911-service-fees-in-the-same~~
 7 ~~manner-as-provided-in-section-403.11-~~

8 Sec. 13. Minnesota Statutes 2004, section 403.30,
 9 subdivision 1, is amended to read:

10 Subdivision 1. [STANDING APPROPRIATION; COSTS COVERED.]
 11 For each fiscal year beginning with the fiscal year commencing
 12 July 1, 1997, the amount necessary to pay the following costs is
 13 appropriated to the commissioner of public safety from the 911
 14 emergency telecommunications service account established under
 15 section 403.11:

16 (1) debt service costs and reserves for bonds issued
 17 pursuant to section 403.27;

18 (2) repayment of the right-of-way acquisition loans;

19 (3) costs of design, construction, maintenance of, and
 20 improvements to those elements of the first, second, and third
 21 phases that support mutual aid communications and emergency
 22 medical services;

23 (4) recurring charges for leased sites and equipment for
 24 those elements of the first, second, and third phases that
 25 support mutual aid and emergency medical communication services;
 26 or

27 (5) aid to local units of government for sites and
 28 equipment in support of mutual aid and emergency medical
 29 communications services.

30 This appropriation shall be used to pay annual debt service
 31 costs and reserves for bonds issued pursuant to section 403.27
 32 prior to use of fee money to pay other costs eligible under this
 33 subdivision. In no event shall the appropriation for each
 34 fiscal year exceed an amount equal to ~~four-cents-a-month-for~~
 35 ~~each-customer-access-line-or-other-basic-access-service,~~
 36 ~~including-trunk-equivalents-as-designated-by-the-Public~~

1 ~~Utilities-Commission-for-access-charge-purposes-and-including~~
2 ~~cellular-and-other-nonwire-access-services,-in-the-fiscal~~
3 ~~year 4/40 of the amount collected by the fiscal year 2005 911~~
4 ~~fee.~~ Beginning July 1, 2004 2005, this amount will increase
5 to ~~13-cents-a-month~~ 13/40 of the amount collected by the fiscal
6 year 2005 911 fee.

7 Sec. 14. [REPEALER.]

8 (a) Minnesota Statutes 2004, section 237.69, subdivisions 5
9 and 17, are repealed.

10 (b) Laws 1999, chapter 125, section 4, as amended by Laws
11 2002, chapter 398, section 2, is repealed.

12 Sec. 15. [EFFECTIVE DATE.]

13 Sections 1 to 14 are effective the day following final
14 enactment.

15 ARTICLE 3

16 WIRELESS DIRECTORIES

17 Section 1. [325E.317] [DEFINITIONS

18 Subdivision 1. [SCOPE.] For the purposes of sections
19 325E.317 and 325E.318, the terms defined in this section have
20 the meanings given them.

21 Subd. 2. [PROVIDER.] "Provider" means a provider of
22 wireless telecommunications services.

23 Subd. 3. [TELECOMMUNICATIONS
24 SERVICES.] "Telecommunications services" has the meaning given
25 in section 297A.61, subdivision 24, paragraph (a).

26 Subd. 4. [WIRELESS DIRECTORY ASSISTANCE
27 SERVICE.] "Wireless directory assistance service" means any
28 service for connecting calling parties to a wireless
29 telecommunications services customer when the calling parties
30 themselves do not possess the customer's wireless telephone
31 number information.

32 Subd. 5. [WIRELESS TELECOMMUNICATIONS SERVICES.] "Wireless
33 telecommunications services" has the meaning given in section
34 325F.695.

35 Subd. 6. [WIRELESS TELEPHONE DIRECTORY.] "Wireless
36 telephone directory" means a directory or database containing

1 wireless telephone number information or any other identifying
2 information by which a calling party may reach a wireless
3 telecommunications services customer.

4 Subd. 7. [WIRELESS TELEPHONE NUMBER
5 INFORMATION.] "Wireless telephone number information" means the
6 telephone number, electronic address, and any other identifying
7 information by which a calling party may reach a wireless
8 telecommunications services customer, which is assigned by a
9 provider to the customer and includes the customer's name and
10 address.

11 Sec. 2. [325E.318] [WIRELESS DIRECTORIES.]

12 Subdivision 1. [NOTICE.] No provider of wireless
13 telecommunications service, or any direct or indirect affiliate
14 or agent of a provider, may include the wireless telephone
15 number information of a customer in a wireless telephone
16 directory assistance service database or publish, sell, or
17 otherwise disseminate the contents of a wireless telephone
18 directory assistance service database unless the provider
19 provides a conspicuous notice to the subscriber informing the
20 subscriber that the subscriber will not be listed in a wireless
21 directory assistance service database without the subscriber's
22 prior express authorization.

23 Subd. 2. [AUTHORIZATION.] (a) A provider, or any direct or
24 indirect affiliate or agent of a provider, may not disclose,
25 provide, or sell a customer's wireless telephone number
26 information, or any part thereof, for inclusion in a wireless
27 telephone directory of any form, and may not sell a wireless
28 telephone directory containing a customer's wireless telephone
29 number information without first receiving prior express
30 authorization from the customer. The customer's authorization
31 must meet the following requirements:

32 (1) consent shall be affirmatively obtained separately from
33 the execution of the service contract via verifiable means; and

34 (2) consent shall be unambiguous and conspicuously disclose
35 that the subscriber is consenting to have the customer's dialing
36 number sold or licensed as part of a publicly available

1 directory assistance database.

2 (b) A record of the authorization shall be maintained for
3 the duration of the service contract or any extension of the
4 contract.

5 (c) A subscriber who provides express consent pursuant to
6 paragraph (a) may revoke that consent at any time. A provider
7 must comply with the customer's request to be removed from the
8 directory and remove such listing from directory assistance
9 within 60 days.

10 Subd. 3. [NO FEE TO RETAIN PRIVACY.] A customer shall not
11 be charged for opting not to be listed in a wireless telephone
12 directory.

13 Subd. 4. [REMEDIES.] A person who violates this section is
14 subject to the remedies under section 8.31, except subdivision
15 3a.

16 Sec. 3. [EFFECTIVE DATE.]

17 Sections 1 and 2 are effective the day following final
18 enactment.

19 ARTICLE 4

20 CABLE FRANCHISE

21 Section 1. Minnesota Statutes 2004, section 238.08,
22 subdivision 1, is amended to read:

23 Subdivision 1. [REQUIREMENT; CONDITIONS.] (a) A
24 municipality or its joint commission created pursuant to
25 subdivision 5 shall require a franchise or extension permit of
26 any cable communications system providing service within the
27 municipality.

28 (b) No municipality or its joint commission shall grant an
29 additional franchise for cable service for an area included in
30 an existing franchise on terms and conditions more favorable or
31 less burdensome than those in the existing franchise pertaining
32 to: (1) ~~the area served;~~ (2) public, educational, or
33 governmental access requirements; or (3) (2) franchise fees.
34 ~~The provisions of this paragraph shall not apply when the area~~
35 ~~in which the additional franchise is being sought is not~~
36 ~~actually being served by any existing cable communications~~

1 ~~system-holding-a-franchise-for-the-area.--Nothing-in-this~~
2 ~~paragraph-prevents-a-municipality-from-imposing-additional-terms~~
3 ~~and-conditions-on-any-additional-franchises~~ The provisions of
4 this paragraph shall not apply when the area in which the
5 additional franchise is being sought is not actually being
6 served by any existing cable communications system holding a
7 franchise for the area. Nothing in this paragraph prevents a
8 municipality from imposing additional terms and conditions on
9 any additional franchises related to the unserved area. The
10 grant of an additional franchise may include an area for cable
11 service similar to that in an existing franchise or another area
12 that the municipality or its joint commission determines is
13 necessary or desirable to reasonably meet the needs of the
14 municipality or its joint commission. If an additional
15 franchise area is not similar to an existing franchise area, the
16 municipality or joint commission shall ensure that access to
17 cable service is not denied because of the income status of
18 subscribers. Additional franchises must be granted or rejected
19 by a municipality or joint commission within 120 days of an
20 application deemed complete in compliance with section 238.081,
21 subdivision 4, by the municipality or the joint commission
22 unless the date is extended by mutual agreement of the applicant
23 and the municipality or its joint commission.

24 Sec. 2. Minnesota Statutes 2004, section 238.08, is
25 amended by adding a subdivision to read:

26 Subd. 1a. [LOCAL PUBLIC, EDUCATIONAL, AND GOVERNMENTAL
27 ACCESS CHANNELS.] (a) An additional franchisee must ensure that
28 all subscribers receive local public, educational, governmental
29 access and public local origination channels within the
30 additional franchisee's franchise area.

31 (b) An additional franchise must ensure that all
32 subscribers receive local public, educational, and governmental
33 access channels and public local origination channels as
34 specified in the existing franchise and on the same channel
35 numbers as the existing franchisee. Every cable franchisee
36 shall permit any other franchisee to interconnect all local

1 public, educational, governmental access, and public local
2 origination programming and channel feeds. The municipality or
3 its joint commission shall determine all terms and conditions of
4 such interconnection to permit the interconnection and provision
5 of the public, educational, and governmental services. The
6 municipality or its joint commission may require that such
7 interconnection occur on government property or on public
8 rights-of-way. The costs of connection to the existing
9 franchisee's public, educational, governmental access and public
10 local origination programming and channel feeds must be borne by
11 the additional franchisee.

12 (c) An additional franchise provider shall make financial
13 contributions that are equivalent on a per customer basis or
14 mutually agreed upon terms, proportionate to contributions made
15 to the public, educational, and government access service,
16 facilities, and equipment provided or made available by the
17 existing franchise provider.

18 (d) A municipality or its joint commission may not impose
19 public, educational, and governmental access, local origination,
20 institutional network, or other obligations on the additional
21 franchisee that would exceed those imposed on the existing
22 franchisee.

23 Sec. 3. [EFFECTIVE DATE.]

24 Sections 1 and 2 are effective the day following final
25 enactment.

ARTICLE 5

TASK FORCE ON TELECOMMUNICATIONS

28 Section 1. [JOINT LEGISLATIVE TASK FORCE ON
29 TELECOMMUNICATIONS.]

30 (a) The joint legislative task force on telecommunications
31 is created. It consists of five members from each body of the
32 Minnesota legislature, two of whom must be from the minority
33 caucus in each body, to be designated by the chairs of the
34 senate and house committees having subject matter responsibility
35 for telecommunications. The cochairs are the respective chairs
36 of the senate and house committees having subject matter

1 responsibility for telecommunications, or their designees.
2 Members must include at least one representative from the
3 following stakeholder groups recommended by the legislative
4 members of the task force and invited to participate by the
5 cochairs:

- 6 (1) Minnesota Telecommunications Alliance;
 - 7 (2) competitive local exchange carriers;
 - 8 (3) large ILECS;
 - 9 (4) small ILECS;
 - 10 (5) long-distance providers;
 - 11 (6) wireless providers;
 - 12 (7) cable services providers;
 - 13 (8) Internet service;
 - 14 (9) VOIP providers;
 - 15 (10) cable services administrator associations;
 - 16 (11) municipal associations;
 - 17 (12) municipal utilities associations;
 - 18 (13) residential consumer associations (two members);
 - 19 (14) business consumer associations (two members);
 - 20 (15) office of the attorney general;
 - 21 (16) Department of Commerce; and
 - 22 (17) Public Utilities Commission (ex officio).
- 23 (b) The task force must:
- 24 (1) conduct a full review of existing Minnesota
25 telecommunications regulation and rules in chapters 237 and 238;
26 and
27 (2) make recommendations for revision of Minnesota
28 telecommunications regulation and rules by January 15, 2006, to
29 the Minnesota Senate Jobs, Energy and Community Development
30 Committee and to the Minnesota House Regulated Industries
31 Committee.
- 32 (c) On request by the cochairs of the task force, the
33 commissioner of commerce shall assess from telephone companies,
34 in addition to assessments made under section 237.295, the
35 amount requested for the operation of the task force but not to
36 exceed \$100,000 in a fiscal year. The amount assessed is

1 appropriated to the Department of Commerce for the purposes of
2 the task force, and is available until expended. The department
3 shall apportion those costs among all telephone companies in
4 proportion to their respective gross operating revenues from the
5 sale of telephone services within the state during the last
6 calendar year. The department shall assess telephone companies
7 and issue bills in accordance with the billing and assessment
8 procedures provided in section 237.295, to the extent that these
9 procedures do not conflict with this section.

10 (d) The Department of Commerce must provide staff and
11 expertise to the task force directly or by contract and may
12 reimburse the expenses of persons requested to assist the task
13 force in its duties other than state employees or employees of
14 telephone companies. The Department of Commerce must provide
15 administrative assistance to the task force.

16 (e) The joint legislative task force on telecommunications
17 shall expire July 1, 2007.

ARTICLE 6

CANCELLATION OF LONG DISTANCE SERVICE

20 Section 1. Minnesota Statutes 2004, section 237.74, is
21 amended by adding a subdivision to read:

22 Subd. 14. [CANCELLATION OF LONG DISTANCE SERVICE.] (a) A
23 telecommunications carrier providing long distance service may
24 not charge a customer for long distance service after the
25 customer has requested that carrier to cancel the customer's
26 long distance service.

27 (b) Notwithstanding the limitation on charges in paragraph
28 (a), if a customer with a fixed term contract requests that a
29 telecommunications carrier providing long distance service
30 cancel that customer's long distance service, the
31 telecommunications carrier may charge the customer for long
32 distance service until the end of the contract term but not
33 after the end of the contract term.

34 (c) A telecommunications carrier providing long distance
35 service may not require a customer to contact the customer's
36 local telephone service provider in order for the customer to

1 cancel long distance service with the carrier.

2 [EFFECTIVE DATE.] This section is effective August 1, 2006.

3 ARTICLE 7

4 CITY OF ALEXANDRIA JOINT VENTURE AUTHORITY

5 Section 1. Laws 2002, chapter 329, section 5, is amended
6 to read:

7 Sec. 5. [JOINT VENTURE AUTHORITY.]

8 (a) The city of Alexandria may enter into a joint
9 venture or joint ventures with one, two, or three of the
10 entities known as Runestone Telephone Association and, Runestone
11 Electric Association, and Gardonville Telephone Cooperative for
12 the purpose of providing local niche service, including internet
13 services, and point to point transmission of digital information.

14 (b) For purposes of this section, with respect to the
15 services described in paragraph (a), the city of Alexandria and
16 a joint venture to which it is a party shall have the rights and
17 authority granted by, and be subject to, Minnesota Statutes 2001
18 Supplement, section 452.25, except for the provisions of that
19 section which relate specifically and only to electric utilities.

20 (c) For the purposes of this section, "local niche service"
21 refers to point-to-point connections between end-user locations
22 within a service area and any telecommunications services under
23 the public utilities commission's jurisdiction under Minnesota
24 Statutes, chapter 237 that do not fall within the definition of
25 local service or the definition of interexchange service.

26 (d) If the city of Alexandria obtains authority to provide
27 local service or interexchange service under chapter 237, it may
28 enter into a joint venture with the entities identified in
29 paragraph (a) for those purposes.

30 [EFFECTIVE DATE; LOCAL APPROVAL.] This section is effective
31 as to the city of Alexandria the day after the city of
32 Alexandria's governing body and its chief clerical officer
33 timely complete compliance with Minnesota Statutes, section
34 645.021, subdivisions 2 and 3.

April 4, 2005

Increasingly, the Bells See Their Future on a Screen

By MATT RICHEL and KEN BELSON

SAN FRANCISCO, April 3 - The telephone companies are desperate to be seen, not just heard.

In the coming months, the Bell telephone companies, including SBC and Verizon, will start selling television programming in their most recent effort to crack a market in which they have had almost no presence.

The cable industry, meeting here this week for its annual trade show, is already bracing for the assault on its prime turf.

To offer paid TV services, the Bells are spending billions of dollars to expand their superfast fiber optic networks and improving technology that can send video to their phone and Internet customers. SBC alone is expected to spend about \$4 billion over three years to install fiber lines to reach neighborhoods where half of its 36 million customers live.

But in addition to laying new fiber lines, the phone companies also must acquire expensive programming rights, go through the tedious process of getting permission from municipalities to sell television, and master the Internet-based technology that sends video programming over the same crowded network that now delivers voice and data streams.

And even after making these gargantuan investments, the Bells will face formidable challenges to break into the saturated market for pay TV. To lure customers from the cable and satellite providers, analysts said, they have to offer better programming and features at a lower price compared to cable.

They have little choice but to take the gamble.

Cellphone carriers are chewing into the Bells' traditional landline business. And cable companies - leaders in the high-speed Internet access business - are fast entering the phone market with Internet-based services. To compete with cable's offerings, the phone companies are pushing to sell an array of services - Internet connections, wireless and television - in a bundle.

"One thing is clear: It was a lot easier for the cable companies to enter the voice market than for the telephone companies to enter the television market," because cable companies face far fewer regulatory and financial hurdles in moving into phone services, said Blair Levin, an industry analyst with Legg Mason.

To entice cable and satellite customers, the Bells are turning to a technology known broadly as Internet Protocol Television, or IPTV.

By transmitting TV programs this way, the phone companies will be able to offer customers the ability

to watch more programming on demand, use a video recorder remotely over the Internet and view e-mail on their televisions, among other services. The company is refining such technology now, said David A. Deas, vice president of networks and services at SBC Laboratories in Austin, Tex. Verizon, which is laying fiber all the way to consumers homes, will also be able to offer many more high-definition channels.

SBC has not yet said what it plans to charge for its television programs, but its decision on pricing will be closely watched. Verizon says that when it introduces its television service later this year, it expects to charge about the same as satellite companies.

"For those who are seeking a bargain, we'll be a bargain, make no doubt about it," said Terry Denson, the vice president of programming and marketing at Verizon's television group. By 2009, some 7 million subscribers are expected to get television programming from a phone company, according to forecasts from PricewaterhouseCoopers. Over the same period, cable subscribers are expected to fall to 64 million, from 70 million, while satellite companies can expect 32 million subscribers, an increase from 23 million now.

Before then, the phone companies must acquire programming. In some cases, that means going to aggregators, who negotiate bulk deals with TV networks.

For premium channels, though, the Bells will probably strike separate deals with Disney, NBC, Viacom and others. In some cases, those networks are owned by parent companies that also operate cable companies.

The Bells could well be charged a premium for that programming, just as the satellite companies were when they entered the television market about a decade ago, industry analysts say. Jeffrey Halpern, an analyst with Sanford C. Bernstein & Company, said phone companies might pay 15 percent more for programming than their cable rivals, a cost that might be hard for the Bells to pass on to their customers.

SBC said that it expected to pay "a bit more" for content than the cable and satellite companies do but that difference should go away as its subscriber numbers grow. The company, which would not disclose details, said it was "far along" in its negotiations with the major program providers.

The cable companies, of course, have the ability to offer an enormous number of programs too, said Mike LaJoie, the chief technology officer for Time Warner Cable, noting that the company also gives customers on-demand access to programs on cable channels like HBO.

"Having a completely unlimited array of programming choices is certainly at the base of everything," Mr. LaJoie said of cable's strategy. The idea that Internet technology might give the phone companies "some significant leg up," he said, "is silly."

Still, the technology does make television possible over data lines, something that had been hard to achieve. During the mid-1990's, the Bell companies formed two groups that tried and failed to distribute television signals. Tele-TV, which was formed by Bell Atlantic, Nynex and Pacific Telesis, used wireless technology that later proved inadequate. The other group, Americast, which included Ameritech, BellSouth and SBC, was scuttled by mergers.

More recently, SBC, Verizon, BellSouth and Qwest have struck deals to market satellite television from DirecTV and EchoStar.

Meanwhile, smaller, more nimble telephone carriers in rural regions started offering Internet-based television services a few years ago.

More than 100 local phone providers now use equipment from [Tut Systems](#), which collects TV programming, compresses it and sends it to consumers over copper or fiber phone lines. The Bells were slow to do this, in part because they spent time developing long-distance, Internet and cellphone services, and partly because of the cost of introducing the service.

Before the Bells can make their pitch to consumers, though, they will have to strike franchise agreements with the local municipalities where they want to sell their service, just as cable providers do.

These agreements typically dictate the taxes to be paid by the television operator, the type of programming available and the number of residents in a town or city who can receive the service. Cable companies pay about 5 percent of their revenues as a license fee to municipalities.

In starting out fresh, the Bells will have to reach agreements with thousands of municipal governments, a chore that could take years to complete. Indeed, simply acquiring all the needed franchises could "slow down the rollout of the phone companies' video service," said Peter Winkler, with the entertainment and media practice at PricewaterhouseCoopers. "But if towns are looking at another competitor who can give consumers a greater choice, it behooves them to allow in another competitor."

The phone companies are already lobbying federal and state regulators to find alternatives to the city-by-city regulatory approach. One strategy is to classify Internet-based TV as an interstate service that would be beyond the regulation of municipalities.

In Texas, where SBC is based, the company is supporting legislation that would impose a flat fee, based on a percentage of revenues, on all fixed-line, wireless, satellite and cable services. The money would be distributed to the cities, thus eliminating the need for providers to deal with individual local governments.

Though the Bells face tough challenges, the cable companies are girding themselves against these hungry competitors, who have huge revenue streams and thus the financial power to build their services. Among their strategies is to lock more customers into longer cable contracts and sell them bundled packages of television, high-speed Internet and phone service, which may reduce customer turnover.

"We're taking this threat more seriously than past efforts," said Joe Rooney, senior vice president of marketing for Cox Communications, the nation's third-largest cable provider. For the telephone companies, he added, television was "nice to do in the past, but now it's a must-do."

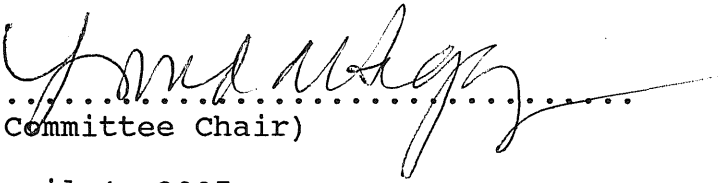
1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was referred

3 S.F. No. 1135: A bill for an act relating to Brown County;
4 permitting the appointment of the county recorder.

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

7

8


.....
(Committee Chair)

9

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13

April 4, 2005.....
(Date of Committee recommendation)

Senator Cohen introduced--

S.F. No. 1468: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to public employers; modifying public
3 employer reimbursement for compensation paid to
4 certain firefighters and peace officers; creating a
5 panel to evaluate claims; amending Minnesota Statutes
6 2004, sections 214.04, subdivision 1; 299A.465,
7 subdivision 4, by adding subdivisions.

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

9 Section 1. Minnesota Statutes 2004, section 214.04,
10 subdivision 1, is amended to read:

11 Subdivision 1. [SERVICES PROVIDED.] (a) The commissioner
12 of administration with respect to the Board of Electricity⁷; the
13 commissioner of education with respect to the Board of
14 Teaching⁷; the commissioner of public safety with respect to the
15 Board of Private Detective and Protective Agent Services, the
16 panel established pursuant to section 299A.465, subdivision 7,
17 and the Board of Peace Officer Standards and Training⁷; and the
18 commissioner of revenue with respect to the Board of Assessors,
19 shall provide suitable offices and other space, joint conference
20 and hearing facilities, examination rooms, and the following
21 administrative support services: purchasing service, accounting
22 service, advisory personnel services, consulting services
23 relating to evaluation procedures and techniques, data
24 processing, duplicating, mailing services, automated printing of
25 license renewals, and such other similar services of a
26 housekeeping nature as are generally available to other agencies

1 of state government. Investigative services shall be provided
2 the boards by employees of the Office of Attorney General. The
3 commissioner of health with respect to the health-related
4 licensing boards shall provide mailing and office supply
5 services and may provide other facilities and services listed in
6 this subdivision at a central location upon request of the
7 health-related licensing boards. The commissioner of commerce
8 with respect to the remaining non-health-related licensing
9 boards shall provide the above facilities and services at a
10 central location for the remaining non-health-related licensing
11 boards. The legal and investigative services for the boards
12 shall be provided by employees of the attorney general assigned
13 to the departments servicing the boards. Notwithstanding the
14 foregoing, the attorney general shall not be precluded by this
15 section from assigning other attorneys to service a board if
16 necessary in order to insure competent and consistent legal
17 representation. Persons providing legal and investigative
18 services shall to the extent practicable provide the services on
19 a regular basis to the same board or boards.

20 (b) The requirements in paragraph (a) with respect to the
21 panel established in section 299A.465, subdivision 7, expire
22 July 1, 2008.

23 Sec. 2. Minnesota Statutes 2004, section 299A.465,
24 subdivision 4, is amended to read:

25 Subd. 4. [PUBLIC EMPLOYER REIMBURSEMENT.] A public
26 employer subject to this section may annually apply by August 1
27 for the preceding fiscal year to the commissioner of public
28 safety for reimbursement ~~to help defray a portion~~ of its costs
29 of complying with this section. The commissioner shall provide
30 ~~an equal pro-rata share to~~ reimburse the public employer out of
31 the public safety officer's benefit account ~~based on the~~
32 ~~availability of funds for each eligible officer, firefighter,~~
33 ~~and qualifying dependents. Individual shares must~~ Reimbursement
34 must not exceed the actual costs of providing coverage under
35 this section by a public employer.

36 Sec. 3. Minnesota Statutes 2004, section 299A.465, is

1 amended by adding a subdivision to read:

2 Subd. 6. [DETERMINATION OF SCOPE AND DUTIES.] (a) Whenever
3 a peace officer or firefighter has been approved to receive a
4 duty-related disability pension, the officer or firefighter may
5 apply to the panel established in subdivision 7 for a
6 determination of whether or not the officer or firefighter meets
7 the requirements in subdivision 1, paragraph (a), clause (2).
8 In making this decision, the panel shall determine whether or
9 not the officer's or firefighter's occupational duties or
10 professional responsibilities put the officer or firefighter at
11 risk for the type of illness or injury actually sustained. A
12 final determination by the panel is binding on the applicant and
13 the employer, subject to any right of judicial review.
14 Applications must be made within 90 days of receipt of approval
15 of a duty-related pension and must be acted upon by the panel
16 within 90 days of receipt. Applications that are not acted upon
17 within 90 days of receipt by the panel are approved.
18 Applications and supporting documents are private data.

19 (b) This subdivision expires July 1, 2008.

20 Sec. 4. Minnesota Statutes 2004, section 299A.465, is
21 amended by adding a subdivision to read:

22 Subd. 7. [COURSE AND SCOPE OF DUTIES PANEL.] (a) A panel
23 is established for the purpose set forth in subdivision 6,
24 composed of the following seven members:

25 (1) two members recommended by the Minnesota League of
26 Cities or a successor;

27 (2) one member recommended by the Association of Minnesota
28 Counties or a successor;

29 (3) two members recommended by the Minnesota Police and
30 Peace Officers Association or a successor;

31 (4) one member recommended by the Minnesota Professional
32 Firefighters Association or a successor; and

33 (5) one nonorganizational member recommended by the six
34 organizational members.

35 (b) Recommendations must be forwarded to the commissioner
36 of public safety who shall appoint the recommended members after

1 determining that they were properly recommended. Members shall
2 serve for two years or until their successors have been seated.
3 No member may serve more than three consecutive terms.
4 Vacancies on the panel must be filled by recommendation by the
5 organization whose representative's seat has been vacated. A
6 vacancy of the nonorganizational seat must be filled by the
7 recommendation of the panel. Vacancies may be declared by the
8 panel in cases of resignation or when a member misses three or
9 more consecutive meetings, or by a nominating organization when
10 its nominee is no longer a member in good standing of the
11 organization, an employee of the organization, or an employee of
12 a member in good standing of the organization. A member
13 appointed because of a vacancy shall serve until the expiration
14 of the vacated term.

15 (c) Panel members shall be reimbursed for expenses related
16 to their duties according to section 15.059, subdivision 3,
17 paragraph (a), but shall not receive compensation or per diem
18 payments. The panel's proceedings and determinations constitute
19 a quasi-judicial process and its operation must comply with
20 chapter 14. Membership on the panel does not constitute holding
21 a public office and members of the panel are not required to
22 take and file oaths of office or submit a public official's bond
23 before serving on the panel. No member of the panel may be
24 disqualified from holding any public office or employment by
25 reason of being appointed to the panel. Members of the panel
26 and staff or consultants working with the panel are covered by
27 the immunity provision in section 214.34, subdivision 2. The
28 panel shall elect a chair and adopt rules of order. The panel
29 shall convene no later than July 1, 2005.

30 (d) This subdivision expires July 1, 2008.

31 Sec. 5. [EFFECTIVE DATE.]

32 Sections 1, 2, and 4 are effective the day after final
33 enactment. Section 3 is effective July 1, 2005, and applies to
34 duty-related pension approvals made on or after that date.

1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was referred

3 S.F. No. 1468: A bill for an act relating to public
4 employers; modifying public employer reimbursement for
5 compensation paid to certain firefighters and peace officers;
6 creating a panel to evaluate claims; amending Minnesota Statutes
7 2004, sections 214.04, subdivision 1; 299A.465, subdivision 4,
8 by adding subdivisions.

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

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(Committee Chair)

April 4, 2005.....
(Date of Committee recommendation)

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and Fiscal Analysis**

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Senate

State of Minnesota

S.F. No. 1929 - Relating to Pope County

Author: Senator Dean E. Johnson

Prepared by: Daniel P. McGowan, Senate Counsel (651/296-4397)



Date: April 4, 2005

The proposed legislation for Pope County is similar to other special legislation enacted for various counties recently to authorize the Pope County Board to make the offices of county recorder and county auditor-treasurer appointive. The process would be done through a resolution of the Pope County Board, which could assign the duties of the two offices to various county departments and all statutorily required duties of the two office must continue to be carried out. The persons elected to those two offices would serve until the end of their term of office unless there was a vacancy in the office. The county board is required to adopt the resolution making the offices appointive by a four-fifths vote and provision is made for a reverse referendum if ten percent of the voters of the county petition for a referendum. This bill is identical to Senator Vickerman's bill for Nobles County that the committee passed last week.

DPM:vs

Senator Johnson, D.E. introduced--

S.F. No. 1929: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to Pope County; providing a process for
3 making certain offices appointive in Pope County.

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

5 Section 1. [POPE COUNTY OFFICERS MAY BE APPOINTED.]

6 Subdivision 1. [AUTHORITY TO MAKE OFFICE APPOINTIVE.]

7 Notwithstanding Minnesota Statutes, section 382.01, upon
8 adoption of a resolution by the Pope County Board of
9 Commissioners, the offices of county recorder and county
10 auditor-treasurer are not elective but must be filled by
11 appointment by the county board as provided in the resolution.

12 Subd. 2. [BOARD CONTROLS; MAY CHANGE AS LONG AS DUTIES
13 DONE.] Upon adoption of a resolution by the Pope County Board of
14 Commissioners and subject to subdivisions 3 and 4, the duties of
15 an elected official required by statute whose office is made
16 appointive as authorized by this section must be discharged by
17 the Board of Commissioners of Pope County acting through a
18 department head appointed by the board for that purpose. A
19 reorganization, reallocation, or delegation or other
20 administrative change or transfer does not diminish, prohibit,
21 or avoid the discharge of duties required by statute.

22 Subd. 3. [INCUMBENTS TO COMPLETE TERM.] The person elected
23 at the last general election to an office made appointive under
24 this section must serve in that capacity and perform the duties,

1 functions, and responsibilities required by statute until the
2 completion of the term of office to which the person was elected
3 or until a vacancy occurs in the office, whichever occurs
4 earlier.

5 Subd. 4. [PUBLISHING RESOLUTION; PETITION,
6 REFERENDUM.] The county board may provide for the appointment of
7 a county office as permitted in this section if the resolution
8 to make the office appointive is approved by at least 80 percent
9 of the members of the county board. Before the adoption of the
10 resolution, the county board must publish a resolution notifying
11 the public of its intent to consider the option once each week
12 for two consecutive weeks in the official publication of the
13 county. Following the publication, the county board shall
14 provide an opportunity at its next regular meeting for public
15 comment relating to the option, prior to formally adopting the
16 option. The resolution may be implemented without the
17 submission of the question to the voters of the county unless,
18 within 30 days after the second publication of the resolution, a
19 petition requesting a referendum, signed by at least ten percent
20 of the registered voters of the county, is filed with the county
21 auditor. If a petition is filed, the resolution may be
22 implemented unless disapproved by a majority of the voters of
23 the county voting on the question at a regular or special
24 election.

25 Subd. 5. [EFFECTIVE DATE; LOCAL APPROVAL.] This section is
26 effective the day after the governing body of Pope County and
27 its chief clerical officer timely complete their compliance with
28 Minnesota Statutes, section 645.021, subdivisions 2 and 3.


1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was referred

3 S.F. No. 1929: A bill for an act relating to Pope County;
4 providing a process for making certain offices appointive in
5 Pope County.

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

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(Committee Chair)

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April 4, 2005.....
(Date of Committee recommendation)

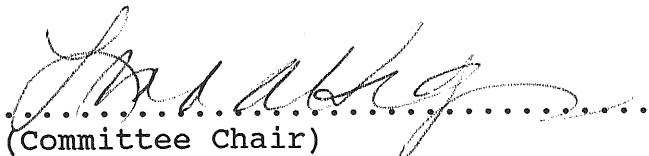
1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was re-referred

3 S.F. No. 1370: A bill for an act relating to
4 telecommunications; providing for an alternative form of
5 regulation for certain telephone companies; providing for
6 reduced reporting requirements; clarifying the authority of the
7 public utilities commission to issue remedial orders;
8 establishing a single per number fee for certain
9 telecommunications programs; regulating wireless telephone
10 directories; providing for additional cable franchises; creating
11 a task force on telecommunications; regulating cancellation of
12 long distance service; authorizing the city of Alexandria to
13 enter into certain telecommunication joint ventures; providing
14 penalties; appropriating money; amending Minnesota Statutes
15 2004, sections 237.11; 237.295, subdivisions 1, 2; 237.462, by
16 adding subdivisions; 237.69, subdivision 16, by adding a
17 subdivision; 237.70, subdivisions 2, 5; 237.701, subdivision 1;
18 237.74, by adding a subdivision; 238.08, subdivision 1, by
19 adding a subdivision; 403.06, subdivision 1a; 403.11,
20 subdivision 1; 403.113, subdivision 1; 403.30, subdivision 1;
21 Laws 1999, chapter 224, section 7, as amended; Laws 2002,
22 chapter 329, section 5; proposing coding for new law in
23 Minnesota Statutes, chapters 237; 325E; 325F; repealing
24 Minnesota Statutes 2004, section 237.69, subdivisions 5, 17;
25 Laws 1999, chapter 125, section 4, as amended.

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

- 28 Pages 1 to 11, delete article 1
- 29 Pages 23 to 25, delete article 4
- 30 Page 26, line 18, delete "two" and insert "five"
- 31 Renumber the articles in sequence
- 32 Amend the title as follows:
- 33 Page 1, line 2, delete everything after the semicolon
- 34 Page 1, delete lines 3 to 6
- 35 Page 1, lines 9 and 10, delete "providing for additional
36 cable franchises;"
- 37 Page 1, line 15, delete "237.11;"
- 38 Page 1, line 16, delete "237.462, by adding"
- 39 Page 1, line 17, delete "subdivisions;"
- 40 Page 1, delete line 20
- 41 Page 1, line 22, delete "Laws"
- 42 Page 1, line 23, delete everything before "Laws"

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

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46 
47 (Committee Chair)

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49 April 4, 2005.....
50 (Date of Committee recommendation)

Senators Metzen, Michel and Johnson, D.E. introduced--

S.F. No. 1598: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to state government; regulating compensation
3 plans of the State Board of Investment; amending
4 Minnesota Statutes 2004, sections 11A.04; 11A.07,
5 subdivision 4; 15A.0815, subdivision 2; 43A.18, by
6 adding a subdivision.

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

8 Section 1. Minnesota Statutes 2004, section 11A.04, is
9 amended to read:

10 11A.04 [DUTIES AND POWERS.]

11 The state board shall:

12 (1) Act as trustees for each fund for which it invests or
13 manages money in accordance with the standard of care set forth
14 in section 11A.09 if state assets are involved and in accordance
15 with chapter 356A if pension assets are involved.

16 (2) Formulate policies and procedures deemed necessary and
17 appropriate to carry out its functions. Procedures adopted by
18 the board must allow fund beneficiaries and members of the
19 public to become informed of proposed board actions. Procedures
20 and policies of the board are not subject to the Administrative
21 Procedure Act.

22 (3) Employ an executive director as provided in section
23 11A.07.

24 (4) Employ investment advisors and consultants as it deems
25 necessary.

26 (5) Prescribe policies concerning personal investments of

1 all employees of the board to prevent conflicts of interest.

2 (6) Maintain a record of its proceedings.

3 (7) As it deems necessary, establish advisory committees
4 subject to section 15.059 to assist the board in carrying out
5 its duties.

6 (8) Not permit state funds to be used for the underwriting
7 or direct purchase of municipal securities from the issuer or
8 the issuer's agent.

9 (9) Direct the commissioner of finance to sell property
10 other than money that has escheated to the state when the board
11 determines that sale of the property is in the best interest of
12 the state. Escheated property must be sold to the highest
13 bidder in the manner and upon terms and conditions prescribed by
14 the board.

15 (10) Undertake any other activities necessary to implement
16 the duties and powers set forth in this section.

17 (11) Establish a formula or formulas to measure management
18 performance and return on investment. Public pension funds in
19 the state shall utilize the formula or formulas developed by the
20 state board.

21 (12) Except as otherwise provided in article XI, section 8,
22 of the Constitution of the state of Minnesota, employ, at its
23 discretion, qualified private firms to invest and manage the
24 assets of funds over which the state board has investment
25 management responsibility. There is annually appropriated to
26 the state board, from the assets of the funds for which the
27 state board utilizes a private investment manager, sums
28 sufficient to pay the costs of employing private firms. Each
29 year, by January 15, the board shall report to the governor and
30 legislature on the cost and the investment performance of each
31 investment manager employed by the board.

32 (13) Adopt an investment policy statement that includes
33 investment objectives, asset allocation, and the investment
34 management structure for the retirement fund assets under its
35 control. The statement may be revised at the discretion of the
36 state board. The state board shall seek the advice of the

1 council regarding its investment policy statement. Adoption of
2 the statement is not subject to chapter 14.

3 (14) Adopt a compensation plan setting the terms and
4 conditions of employment for unclassified board employees who
5 are not covered by a collective bargaining agreement.

6 Sec. 2. Minnesota Statutes 2004, section 11A.07,
7 subdivision 4, is amended to read:

8 Subd. 4. [DUTIES AND POWERS.] The director, at the
9 direction of the state board, shall:

10 (1) plan, direct, coordinate, and execute administrative
11 and investment functions in conformity with the policies and
12 directives of the state board and the requirements of this
13 chapter and of chapter 356A;

14 (2) employ professional and clerical staff as is necessary
15 ~~within-the-complement-limits-established-by-the-legislature.~~
16 Employees whose primary responsibility is to invest or manage
17 money or employees who hold positions designated as unclassified
18 under section 43A.08, subdivision 1a, are in the unclassified
19 service of the state. Other employees are in the classified
20 service. Unclassified employees who are not covered by a
21 collective bargaining agreement are employed under the terms and
22 conditions of the compensation plan approved under section
23 43A.18, subdivision 3b;

24 (3) report to the state board on all operations under the
25 director's control and supervision;

26 (4) maintain accurate and complete records of securities
27 transactions and official activities;

28 (5) establish a policy relating to the purchase and sale of
29 securities on the basis of competitive offerings or bids. The
30 policy is subject to board approval;

31 (6) cause securities acquired to be kept in the custody of
32 the commissioner of finance or other depositories consistent
33 with chapter 356A, as the state board deems appropriate;

34 (7) prepare and file with the director of the Legislative
35 Reference Library, by December 31 of each year, a report
36 summarizing the activities of the state board, the council, and

1 the director during the preceding fiscal year. The report must
2 be prepared so as to provide the legislature and the people of
3 the state with a clear, comprehensive summary of the portfolio
4 composition, the transactions, the total annual rate of return,
5 and the yield to the state treasury and to each of the funds
6 whose assets are invested by the state board, and the recipients
7 of business placed or commissions allocated among the various
8 commercial banks, investment bankers, and brokerage
9 organizations. The report must contain financial statements for
10 funds managed by the board prepared in accordance with generally
11 accepted accounting principles;

12 (8) require state officials from any department or agency
13 to produce and provide access to any financial documents the
14 state board deems necessary in the conduct of its investment
15 activities;

16 (9) receive and expend legislative appropriations;

17 (10) undertake any other activities necessary to implement
18 the duties and powers set forth in this subdivision consistent
19 with chapter 356A.

20 Sec. 3. Minnesota Statutes 2004, section 15A.0815,
21 subdivision 2, is amended to read:

22 Subd. 2. [GROUP I SALARY LIMITS.] The salaries for
23 positions in this subdivision may not exceed 95 percent of the
24 salary of the governor:

25 Commissioner of administration;

26 Commissioner of agriculture;

27 Commissioner of education;

28 Commissioner of commerce;

29 Commissioner of corrections;

30 Commissioner of employee relations;

31 Commissioner of finance;

32 Commissioner of health;

33 Executive director, Higher Education Services Office;

34 Commissioner, Housing Finance Agency;

35 Commissioner of human rights;

36 Commissioner of human services;

1 ~~Executive-director, State-Board-of-Investment,~~
2 Commissioner of labor and industry;
3 Commissioner of natural resources;
4 Director of Office of Strategic and Long-Range Planning;
5 Commissioner, Pollution Control Agency;
6 Commissioner of public safety;
7 Commissioner of revenue;
8 Commissioner of employment and economic development;
9 Commissioner of transportation; and
10 Commissioner of veterans affairs.

11 Sec. 4. Minnesota Statutes 2004, section 43A.18, is
12 amended by adding a subdivision to read:

13 Subd. 3b. [STATE BOARD OF INVESTMENT PLAN.] Total
14 compensation for unclassified positions not covered by a
15 collective bargaining agreement under section 11A.04 in the
16 State Board of Investment must be determined by the State Board
17 of Investment. Before submitting a compensation plan to the
18 legislature and the Legislative Coordinating Commission, the
19 State Board of Investment must submit the plan to the
20 commissioner of employee relations for review and comment. The
21 commissioner must complete the review within 14 days of its
22 receipt. Compensation plans established under this subdivision
23 must be approved by the legislature and the Legislative
24 Coordinating Commission under section 3.855, before becoming
25 effective.

26 Sec. 5. [EFFECTIVE DATE.]

27 Sections 1 to 4 are effective July 1, 2005. An employee
28 who is covered by a compensation plan or whose salary is
29 established under Minnesota Statutes, section 15A.0815, on July
30 1, 2005, continues to be covered by the compensation plan or
31 salary until the compensation plan adopted under Minnesota
32 Statutes, section 43A.18, subdivision 3b, is first implemented.

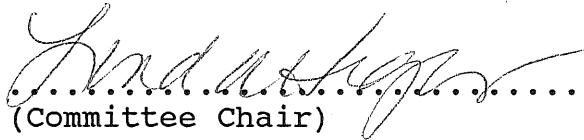
1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was referred

3 S.F. No. 1598: A bill for an act relating to state
4 government; regulating compensation plans of the State Board of
5 Investment; amending Minnesota Statutes 2004, sections 11A.04;
6 11A.07, subdivision 4; 15A.0815, subdivision 2; 43A.18, by
7 adding a subdivision.

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

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(Committee Chair)

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April 4, 2005.....
(Date of Committee recommendation)

**Senate Counsel, Research,
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State of Minnesota

S.F. No. 1459 - School Employee Health Insurance Pool (first engrossment)

Author: Senator Don Betzold

Prepared by: Christopher B. Stang, Senate Counsel (651/296-0539)

Date: March 29, 2005

Section 1 establishes the school employee insurance plan.

Subdivision 1 defines the terms “eligible employee” and “eligible employer.” An eligible employer is a school district or a related entity listed in the definition.

Subdivision 2 creates a board to create and administer the health insurance pool. The board would be a public corporation subject to chapter 317A, except as otherwise provided. The state is not liable for the obligations of the corporation. The board expires if coverage is not offered by December 15, 2008.

Subdivision 3 provides that the board has 15 members: six appointed by school employee unions, six appointed by the Minnesota School Boards Association, and three appointed by the Governor. Requires that initial appointments to the board be made by August 1, 2005. Provides that board members are eligible for reimbursement of expenses on the same basis as members of other state-related boards. Requires the board to establish governance requirements.

Subdivision 4 requires that the health coverage be available to all eligible employees of eligible employers and that eligible employers provide health coverage only through the pool. Requires the board to offer more than one health plan and allows the board to establish more than one tier of premium rates for a plan. Permits geographic variations. Requires plans to comply with specified health insurance laws and provide the optimal combination of coverage, cost, choice, and stability. The plans offered must be approved by the Commissioner of Commerce. Requires claims reserves, stabilization reserves, reinsurance,

and other features to achieve stability and solvency. Permits the board to decide whether the health plans should be fully insured, self-insured, or some combination. Requires the health plans to include disease management and consumer education, including wellness programs, and measures to encourage wise use of health coverage. Requires the board to confer with the service cooperatives and make recommendations to the Legislature on how health insurance reserves held by the cooperatives will be dispersed. Requires health plans providing coverage to employees of eligible employers within two years prior to the effective date of this section to provide to the board, on request, specified aggregate claims data. Prohibits contracts that establish cash payment in lieu of health insurance for an employee effective July 1, 2005, if the employee is not then receiving the payment.

Subdivision 5 requires the board to be a contributing member of the Minnesota Comprehensive Health Association (MCHA) and pay assessments according to section 4.

Subdivision 6 requires the board to pay a premium tax as specified in section 5.

Subdivision 7 requires the board to report to the Legislature by January 15, 2007, on final design for the pool. Legislative changes needed to ensure conformance with specified health insurance laws must be included in the report.

Subdivision 8 requires periodic reporting by the board to the Legislature summarizing and evaluating performance of the pool.

Section 2 adds the board as a contributing member under MCHA.

Section 3 is a conforming change.

Section 4 sets the board's allocation of MCHA losses pursuant to a specified formula intended to hold MCHA harmless.

Section 5 creates a premium tax of .36 percent for the board in order to hold the premium tax base harmless.

Section 6 provides an appropriation of an unspecified amount from the general fund as a loan for start-up costs. Requires that the loan be repaid to the general fund over ten years beginning in the 2008 fiscal year.

CBS:cs

1 A bill for an act

2 relating to insurance; creating a statewide health
3 insurance pool for school district employees;
4 appropriating money; amending Minnesota Statutes 2004,
5 sections 62E.02, subdivision 23; 62E.10, subdivision
6 1; 62E.11, subdivision 5; 297I.05, subdivision 5;
7 proposing coding for new law in Minnesota Statutes,
8 chapter 62A.

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

10 Section 1. [62A.662] [SCHOOL EMPLOYEE INSURANCE PLAN.]

11 Subdivision 1. [DEFINITIONS.] For purposes of this section:

12 (1) "eligible employee" means a person who is insurance
13 eligible under a collective bargaining agreement or under the
14 personnel policy of an eligible employer; and

15 (2) "eligible employer" means a school district as defined
16 in section 120A.05; a service cooperative as defined in section
17 123A.21; an intermediate district as defined in section 136D.01;
18 a cooperative center for vocational education as defined in
19 section 123A.22; a regional management information center as
20 defined in section 123A.23; an education unit organized under
21 section 471.59; or a charter school organized under section
22 124D.10.

23 Subd. 2. [CREATION OF BOARD.] (a) The Minnesota School
24 Employee Insurance Board is created as a public corporation
25 subject to the provisions of chapter 317A, except as otherwise
26 provided in this section. As provided in section 15.082, the
27 state is not liable for obligations of this public corporation.

1 (b) The board shall create and administer the Minnesota
2 School Employee Insurance Pool as described in this section.

3 (c) If the board does not offer coverage by December 15,
4 2008, the board expires and this section expires on that date.

5 Subd. 3. [BOARD OF DIRECTORS.] (a) The School Employee
6 Insurance Board consists of:

7 (1) six members representing exclusive representatives of
8 eligible employees, appointed by exclusive representatives, as
9 provided in paragraph (b);

10 (2) six members representing eligible employers, appointed
11 by the Minnesota School Boards Association; and

12 (3) three members appointed by the governor pursuant to
13 section 15.0575.

14 (b) The six members of the board who represent statewide
15 affiliates of exclusive representatives of eligible employees
16 are appointed as follows: three members appointed by Education
17 Minnesota and one member each appointed by the Service Employees
18 International Union, the Minnesota School Employees Association,
19 and American Federation of State, County, and Municipal
20 Employees.

21 (c) Appointing authorities must make their initial
22 appointments no later than August 1, 2005, by filing a notice of
23 the appointment with the commissioner of commerce. Notices of
24 subsequent appointments must be filed with the board. An entity
25 entitled to appoint a board member may replace the board member
26 at any time.

27 (d) Board members are eligible for compensation and expense
28 reimbursement under section 15.0575, subdivision 3.

29 (e) The board shall establish governance requirements,
30 including staggered terms, term limits, quorum, a plan of
31 operation, and audit provisions.

32 Subd. 4. [DESIGN AND NATURE OF PLAN.] (a) Health coverage
33 offered through the Minnesota School Employee Insurance Pool
34 shall be made available by the board to all eligible employees
35 of eligible employers, as defined in subdivision 1.

36 (b) If an eligible employer provides health coverage or

1 money to purchase health coverage to eligible employees, the
2 coverage must be provided or purchased only through the health
3 plans offered by the board.

4 (c) The board must offer more than one health plan and may
5 establish more than one tier of premium rates for any specific
6 plan. Plans and premium rates may vary across geographic
7 regions established by the board. The health plans must comply
8 with chapters 62A, 62J, 62M, and 62Q, and must provide the
9 optimal combination of coverage, cost, choice, and stability in
10 the judgment of the board. All health plans offered must be
11 approved by the commissioner of commerce.

12 (d) The board must include claims reserves, stabilization
13 reserves, reinsurance, and other features that, in the judgment
14 of the board, will result in long-term stability and solvency of
15 the health plans offered.

16 (e) The board may determine whether the health plans should
17 be fully insured through a health carrier licensed in this
18 state, self-insured, or a combination of those two alternatives.

19 (f) The health plans must include disease management and
20 consumer education, including wellness programs and measures
21 encouraging the wise use of health coverage, to the extent
22 determined to be appropriate by the board. The health plans
23 must use the quality and performance measurements established
24 for use by the state for its employee and public assistance
25 programs.

26 (g) The board must confer with the service cooperatives and
27 make a recommendation to the legislature on how health insurance
28 reserves currently held by the service cooperatives will be
29 dispensed.

30 (h) Upon request of the board, health plans that are
31 providing or have provided coverage to employees of eligible
32 employers within two years prior to the effective date of this
33 section, shall provide to the board at no charge nonidentifiable
34 aggregate claims data for that coverage. The information must
35 include data relating to employee group benefit sets,
36 demographics, and claims experience. Notwithstanding section

1 13.203, Minnesota service cooperatives must also comply with
2 this paragraph.

3 (i) Effective July 1, 2005, no contract entered into
4 between an eligible employer and an eligible employee or the
5 exclusive representative of an eligible employee shall contain
6 provisions that establish cash payment in lieu of health
7 insurance to an eligible employee if the employee is not
8 receiving such payment on or before June 30, 2005. Nothing in
9 this section shall prevent any eligible employee who otherwise
10 qualifies for payment of cash in lieu of insurance on June 30,
11 2005, to continue to receive this payment.

12 Subd. 5. [MCHA MEMBERSHIP AND ASSESSMENTS.] The board is a
13 contributing member of the Minnesota Comprehensive Health
14 Association and must pay assessments made by the association on
15 its premium revenues, as provided in section 62E.11, subdivision
16 5, paragraph (b).

17 Subd. 6. [PREMIUM TAX OBLIGATIONS.] The board must pay
18 taxes on premiums as provided in section 297I.05, subdivision 5,
19 paragraph (c).

20 Subd. 7. [REPORT.] The board shall report to the
21 legislature by January 15, 2007, on a final design for the pool
22 that complies with subdivision 4 and on governance requirements
23 for the board, including staggered terms, term limits, quorum,
24 and a plan of operation and audit provisions. The report must
25 include any legislative changes necessary to ensure conformance
26 with chapters 62A, 62J, 62M, and 62Q.

27 Subd. 8. [PERIODIC EVALUATION.] (a) Beginning January 15,
28 2008, and for the next two years, the board must submit an
29 annual report to the commissioner of commerce and the
30 legislature, in compliance with sections 3.195 and 3.197,
31 summarizing and evaluating the performance of the pool during
32 the previous year of operation.

33 (b) Beginning in 2011 and in each odd-numbered year
34 thereafter, the board must submit to the legislature a biennial
35 report summarizing and evaluating the performance of the pool
36 during the preceding two fiscal years.

1 Sec. 2. Minnesota Statutes 2004, section 62E.02,
2 subdivision 23, is amended to read:

3 Subd. 23. [CONTRIBUTING MEMBER.] "Contributing member"
4 means those companies regulated under chapter 62A and offering,
5 selling, issuing, or renewing policies or contracts of accident
6 and health insurance; health maintenance organizations regulated
7 under chapter 62D; nonprofit health service plan corporations
8 regulated under chapter 62C; community integrated service
9 networks regulated under chapter 62N; fraternal benefit
10 societies regulated under chapter 64B; the Minnesota employees
11 insurance program established in section 43A.317, effective July
12 1, 1993; and joint self-insurance plans regulated under chapter
13 62H; and the Minnesota School Employee Insurance Board created
14 under section 62A.662. For the purposes of determining
15 liability of contributing members pursuant to section 62E.11
16 payments received from or on behalf of Minnesota residents for
17 coverage by a health maintenance organization ~~or~~, a community
18 integrated service network, or the Minnesota School Employee
19 Insurance Board shall be considered to be accident and health
20 insurance premiums.

21 Sec. 3. Minnesota Statutes 2004, section 62E.10,
22 subdivision 1, is amended to read:

23 Subdivision 1. [CREATION; TAX EXEMPTION.] There is
24 established a Comprehensive Health Association to promote the
25 public health and welfare of the state of Minnesota with
26 membership consisting of all insurers; self-insurers;
27 fraternal; joint self-insurance plans regulated under chapter
28 62H; the Minnesota employees insurance program established in
29 section 43A.317, effective July 1, 1993; the Minnesota School
30 Employee Insurance Board created under section 62A.662; health
31 maintenance organizations; and community integrated service
32 networks licensed or authorized to do business in this state.
33 The Comprehensive Health Association is exempt from the taxes
34 imposed under chapter 297I and any other laws of this state and
35 all property owned by the association is exempt from taxation.

36 Sec. 4. Minnesota Statutes 2004, section 62E.11,

1 subdivision 5, is amended to read:

2 Subd. 5. [ALLOCATION OF LOSSES.] (a) Each contributing
3 member of the association shall share the losses due to claims
4 expenses of the comprehensive health insurance plan for plans
5 issued or approved for issuance by the association, and shall
6 share in the operating and administrative expenses incurred or
7 estimated to be incurred by the association incident to the
8 conduct of its affairs. Claims expenses of the state plan which
9 exceed the premium payments allocated to the payment of benefits
10 shall be the liability of the contributing members.

11 Contributing members shall share in the claims expense of the
12 state plan and operating and administrative expenses of the
13 association in an amount equal to the ratio of the contributing
14 member's total accident and health insurance premium, received
15 from or on behalf of Minnesota residents as divided by the total
16 accident and health insurance premium, received by all
17 contributing members from or on behalf of Minnesota residents,
18 as determined by the commissioner. Payments made by the state
19 to a contributing member for medical assistance, MinnesotaCare,
20 or general assistance medical care services according to
21 chapters 256, 256B, and 256D shall be excluded when determining
22 a contributing member's total premium.

23 (b) In making the allocation of losses provided in
24 paragraph (a), the association's assessment against the
25 Minnesota School Employee Insurance Board must equal the product
26 of (1) the percentage of premiums assessed against other
27 association members; (2) .3885; and (3) premiums received by the
28 Minnesota School Employee Insurance Board. For purposes of this
29 calculation, premiums of the board used must be net of rate
30 credits and retroactive rate refunds on the same basis as the
31 premiums of other association members.

32 Sec. 5. Minnesota Statutes 2004, section 297I.05,
33 subdivision 5, is amended to read:

34 Subd. 5. [HEALTH MAINTENANCE ORGANIZATIONS, NONPROFIT
35 HEALTH SERVICE PLAN CORPORATIONS, AND COMMUNITY INTEGRATED
36 SERVICE NETWORKS, AND THE MINNESOTA SCHOOL EMPLOYEE INSURANCE

1 BOARD.] (a) Health maintenance organizations, community
2 integrated service networks, and nonprofit health care service
3 plan corporations are exempt from the tax imposed under this
4 section for premiums received in calendar years 2001 to 2003.

5 (b) For calendar years after 2003, a tax is imposed on
6 health maintenance organizations, community integrated service
7 networks, and nonprofit health care service plan corporations.
8 The rate of tax is equal to one percent of gross premiums less
9 return premiums received in the calendar year.

10 (c) A tax is imposed on the Minnesota School Employee
11 Insurance Board under section 62A.662. The rate of tax is equal
12 to .36 percent of gross premiums less return premiums received
13 in the calendar year.

14 (d) In approving the premium rates as required in sections
15 62L.08, subdivision 8, and 62A.65, subdivision 3, the
16 commissioners of health and commerce shall ensure that any
17 exemption from tax as described in paragraph (a) is reflected in
18 the premium rate.

19 ~~(d)~~ (e) The commissioner shall deposit all revenues,
20 including penalties and interest, collected under this chapter
21 from health maintenance organizations, community integrated
22 service networks, and nonprofit health service plan corporations
23 , and the Minnesota School Employee Insurance Board in the
24 health care access fund. Refunds of overpayments of tax imposed
25 by this subdivision must be paid from the health care access
26 fund. There is annually appropriated from the health care
27 access fund to the commissioner the amount necessary to make any
28 refunds of the tax imposed under this subdivision.

29 Sec. 6. [APPROPRIATION; LOAN.]

30 \$..... is appropriated from the general fund to the
31 commissioner of commerce as a loan for start-up costs to the
32 Minnesota School Employee Insurance Board. The Minnesota School
33 Employee Insurance Board must repay the loan to the general fund
34 in ten equal installments paid at the end of each fiscal year,
35 beginning with the 2008 fiscal year.

1 Senator moves to amend S.F. No. 1459 as follows:
2 Page 2, lines 7, 10, and 14, delete "six" and insert "seven"
3 Page 2, line 9, after the semicolon, insert "and"
4 Page 2, line 11, delete "; and" and insert a period
5 Page 2, delete lines 12 and 13
6 Page 2, line 16, delete "three" and insert "four"
7 Page 2, after line 28, insert:
8 "(e) The board must arrange for one or more methods of
9 dispute resolution so as to minimize the possibility of
10 deadlocks."
11 Page 2, line 29, delete "(e)" and insert "(f)"

1 Senator moves to amend S.F. No. 1719 as follows:

2 Page 2, after line 21, insert:

3 "Sec. 3. Minnesota Statutes 2004, section 256B.093,
4 subdivision 1, is amended to read:

5 Subdivision 1. [STATE TRAUMATIC BRAIN INJURY PROGRAM.] The
6 commissioner of human services shall:

7 (1) maintain a statewide traumatic brain injury program;

8 (2) supervise and coordinate services and policies for
9 persons with traumatic brain injuries;

10 (3) contract with qualified agencies or employ staff to
11 provide statewide administrative case management and
12 consultation;

13 (4) maintain an advisory committee to provide
14 recommendations in reports to the commissioner regarding program
15 and service needs of persons with traumatic brain injuries;

16 (5) investigate the need for the development of rules or
17 statutes for the traumatic brain injury home and community-based
18 services waiver;

19 (6) investigate present and potential models of service
20 coordination which can be delivered at the local level; and

21 (7) the advisory committee required by clause (4) must
22 consist of no fewer than ten members and no more than 30
23 members. The commissioner shall appoint all advisory committee
24 members to one- or two-year terms and appoint one member as
25 chair. Notwithstanding section 15.059, subdivision 5, the
26 advisory committee does not terminate until June 30, ~~2005~~ 2008."

27 Renumber the sections in sequence and correct the internal
28 references

29 Amend the title accordingly

1 Senator Higgins from the Committee on State and Local
2 Government Operations, to which was re-referred

3 S.F. No. 1459: A bill for an act relating to insurance;
4 creating a statewide health insurance pool for school district
5 employees; appropriating money; amending Minnesota Statutes
6 2004, sections 62E.02, subdivision 23; 62E.10, subdivision 1;
7 62E.11, subdivision 5; 297I.05, subdivision 5; proposing coding
8 for new law in Minnesota Statutes, chapter 62A.

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

11 Page 2, lines 7 and 14, delete "six" and insert "seven"

12 Page 2, line 9, after the semicolon, insert "and"

13 Page 2, line 10, delete "six" and insert "seven" and delete
14 "representing eligible employers"

15 Page 2, line 11, delete "; and" and insert ", to represent
16 the interest of eligible employers."

17 Page 2, delete lines 12 and 13

18 Page 2, line 16, delete "three" and insert "four"

19 Page 2, after line 28, insert:

20 "(e) The board must arrange for one or more methods of
21 dispute resolution so as to minimize the possibility of
22 deadlocks."

23 Page 2, line 29, delete "(e)" and insert "(f)"

24 Page 2, delete line 36

25 Page 3, delete lines 1 to 3

26 Page 3, line 4, delete "(c)" and insert "(b)"

27 Page 3, line 12, delete "(d)" and insert "(c)"

28 Page 3, line 16, delete "(e)" and insert "(d)"

29 Page 3, line 19, delete "(f)" and insert "(e)"

30 Page 3, line 26, delete "(g)" and insert "(f)"

31 Page 3, line 30, delete "(h)" and insert "(g)"

32 Page 4, delete lines 3 to 11

33 And when so amended the bill be re-referred to the
34 Committee on Finance without recommendation. Amendments
35 adopted. Report adopted.

36
37 
38 (Committee Chair)

39 April 4, 2005.....
40 (Date of Committee recommendation)