

Northstar Alliance

The Northstar Problem Gambling Alliance, Inc.

Northstar Problem Gambling Alliance, Inc.

P.O. Box 555, Arlington, MN 55307

Phone: 507-964-5184

Fax: 507-964-2950

E-mail: npga@frontiernet.net

BOARD OF DIRECTORS:

Todd H. Sipe
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Recovering Person

Roger Svendsen, MS

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Development
Minnesota Institute of
Public Health

King Wilson

Executive Director
Allied Charities of Minnesota

EXECUTIVE DIRECTOR:

T. Lance Holthusen

FOR YOUR INFORMATION: NORTHSTAR PROBLEM GAMBLING ALLIANCE, INC.

The Northstar Problem Gambling Alliance, Inc., a non profit organization, came into being as a result of a concern that there was not an independent *gambling neutral* entity, representing *at the same table*, the concerns of all of the stakeholders and gatekeepers in the arena of problem gambling in the State of Minnesota and this Region.

Stakeholders are defined as those who have a vested interest in gambling, including all of the gambling venues such as The Minnesota State Lottery, The Minnesota Indian Gaming Association, the independent tribal communities, Allied Charities of Minnesota, and Canterbury Park, as well as the recovering compulsive gambler, and those affected by problem gambling, such as families and friends, retail finance and banking, the judicial system, and information transfer systems.

Gatekeepers are defined as those who provide a door to recovery or other appropriate help, such as researchers who help to provide reality regarding the issue of problem gambling, school counselors, clergy, physicians and nurses, county social workers, and residential and out patient treatment providers.

Despite our sometimes conflicting missions we all share one commonality, the belief that *problem* gambling is a serious public health issue, and that it is both treatable and preventable. There is help and there is hope.

Our **mission** is to:

1. Increase public awareness
2. Promote the widespread availability of treatment for problem gamblers and their families, and
3. Encourage education, research and prevention.

We are emphatically *neutral* on gambling policy, though we will advocate in public forums for programs that benefit problem gamblers and those affected by problem gambling. *Our mission can be summarized: we serve the problem gambler and those affected by problem gambling.*

The Northstar Alliance is the Minnesota affiliate of the National Council on Problem Gambling and cooperates with the State of Minnesota DHS Compulsive Gambling Program. We commend their initiatives in the problem gambling area and seek continuing support and collaboration with their efforts in whatever way appropriate.

The Northstar Alliance is a 501(c)(3) non-profit corporation (Federal tax ID number:920185978). Contributions are tax-deductible to the extent allowable by law. Northstar Alliance will not accept any restrictions on the use of funds except as required under State and Federal non-profit guidelines.

Legislative Arguments

2006 - 2007

- **The Northstar Problem Gambling Alliance, Inc.** is a private non-profit gambling neutral entity that, as a non-governmental entity, can do some things that government can't. For example:

We bring together **all** of the diverse parties involved in gambling, -all of the gambling venues in the State of Minnesota including The Minnesota State Lottery, Canterbury Park, Allied Charities of Minnesota, The Minnesota Indian Gaming Association and the Independent Tribal Nations, and other **stakeholders** such as residential treatment providers, out-patient providers, financial service providers, lawyers, academic and practical research, and recovering persons, - and **gatekeepers** such as clergy, school counselors, teachers, and probation officers, - to the same table, which is **gambling neutral** by definition, to address our primary mission which is *concern, advocacy and support for the problem gambler and those affected by problem gambling*. No other agency has been able to bring this diverse group together.

- We produce a quality newsletter called the *Northstar Roundtable* which is available to all stakeholders, gatekeepers, providers of services, legislators and other policy makers, and related agencies. We initiated this important effort because the State of Minnesota DHS Compulsive Gambling Advisory Committee and program eliminated this much needed professional and public information venue.
- When DHS dropped the Annual Problem Gambling Awareness Week Conference for providers, stakeholders, gatekeepers and all other interested parties, a very important statewide event held in conjunction with the National Council on Problem Gambling's National Awareness Week, we picked that up as well in 2003. (See our brochures for the 2003, 2004, and 2005 Minnesota Problem Gambling Awareness Week Conferences.)
- We are working with the Inter Faith Community in developing training programs and other ways that local faith communities can help their own effectively deal with the problem gambler and families and others affected by problem gambling. This includes participation by **all** faith systems. No other profession has such immediate and broad exposure to Minnesotans. However, clergy and other religious professionals are not trained, at this point, to see, listen for, or recognize problem gambling issues.
- Two other action committees are The Financial Services Industry Committee and The Judiciary/Legal Services Committee. Both of these committees involved research, white papers, and practical "what do we need to know" brochures for providers of services, clients and customers.
- We would like to begin a more aggressive program of research for the State of Minnesota. As is painfully clear, we lack good information and research regarding all aspects of gambling and co-existing mental illness disorders. The field is in desperate need of research "catch up".
- We have been chosen by the **National Council on Problem Gambling** in Washington, D.C. to be its official Minnesota Affiliate.
- **Why and how would the funds be used?** The State, itself, is directly and significantly involved in the gaming industry. The portion of funds designated for matching, would be matched dollar for dollar with non-state funds, and used for:

Operating expenses

Fact sheets

Brochures for specific audiences

Research start up funds

Public information

Training for stakeholders,

gatekeepers and providers

Expand newsletter to be
"online".

Create an info. website



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Board of Directors

(as of 3/15/06)

President - Todd Sipe

President and CEO
Thrivent Financial Bank
Minneapolis

Steven Dentinger

Executive Director
Lake Superior Area Family Services
Duluth

Vice President - Susan Aulie

Senior Director of Financial Services
Lutheran Social Services
Duluth

Don Feeney

Research and Planning Director
Minnesota State Lottery
Roseville

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Project Turnabout/Vanguard
Granite Falls

Marjorie J. Rapp, Esq.

Bridgeport Family Law
Mantorville

Treasurer - Eric Halstrom

Vice President, Racing & Simulcasting
Canterbury Park
Shakopee

Randy Stinchfield, Ph.D.

Department of Psychiatry
University of Minnesota Medical School
Minneapolis

Member at large - John McCarthy

Executive Director
Minnesota Indian Gaming Association
Cass Lake

Mary Stream

Recovering person
Red Wing

Julie A. Berglund

Vice President-Deposit Operations
Bremer Financial Services
Lake Elmo

Roger Svendsen

Director, Program Development &
Training
Minnesota Institute of Public Health
Mounds View

Maxine M. Boswell

Treatment provider
White Earth Reservation
White Earth

King Wilson

Executive Director
Allied Charities of Minnesota
St. Paul

Executive Director

Rev. T. Lance Holthusen
Arlington



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The Northstar Problem Gambling Alliance, Inc.

Advisory Board

(as of 2/1/06)

Rev. Robert Albers, Ph.D.

Clergy, Educator
Roseville, MN

Joel A. Barker

Process Futurist, Infinity Limited
St. Paul, MN

Dawn Cronin, LSW

Lutheran Social Services of North
Dakota
Fargo, ND

Terry Cummings

Financial Services (retired)
St. Paul, MN

Rev. Robert W. Dahlen

Clergy, treatment provider
Goodridge, MN

Tim Eiesland, MSW, LICSW

Administrator, Counseling and Family
Support Services
Catholic Charities of the Archdiocese of
St. Paul and Minneapolis
St. Paul, MN

Judy Gaskill

Treatment provider, counselor training
provider
Canyon, MN

Fong Heu

Communications Consultant
St. Paul, MN

Mike Johnson

Recovering person
Montevideo, MN

Gary Larson, Esq.

Minneapolis, MN

Mark Peterson

President/CEO
Lutheran Social Services of Minnesota
St. Paul, MN

Arthur J. Rolnick, Ph.D.

Senior Vice President and Director of
Research
Federal Reserve Bank of Minneapolis
Minneapolis, MN

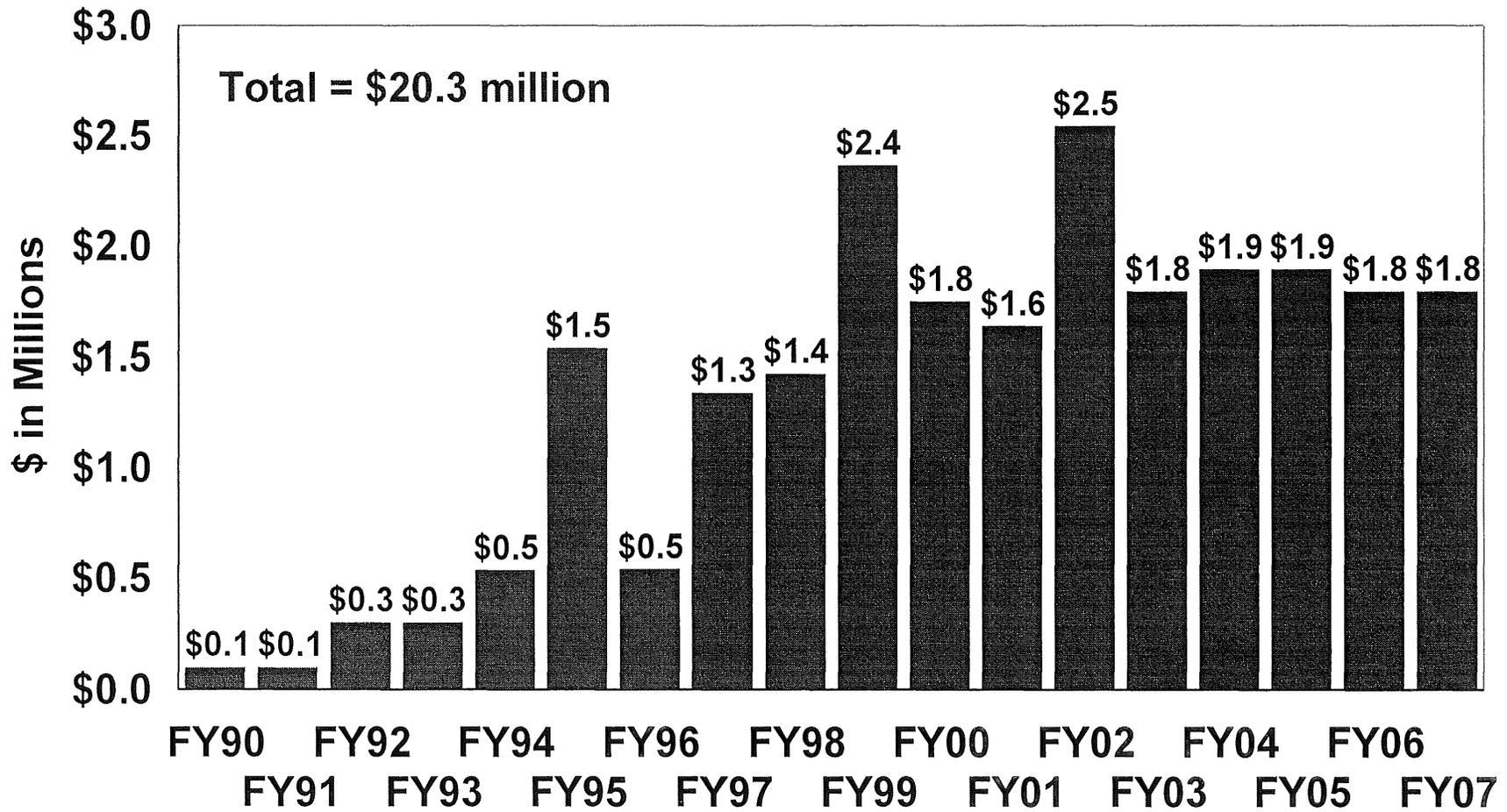
Lisa Vig

Program Director
Lutheran Social Services of North
Dakota
Fargo, ND

Ken Winters, Ph.D.

Dept. of Psychiatry
U. of M. Medical School
Minneapolis, MN

Lottery Contributions to DHS Problem Gambling Programs





Problem Gambling's Impact on Family and Others

Third Annual Minnesota Problem Gambling Awareness Conference

A Production of The Northstar Problem Gambling Alliance

Gloria Dei Lutheran Church
St. Paul, Minnesota

April 1, 2005

Co-Sponsored by



Canterbury Park Minnesota Fund and Minnesota State Lottery
With Lutheran Social Service of Minnesota, Project Turnabout-Vanguard, New Wave Training, and Lake Superior Area Family Services.



Agenda

Moderator: T. Lance Holthusen, Executive Director NPGA

8:00-8:30 AM: Registration and Continental Breakfast.

8:30-8:45 AM: Welcome, Overview and Opening Remarks.

Sponsor's Welcome: Randy Sampson, President of Canterbury Park

8:45-9:30 AM: *One Family's Saga*. Speaker: Nancy Dahlin-Teich, BSW, Social Service Supervisor, Affected Other, Cambridge, MN.

9:30-10:30 AM: *How Problem Gambling Impacts Families*. Lisa Vig, LAC and NCGC, Director, and Dawn Cronin, LSW and NCGC, Gambler's Choice, a program of Lutheran Social Service of North Dakota.

10:30-10:45 AM: Break and Refreshments.

10:45-11:45 AM: Panel: *Treatment and Recovery Services for Families, Friends, and Others*.

Moderator: Steve Dettinger, Executive Director, Lake Superior Area Family Services.

Panel:

Greg Anderson, LP MSW, Senior Therapist, Lake Superior Area Family Services, Duluth, MN.

Greg Robertson, MSW, Fairview Recovery Services, Minneapolis, MN.

Kelly Reynolds, MA, L.I.C.S.W., Director, Minnesota Problem Gambling Helpline, Roseville, MN.

Sandy Brustuen, Project Turnabout-Vanguard, Granite Falls, MN.



Agenda

11:45-12:15 PM: *Update on Gambling Research and Youth Gambling in Minnesota, Part 1: Gambling Treatment Outcomes Monitoring System*, Randy Stinchfield, Ph. D., Dept. of Psychiatry, University of Minnesota Medical School.

12:15-12:45 PM: Lunch.

Sponsor's Welcome: Clint Harris, Executive Director, Minnesota State Lottery

12:45-1:15 PM: Randy Stinchfield, Ph. D., Part 2: *2004 Student Survey*.

1:15-2:15 PM: *What About a Minnesota Gambling Court?* Speakers: The Honorable Gary Larson, Ass't Chief Judge of Hennepin County and Presiding Judge of Hennepin County Drug Court; Marjorie Rapp, Attorney, Bridgeport Family Law, St. Paul and Mantorville, MN.

2:15-3:15 PM: Panel (Those in recovery and/or affected by problem gambling): *How Effective Are Present Treatment and Counseling Services in Minnesota?*

Moderator: Kathleen Porter, Program Manager, State of MN DHS Compulsive Gambling Program.

Panel (includes recovering persons and affected persons):

Mike J.

Mary S.

Nancy D.

Len P.

3:15-3:30 PM: Break and Refreshments.

3:30-4:30 PM: Panel: *Financial Impact of Problem Gambling on Families and the Road Back*.

Moderator Don Feeney, Director of Research and Planning, MN State Lottery.

Panel:

Todd Sipe, Executive Vice President Greater MN Bremer Bank

Susan Aulie, Senior Director Financial Services LSS MN, Duluth

John P.

4:30-4:45 PM: Closing Remarks, Evaluation and Adjourn.

CEUs applied for with the following:

MN Bd. Of Social Work

MN Bd. Of Psychology

MN Bd. Of Marriage and Family Therapy

MN Bd. Of Pharmacy

MN Bd. Of Legal Education



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T. Lance Holthusen, Executive Director
Box 555
Arlington, MN 55307
(Phone: 507-964-5184; Fax: 507-964-2950; E-mail: npga@frontiernet.net)

Registration Form

3rd Annual Minnesota Problem Gambling Awareness Conference:
Problem Gambling's Impact on Family and Others
April 1st, 2005 at Gloria Dei Lutheran Church, 700 S. Snelling Ave., St. Paul, MN.

————— **Registration Deadline is March 23rd, 2005** —————

Name _____

Organization _____

Address _____

City _____ State _____ Zip _____

Phone: _____ E-mail: _____

Mail form and payment to:
Northstar Alliance
Box 555
Arlington, MN 55307

_____ I am a member of the Northstar Alliance.
Enclosed is my check for \$75.00.

_____ I'd like to join.
Enclosed is my check for \$75.00 plus _____ for my chosen
level of membership: _____ \$35 _____ \$100 _____ \$250 or
_____ \$500

(Add membership in the National Council for just \$35.00 more.)

_____ I am a non-member. Enclosed is my check for \$110.00.

Questions? 1-507-964-5184
E-mail: npga@frontiernet.net

**New Wave Training
2005 Schedule**

One Day Training: May 6 in Duluth, Sept. 30 in Minneapolis

60 Hour Training: "Working With the Compulsive Gambler"

May 9-14, also in Minneapolis

Courses approved by the American Council on Compulsive Gambling
And the Minnesota Department of Human Services Fee-For-Service
Program.

For more information contact: Judy Gaskill, New Wave Training,
6915 Three Lakes Road, Canyon, MN 55717.

E-mail: bgaskill@cpinternet.com or call: 1-218-345-8042.



**Northstar
Alliance**

Northstar Problem Gambling Alliance, Inc.

P.O. Box 955 Anneton, MN 55207

20th Annual Conference on Prevention, Research & Treatment of Problem Gambling

Presented by :
National Council on Problem Gambling

Addressing Gambling Problems in
Underserved Populations

June 22-24,
2006
St. Paul, MN

**The National Council on Problem Gambling *and the*
Northstar Problem Gambling Alliance**

Present the

**20th Annual Conference on Prevention, Research and Treatment
of Problem Gambling:
*Addressing Gambling Problems in Underserved Populations***

June 22-24, 2006
Crowne Plaza St. Paul Riverfront, St. Paul, Minnesota

We are pleased to invite you to participate in the 20th Annual Conference on Problem Gambling, the world's oldest and largest conference dedicated to problem gambling issues. This multidisciplinary conference covers clinical, research and policy developments in the problem gambling field. The conference theme is *Addressing Gambling Problems in Underserved Populations*. It features innovative treatment and prevention programs, new research and cutting-edge responsible gaming sessions over 2 ½ days including:

- Presentations on gambling issues in underserved populations, including African-American, Chinese, Haitian, Laotian, Native American, Pacific Islander, Punjabi and other communities.
- Sessions on other at-risk populations including youth and veterans.
- A special track on responsible gaming programs with an emphasis on Native American casino initiatives.
- Back by popular demand, the Advanced Clinical Training (ACT) track will again be offered this year, including sessions on clinical supervision skills. These workshops are limited to a maximum of 50 attendees to maximize interaction with the instructor and attendees.
- And over 40 additional breakout sessions...

The plenary speakers are:

Jeff Derevensky, Ph.D.: leading authority on youth gambling;

Alison Beckman: pioneer in counseling multicultural clients dealing with stigmatized issues;

Paul Bellringer, OBE: social responsibility and online gambling;

Joe Westermeyer, M.D., Ph.D.: socio-cultural psychiatry and underserved populations; and

Joel Barker: Paradigms and the Future of the Field.

Continuing Education Hours: Attendees will receive up to 20 hours of CEU credit. NCPG is an approved provider for the Association of Addiction Professionals (NAADAC) and the National Council on Problem Gambling Education Committee (NCGC/CCGC). Applications are pending for NBCC, NASW, and other national and state boards.

Counselors comprise the majority of the audience, but attendees include researchers, legislators, regulators, gaming industry executives and employees, media, policy makers and recovering gamblers.

The conference will take place over 2 ½ days, starting the morning of Thursday, June 22 and ending the afternoon of Saturday, June 24.

Attendees will receive a CD with copies of the presentations, speaker biographies and contact information, list of registrants and other valuable materials.

We are happy to accommodate any special needs, but please let us know as soon as possible to allow us to make appropriate arrangements.

Optional Activities

River Dinner Cruise: Join us Friday evening for a 3-hour dinner cruise on the Harriet Bishop. Busses will leave the Crowne Plaza lobby at 6:15pm and return to the hotel at 10:15. This business-casual evening includes a full dinner and entertainment from the Capitol Brass. Cash bar is available. Come see St. Paul from the beautiful Mississippi river.

Companion Tours: NCPG also offers companion tours on plush motor coaches that will take you directly to the best attractions in the area. On Thursday, the bus leaves at 9 am for the Mall of America, the largest shopping and entertainment complex in the country with more than 500 stores and 50 + eating establishments. The Mall also houses the nation's largest indoor family theme park, with more than 30 rides and seven acres of fun, along with an assortment of other attractions that will appear to both kids and adults. The coach returns to the hotel at 3 pm. Friday afternoon, June 23, 2006 from 11am-3pm is the Twin Cities Highlights Tour. This guided tour takes in area highlights including: Minnehaha Falls, Walker Art Center & Sculpture Garden, Loring Park, Orchestra Hall, and many more. It's a wonderful and easy way to get an overview of one of America's most dynamic cities. Space is limited for all optional activities, so register as soon as possible.

Early-bird registration deadline is May 1. The registration form and hotel information will be available at www.ncpgambling.org/conference.htm or by calling the office: +1.202.547.9204. The special conference rate at the Crowne Plaza of \$119/night is available until May 20. You must identify yourself as attending the National Conference on Problem Gambling. Dial the hotel directly at +1.651.292.1900 or 800.333.3333.

20th Annual Conference Program Committee:

Jerry Bauerkemper
Kate Spilde-Contreras, Ph.D.
Steve Dentinger
Don Feeney, *co-chair*
Tim Fong, M.D.
Joanna Franklin, NCGC II
T. Lance Holthusen, *co-chair*
Phil Kelly

Nina Littman-Sharp, NCGC II
Candace Peters
Kathleen Porter
Randy Stinchfield, Ph.D.
Roger Svendsen
Lisa Vig, NCGC II
Keith Whyte, *co-chair*
Ken Winters, Ph.D.

NCPG and Northstar would like to thank our sponsors to date:

Canterbury Park

Harrah's Entertainment
International Game Technology
Minnesota Department of Human Services

Minnesota Lottery
Mohegan Sun
Project Turnabout/Vanguard

2006 Conference Registration Form

Early Bird Deadline: May 1, 2006

**ON-SITE ONLY REGISTRATION AVAILABLE AFTER JUNE 9
DO NOT MAIL OR FAX TO NCPG AFTER THAT DATE**

Only cash, check, or credit card will be accepted for on-site payment.

	<u>Early Bird</u>	<u>Full Conf.</u>	<u>One Day</u>	<u>Onsite</u>
Presenters / Scholarships†	<input type="checkbox"/> \$275	<input type="checkbox"/> \$325	N/A	<input type="checkbox"/> \$475
NCGC* / NCPG* / Northstar Member* / Groups**	<input type="checkbox"/> \$375	<input type="checkbox"/> \$425	<input type="checkbox"/> \$275	<input type="checkbox"/> \$575
Non Member	N/A	<input type="checkbox"/> \$475	<input type="checkbox"/> \$375	<input type="checkbox"/> \$575
Student / Guest not attending tracks	<input type="checkbox"/> \$100	<input type="checkbox"/> \$100	N/A	<input type="checkbox"/> \$150
<i>Exhibitors (includes booth and 1 full registration)</i>	N/A	<input type="checkbox"/> \$750	N/A	N/A
NCPG Membership (New or Renewal)***	<input type="checkbox"/> \$50	<input type="checkbox"/> \$50	<input type="checkbox"/> \$50	<input type="checkbox"/> \$50
<u>OPTIONAL Events</u>				
Riverboat Dinner Cruise	<input type="checkbox"/> \$50	<input type="checkbox"/> \$50	N/A	<input type="checkbox"/> \$75
Day Trip to Mall of America	<input type="checkbox"/> \$20	<input type="checkbox"/> \$20	N/A	<input type="checkbox"/> \$30
Twin Cities Bus Tour	<input type="checkbox"/> \$20	<input type="checkbox"/> \$20	N/A	<input type="checkbox"/> \$30

Total Amount Enclosed \$ _____

* *Includes all applicable discounts. (member # or certification # needed for discount)*

** *Groups are 10 or more people from the same entity*

*** *Includes one year individual membership plus discount on conference (\$125 value)*

† *Scholarships are available for approved Minnesota-approved problem gambling counselors.*

I am a clinician and wish to attend the Advanced Clinical Training (ACT) Session (limited space available)

Conference includes 5 breaks, 2 lunches (vegetarian option check here)

METHOD OF PAYMENT
PLEASE PRINT CLEARLY or TYPE

Check Number _____ Money Number _____ Purchase Order # _____

Name on Check or Money Order if different from Registrant _____

Visa/Master Card # _____ Expiration Date _____

Full Name As It Appears on Card _____

Organization Name _____

Name _____

Credentials _____ NCGC or NCPG Member Number* _____

Guest name _____

Address _____

City _____ State _____ Zip _____ Country _____

Phone _____ Fax _____ E-mail _____

Mail or fax this form to

NCPG 216 G St., NE Suite 200, Washington, DC 20002 or FAX 202.547.9206

For more information, please call NCPG at 202-547-9204 or visit www.ncpgambling.org

CANCELLATION POLICY: All cancellations must be in writing. Cancellations postmarked prior to June 9, 2006 will be refunded less a \$50 processing fee. No refunds will be issued after June 9. No Exceptions. If the conference is cancelled, NCPG's liability is limited to the return of registration fees.

Senators Kubly; Vickerman; Neuville; Johnson, D.E. and Marty introduced--
S.F. No. 930: Referred to the Committee on Agriculture, Veterans and Gaming.

1 A bill for an act

2 relating to gambling; appropriating money for
3 compulsive gambling prevention and education.

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

5 Section 1. [APPROPRIATION.]

6 \$150,000 in fiscal year 2006 and \$150,000 in fiscal year
7 2007 are appropriated from the lottery prize fund to the
8 commissioner of human services for a grant to the Northstar
9 Problem Gambling Alliance, located in Arlington, Minnesota. The
10 Northstar Problem Gambling Alliance must provide services to
11 increase public awareness of problem gambling, education and
12 training for individuals and organizations providing effective
13 treatment services to problem gamblers and their families, and
14 research relating to problem gambling. Of this appropriation,
15 \$75,000 in each year of the biennium is contingent on the
16 demonstration of nonstate matching funds. Matching funds may be
17 either cash or qualifying in kind. The commissioner of finance
18 may disburse the state portion of the matching funds in
19 increments of \$37,500 upon receipt of a commitment for an equal
20 amount of matching nonstate funds.

1.1 To: Senator Cohen, Chair

1.2 Committee on Finance

1.3 Senator Berglin,

1.4 Chair of the Health and Human Services Budget Division, to which was referred

1.5 **S.F. No. 930:** A bill for an act relating to gambling; appropriating money for
1.6 compulsive gambling prevention and education.

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

1.8 Page 1, line 6, delete "\$150,000 in fiscal year 2006" and insert "\$25,000 in fiscal
1.9 year 2006"

1.10 Page 1, line 15, delete "in each year of the biennium" and insert "in fiscal year 2007"

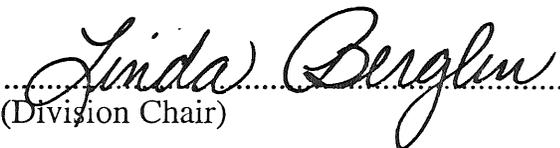
1.11 Page 1, after line 20, insert:

1.12 "Sec. 2. EFFECTIVE DATE.

1.13 Section 1 is effective the day following final enactment."

1.14 Amend the title accordingly

1.15 And when so amended that the bill be recommended to pass and be referred to
1.16 the full committee.

1.17 
1.18 (Division Chair)

1.19 March 23, 2006
1.20 (Date of Division action)

1.1 Senator Cohen from the Committee on Finance, to which was re-referred

1.2 S.F. No. 930: A bill for an act relating to gambling; appropriating money for
1.3 compulsive gambling prevention and education.

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

1.5 Page 1, line 6, delete "\$150,000 in fiscal year 2006" and insert "\$25,000 in fiscal
1.6 year 2006"

1.7 Page 1, line 15, delete "in each year of the biennium" and insert "in fiscal year 2007"

1.8 Page 1, line 16, delete "demonstration" and insert "contribution"

1.9 Page 1, line 17, before the period, insert "contributions"

1.10 Page 1, after line 20, insert:

1.11 "Sec. 2. EFFECTIVE DATE.

1.12 Section 1 is effective the day following final enactment."

1.13 Amend the title accordingly

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


.....
(Committee Chair)

1.15
1.16

1.17 April 4, 2006 4-5-06
1.18 (Date of Committee recommendation)

Fiscal Note – 2005-06 Session

Bill #: S2883-0 **Complete Date:** 03/14/06

Chief Author: SPARKS, DAN

Title: CHILD CARE LICENSING PROV MODIFIED

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Narrative: HF 2977

Bill Description

The bill adds an additional family child care licensing option under Minnesota Statutes, section 245A.14, subdivision 4, that expands employer child care options by authorizing a not-for-profit agency that maintains two or more contracts with community employers or other community organizations, to become licensed under the family child care regulations. The child care must be provided in a dwelling located on a residential lot.

The bill also allows capacity variances to be granted to exceed the maximum capacity of 14 children, by no more than five children, during transition periods related to the work schedules of parents under some specific conditions:

- meeting a 1:7 staff to child ratio during the variance period;
- variance period not to exceed four hours per day;
- all employees receive at least an extra four hours of training per year;
- the program complies with local zoning regulations and Group E fire code in addition to the per child square footage requirements provided under Minnesota Rules, part 9502.0425;
- age and capacity limitations required by the fire code inspection and square footage determinations must be printed on the license.

Assumptions

It is assumed that there would be few not-for-profit agencies maintaining two or more contracts with community employers or other community organizations that would become licensed under the family child care regulations so there is essentially no fiscal impact.

Although capacity variances could be requested to serve up to 19 children, the terms of the variance are clearly set forth in statute. Because it is assumed there will be few programs, there will be few variances issued. Again, there is essentially no fiscal impact related to reviewing and processing variance requests.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

None

Local Government Costs

None

References/Sources

None

Agency Contact Name: Jerry Kerber 296-4473

FN Coord Signature: STEVE BARTA

Date: 03/14/06 Phone: 431-2916

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN

Date: 03/14/06 Phone: 286-5618

Senator Sparks introduced—

S.F. No. 2883: Referred to the Committee on Health and Family Security.

A bill for an act
relating to human services; modifying child care licensing provisions; amending
Minnesota Statutes 2005 Supplement, section 245A.14, subdivision 4.

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

Section 1. Minnesota Statutes 2005 Supplement, section 245A.14, subdivision 4,
is amended to read:

Subd. 4. **Special family day care homes.** Nonresidential child care programs
serving 14 or fewer children that are conducted at a location other than the license holder’s
own residence shall be licensed under this section and the rules governing family day
care or group family day care if:

(a) the license holder is the primary provider of care and the nonresidential child
care program is conducted in a dwelling that is located on a residential lot;

(b) the license holder is an employer who may or may not be the primary provider
of care, and the purpose for the child care program is to provide child care services to
children of the license holder’s employees;

(c) the license holder is a church or religious organization; ~~or~~

(d) the license holder is a community collaborative child care provider. For
purposes of this subdivision, a community collaborative child care provider is a provider
participating in a cooperative agreement with a community action agency as defined in
section 256E.31; or

(e) the license holder is a not-for-profit agency that provides child care in a dwelling
located on a residential lot and the license holder maintains two or more contracts with
community employers or other community organizations to provide child care services.
The county licensing agency may grant a capacity variance to a license holder licensed

2.1 under this paragraph to exceed the licensed capacity of 14 children by no more than five
2.2 children during transition periods related to the work schedules of parents, if the license
2.3 holder meets the following requirements:

2.4 (1) the program does not exceed a capacity of 14 children more than a cumulative
2.5 total of four hours per day;

2.6 (2) the program meets a one to seven staff-to-child ratio during the variance period;

2.7 (3) all employees receive at least an extra four hours of training per year than
2.8 required in the rules governing family child care each year;

2.9 (4) the facility has square footage required per child under Minnesota Rules, part
2.10 9502.0425;

2.11 (5) the program is in compliance with local zoning regulations;

2.12 (6) the program is in compliance with the applicable fire code as follows:

2.13 (i) if the program serves more than five children older than 2-1/2 years of age,

2.14 but no more than five children 2-1/2 years of age or less, the applicable fire code is
2.15 educational occupancy, as provided in Group E Occupancy under the Minnesota State
2.16 Fire Code 2003, Section 202; or

2.17 (ii) if the program serves more than five children 2-1/2 years of age or less, the
2.18 applicable fire code is Group I-4 Occupancies, as provided in the Minnesota State Fire
2.19 Code 2003, Section 202; and

2.20 (7) any age and capacity limitations required by the fire code inspection and square
2.21 footage determinations shall be printed on the license.

2.22 **Sec. 2. EFFECTIVE DATE.**

2.23 Section 1 is effective the day following final enactment.

1.1 Senator moves to amend S.F. No. 2883 as follows:

1.2 Page 2, after line 21, insert:

1.3 "Sec. 2. Minnesota Statutes 2005 Supplement, section 245A.14, subdivision 12,
1.4 is amended to read:

1.5 Subd. 12. **First aid training requirements.** Notwithstanding Minnesota Rules, part
1.6 9503.0035, subpart 2, when children are present in a family child care home governed
1.7 by Minnesota Rules, parts 9502.0315 to 9502.0445, or a child care center governed by
1.8 Minnesota Rules, parts 9503.0005 to 9503.0170, at least one staff person must be present
1.9 in the center or home who has been trained in first aid. The first aid training must have
1.10 been provided by an individual approved to provide first aid instruction. First aid training
1.11 may be less than eight hours and persons qualified to provide first aid training shall include
1.12 individuals approved as first aid instructors. A family child care provider is exempt from
1.13 the first aid training requirements under this subdivision related to any substitute caregiver
1.14 who provides less than 30 hours of care during any 12-month period. Video training
1.15 reviewed and approved by the county licensing agency may be used to satisfy the family
1.16 child care training requirement of this paragraph.

1.17 Sec. 3. Minnesota Statutes 2005 Supplement, section 245A.14, subdivision 13, is
1.18 amended to read:

1.19 Subd. 13. **Cardiopulmonary resuscitation training.** (a) When children are present
1.20 in a child care center governed by Minnesota Rules, parts 9503.0005 to 9503.0170, or in
1.21 a family child care home governed by Minnesota Rules, parts 9502.0315 to 9502.0445,
1.22 at least one staff person must be present in the center or home who has been trained
1.23 in cardiopulmonary resuscitation (CPR) and in the treatment of obstructed airways.
1.24 The CPR training must have been provided by an individual approved to provide CPR
1.25 instruction, must be repeated at least once every three years, and must be documented in
1.26 the staff person's records.

1.27 (b) Notwithstanding Minnesota Rules, part 9503.0035, subpart 3, item A,
1.28 cardiopulmonary resuscitation training may be provided for less than four hours.

1.29 (c) Notwithstanding Minnesota Rules, part 9503.0035, subpart 3, item C, persons
1.30 qualified to provide cardiopulmonary resuscitation training shall include individuals
1.31 approved as cardiopulmonary resuscitation instructors.

1.32 (d) A family child care provider is exempt from the CPR training requirement in
1.33 this subdivision related to any substitute caregiver who provides less than 30 hours of
1.34 care during any 12-month period.

1.35 (e) Video training reviewed and approved by the county licensing agency satisfies
1.36 the family child care training requirement of this paragraph."

- 2.1 Page 2, line 23, delete "Section 1" and insert "This bill"
- 2.2 Renumber the sections in sequence and correct the internal references
- 2.3 Amend the title accordingly

1.1 To: Senator Cohen, Chair

1.2 Committee on Finance

1.3 Senator Hottinger,

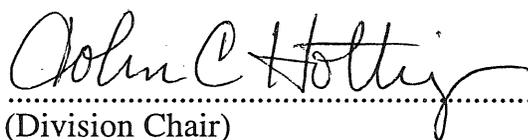
1.4 Chair of the Early Childhood Policy and Budget Division, to which was referred

1.5 **S.F. No. 2883:** A bill for an act relating to human services; modifying child care
1.6 licensing provisions; amending Minnesota Statutes 2005 Supplement, section 245A.14,
1.7 subdivision 4.

1.8 Reports the same back with the recommendation that the bill do pass and be referred
1.9 to the full committee.

1.10

1.11


.....
(Division Chair)

1.12

1.13

March 28, 2006
(Date of Division action)

1.1 **Senator Cohen from the Committee on Finance, to which was re-referred**

1.2 **S.F. No. 2883:** A bill for an act relating to human services; modifying child care
1.4 licensing provisions; amending Minnesota Statutes 2005 Supplement, section 245A.14,
subdivision 4.

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

1.6 Page 2, after line 21, insert:

1.7 "Sec. 2. Minnesota Statutes 2005 Supplement, section 245A.14, subdivision 12,
1.8 is amended to read:

1.9 Subd. 12. **First aid training requirements.** Notwithstanding Minnesota Rules, part
1.10 9503.0035, subpart 2, when children are present in a family child care home governed
1.11 by Minnesota Rules, parts 9502.0315 to 9502.0445, or a child care center governed by
1.12 Minnesota Rules, parts 9503.0005 to 9503.0170, at least one staff person must be present
1.13 in the center or home who has been trained in first aid. The first aid training must have
1.14 been provided by an individual approved to provide first aid instruction. First aid training
1.15 may be less than eight hours and persons qualified to provide first aid training shall include
1.16 individuals approved as first aid instructors. A family child care provider is exempt from
1.17 the first aid training requirements under this subdivision related to any substitute caregiver
1.18 who provides less than 30 hours of care during any 12-month period. Video training
1.19 reviewed and approved by the county licensing agency may be used to satisfy the family
1.20 child care training requirement of this subdivision.

1.21 Sec. 3. Minnesota Statutes 2005 Supplement, section 245A.14, subdivision 13, is
1.22 amended to read:

1.23 Subd. 13. **Cardiopulmonary resuscitation training.** (a) When children are present
in a child care center governed by Minnesota Rules, parts 9503.0005 to 9503.0170, or in
1.25 a family child care home governed by Minnesota Rules, parts 9502.0315 to 9502.0445,
1.26 at least one staff person must be present in the center or home who has been trained
1.27 in cardiopulmonary resuscitation (CPR) and in the treatment of obstructed airways.
1.28 The CPR training must have been provided by an individual approved to provide CPR
1.29 instruction, must be repeated at least once every three years, and must be documented in
1.30 the staff person's records.

1.31 (b) Notwithstanding Minnesota Rules, part 9503.0035, subpart 3, item A,
1.32 cardiopulmonary resuscitation training may be provided for less than four hours.

1.33 (c) Notwithstanding Minnesota Rules, part 9503.0035, subpart 3, item C, persons
qualified to provide cardiopulmonary resuscitation training shall include individuals
1.34 approved as cardiopulmonary resuscitation instructors.

2.1 (d) A family child care provider is exempt from the CPR training requirement in
 2.2 this subdivision related to any substitute caregiver who provides less than 30 hours of
 2.3 care during any 12-month period.

2.4 (e) Video training reviewed and approved by the county licensing agency satisfies
 2.5 the family child care training requirement of this subdivision."

2.6 Page 2, line 23, delete "Section 1" and insert "This act"

2.7 Renumber the sections in sequence

2.8 Amend the title accordingly

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

2.10 
 2.11
 (Committee Chair)

2.12 April 4, 2006 ⁴⁻⁶⁻⁰⁶
 2.13 (Date of Committee recommendation)

**Subcommittee on Employee Relations
Legislative Coordinating Commission**



House

Representative Chris DeLaForest, Chair
Representative Bruce Anderson
Representative Debra Hilstrom, Secretary
Representative Karen Klinzing
Representative Thomas Rukavina

Senate

Senator Linda Scheid, Vice Chair
Senator Steve Kelley
Senator Mike McGinn
Senator Sandra Pappas
Senator Betsy Wergin

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Greg Hubinger, Director
Sandy Keene, Commission Asst.

DATE: April 3, 2006

TO: Members of the Senate Finance Committee

FROM: Greg Hubinger

RE: S.F. 2634: Labor contract ratification bill

Background. This bill approves several collective bargaining agreements and compensation plans for employees in the executive branch. Each of the contracts and plans was reviewed by the LCC Subcommittee on Employee Relations and given interim approval. If the legislature does not ratify the contracts, the terms and conditions of employment provided in the new contracts and plans are voided.

The Department of Employee Relations estimates that the increased costs of these collective bargaining agreements and plans will be 3.6% in this biennium, with an impact of 6.4% on the next biennium. A spreadsheet showing the costs of each agreement and plan is attached.

Insurance. Insurance provisions are consistent across all of the contracts. Each of the contracts and compensation plans implements changes to the Advantage health insurance program. This program also applies to the members and staff of the Legislature. Major elements include:

- Monthly premiums paid by the state remain unchanged in CY06 from the current levels in effect in CY05. Premiums are expected to increase about 10% in CY 07.
- Office visit copays increase by \$5 for Tiers 1, 2 and 3; an office visit copay of \$35 has been instituted for Tier 4. However, employees who completed an automated health assessment receive a \$5 reduction in their office copays. The reduced copay will apply to the employee and family members.
- Access to Minute Clinics is available at a \$10 copay for each Tier. There is no deductible.

Dental insurance through the State Dental Plan

- The employer will continue to pay up to 90% of the employee-only coverage, but will require that the employee pay a minimum of \$5 per month for that coverage. The employer will continue to pay 50% of the premium for dependent coverage.

- Coverage for many dental procedures (fillings, oral surgery, crowns) is increased from 50% to 60%.

Contract/Compensation Plan Summaries

Section 1

Subd. 1. AFSCME Contract. This contract provides:

- A 2% across-the-board increase on July 1, 2005, and on July 1, 2006. Employees who are above the maximum of their salary ranges also receive these increases. Salary ranges are increased by 2% each year.
- Eligible employees continue to receive step increases on their anniversary dates. These step increases typically cost between 2.5% and 3%. Approximately 50% of employees are at the top of their salary ranges and are ineligible to receive these step increases.

Subd. 2. Minnesota Association of Professional Employees Contract. This contract provides:

- A 2% across-the-board increase on July 1, 2005, and on July 1, 2006. Salary ranges are increased by 2% each year.
- All eligible employees continue to receive step increases on their anniversary dates. These step increases typically cost about 3.5%. Approximately 40% of employees are at the top of their salary ranges and are ineligible to receive these step increases.

Subd. 3. Middle Management Association contract. This contract provides:

- A 2% across-the-board increase on July 1, 2005, and on August 23, 2006. Salary ranges are increased by 2% each year.
- Eligible employees receive step increases on their anniversary dates, which average 3.6%. About 40% of the employees are eligible for these increases.
- Supervisors employed by MnSCU will receive an increased employer match to the supervisor's supplemental retirement account. The maximum of the match is increased from \$1,200 to \$1,400.

Subd. 4. Minnesota State College Faculty contract. This contract provides:

- Effective July 1, 2005, all faculty receive an increase in salary of \$600, and on July 1, 2006, an increase of \$650. Depending on where a faculty member is in the salary schedule, this represents an increase in the first year of between 0.9% and 1.9%.
- Effective July 1, 2005, and January 1, 2007, faculty who are not at the top of their range also receive one-step increases. These step increases are generally \$1,750, and range from 2.7% to 5.8%. Each step in the salary ranges is increased by \$600 the first year and \$650 in the second. Employees who are at the maximum of their salary ranges are not eligible for step increases, but instead receive a lump sum payment of \$4,000; 780 faculty are eligible for this payment.
- Create an "Awards for Excellence" program to recognize completion by a faculty or group of faculty of a project beyond the normal requirements of the individuals' position(s). The projects must be approved by a committee consisting of college administrators and faculty. The awards are up to \$5,000, and are not added to the salary base.

- Increase the payment for adjunct faculty from \$1,050 per credit to \$1,200; a 14% increase.
- The state will continue to match faculty members' contributions to their supplemental retirement accounts. For community college faculty, the amount remains at \$2,300. For technical college faculty, the amount remains at \$1,800 in the first year, and increases to \$2,300 in the second year.

Subd. 5. AFSCME Correctional Guards Unit contract. This contract provides:

- A 2% across-the-board increase on July 1, 2005, and on July 1, 2006. Salary ranges are increased by 2% each year.
- All eligible employees continue to receive step increases on their anniversary dates. These step increases average 2.8%. Approximately 40% of employees are at the top of their salary ranges and are ineligible to receive these increases.
- Corrections Officers 2, Corrections Officers 3, and Canine Officers receive inequity adjustments in July 2006 and January 2007. These adjustments effectively add a step to the top of the salary range each year. Employees who have been at the top of their range for longer than a year will move to their new 2006 step on July 1 and January 1, 2007. All other employees will move to the next step on their anniversary dates.
- Added limitations on eligibility for early retirement incentives. These incentives consist of employer contributions toward health insurance. The new provisions require that new employees serve at least ten years in a position included in the Corrections Employee Retirement Plan, and serve in a covered position for at least five years immediately preceding retirement.

Subd. 6. Managerial Plan. This compensation plan provides:

- Managers receive across-the-board increases, if they meet performance expectations, of 2% on July 1, 2005, and July 1, 2006. The Appointing Authority may withhold part or all of the general salary increase because of performance, budget constraints or to realign internal salary relationships.
- Managers receive performance-based increases of up to 3.5% on January 1, 2006, and 2007. Managers at the top of their salary ranges are ineligible to receive this increase. An agency can elect not to make these performance increases, or delay increases, because of budgetary reasons.

Subd. 7. Commissioner's Plan. This compensation plan, established by the Commissioner of Employee Relations for unrepresented employees, provides:

- Employees receive across-the-board increases of 2% on July 1, 2005, and July 1, 2006.
- Employees receive performance-based increases of up to 3.5% on January 1, 2006, and 2007.
- For MnSCU employees, increase employer contribution to supplemental retirement from \$1,200 per year to \$1,400.

Subd. 8. Minnesota Government Engineers Council contract. This contract provides:

- Effective July 1, 2005, ranges are adjusted between 1.5% and 3.8% resulting in parallel across-the-board increases for all engineers. Effective July 1, 2006, ranges are adjusted by 2%, resulting in parallel across-the-board increases.
- Engineers continue to receive step increases on their anniversary dates. These increases typically cost 3.95%. Employees at the top of their ranges (approximately 60%) are ineligible for these increases.

Subd. 9. State Residential Schools Education Association contract. This contract provides:

- Two percent across-the-board increase on July 1, 2005, and on July 1, 2006. Salary ranges are also increased by 2% in each year.
- Eligible employees receive step increases on their anniversary dates, which average 3.8%. Steps range in size from 2.90% to 5.5%.

Subd. 10. Inter Faculty Organization contract. This contract provides:

- All eligible faculty receive a one-step increase on July 1, 2005, and again on July 1, 2006. Each of these increases is equal to a 2.4% increase. Faculty at the top of their salary ranges in the second year will receive a lump sum payment of \$2,400, not added to their salary base, which is also equivalent to about 2.4%. Faculty who have been at the top of their salary ranges for five years continue to receive a lump sum each year equal to two steps, approximately 4.85%.
- Salary ranges are adjusted by 1.35% in the first year. One new step is added to each salary range. The combination of the range adjustment and the step increases will result in most faculty receiving increases of 3.75% the first year and 2.4% in the second.
- Convert the employer contribution to the faculty member's medical dental expense account of \$500 to a contribution of \$600 to a Health Reimbursement Account.

Subd. 11. Minnesota State University Administrative and Service Faculty contract. This contract provides:

- Adjustments to salary ranges result in a 1% increase in salary on July 1, 2005, and July 1, 2006.
- Eligible faculty receive a step increase on October 5, 2005, and July 1, 2006. Step increases range from 2.66% to 3.95%, with an average of 3.0%. Employees at the top of their salary ranges receive a lump sum payment (not added to their salary base) equal to 2.25% the first year and 3.0% the second.
- Medical doctors covered under this contract receive a 1.0% increase on July 1, 2005, a 3.0% increase effective October 5, 2005, and a 4.0% increase effective June 30, 2006.
- Establish a "Special Initiative Award Program," in which faculty (individually or as a group) propose and implement projects that are of benefit to the University, its mission, or to the MnSCU system. As determined by the president, the maximum award is \$5,000, which is provided as a lump sum upon completion of the project.
- Add a requirement that each faculty member with five years service contribute 5% of the first \$6,000 of salary to the Health Care Savings Plan beginning July 1, 2006. The employer will contribute \$350 to that account on January 1, 2007, and \$300 on January 1, 2008, and each year thereafter.

Subd. 12. Office of Higher Education compensation plan. This compensation plans provides:

- No across-the-board increase in either year.
- Eligible employees receive performance-based increases on the payroll period closest to January 1st of each year, which are limited to 3.5%. These increases are dependent on the availability of funds. Employees at the maximum of their salary range are ineligible for these increases. Salary ranges are increased by 2% each year.

Subd. 13. Personnel Plan for MnSCU Administrators. This compensation plans provides:

- The maximum of the Chancellor's salary range increases by \$20,000 in each of the next three years from the current level of \$280,000. The Chancellor's current salary is \$272,344. Neither the Subcommittee on Employee Relations nor the Legislature reviews or approves the specific salary.
- The maximum of the salary ranges is increased for presidents by an average of 8% in the first year, and 3% in the second year. Neither the Subcommittee on Employee Relations nor the Legislature reviews or approves specific salaries for presidents.
- Merit increases for other administrators increase an average of 4.0% effective July 1, 2005, and 3.5% effective August 23, 2006. The maximum of the salary ranges is increased by 9.6% the first year and 3% the second year.
- Beginning November 1, 2006, MnSCU will contribute \$600 each year to the administrator's Health Reimbursement Account.

Subd. 14. State Board of Investment Salary Administration Plan. This is a new salary plan authorized under legislation passed in 2005. It provides:

- A salary limit for the Executive Director equal to the local government salary cap (110% of the salary of the governor);
- New ranges for the seven employees covered by the Plan, limited to the salary of the Executive Director;
- Employees' salaries will be raised to the minimums of their new ranges, and they will be eligible for merit based increases of 3% per year.

Subd. 15. Amendment to the Managerial Compensation Plan. The amendments implement provisions regarding the treatment of employees affected by the partial government shut down in July, 2005. These provisions parallel an agreement between the state and the state employee unions.

- Employees who used vacation or compensatory time during the shut down will have their vacation or compensatory time balances restored by 50% of the time used.
- Employees who did not have sufficient vacation leave or comp time to cover the hours not worked will receive vacation leave at 50% of the time used.

Subd. 16. Amendment to the Commissioner's Compensation Plan. The amendments implement provisions regarding the treatment of employees affected by the partial government shut down in July, 2005. The provisions are the same as those in the Managerial Plan in the previous subdivision.

Section 2 provides for an effective date immediately upon final enactment.

Attach: settlement sheet

STATE EMPLOYEE SALARY SETTLEMENTS

FY 2006-2007 ESTIMATED COSTS

LCC Subcommittee on Employee Relations

March 1, 2006

Bargaining Unit	Across the board increases (% increase)				BIENNIAL BASE(1)	BIENNIAL NEW MONEY (1)	% INCREASE (2)	% INCREASE BIENNIUM TO BIENNIUM (3)
	7/1/2005	1/1/2006	7/1/2006	1/1/2007				
AFSCME, Council 5 (excluding Unit 8)	2.0%		2.0%		\$1,516,668,000	\$45,321,000	2.98%	5.55%
AFSCME, Council 5, Unit 8, Correctional Guards	2.0%		2.0%		\$199,527,000	\$6,988,000	3.50%	7.12%
MN Association of Professional Employees	2.0%		2.0%		\$1,403,886,000	\$54,330,000	3.87%	7.08%
Middie Management Association	2.0%		2.0%	⁵	\$451,554,000	\$14,072,000	3.12%	5.41%
MN Government Engineers Council	1.5%-3.8%		2.0%		\$139,848,000	\$3,427,000	2.45%	3.98%
Minnesota Nurses Association								
Minnesota Law Enforcement Association								
State Residential Schools Education Assoc	2.0%		2.0%		\$24,105,000	\$674,000	2.80%	4.83%
State University Inter Faculty Organization	1.4%				\$447,776,456	\$17,003,080	3.80%	5.27%
MN State University Admin & Service Faculty	1.0%		1.0%		75,366,406	2,710,422	3.60%	5.97%
Minnesota State College Faculty	\$600		\$650		\$620,905,273	\$30,123,158	4.85%	7.07%
Personnel Plan for MnSCU administrators					\$125,205,946	\$5,706,977	4.56%	6.96%
Personnel Plan for St Bd of Invest employees					\$1,565,200	\$112,006	7.16%	12.56%
Office of Higher Education Plan					\$5,656,000	\$143,000	2.53%	6.20%
Managerial Plan	2.0%		2.0%		\$249,533,000	\$8,844,000	3.54%	6.13%
Commissioners Plan (4)	2.0%		2.0%		\$150,742,000	\$4,687,000	3.11%	5.42%
TOTAL					\$5,414,340,281	\$194,141,643	3.59%	6.40%

The ">" indicates proposed contract or plan not yet acted on by the Subcommittee.

- (1) Includes all funds, including higher education agencies. Includes salaries, steps, FICA, insurance & pension.
- (2) Percent of new money needed over base.
- (3) This percentage reflects the annualized cost of the increases granted during the biennium.
This figure depicts all of the costs of the contract, including "tails."
- (4) Groups within plan follow lead of comparable bargaining units.
- (5) The second year 2% across the board increase is effective August 23, 2006.
- (6) All employees' salaries brought to minimum of new range, or amount set by the Board.

Senators Scheid, Wergin, McGinn, Pappas and Kelley introduced—
S.F. No. 2634: Referred to the Committee on Finance.

A bill for an act
relating to state employment; ratifying certain labor agreements and
compensation plans.

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

Section 1. **LABOR AGREEMENTS AND COMPENSATION PLANS.**

Subdivision 1. American Federation of State, County, and Municipal Employees.

The labor agreement between the state of Minnesota and the American Federation of State, County, and Municipal Employees, Council 5, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on September 14, 2005, is ratified.

Subd. 2. Minnesota Association of Professional Employees. The labor agreement between the state of Minnesota and the Minnesota Association of Professional Employees, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on September 14, 2005, is ratified.

Subd. 3. Middle Management Association. The labor agreement between the state of Minnesota and the Middle Management Association, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on November 7, 2005, is ratified.

Subd. 4. Minnesota State College Faculty. The labor agreement between the state of Minnesota and the Minnesota State College Faculty, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on November 7, 2005, is ratified.

Subd. 5. American Federation of State, County, and Municipal Employees. The labor agreement between the state of Minnesota and the American Federation of State, County, and Municipal Employees, Council 5, Unit 8, approved by the Legislative

2.1 Coordinating Commission Subcommittee on Employee Relations on November 7, 2005,
2.2 is ratified.

2.3 Subd. 6. **Managerial plan.** The managerial plan, approved by the Legislative
2.4 Coordinating Commission Subcommittee on Employee Relations on November 7, 2005,
2.5 is ratified.

2.6 Subd. 7. **Commissioner's plan.** The commissioner of employee relations' plan
2.7 for unrepresented employees, approved by the Legislative Coordinating Commission
2.8 Subcommittee on Employee Relations on November 7, 2005, is ratified.

2.9 Subd. 8. **Minnesota Government Engineers Council.** The labor agreement
2.10 between the state of Minnesota and the Minnesota Government Engineers Council,
2.11 approved by the Legislative Coordinating Commission Subcommittee on Employee
2.12 Relations on January 10, 2006, is ratified.

2.13 Subd. 9. **State Residential Schools Education Association.** The labor agreement
2.14 between the state of Minnesota and the State Residential Schools Education Association,
2.15 approved by the Legislative Coordinating Commission Subcommittee on Employee
2.16 Relations on January 10, 2006, is ratified.

2.17 Subd. 10. **Inter Faculty Organization.** The labor agreement between the state of
2.18 Minnesota and the Inter Faculty Organization, approved by the Legislative Coordinating
2.19 Commission Subcommittee on Employee Relations on January 10, 2006, is ratified.

2.20 Subd. 11. **Minnesota State University Administrative and Service Faculty.**
2.21 The labor agreement between the state of Minnesota and the Minnesota State University
2.22 Administrative and Service Faculty, approved by the Legislative Coordinating
2.23 Commission Subcommittee on Employee Relations on January 10, 2006, is ratified.

2.24 Subd. 12. **Office of Higher Education.** The compensation plan for unrepresented
2.25 employees of the Office of Higher Education, approved by the Legislative Coordinating
2.26 Commission Subcommittee on Employee Relations on January 10, 2006, is ratified.

2.27 Subd. 13. **MNSCU administrators.** The personnel plan for Minnesota State
2.28 College and University administrators, approved by the Legislative Coordinating
2.29 Commission Subcommittee on Employee Relations on January 10, 2006, is ratified.

2.30 **Sec. 2. EFFECTIVE DATE.**

2.31 Section 1 is effective the day following final enactment.

1.1 To: Senator Cohen, Chair
 1.2 Committee on Finance
 1.3 Senator Kiscaden,
 1.4 Chair of the State Government Budget Division, to which was referred
 1.5 **S.F. No. 2634:** A bill for an act relating to state employment; ratifying certain
 1.6 labor agreements and compensation plans.
 1.7 Reports the same back with the recommendation that the bill be amended as follows:
 1.8 Page 2, after line 29, insert:

1.9 "Subd. 14. **State Board of Investment.** The salary administration plan for
 1.10 the Minnesota State Board of Investment, approved by the Legislative Coordinating
 1.11 Commission Subcommittee on Employee Relations on March 1, 2006, is ratified.

1.12 Subd. 15. **Managerial plan amendment.** The amendment to the managerial plan,
 1.13 approved by the Legislative Coordinating Commission Subcommittee on Employee
 1.14 Relations on March 1, 2006, is ratified.

1.15 Subd. 16. **Commissioner's plan amendment.** The amendment to the
 1.16 commissioner's plan, approved by the Legislative Coordinating Commission
 1.17 Subcommittee on Employee Relations on March 1, 2006, is ratified."

1.18 And when so amended that the bill be recommended to pass and be referred to
 1.19 the full committee.

1.20 
 1.21 (Divison Chair)

1.22 March 16, 2006
 1.23 (Date of Divison recommendation)

1.1 Senator Cohen from the Committee on Finance, to which was referred

1.2 S.F. No. 2634: A bill for an act relating to state employment; ratifying certain
labor agreements and compensation plans.

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

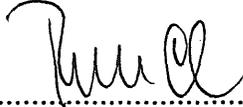
1.5 Page 2, after line 29, insert:

1.6 "Subd. 14. State Board of Investment. The salary administration plan for
1.7 the Minnesota State Board of Investment, approved by the Legislative Coordinating
1.8 Commission Subcommittee on Employee Relations on March 1, 2006, is ratified.

1.9 Subd. 15. Managerial plan amendment. The amendment to the managerial plan,
1.10 approved by the Legislative Coordinating Commission Subcommittee on Employee
1.11 Relations on March 1, 2006, is ratified.

1.12 Subd. 16. Commissioner's plan amendment. The amendment to the
1.13 commissioner's plan, approved by the Legislative Coordinating Commission
1.14 Subcommittee on Employee Relations on March 1, 2006, is ratified."

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

1.16 
1.17
(Committee Chair)

1.18 April 4, 2006 4-5-06
1.19 (Date of Committee recommendation)

Senator Skoe introduced—

S.F. No. 2670: Referred to the Committee on Finance.

A bill for an act

1.2 relating to education finance; increasing equalizing factor for debt service
1.3 equalization aid program; indexing the equalizing factor; amending Minnesota
1.4 Statutes 2004, sections 123B.53, subdivision 5; 126C.01, by adding a subdivision.

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

1.6 Section 1. Minnesota Statutes 2004, section 123B.53, subdivision 5, is amended to read:

1.7 Subd. 5. **Equalized debt service levy.** (a) The equalized debt service levy of a
1.8 district equals the sum of the first tier equalized debt service levy and the second tier
1.9 equalized debt service levy.

1.10 (b) A district's first tier equalized debt service levy equals the district's first tier debt
1.11 service equalization revenue times the lesser of one or the ratio of:

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

1.15 (2) ~~\$3,200~~ \$5,000 times the equalizing factor adjustment under section 126C.01,
1.16 subdivision 12.

1.17 (c) A district's second tier equalized debt service levy equals the district's second
1.18 tier debt service equalization revenue times the lesser of one or the ratio of:

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

1.22 (2) \$8,000 times the equalizing factor adjustment under section 126C.01, subdivision
1.23 12.

1.24 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

2.1 Sec. 2. Minnesota Statutes 2004, section 126C.01, is amended by adding a subdivision
2.2 to read:

2.3 Subd. 12. Net tax capacity equalizing factor adjustment. The net tax capacity
2.4 equalizing factor adjustment equals the greater of one or the ratio of the statewide net
2.5 tax capacity for the most recent assessment year divided by the statewide adjusted
2.6 marginal cost pupil units for the third subsequent year to the statewide net tax capacity
2.7 for assessment year 2004 divided by the statewide adjusted marginal cost pupil units
2.8 for fiscal year 2007.

2.9 **EFFECTIVE DATE.** This section is effective for revenue for fiscal year 2008.

- 1.1 Senator moves to amend the K-12 Education Budget Division Report
- 1.2 (SS2670DIV) to S.F. No. 2670 as follows:
- 1.3 Page 1, delete section 2
- 1.4 Renumber the sections in sequence and correct the internal references
- 1.5 Amend the title accordingly

1.1 To: Senator Cohen, Chair
1.2 Committee on Finance
1.3 Senator Stumpf,
1.4 Chair of the K-12 Education Budget Division, to which was referred

1.5 **S.F. No. 2670:** A bill for an act relating to education finance; increasing equalizing
1.6 factor for debt service equalization aid program; indexing the equalizing factor; amending
1.7 Minnesota Statutes 2004, sections 123B.53, subdivision 5; 126C.01, by adding a
1.8 subdivision.

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

1.10 Delete everything after the enacting clause and insert:

1.11 "Section 1. Minnesota Statutes 2004, section 126C.01, is amended by adding a
1.12 subdivision to read:

1.13 Subd. 2a. Debt service net tax capacity. A school district's debt service net tax
1.14 capacity means the net tax capacity of the taxable property of the district as adjusted by
1.15 the commissioner of revenue under section 127A.48, subdivision 17. The debt service net
1.16 tax capacity for any given calendar year must be used to compute the debt service levy
1.17 limitations for levies certified in the succeeding calendar year and aid for the school year
1.18 beginning in the second succeeding calendar year.

1.19 EFFECTIVE DATE. This section is effective the day following final enactment for
1.20 computing taxes payable in 2007.

1.21 Sec. 2. Minnesota Statutes 2004, section 126C.01, is amended by adding a subdivision
1.22 to read:

1.23 Subd. 12. Net tax capacity equalizing factor adjustment. The net tax capacity
1.24 equalizing factor adjustment equals the greater of one or the ratio of the statewide net
1.25 tax capacity for the most recent assessment year divided by the statewide adjusted
1.26 marginal cost pupil units for the third subsequent year to the statewide net tax capacity
1.27 for assessment year 2004 divided by the statewide adjusted marginal cost pupil units
1.28 for fiscal year 2007.

1.29 EFFECTIVE DATE. This section is effective for revenue for fiscal year 2008.

1.30 Sec. 3. Minnesota Statutes 2004, section 127A.48, is amended by adding a subdivision
1.31 to read:

1.32 Subd. 17. Debt service net tax capacity. To calculate each district's debt service
1.33 net tax capacity, the commissioner of revenue must recompute the amounts in this section
1.34 using an alternative sales ratio comparing the sales price to the estimated market value
1.35 of the property.

2.1 EFFECTIVE DATE. This section is effective the day following final enactment for
2.2 computing taxes payable in 2007.

2.4 Sec. 4. Minnesota Statutes 2005 Supplement, section 273.11, subdivision 1a, is
2.5 amended to read:

2.6 Subd. 1a. **Limited market value.** In the case of all property classified as
2.7 agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber,
2.8 or noncommercial seasonal residential recreational, the assessor shall compare the value
2.9 with the taxable portion of the value determined in the preceding assessment.

2.10 For assessment years 2004, 2005, and 2006, the amount of the increase shall not
2.11 exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25
2.12 percent of the difference between the current assessment and the preceding assessment.

2.13 For assessment year 2007, the amount of the increase shall not exceed the greater of
2.14 (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference
2.15 between the current assessment and the preceding assessment.

2.16 For assessment year 2008, the amount of the increase shall not exceed the greater of
2.17 (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference
2.18 between the current assessment and the preceding assessment.

2.19 This limitation shall not apply to increases in value due to improvements. For
2.20 purposes of this subdivision, the term "assessment" means the value prior to any exclusion
2.21 under subdivision 16.

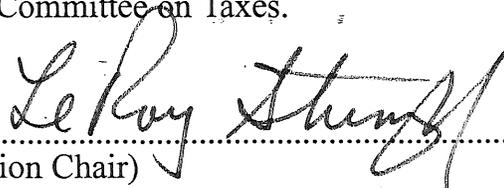
2.22 The provisions of this subdivision shall be in effect through assessment year 2008
2.23 as provided in this subdivision.

2.24 For purposes of the assessment/sales ratio study conducted under section 127A.48,
2.25 and the computation of state aids paid under chapters 122A, 123A, 123B; excluding
2.26 section 123B.53, 124D, 125A, 126C, 127A, and 477A, market values and net tax
2.27 capacities determined under this subdivision and subdivision 16, shall be used.

2.28 EFFECTIVE DATE. This section is effective the day following final enactment for
2.29 computing taxes payable in 2007."

2.30 Amend the title accordingly

2.31 And when so amended that the bill be recommended to pass and be referred to the
2.32 full committee and further be re-referred to the Committee on Taxes.

2.33 
.....
(Division Chair)

2.34 March 16, 2006
2.35 (Date of Division recommendation)

1.1 **Senator Cohen from the Committee on Finance, to which was referred**

1.2 **S.F. No. 2670:** A bill for an act relating to education finance; increasing equalizing
1.3 factor for debt service equalization aid program; indexing the equalizing factor; amending
1.4 Minnesota Statutes 2004, sections 123B.53, subdivision 5; 126C.01, by adding a
1.5 subdivision.

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

1.7 Delete everything after the enacting clause and insert:

1.8 "Section 1. Minnesota Statutes 2004, section 126C.01, is amended by adding a
1.9 subdivision to read:

1.10 Subd. 2a. Debt service net tax capacity. A school district's debt service net tax
1.11 capacity means the net tax capacity of the taxable property of the district as adjusted by
1.12 the commissioner of revenue under section 127A.48, subdivision 17. The debt service net
1.13 tax capacity for any given calendar year must be used to compute the debt service levy
1.14 limitations for levies certified in the succeeding calendar year and aid for the school year
1.15 beginning in the second succeeding calendar year.

1.16 EFFECTIVE DATE. This section is effective the day following final enactment for
1.17 computing taxes payable in 2007.

1.18 Sec. 2. Minnesota Statutes 2004, section 127A.48, is amended by adding a subdivision
1.19 to read:

1.20 Subd. 17. Debt service net tax capacity. To calculate each district's debt service
1.21 net tax capacity, the commissioner of revenue must recompute the amounts in this section
1.22 using an alternative sales ratio comparing the sales price to the estimated market value
1.23 of the property.

1.24 EFFECTIVE DATE. This section is effective the day following final enactment for
1.25 computing taxes payable in 2007.

1.26 Sec. 3. Minnesota Statutes 2005 Supplement, section 273.11, subdivision 1a, is
1.27 amended to read:

1.28 Subd. 1a. **Limited market value.** In the case of all property classified as
1.29 agricultural homestead or nonhomestead, residential homestead or nonhomestead, timber,
1.30 or noncommercial seasonal residential recreational, the assessor shall compare the value
1.31 with the taxable portion of the value determined in the preceding assessment.

1.32 For assessment years 2004, 2005, and 2006, the amount of the increase shall not
1.33 exceed the greater of (1) 15 percent of the value in the preceding assessment, or (2) 25
1.34 percent of the difference between the current assessment and the preceding assessment.

2.1 For assessment year 2007, the amount of the increase shall not exceed the greater of
 2.2 (1) 15 percent of the value in the preceding assessment, or (2) 33 percent of the difference
 2.3 between the current assessment and the preceding assessment.

2.4 For assessment year 2008, the amount of the increase shall not exceed the greater of
 2.5 (1) 15 percent of the value in the preceding assessment, or (2) 50 percent of the difference
 2.6 between the current assessment and the preceding assessment.

2.7 This limitation shall not apply to increases in value due to improvements. For
 2.8 purposes of this subdivision, the term "assessment" means the value prior to any exclusion
 2.9 under subdivision 16.

2.10 The provisions of this subdivision shall be in effect through assessment year 2008
 2.11 as provided in this subdivision.

2.12 For purposes of the assessment/sales ratio study conducted under section 127A.48,
 2.13 and the computation of state aids paid under chapters 122A, 123A, 123B; excluding
 2.14 section 123B.53, 124D, 125A, 126C, 127A, and 477A, market values and net tax
 2.15 capacities determined under this subdivision and subdivision 16, shall be used.

2.16 **EFFECTIVE DATE.** This section is effective the day following final enactment for
 2.17 computing taxes payable in 2007."

2.18 Amend the title accordingly

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

2.21
 2.22 (Committee Chair)

2.23 April 4, 2006
 2.24 (Date of Committee recommendation)

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

G-17 STATE CAPITOL
75 REED DR. MARTIN LUTHER KING, JR. BLDG.
ST. PAUL, MN 55155-1606
(651) 296-4797
FAX (651) 296-7747
JO ANNE ZOFF SELLNER
DIRECTOR

Senate

State of Minnesota

**S.F. No. 3087 - Child Passenger Restraint Systems (1st
Engrossment)**

Author: Senator John C. Hottinger

Prepared by: Joan White, Senate Counsel (651/296-3814)

Date: March 27, 2006

Section 1 amends the Department of Human Services licensing act, specifically the provision requiring training related to proper use and installation of child passenger restraints before transporting a child, by adding a new paragraph stating that programs and individuals using only buses or school buses to transport children are exempt from the training requirement.

Section 2 makes section 1 effective July 1, 2006.

JW:mvm

Fiscal Note – 2005-06 Session

Bill #: H3368-0 **Complete Date:** 03/20/06

Chief Author: FINSTAD, BRAD

Title: CHILD PASSENGER RESTRAINT USAGE REQ

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Narrative: HF 3368/SF 3087

Bill Description

Minnesota Statutes, section 245A.18, subdivision 2, requires family and group family child care, child care centers, child foster care, and other programs licensed by the Department of Human Services that serve a child or children under nine years of age to complete and document training on the proper use and installation of child passenger restraint systems in motor vehicles.

This bill modifies the requirement with respect to the age of the child served, from under nine years of age to under school age, as defined in Minnesota Statutes, section 245A.02, subdivision 16. School age means at least of sufficient age to have attended the first day of kindergarten, or is eligible to enter kindergarten within the next four months, but is younger than 13 years of age. The bill reduces the age requirement from under the age of nine to under the age of five. The bill also exempts programs and individuals using only buses or school buses to transport children.

Assumptions

Modifying the age group from under nine years of age to under five years of age will not have a significant impact on the training requirements. It is assumed that most programs that serve children serve children in ages that range from infant to school age. However, for those programs only serving school age children, those programs will no longer be required to complete and document training on the proper use and installation of child passenger restraint systems in motor vehicles.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

None

Local Government Costs

None

References/Sources

None

Agency Contact Name: Jerry Kerber 296-4473
FN Coord Signature: STEVE BARTA
Date: 03/20/06 Phone: 431-2916

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: DOUG GREEN
Date: 03/20/06 Phone: 286-5618

1 A bill for an act
2 relating to child care; changing the requirement for use of child passenger
3 restraint systems; amending Minnesota Statutes 2005 Supplement, section
4 245A.18, subdivision 2.

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

6 Section 1. Minnesota Statutes 2005 Supplement, section 245A.18, subdivision 2,
7 is amended to read:

8 Subd. 2. **Child passenger restraint systems; training requirement.** (a) Family
9 and group family child care, child care centers, child foster care, and other programs
10 licensed by the Department of Human Services that serve a child or children under nine
11 years of age must document training that fulfills the requirements in this subdivision.

12 (b) Before a license holder, staff person, caregiver, or helper transports a child
13 or children under age nine in a motor vehicle, the person transporting the child must
14 satisfactorily complete training on the proper use and installation of child restraint systems
15 in motor vehicles. Training completed under this section may be used to meet initial
16 or ongoing training under the following:

17 (1) Minnesota Rules, part 2960.3070, subparts 1 and 2;

18 (2) Minnesota Rules, part 9502.0385, subparts 2 and 3; and

19 (3) Minnesota Rules, part 9503.0035, subparts 1 and 4.

20 (c) Training required under this section must be at least one hour in length,
21 completed at orientation or initial training, and repeated at least once every five years. At
22 a minimum, the training must address the proper use of child restraint systems based on
23 the child's size, weight, and age, and the proper installation of a car seat or booster seat in
24 the motor vehicle used by the license holder to transport the child or children.

2.1 (d) Training under paragraph (c) must be provided by individuals who are certified
2.2 and approved by the Department of Public Safety, Office of Traffic Safety. License holders
2.3 may obtain a list of certified and approved trainers through the Department of Public
2.4 Safety Web site or by contacting the agency.

2.5 (e) Programs and individuals using only buses, as defined in section 169.01, or school
2.6 buses to transport children shall be exempt from the requirements in this subdivision.

2.7 Sec. 2. **EFFECTIVE DATE.**

2.8 Section 1 is effective July 1, 2006.

1.1 To: Senator Cohen, Chair
 1.2 Committee on Finance
 1.3 Senator Hottinger,
 1.4 Chair of the Early Childhood Policy and Budget Division, to which was referred

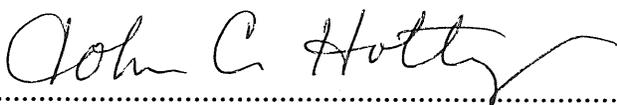
1.5 **S.F. No. 3087:** A bill for an act relating to child care; changing the requirement for
 1.6 use of child passenger restraint systems; amending Minnesota Statutes 2005 Supplement,
 1.7 section 245A.18, subdivision 2.

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

1.9 Page 2, delete lines 5 to 6 and insert:

1.10 "(e) Child care centers that only transport school age children as defined in section
 1.11 245A.02, subdivision 16, in school buses as defined in section 169.01, subdivision 6,
 1.12 clauses (1) to (4), are exempt from this subdivision."

1.13 And when so amended that the bill be recommended to pass and be referred to
 1.14 the full committee.

1.15 
 1.16
 (Division Chair)

1.17 March 28, 2006
 1.18 (Date of Division recommendation)

1.1 **Senator Cohen from the Committee on Finance, to which was re-referred**

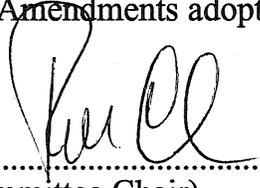
1.2 **S.F. No. 3087:** A bill for an act relating to child care; changing the requirement for
1.3 use of child passenger restraint systems; amending Minnesota Statutes 2005 Supplement,
1.4 section 245A.18, subdivision 2.

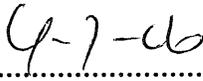
1.5 Reports the same back with the recommendation that the bill be amended as follows:

1.6 Page 2, delete lines 5 to 6 and insert:

1.7 "(e) Child care providers that only transport school age children as defined in section
1.8 245A.02, subdivision 16, in school buses as defined in section 169.01, subdivision 6,
1.9 clauses (1) to (4), are exempt from this subdivision."

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

1.11 
1.12
(Committee Chair)

1.13 April 4, 2006 
1.14
(Date of Committee recommendation)

Fiscal Note – 2005-06 Session

Bill #: S3615-0 **Complete Date:** 04/04/06

Chief Author: HOTTINGER, JOHN

Title: CHILD CARE ASSIST PRVDR PARENT FEES

Fiscal Impact	Yes	No
State		X
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Human Services Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Narrative: SF 3615/HF 3944

Bill Description

This bill specifies that payment of part or all of a family's copayment made directly to a child care provider is excluded from the family's income.

Assumptions

The department recently issued a policy bulletin (06-68-02) that specified that parents are required to pay their copayment. Prior to the issuance of this bulletin, in some instances co-payments were being made by third parties. Because the bill clarifies what had been past practice, there is no fiscal change in allowing third parties to make copayments for a family.

Expenditure and/or Revenue Formula

Long-term Fiscal Considerations

Local Government Costs

References/Sources

Susan Snyder, Reports & Forecasts
MN Dept of Human Services
651. 651.431.2947

Agency Contact Name: Jenny Ehrnst 431-3831
FN Coord Signature: STEVE BARTA
Date: 04/03/06 Phone: 431-2916

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 04/04/06 Phone: 296-6661

Bulletin

March 5, 2006

Minnesota Department of Human Services □ 444 Lafayette Rd. □ St. Paul, MN 55155

OF INTEREST TO

- County Directors
- County Supervisors and Staff
 - Child Care
 - Child Support
 - Fiscal
 - Fraud
 - Income Maintenance
 - Social Services
- County Child Care Administrative
 - Contacts and Client Access Contacts
- Child Care Resource and Referral Agencies
- Employment Service Providers
- Tribal Representatives

ACTION

Please read and implement.

DUE DATE

March 20, 2006

DHS Announces Policy Directives for the Child Care Assistance Program

TOPIC

Child Care Assistance Program (CCAP)

- Copayment assistance for families
- Partial hour payments

PURPOSE

To clarify CCAP policy.

CONTACT

Contact your CCAP Technical liaison (see Page 2) or submit your question through Policy Quest.

CCAP Technical Liaisons (see Page 2)
Minnesota Department of Human Services
444 Lafayette Road North
St. Paul, N 55155-3834

SIGNED

CHARLES E. JOHNSON
Assistant Commissioner
Children and Family Services

Introduction and background

During the legislative session of 2003 and subsequently, there have been significant changes in Child Care Assistance Program policy. These changes have raised questions regarding a variety of implementation and interpretation issues. This bulletin provides clarification to address agency administrative responsibility related to these issues.

Technical Liaisons contact information

Region	Technical Liaison	Phone Number	Email Address
2, 3, 5, 7E	Tia Chang	(651) 284-4109	tia.chang@state.mn.us
4	Brenda Clark	(651) 297-7085	brenda.clark@state.mn.us
6E, 6W	Laurie Possin	(651) 296-1451	laurie.j.possin@state.mn.us
7W, 10, 11	Merianne Peterson	(651) 284-3899	merianne.peterson@state.mn.us
1, 8, 9	Joan Anderson	(651) 284-4110	joan.k.anderson@state.mn.us

CONTENTS

- Section 1 – Payment of family copayments
- Section 2 – Payment of partial hour child care costs
- Section 3 – Special Needs
- Section 4 – Legal References

SECTION 1. Payment of family copayments by child care providers or other third party entities.

Background

DHS has been notified that some parent copayments are being paid by third parties, or are being waived or reduced by child care providers. This section provides information needed for counties to inform both families and providers of the program requirement that families are responsible to pay their copayment fee.

Family responsibility to pay copayment fees

Federal law (federal Child Care and Development Block Grant, Title 42, section 9858) and Minnesota Statutes, chapters 119B.09 and 119B.12, subdivision 2 outline cost sharing measures that must be in place for families determined to be eligible for the CCAP. Families earning 75 percent of the federal poverty level and above must be assessed a parent fee for each service period. For families earning between 75 percent and 100 percent of the federal poverty level, the minimum fee is \$ 5 per month. For families earning above 100 percent of poverty, the parent fee must be a fixed percentage of the family's annual gross income. Parent fees must provide graduated movement to full payment.

Parents who do not pay their required share of child care expenses are violating the sliding fee payment requirements in Minnesota Statutes, section 119B.12. Families who fail to pay the family copayment fee are ineligible for child care assistance until the fees are paid or until the family reaches an agreement for payment with the provider and the county and continues to comply with the payment agreement. Minn. R. part 3400.0040, subpart 6a.

Required county action:

Beginning March 20, 2006 and through September 30, 2006 counties must notify all families, providers and when possible community agencies that are known to assist with copayments that families are responsible for full payment of their copayments, that 100% of the copayment must be made by the family, and can not be waived by the provider or paid by a third party.

There are occasional circumstances where families may not be able to pay 100% of the biweekly or monthly copayment in a timely manner. The 100 % payment requirement does not preclude current language which allows payment arrangements. The notice should include language regarding nonpayment of copayments as follows: "When a family is unable to pay their copayment, a payment arrangement can be established between the provider and the parent according to Minnesota Rules, part 3400.0040, subpart 6a".

Effective 10/1/2006, if the county is made aware of third party payments of copayments, the amount of the copayment that was not paid by the family would be considered an overpayment to the family, in accordance with Minn. R. part 3400.0110, subpart 4a.

Options for notification:

Clients – Notices to families could be provided upon redetermination or in separate mailings. The requirement to pay 100% of the copayment should be added to cover letters, handbooks and any other materials that outline client responsibilities.

Providers - Notices to providers could be included in other mailings. Provider registration packets and provider billing forms should be updated to reflect these requirements as follows:

"Child care providers are responsible to collect the copayment and inform the county if the copayment was or was not received. Providers who falsely declare receipt of the family's copayment on the billing statement may have their payment stopped by the county, or the county may refuse to pay a bill submitted by the provider, according to Minnesota Statutes, section 119B.13 subdivision 6 (d). When a family is unable to pay their copayment, a payment arrangement can be established between the provider and the parent according to Minnesota Rules, part 3400.0040, subpart 6a. "

SECTION 2. Payments made to child care providers using partial hours of payment

Background:

MN Statutes, section 119B.13, Subdivision 1 (d) states that the county shall pay the provider's full charges for every child in care up to the maximum established. The commissioner shall determine the maximum rate for each type of care on an hourly, full-day, and weekly basis, including special needs and handicapped care.

Required county action:

Beginning March 20, 2006, if a licensed child care provider charges on a full hour, full day, or full week basis, the county must pay the provider in the increments billed. Legal nonlicensed providers can be paid only on an hourly basis.

Bulletin #06-68-02

March 5, 2006

Page 4

A county may pay for less than a full hour of child care **only** when the provider bills in increments that are less than an hour in length. The provider may charge for, and **must** be paid for, the full authorized hour (up to the amount of authorized care) even if the child was not in care for the full hour.

For counties on MEC², please contact the Help Desk at (651) 297-1848 or 1-(800) 657-3610 if you have questions about issuing partial hour payments.

Note: Counties should review billing forms to ensure that there is a differentiation between actual hours attended (eg. 3:15 p.m. – 4:45 p.m. = 1.5 hours, and the provider charge (eg. provider may charge 1.5 hours if that is their practice, or 2 hours if that is their practice).

SECTION 3. Special Needs

This information is available in other formats to people with disabilities by contacting Aaron Coonce at 651-296-1835 or through the Minnesota Relay Service at 1-800-627-3529 (TDD), 7-1-1 or 1-877-627-3848 (speech to speech relay service).

SECTION 4. Legal References

Federal law, Child Care and Development Block Grant, Title 42, section 98.58

Minnesota Statutes, chapters 119B.09-119B.13

Minnesota Rules, parts 3400.0040 and 3400.0110

Senator Hottinger introduced—

S.F. No. 3615: Referred to the Committee on Finance.

1.1 A bill for an act
1.2 relating to human services; modifying child care assistance parent fees; amending
1.3 Minnesota Statutes 2004, section 119B.12, subdivision 2.

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

1.5 Section 1. Minnesota Statutes 2004, section 119B.12, subdivision 2, is amended to read:

1.6 Subd. 2. **Parent fee.** A family must be assessed a parent fee for each service period.

1.7 A family’s parent fee must be a fixed percentage of its annual gross income. Parent fees
1.8 must apply to families eligible for child care assistance under sections 119B.03 and
1.9 119B.05. Income must be as defined in section 119B.011, subdivision 15. The fixed
1.10 percent is based on the relationship of the family’s annual gross income to 100 percent of
1.11 the annual federal poverty guidelines. Parent fees must begin at 75 percent of the poverty
1.12 level. The minimum parent fees for families between 75 percent and 100 percent of
1.13 poverty level must be \$10 per month. Parent fees must provide for graduated movement to
1.14 full payment. Payment of part or all of a family’s parent fee directly to the family’s child
1.15 care provider on behalf of the family by a source other than the family shall not affect
1.16 the family’s eligibility for child care assistance, and the amount paid shall be excluded
1.17 from the family’s income. Child care providers who accept third-party payments must
1.18 maintain family specific documentation of payment source, amount, and time period
1.19 covered by the payment.

1.1 To: Senator Cohen, Chair
 1.2 Committee on Finance
 1.3 Senator Hottinger,
 1.4 Chair of the Early Childhood Policy and Budget Division, to which was referred

1.5 **S.F. No. 3615:** A bill for an act relating to human services; modifying child care
 1.6 assistance parent fees; amending Minnesota Statutes 2004, section 119B.12, subdivision 2.

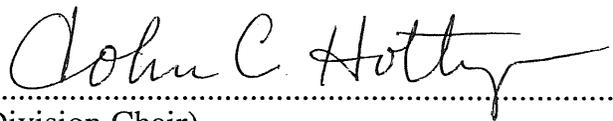
1.7 Reports the same back with the recommendation that the bill be amended as follows:

1.8 Page 1, after line 19, insert:

1.9 "**EFFECTIVE DATE.** This section is effective the day following final enactment."

1.10 And when so amended that the bill be recommended to pass and be referred to
 1.11 the full committee.

1.12
 1.13



 (Division Chair)

1.14
 1.15

March 28, 2006
 (Date of Division action)

1.1 **Senator Cohen from the Committee on Finance, to which was referred**

1.2 **S.F. No. 3615:** A bill for an act relating to human services; modifying child care assistance parent fees; amending Minnesota Statutes 2004, section 119B.12, subdivision 2.

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

1.5 Page 1, after line 19, insert:

1.6 "EFFECTIVE DATE. This section is effective the day following final enactment."

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

1.8 
1.9
(Committee Chair)

1.10 April 4, 2006 ⁴⁻⁶⁰⁶
1.11 (Date of Committee recommendation)

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S1459-3A **Complete Date:** 03/31/06

Chief Author: BETZOLD, DON

Title: SCHOOL EMPLOYEE HEALTH INSURANCE

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Preliminary

Bill Description

This bill creates a nonprofit Minnesota School Employee Insurance Board that will create and manage an insurance pool providing insurance to employees of eligible employers, defined as school districts, service cooperatives, intermediate districts, regional management information centers, vocational cooperatives, or an education unit organized under M.S. 471.59. M.S. 471.59 extends eligible employers to include joint powers of an eligible employer as above and a governmental unit including "every city, county, town, school district, other political subdivision of this or another state, another state, the University of Minnesota, nonprofit hospitals...".

Section 1, subdivisions 2 and 3 create the board, provide direction and timelines for creation of the insurance pool and specify board membership.

Section 1, subdivision 4 outlines the design of the insurance plans to be offered, including the mandate that eligible employers that provide coverage to employees must purchase from the pool; the authority of eligible employers to determine through collective bargaining the plans to be offered, employer/employee premium share and which of the 6 plans will be offered; outlines business practices that will result in stability and solvency; eliminates cash payments in lieu of insurance for employees not receiving this benefit before 6/30/09; and requires all premiums received by the board to be used for operations and the benefit of the insured.

Section 1, subdivisions 5-8 make the pool a member of the Minnesota Comprehensive Health Association obligated for member assessments and provide timelines for final pool design, and periodic reports to the commissioner of commerce and the legislature.

Section 2 adds the insurance pool to the list of contributing members of insurers regulated by Minnesota Statutes.

Section 3 amends statute to add the pool to the Comprehensive Health Association.

Section 4 establishes a formula for allocation of losses of the Comprehensive Health Association to the insurance pool.

Section 5 imposes a tax of .36% of gross premiums less return premiums.

Section 6 provides a base appropriation in FY 2008 of \$3 million that is a loan for startup costs of the MN School Employee Insurance Board. The loan must be repaid by the board to the state general fund in 10 equal installments beginning in FY 2010.

The effective date of the article is July 1, 2006, except that section 5 is effective July 1, 2009.

Assumptions

The availability of this insurance pool will impact local collective bargaining.

Collection and payment of premiums will remain local.

All costs and long term considerations associated with this bill will be reported in the Department of Commerce fiscal note.

Expenditure and/or Revenue Formula

None

Long-Term Fiscal Considerations

None

Local Government Costs

MDE does not have information available to determine costs/savings to the eligible employers.

While the goal of the pool is to lower health care costs for school districts and school employees, some districts

Preliminary

may experience decreased costs and/or improved health care coverage. Others may experience increased costs and/or poorer health care coverage. For districts, there will be pressure in contract negotiations to gain back coverage losses, or to access district cost savings in the form of salary or other increases.

Eligibility of joint powers units may add coverage to cities, counties, and other government units of this or another state. The same effects stated above may affect these governmental units also.

References/Sources

Agency Contact Name: Bomstad, Audrey 651-582-8793
FN Coord Signature: AUDREY BOMSTAD
Date: 03/31/06 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: BRIAN STEEVES
Date: 03/31/06 Phone: 296-8674

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S1459-3A Complete Date:

Chief Author: BETZOLD, DON

Title: SCHOOL EMPLOYEE HEALTH INSURANCE

Fiscal Impact	Yes	No
State		
Local		
Fee/Departmental Earnings		
Tax Revenue		

Agency Name: Commerce

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S1459:3A Complete Date:

Chief Author: BETZOLD, DON

Title: SCHOOL EMPLOYEE HEALTH INSURANCE

Fiscal Impact	Yes	No
State		
Local		
Fee/Departmental Earnings		
Tax Revenue		

Agency Name: Revenue Dept

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Consolidated Fiscal Note – 2005-06 Session

Bill #: S1459-2E Complete Date: 04/11/05

Chief Author: BETZOLD, DON

Title: SCHOOL EMPLOYEE INSURANCE BOARD

Fiscal Impact	Yes	No
State	X	
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agencies: Commerce (04/11/05)

Education Department (04/11/05)

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Net Expenditures					
General Fund		538	537		
Commerce		538	537		
Revenues					
General Fund				108	108
Commerce				108	108
Net Cost <Savings>					
General Fund		538	537	(108)	(108)
Commerce		538	537	(108)	(108)
Total Cost <Savings> to the State		538	537	(108)	(108)

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
General Fund		0.50	0.50		
Commerce		0.50	0.50		
Total FTE		0.50	0.50		

Consolidated EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KEITH BOGUT
Date: 04/11/05 Phone: 296-7642

Fiscal Note – 2005-06 Session

Bill #: S1459-2E Complete Date: 04/11/05

Chief Author: BETZOLD, DON

Title: SCHOOL EMPLOYEE INSURANCE BOARD

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Commerce

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund		538	537		
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund		538	537		
Revenues					
General Fund				108	108
Net Cost <Savings>					
General Fund		538	537	(108)	(108)
Total Cost <Savings> to the State		538	537	(108)	(108)

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
General Fund		0.50	0.50		
Total FTE		0.50	0.50		

Bill Description

Senate File 1459-2E proposes the following:

- 1) Creates a statewide health insurance pool for school district employees.
- 2) Creates a 14 member board to create and administer the Minnesota School Employee Insurance Pool. Board members are eligible for compensation and expense reimbursements.
- 3) The board must provide to the legislature by January 1, 2007:
 - a) The final plan designs (including benefits, claim and stabilization reserves, reinsurance, and whether the plan will be self-insured or fully insured through a health carrier.
 - b) Review the current group benefits experience of school districts to determine new coverage and premiums, necessary legislative changes, and governance requirements for the board.
- 4) Beginning January 1, 2008, the board must report to the Legislature and the Department of Commerce. The report must summarize and evaluate the performance of insurance the pool during the preceding year.
- 5) The Board will receive an appropriation.
- 6) The Board must repay the appropriation in 10 equal installments, beginning in FY 2008.

Assumptions

- 1) The Department of Commerce and the Board will require extensive actuarial services to set up the insurance pool.
- 2) The Department of Commerce will incur expenses to conduct the study.

Expenditure and/or Revenue Formula

	<u>FY 2006</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>FY 2009</u>
Expenditure - Actuarial Services	\$500,000	\$500,000		
Expenditure - Board Member Expenses	\$12,500	\$12,500		
Expenditure - Department Support Staff	\$25,000	\$25,000		
Total Annual Expenditure:	\$537,500	\$537,500		
 Revenue - Loan Repayment			\$107,500	\$107,500

Long-Term Fiscal Considerations

None.

Local Government Costs

Individual school districts could see cost reductions or increases, depending on the type of plan the districts currently have.

References/Sources

John Gross
john.gross@state.mn.us
651-297-2319

Study: State Wide Health Insurance Pool for School District Employees and Retirees
January 23, 2004

Agency Contact Name: John Gross 651-297-2319
FN Coord Signature: MICHAEL F. BLACIK
Date: 04/08/05 Phone: 297-2117

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KEITH BOGUT
Date: 04/11/05 Phone: 296-7642

Fiscal Note – 2005-06 Session

Bill #: S1459-2E Complete Date: 04/11/05

Chief Author: BETZOLD, DON

Title: SCHOOL EMPLOYEE INSURANCE BOARD

Fiscal Impact	Yes	No
State		X
Local	X	
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Education Department

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
-- No Impact --					
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
-- No Impact --					
Revenues					
-- No Impact --					
Net Cost <Savings>					
-- No Impact --					
Total Cost <Savings> to the State					

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalent					
-- No Impact --					
Total FTE					

Bill Description

Senate File 1459 creates a permissive statewide health insurance pool for school district employees, creates the Minnesota School Employee Insurance Board of 14 members as defined in the bill, requires a plan to be designed and made available to all employees of eligible employers, and provides other requirements regarding the establishment of the statewide insurance pool.

Assumptions

All state costs associated with this bill will be identified and included in the Department of Commerce fiscal note.

The Minnesota Department of Education (MDE) does not have expertise in the area of establishing and creation of insurance pools and related requirements.

MDE does not have information regarding the number of school districts and employees that would participate in this insurance pool.

Expenditure and/or Revenue Formula

No appropriation is provided in the bill.

Long-Term Fiscal Considerations

The change would be permanent.

Local Government Costs

MDE does not have any data as to the fiscal impact that this bill would have on the local school districts. Depending upon the eventual disposition of service cooperative reserves, member school districts may be affected.

References/Sources

Agency Contact Name: Bulger, John 651-582-8781
FN Coord Signature: AUDREY BOMSTAD
Date: 04/08/05 Phone: 582-8793

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: LISA MUELLER
Date: 04/11/05 Phone: 296-6661

Exhibit 7

Trend Assumptions

Trending Period	Allowed Cost	Projected Net Trends Reflecting Cost-Sharing Leveraging						
		Current Plans' Average	Proposed New Plans					
			Consumer-Driven *		Plan 1	Plan 2	Plan 3	Plan 4
			High Ded Plan	HRA Dep.				
From 2003 to 2004	13.10%	13.95%	15.35%	2.50%	14.00%	14.60%	15.20%	15.70%
From 2004 to 2005	11.60%	12.35%	13.55%	2.50%	12.40%	12.90%	13.40%	13.85%
From 2005 to 2006	10.50%	11.25%	12.30%	2.50%	11.25%	11.70%	12.15%	12.55%
From 2006 to 2007	9.55%	10.20%	11.15%	2.50%	10.25%	10.65%	11.05%	11.40%
From 2007 to 2008	8.60%	9.20%	10.00%	2.50%	9.20%	9.60%	9.90%	10.25%
From 2008 to 2009	7.80%	8.40%	9.10%	2.50%	8.40%	8.70%	9.00%	9.30%

* The consumer-driven plan consists of a combination of a higher deductible plan plus a health reimbursement account (HRA). The employer makes an annual HRA deposit on behalf of its employees, which, we assume, will increase annually at the rate of wage increases or the general CPI.

*All plans
cost trends
are higher
than schools
present plans*

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

10 (2) seven members, appointed by the Minnesota School Boards
11 Association, to represent the interest of eligible employers.

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

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

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

27 (e) The board must arrange for one or more methods of
28 dispute resolution so as to minimize the possibility of
29 deadlocks.

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

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

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

9 (c) The board must include claims reserves, stabilization
10 reserves, reinsurance, and other features that, in the judgment
11 of the board, will result in long-term stability and solvency of
12 the health plans offered.

13 (d) The board may determine whether the health plans should
14 be fully insured through a health carrier licensed in this
15 state, self-insured, or a combination of those two alternatives.

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

23 (f) The board must confer with the service cooperatives and
24 make a recommendation to the legislature on how health insurance
25 reserves currently held by the service cooperatives will be
26 dispensed.

27 (g) Upon request of the board, health plans that are
28 providing or have provided coverage to employees of eligible
29 employers within two years prior to the effective date of this
30 section, shall provide to the board at no charge nonidentifiable
31 aggregate claims data for that coverage. The information must
32 include data relating to employee group benefit sets,
33 demographics, and claims experience. Notwithstanding section
34 13.203, Minnesota service cooperatives must also comply with
35 this paragraph.

36 Subd. 5. [MCHA MEMBERSHIP AND ASSESSMENTS.] The board is a

1 contributing member of the Minnesota Comprehensive Health
2 Association and must pay assessments made by the association on
3 its premium revenues, as provided in section 62E.11, subdivision
4 5, paragraph (b).

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

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

15 Subd. 8. [PERIODIC EVALUATION.] (a) Beginning January 15,
16 2008, and for the next two years, the board must submit an
17 annual report to the commissioner of commerce and the
18 legislature, in compliance with sections 3.195 and 3.197,
19 summarizing and evaluating the performance of the pool during
20 the previous year of operation.

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

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

27 Subd. 23. [CONTRIBUTING MEMBER.] "Contributing member"
28 means those companies regulated under chapter 62A and offering,
29 selling, issuing, or renewing policies or contracts of accident
30 and health insurance; health maintenance organizations regulated
31 under chapter 62D; nonprofit health service plan corporations
32 regulated under chapter 62C; community integrated service
33 networks regulated under chapter 62N; fraternal benefit
34 societies regulated under chapter 64B; the Minnesota employees
35 insurance program established in section 43A.317, effective July
36 1, 1993; and joint self-insurance plans regulated under chapter

1 62H; and the Minnesota School Employee Insurance Board created
2 under section 62A.662. For the purposes of determining
3 liability of contributing members pursuant to section 62E.11
4 payments received from or on behalf of Minnesota residents for
5 coverage by a health maintenance organization ~~or~~, a community
6 integrated service network, or the Minnesota School Employee
7 Insurance Board shall be considered to be accident and health
8 insurance premiums.

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

11 Subdivision 1. [CREATION; TAX EXEMPTION.] There is
12 established a Comprehensive Health Association to promote the
13 public health and welfare of the state of Minnesota with
14 membership consisting of all insurers; self-insurers;
15 fraternal; joint self-insurance plans regulated under chapter
16 62H; the Minnesota employees insurance program established in
17 section 43A.317, effective July 1, 1993; the Minnesota School
18 Employee Insurance Board created under section 62A.662; health
19 maintenance organizations; and community integrated service
20 networks licensed or authorized to do business in this state.
21 The Comprehensive Health Association is exempt from the taxes
22 imposed under chapter 297I and any other laws of this state and
23 all property owned by the association is exempt from taxation.

24 Sec. 4. Minnesota Statutes 2004, section 62E.11,
25 subdivision 5, is amended to read:

26 Subd. 5. [ALLOCATION OF LOSSES.] (a) Each contributing
27 member of the association shall share the losses due to claims
28 expenses of the comprehensive health insurance plan for plans
29 issued or approved for issuance by the association, and shall
30 share in the operating and administrative expenses incurred or
31 estimated to be incurred by the association incident to the
32 conduct of its affairs. Claims expenses of the state plan which
33 exceed the premium payments allocated to the payment of benefits
4 shall be the liability of the contributing members.

35 Contributing members shall share in the claims expense of the
36 state plan and operating and administrative expenses of the

1 association in an amount equal to the ratio of the contributing
2 member's total accident and health insurance premium, received
3 from or on behalf of Minnesota residents as divided by the total
4 accident and health insurance premium, received by all
5 contributing members from or on behalf of Minnesota residents,
6 as determined by the commissioner. Payments made by the state
7 to a contributing member for medical assistance, MinnesotaCare,
8 or general assistance medical care services according to
9 chapters 256, 256B, and 256D shall be excluded when determining
10 a contributing member's total premium.

11 (b) In making the allocation of losses provided in
12 paragraph (a), the association's assessment against the
13 Minnesota School Employee Insurance Board must equal the product
14 of (1) the percentage of premiums assessed against other
15 association members; (2) .3885; and (3) premiums received by the
16 Minnesota School Employee Insurance Board. For purposes of this
17 calculation, premiums of the board used must be net of rate
18 credits and retroactive rate refunds on the same basis as the
19 premiums of other association members.

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

22 Subd. 5. [HEALTH MAINTENANCE ORGANIZATIONS, NONPROFIT
23 HEALTH SERVICE PLAN CORPORATIONS, AND COMMUNITY INTEGRATED
24 SERVICE NETWORKS, AND THE MINNESOTA SCHOOL EMPLOYEE INSURANCE
25 BOARD.] (a) Health maintenance organizations, community
26 integrated service networks, and nonprofit health care service
27 plan corporations are exempt from the tax imposed under this
28 section for premiums received in calendar years 2001 to 2003.

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

34 (c) A tax is imposed on the Minnesota School Employee
35 Insurance Board under section 62A.662. The rate of tax is equal
36 to .36 percent of gross premiums less return premiums received

1 in the calendar year.

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

7 ~~(d)~~ (e) The commissioner shall deposit all revenues,
8 including penalties and interest, collected under this chapter
9 from health maintenance organizations, community integrated
10 service networks, and nonprofit health service plan corporations
11 , and the Minnesota School Employee Insurance Board in the
12 health care access fund. Refunds of overpayments of tax imposed
13 by this subdivision must be paid from the health care access
14 fund. There is annually appropriated from the health care
15 access fund to the commissioner the amount necessary to make any
16 refunds of the tax imposed under this subdivision.

17 Sec. 6. [APPROPRIATION; LOAN.]

18 \$..... is appropriated from the general fund to the
19 commissioner of commerce as a loan for start-up costs to the
20 Minnesota School Employee Insurance Board. The Minnesota School
21 Employee Insurance Board must repay the loan to the general fund
22 in ten equal installments paid at the end of each fiscal year,
23 beginning with the 2008 fiscal year.

1.1 Senator moves to amend S.F. No. 1459 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. **[62A.662] SCHOOL EMPLOYEE INSURANCE PLAN.**

1.4 Subdivision 1. **Definitions.** For purposes of this section:

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

1.7 (2) "eligible employer" means a school district as defined in section 120A.05; a
1.8 service cooperative as defined in section 123A.21; an intermediate district as defined
1.9 in section 136D.01; a cooperative center for vocational education as defined in section
1.10 123A.22; a regional management information center as defined in section 123A.23; an
1.11 education unit organized under section 471.59; or a charter school organized under section
1.12 124D.10.

1.13 Subd. 2. **Creation of board.** (a) The Minnesota School Employee Insurance Board
1.14 is created as a public corporation subject to the provisions of chapter 317A, except as
1.15 otherwise provided in this section. As provided in section 15.082, the state is not liable
1.16 for obligations of this public corporation.

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

1.19 (c) Insurance plans and offerings must be effective July 1, 2009.

1.20 (d) If the board does not offer coverage by December 15, 2010, the board expires
1.21 and this section expires on that date.

1.22 Subd. 3. **Board of directors.** (a) The School Employee Insurance Board consists of:

1.23 (1) seven members representing exclusive representatives of eligible employees,
1.24 appointed by exclusive representatives, as provided in paragraph (b); and

1.25 (2) seven members representing eligible employers, appointed by the Minnesota
1.26 School Boards Association.

1.27 (b) The seven members of the board who represent statewide affiliates of exclusive
1.28 representatives of eligible employees are appointed as follows: four members appointed
1.29 by Education Minnesota and one member each appointed by the Service Employees
1.30 International Union, the Minnesota School Employees Association, and American
1.31 Federation of State, County, and Municipal Employees.

1.32 (c) Appointing authorities must make their initial appointments no later than August
33 1, 2006, by filing a notice of the appointment with the commissioner of commerce.

1.34 Notices of subsequent appointments must be filed with the board. An entity entitled to
1.35 appoint a board member may replace the board member at any time.

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

2.3 (e) The board must arrange for one or more methods of dispute resolution so as
2.4 to minimize the possibility of deadlocks.

2.5 (f) The board shall establish governance requirements, including staggered terms,
2.6 term limits, quorum, a plan of operation, and audit provisions.

2.7 Subd. 4. **Design and nature of plan.** (a) Health coverage offered through the
2.8 Minnesota School Employee Insurance Pool shall be made available by the board to all
2.9 eligible employees of eligible employers, as defined in subdivision 1.

2.10 (b) If an eligible employer provides health coverage or money to purchase health
2.11 coverage to eligible employees, the coverage must be provided or purchased only through
2.12 the health plans offered by the board.

2.13 (c) Nothing in this section affects the right of each eligible employer to determine,
2.14 through collective bargaining under the public employer labor relations act:

2.15 (1) the employer's eligibility requirements regarding the terms and conditions under
2.16 which employees, dependents, retirees, and other persons are eligible for health coverage
2.17 from the employer;

2.18 (2) how much of the premium charged for the insurance will be paid by the employer
2.19 and how much will be paid by the eligible person; and

2.20 (3) which health plan or plans offered by the board will be made available by the
2.21 eligible employer.

2.22 (d) The board must initially offer at least six health plans. One plan must provide
2.23 coverage without a deductible and without other enrollee cost-sharing other than
2.24 reasonable co-payments for nonpreventive care. One plan must be a high deductible
2.25 health plan that qualifies under federal law for use with a health savings account. The
2.26 other four plans must have levels of enrollee cost-sharing that are between the two plans
2.27 just described. The board may establish more than one tier of premium rates for any
2.28 specific plan. Plans and premium rates may vary across geographic regions established by
2.29 the board. The health plans must comply with chapters 62A, 62J, 62M, and 62Q, and must
2.30 provide the optimal combination of coverage, cost, choice, and stability in the judgment of
2.31 the board. All health plans offered must be approved by the commissioner of commerce.
2.32 The board shall investigate the feasibility of offering coverage through more than one
2.33 health plan company or other network of health care providers.

2.34 (e) The board must include claims reserves, stabilization reserves, reinsurance,
2.35 and other features that, in the judgment of the board, will result in long-term stability
2.36 and solvency of the health plans offered.

3.1 (f) The board may determine whether the health plans should be fully insured
3.2 through a health carrier licensed in this state, self-insured, or a combination of those
3.3 two alternatives.

3.4 (g) The health plans must include disease management and consumer education,
3.5 including wellness programs and measures encouraging the wise use of health coverage,
3.6 to the extent determined to be appropriate by the board.

3.7 (h) Upon request of the board, health plans that are providing or have provided
3.8 coverage to employees of eligible employers within two years before the effective date of
3.9 this section, shall provide to the board at no charge nonidentifiable aggregate claims data
3.10 for that coverage. The information must include data relating to employee group benefit
3.11 sets, demographics, and claims experience. Notwithstanding section 13.203, Minnesota
3.12 service cooperatives must also comply with this paragraph.

3.13 (i) Effective July 1, 2009, a contract entered into between an eligible employer and
3.14 an eligible employee or the exclusive representative of an eligible employee may not
3.15 contain provisions that establish cash payment in lieu of health insurance to an eligible
3.16 employee if the employee is not receiving the payment on or before June 30, 2009.
3.17 Nothing in this section prevents an eligible employee who otherwise qualifies for payment
3.18 of cash in lieu of insurance on June 30, 2009, from continuing to receive this payment.

3.19 (j) All premiums paid for health coverage provided by the board must be used by the
3.20 board solely for the cost of the operation of the board and the benefit of eligible employees
3.21 and eligible employers in connection with the health coverage offered by the board.

3.22 Subd. 5. **MCHA membership and assessments.** The board is a contributing
3.23 member of the Minnesota Comprehensive Health Association and must pay assessments
3.24 made by the association on its premium revenues, as provided in section 62E.11,
3.25 subdivision 5, paragraph (b).

3.26 Subd. 6. **Report.** The board shall report to the legislature by January 15, 2009, on a
3.27 final design for the pool that complies with subdivision 4 and on governance requirements
3.28 for the board, including staggered terms, term limits, quorum, and a plan of operation and
3.29 audit provisions. The report must include any legislative changes necessary to ensure
3.30 conformance with chapters 62A, 62J, 62M, and 62Q.

3.31 Subd. 7. **Progress dependent upon funding.** The board shall carry out its
3.32 obligations to the extent permitted by financial and other resources available to the board
33 for that purpose. The board may seek and accept gifts and grants.

3.34 Subd. 8. **Periodic evaluation.** (a) Beginning January 15, 2011, and for the next two
3.35 years, the board must submit an annual report to the commissioner of commerce and the

4.1 legislature, in compliance with sections 3.195 and 3.197, summarizing and evaluating the
4.2 performance of the pool during the previous year of operation.

4.3 (b) Beginning in 2013 and in each odd-numbered year thereafter, the board must
4.4 submit to the legislature a biennial report summarizing and evaluating the performance of
4.5 the pool during the preceding two fiscal years.

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

4.7 Subd. 23. **Contributing member.** "Contributing member" means those companies
4.8 regulated under chapter 62A and offering, selling, issuing, or renewing policies or
4.9 contracts of accident and health insurance; health maintenance organizations regulated
4.10 under chapter 62D; nonprofit health service plan corporations regulated under chapter
4.11 62C; community integrated service networks regulated under chapter 62N; fraternal
4.12 benefit societies regulated under chapter 64B; the Minnesota employees insurance
4.13 program established in section 43A.317, effective July 1, 1993; ~~and~~ joint self-insurance
4.14 plans regulated under chapter 62H; and the Minnesota School Employee Insurance Board
4.15 created under section 62A.662. For the purposes of determining liability of contributing
4.16 members pursuant to section 62E.11 payments received from or on behalf of Minnesota
4.17 residents for coverage by a health maintenance organization ~~or~~ , a community integrated
4.18 service network, or the Minnesota School Employee Insurance Board shall be considered
4.19 to be accident and health insurance premiums.

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

4.21 Subdivision 1. **Creation; tax exemption.** There is established a Comprehensive
4.22 Health Association to promote the public health and welfare of the state of Minnesota with
4.23 membership consisting of all insurers; self-insurers; fraternal; joint self-insurance plans
4.24 regulated under chapter 62H; the Minnesota employees insurance program established
4.25 in section 43A.317, effective July 1, 1993; the Minnesota School Employee Insurance
4.26 Board created under section 62A.662; health maintenance organizations; and community
4.27 integrated service networks licensed or authorized to do business in this state. The
4.28 Comprehensive Health Association is exempt from the taxes imposed under chapter
4.29 297I and any other laws of this state and all property owned by the association is exempt
4.30 from taxation.

4.31 Sec. 4. Minnesota Statutes 2004, section 62E.11, subdivision 5, is amended to read:

4.32 Subd. 5. **Allocation of losses.** (a) Each contributing member of the association shall
4.33 share the losses due to claims expenses of the comprehensive health insurance plan for
4.34 plans issued or approved for issuance by the association, and shall share in the operating
4.35 and administrative expenses incurred or estimated to be incurred by the association

5.1 incident to the conduct of its affairs. Claims expenses of the state plan which exceed
5.2 the premium payments allocated to the payment of benefits shall be the liability of the
5.3 contributing members. Contributing members shall share in the claims expense of the
5.4 state plan and operating and administrative expenses of the association in an amount equal
5.5 to the ratio of the contributing member's total accident and health insurance premium,
5.6 received from or on behalf of Minnesota residents as divided by the total accident and
5.7 health insurance premium, received by all contributing members from or on behalf of
5.8 Minnesota residents, as determined by the commissioner. Payments made by the state
5.9 to a contributing member for medical assistance, MinnesotaCare, or general assistance
5.10 medical care services according to chapters 256, 256B, and 256D shall be excluded when
5.11 determining a contributing member's total premium.

5.12 (b) In making the allocation of losses provided in paragraph (a), the association's
5.13 assessment against the Minnesota School Employee Insurance Board must equal the
5.14 product of (1) the percentage of premiums assessed against other association members; (2)
5.15 .3885; and (3) premiums received by the Minnesota School Employee Insurance Board.
5.16 For purposes of this calculation, premiums of the board used must be net of rate credits and
5.17 retroactive rate refunds on the same basis as the premiums of other association members.

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

5.19 Subd. 5. **Health maintenance organizations, nonprofit health service plan**
5.20 **corporations, and community integrated service networks, and the Minnesota**
5.21 **School Employee Insurance Board.** (a) Health maintenance organizations, community
5.22 integrated service networks, and nonprofit health care service plan corporations are
5.23 exempt from the tax imposed under this section for premiums received in calendar years
5.24 2001 to 2003.

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

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

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

5.35 ~~(d)~~ (e) The commissioner shall deposit all revenues, including penalties and
5.36 interest, collected under this chapter from health maintenance organizations, community

6.1 integrated service networks, ~~and~~ nonprofit health service plan corporations, and the
 6.2 Minnesota School Employee Insurance Board in the health care access fund. Refunds of
 6.3 overpayments of tax imposed by this subdivision must be paid from the health care access
 6.4 fund. There is annually appropriated from the health care access fund to the commissioner
 6.5 the amount necessary to make any refunds of the tax imposed under this subdivision.

6.6 **Sec. 6. APPROPRIATION; LOAN.**

6.7 The base appropriation for this program in fiscal year 2008 is \$3,000,000 as a
 6.8 onetime appropriation to the commissioner of commerce as a loan for start-up costs to
 6.9 the Minnesota School Employee Insurance Board. The Minnesota School Employee
 6.10 Insurance Board must repay the loan to the general fund in ten equal installments paid at
 6.11 the end of each fiscal year, beginning with the 2010 fiscal year.

6.12 **Sec. 7. EFFECTIVE DATE.**

6.13 This act is effective July 1, 2006, except that sections 4 and 5 are effective July
 6.14 1, 2009."

6.15 Amend the title accordingly

1 To: Senator Cohen, Chair
2 Committee on Finance
3 Senator Berglin,

4 Chair of the Health and Human Services Budget Division, to
5 which was referred

6 S.F. No. 1459: A bill for an act relating to insurance;
7 creating a statewide health insurance pool for school district
8 employees; appropriating money; amending Minnesota Statutes
9 2004, sections 62E.02, subdivision 23; 62E.10, subdivision 1;
10 62E.11, subdivision 5; 297I.05, subdivision 5; proposing coding
11 for new law in Minnesota Statutes, chapter 62A.

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

14 Page 2, after line 36, insert:

15 "(b) If an eligible employer provides health coverage or
16 money to purchase health coverage to eligible employees, the
17 coverage must be provided or purchased only through the health
18 plans offered by the board."

19 Page 3, line 1, delete "(b)" and insert "(c)"

20 Page 3, line 9, delete "(c)" and insert "(d)"

21 Page 3, line 13, delete "(d)" and insert "(e)"

22 Page 3, line 16, delete "(e)" and insert "(f)"

23 Page 3, line 23, delete "(f)" and insert "(g)"

24 Page 3, line 27, delete "(g)" and insert "(h)"

25 Page 3, after line 35, insert:

26 "(i) Effective July 1, 2005, no contract entered into
27 between an eligible employer and an eligible employee or the
28 exclusive representative of an eligible employee shall contain
29 provisions that establish cash payment in lieu of health
30 insurance to an eligible employee if the employee is not
31 receiving such payment on or before June 30, 2005. Nothing in
32 this section shall prevent any eligible employee who otherwise
33 qualifies for payment of cash in lieu of insurance on June 30,
34 2005, to continue to receive this payment."

35 And when so amended that the bill be recommended to pass
36 and be referred to the full committee

37 *Jinda Berglin*
38 (Division Chair)
39

40 April 12, 2005.....
41 (Date of Division action)

1.1 **Senator Cohen from the Committee on Finance, to which was re-referred**

1.2 **S.F. No. 1459:** A bill for an act relating to insurance; creating a statewide health
1.3 insurance pool for school district employees; appropriating money; amending Minnesota
1.4 Statutes 2004, sections 62E.02, subdivision 23; 62E.10, subdivision 1; 62E.11, subdivision
1.5 5; 297I.05, subdivision 5; proposing coding for new law in Minnesota Statutes, chapter
1.6 62A.

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

1.8 Delete everything after the enacting clause and insert:

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

1.10 Subdivision 1. Definitions. For purposes of this section:

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

1.13 (2) "eligible employer" means a school district as defined in section 120A.05; a
1.14 service cooperative as defined in section 123A.21; an intermediate district as defined
1.15 in section 136D.01; a cooperative center for vocational education as defined in section
1.16 123A.22; a regional management information center as defined in section 123A.23; an
1.17 education unit organized under section 471.59; or a charter school organized under section
1.18 124D.10.

1.19 Subd. 2. Creation of board. (a) The Minnesota School Employee Insurance Board
1.20 is created as a public corporation subject to the provisions of chapter 317A, except as
1.21 otherwise provided in this section. As provided in section 15.082, the state is not liable
1.22 for obligations of this public corporation.

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

1.25 (c) Insurance plans and offerings must be effective July 1, 2009.

1.26 (d) If the board does not offer coverage by December 15, 2010, the board expires
1.27 and this section expires on that date.

1.28 Subd. 3. Board of directors. (a) The School Employee Insurance Board consists of:

1.29 (1) seven members representing exclusive representatives of eligible employees,
1.30 appointed by exclusive representatives, as provided in paragraph (b); and

1.31 (2) seven members representing eligible employers, appointed by the Minnesota
1.32 School Boards Association.

1.33 (b) The seven members of the board who represent statewide affiliates of exclusive
1.34 representatives of eligible employees are appointed as follows: four members appointed
1.35 by Education Minnesota and one member each appointed by the Service Employees
1.36 International Union, the Minnesota School Employees Association, and American
1.37 Federation of State, County, and Municipal Employees.

2.1 (c) Appointing authorities must make their initial appointments no later than August
2.2 1, 2006, by filing a notice of the appointment with the commissioner of commerce.
2.3 Notices of subsequent appointments must be filed with the board. An entity entitled to
2.4 appoint a board member may replace the board member at any time.

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

2.7 (e) The board must arrange for one or more methods of dispute resolution so as
2.8 to minimize the possibility of deadlocks.

2.9 (f) The board shall establish governance requirements, including staggered terms,
2.10 term limits, quorum, a plan of operation, and audit provisions.

2.11 **Subd. 4. Design and nature of plan.** (a) Health coverage offered through the
2.12 Minnesota School Employee Insurance Pool shall be made available by the board to all
2.13 eligible employees of eligible employers, as defined in subdivision 1.

2.14 (b) If an eligible employer provides health coverage or money to purchase health
2.15 coverage to eligible employees, the coverage must be provided or purchased only through
2.16 the health plans offered by the board.

2.17 (c) Nothing in this section affects the right of each eligible employer to determine,
2.18 through collective bargaining under the public employer labor relations act:

2.19 (1) the employer's eligibility requirements regarding the terms and conditions under
2.20 which employees, dependents, retirees, and other persons are eligible for health coverage
2.21 from the employer;

2.22 (2) how much of the premium charged for the insurance will be paid by the employer
2.23 and how much will be paid by the eligible person; and

2.24 (3) which health plan or plans offered by the board will be made available by the
2.25 eligible employer.

2.26 (d) The board must initially offer at least six health plans. One plan must provide
2.27 coverage without a deductible and without other enrollee cost-sharing other than
2.28 reasonable co-payments for nonpreventive care. One plan must be a high deductible
2.29 health plan that qualifies under federal law for use with a health savings account. The
2.30 other four plans must have levels of enrollee cost-sharing that are between the two plans
2.31 just described. The board may establish more than one tier of premium rates for any
2.32 specific plan. Plans and premium rates may vary across geographic regions established by
2.33 the board. The health plans must comply with chapters 62A, 62J, 62M, and 62Q, and must
4 provide the optimal combination of coverage, cost, choice, and stability in the judgment of
2.35 the board. All health plans offered must be approved by the commissioner of commerce.

3.1 The board shall investigate the feasibility of offering coverage through more than one
3.2 health plan company or other network of health care providers.

3.3 (e) The board must include claims reserves, stabilization reserves, reinsurance,
3.4 and other features that, in the judgment of the board, will result in long-term stability
3.5 and solvency of the health plans offered.

3.6 (f) The board may determine whether the health plans should be fully insured
3.7 through a health carrier licensed in this state, self-insured, or a combination of those
3.8 two alternatives.

3.9 (g) The health plans must include disease management and consumer education,
3.10 including wellness programs and measures encouraging the wise use of health coverage,
3.11 to the extent determined to be appropriate by the board.

3.12 (h) Upon request of the board, health plans that are providing or have provided
3.13 coverage to employees of eligible employers within two years before the effective date of
3.14 this section, shall provide to the board at no charge nonidentifiable aggregate claims data
3.15 for that coverage. The information must include data relating to employee group benefit
3.16 sets, demographics, and claims experience. Notwithstanding section 13.203, Minnesota
3.17 service cooperatives must also comply with this paragraph.

3.18 (i) Effective July 1, 2009, a contract entered into between an eligible employer and
3.19 an eligible employee or the exclusive representative of an eligible employee may not
3.20 contain provisions that establish cash payment in lieu of health insurance to an eligible
3.21 employee if the employee is not receiving the payment on or before June 30, 2009.
3.22 Nothing in this section prevents an eligible employee who otherwise qualifies for payment
3.23 of cash in lieu of insurance on June 30, 2009, from continuing to receive this payment.

3.24 (j) All premiums paid for health coverage provided by the board must be used by the
3.25 board solely for the cost of the operation of the board and the benefit of eligible employees
3.26 and eligible employers in connection with the health coverage offered by the board.

3.27 Subd. 5. MCHA membership and assessments. The board is a contributing
3.28 member of the Minnesota Comprehensive Health Association and must pay assessments
3.29 made by the association on its premium revenues, as provided in section 62E.11,
3.30 subdivision 5, paragraph (b).

3.31 Subd. 6. Report. The board shall report to the legislature by January 15, 2009, on a
3.32 final design for the pool that complies with subdivision 4 and on governance requirements
3.33 for the board, including staggered terms, term limits, quorum, and a plan of operation and
4 audit provisions. The report must include any legislative changes necessary to ensure
3.35 conformance with chapters 62A, 62J, 62M, and 62Q.

4.1 Subd. 7. Progress dependent upon funding. The board shall carry out its
4.2 obligations to the extent permitted by financial and other resources available to the board
4.3 for that purpose. The board may seek and accept gifts and grants.

4.4 Subd. 8. Periodic evaluation. (a) Beginning January 15, 2011, and for the next two
4.5 years, the board must submit an annual report to the commissioner of commerce and the
4.6 legislature, in compliance with sections 3.195 and 3.197, summarizing and evaluating the
4.7 performance of the pool during the previous year of operation.

4.8 (b) Beginning in 2013 and in each odd-numbered year thereafter, the board must
4.9 submit to the legislature a biennial report summarizing and evaluating the performance of
4.10 the pool during the preceding two fiscal years.

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

4.12 Subd. 23. **Contributing member.** "Contributing member" means those companies
4.13 regulated under chapter 62A and offering, selling, issuing, or renewing policies or
4.14 contracts of accident and health insurance; health maintenance organizations regulated
4.15 under chapter 62D; nonprofit health service plan corporations regulated under chapter
4.16 62C; community integrated service networks regulated under chapter 62N; fraternal
4.17 benefit societies regulated under chapter 64B; the Minnesota employees insurance
4.18 program established in section 43A.317, effective July 1, 1993; ~~and~~ joint self-insurance
4.19 plans regulated under chapter 62H; and the Minnesota School Employee Insurance Board
4.20 created under section 62A.662. For the purposes of determining liability of contributing
4.21 members pursuant to section 62E.11 payments received from or on behalf of Minnesota
4.22 residents for coverage by a health maintenance organization ~~or~~, a community integrated
4.23 service network, or the Minnesota School Employee Insurance Board shall be considered
4.24 to be accident and health insurance premiums.

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

4.26 Subdivision 1. **Creation; tax exemption.** There is established a Comprehensive
4.27 Health Association to promote the public health and welfare of the state of Minnesota with
4.28 membership consisting of all insurers; self-insurers; fraternal; joint self-insurance plans
4.29 regulated under chapter 62H; the Minnesota employees insurance program established
4.30 in section 43A.317, effective July 1, 1993; the Minnesota School Employee Insurance
4.31 Board created under section 62A.662; health maintenance organizations; and community
4.32 integrated service networks licensed or authorized to do business in this state. The
4.33 Comprehensive Health Association is exempt from the taxes imposed under chapter
4.34 297I and any other laws of this state and all property owned by the association is exempt
4.35 from taxation.

5.1 Sec. 4. Minnesota Statutes 2004, section 62E.11, subdivision 5, is amended to read:

5.2 Subd. 5. **Allocation of losses.** (a) Each contributing member of the association shall
5.3 share the losses due to claims expenses of the comprehensive health insurance plan for
5.4 plans issued or approved for issuance by the association, and shall share in the operating
5.5 and administrative expenses incurred or estimated to be incurred by the association
5.6 incident to the conduct of its affairs. Claims expenses of the state plan which exceed
5.7 the premium payments allocated to the payment of benefits shall be the liability of the
5.8 contributing members. Contributing members shall share in the claims expense of the
5.9 state plan and operating and administrative expenses of the association in an amount equal
5.10 to the ratio of the contributing member's total accident and health insurance premium,
5.11 received from or on behalf of Minnesota residents as divided by the total accident and
5.12 health insurance premium, received by all contributing members from or on behalf of
5.13 Minnesota residents, as determined by the commissioner. Payments made by the state
5.14 to a contributing member for medical assistance, MinnesotaCare, or general assistance
5.15 medical care services according to chapters 256, 256B, and 256D shall be excluded when
5.16 determining a contributing member's total premium.

5.17 (b) In making the allocation of losses provided in paragraph (a), the association's
5.18 assessment against the Minnesota School Employee Insurance Board must equal the
5.19 product of (1) the percentage of premiums assessed against other association members; (2)
5.20 .3885; and (3) premiums received by the Minnesota School Employee Insurance Board.
5.21 For purposes of this calculation, premiums of the board used must be net of rate credits and
5.22 retroactive rate refunds on the same basis as the premiums of other association members.

5.3 Sec. 5. Minnesota Statutes 2005 Supplement, section 297I.05, subdivision 5, is
5.24 amended to read:

5.25 Subd. 5. **Health maintenance organizations, nonprofit health service plan**
5.26 **corporations, and community integrated service networks, and the Minnesota**
5.27 **School Employee Insurance Board.** (a) A tax is imposed on health maintenance
5.28 organizations, community integrated service networks, and nonprofit health care service
5.29 plan corporations. The rate of tax is equal to one percent of gross premiums less return
5.30 premiums on all direct business received by the organization, network, or corporation or
5.31 its agents in Minnesota, in cash or otherwise, in the calendar year.

5.32 (b) A tax is imposed on the Minnesota School Employee Insurance Board under
5.33 section 62A.662. The rate of tax is equal to .36 percent of gross premiums less return
5.34 premiums received in the calendar year.

5.35 (c) The commissioner shall deposit all revenues, including penalties and interest,
5.36 collected under this chapter from health maintenance organizations, community integrated

6.1 service networks, ~~and~~ nonprofit health service plan corporations, and the Minnesota School
 6.2 Employee Insurance Board in the health care access fund. Refunds of overpayments of
 6.3 tax imposed by this subdivision must be paid from the health care access fund. There is
 6.4 annually appropriated from the health care access fund to the commissioner the amount
 6.5 necessary to make any refunds of the tax imposed under this subdivision.

6.6 **Sec. 6. APPROPRIATION; LOAN.**

6.7 The base appropriation for this program in fiscal year 2008 is \$3,000,000 as a
 6.8 onetime appropriation to the commissioner of commerce as a loan for start-up costs to
 6.9 the Minnesota School Employee Insurance Board. The Minnesota School Employee
 6.10 Insurance Board must repay the loan to the general fund in ten equal installments paid at
 6.11 the end of each fiscal year, beginning with the 2010 fiscal year.

6.12 **Sec. 7. EFFECTIVE DATE.**

6.13 This act is effective July 1, 2006, except that sections 4 and 5 are effective July
 6.14 1, 2009."

6.15 Amend the title accordingly

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



6.17
 6.18 (Committee Chair)

6.19 April 4, 2006 4-6-06.....
 6.20 (Date of Committee recommendation)

Senator Stumpf introduced-

S.F. No. 2697: Referred to the Committee on Finance.

A bill for an act

relating to economic development; providing a grant to the city of Hallock; appropriating money.

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

Section 1. ECONOMIC DEVELOPMENT GRANT; CITY OF HALLOCK.

\$..... is appropriated from the general fund to the commissioner of employment and economic development for a grant to the city of Hallock for the purpose of stimulating economic development in the city of Hallock. The city must use the grant for a grant to a business in Hallock that employs on a part-time or full-time basis 15 or more employees and that began business on or after January 1, 2004, and before June 30, 2004. The business must use the grant for purposes directly related to its business operations in Hallock. The grant must be returned to the commissioner by the city of Hallock if the city does not make a grant by January 1, 2007. The commissioner must deposit a returned grant into the general fund.

1.1 To: Senator Cohen, Chair
 1.2 Committee on Finance
 1.3 Senator Sams,

1.4 Chair of the Environment, Agriculture and Economic Development Budget
 1.5 Division, to which was referred

1.6 **S.F. No. 2697:** A bill for an act relating to economic development; providing a grant
 1.7 to the city of Hallock; appropriating money.

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

1.9 Delete everything after the enacting clause and insert:

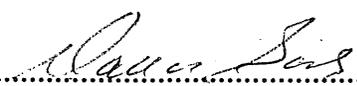
1.10 "Section 1. QUALIFIED BUSINESS; SMALL DECLINING POPULATION
 1.11 COUNTY.

1.12 Notwithstanding Minnesota Statutes, section 469.310, subdivision 11, paragraph
 1.13 (f), a qualified business for purposes of Minnesota Statutes, section 469.310, subdivision
 1.14 11, includes a food service business if the business is located solely in a qualified county,
 1.15 and if the business began operations in January 2004, with employment of between 15
 1.16 and 20 part-time and full-time employees. For the purpose of this section, a "qualified
 1.17 county" is a county having an estimated population of less than 5,000 in 2004 and that
 1.18 experienced a reduction in population of at least 7.5 percent between 2000 and 2004,
 1.19 according to the state demographer.

1.20 **EFFECTIVE DATE.** This section is effective the day following final enactment."

1.21 Amend the title accordingly

1.22 And when so amended that the bill be recommended to pass and be referred to
 1.23 the full committee.

1.24 
 1.25 (Division Chair)

1.26 March 16, 2006 3/20/06
 1.27 (Date of Division recommendation)

1.1 Senator Cohen from the Committee on Finance, to which was referred

1.2 S.F. No. 2697: A bill for an act relating to economic development; providing a grant
1.3 to the city of Hallock; appropriating money.

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

1.5 Delete everything after the enacting clause and insert:

1.6 "Section 1. QUALIFIED BUSINESS; SMALL DECLINING POPULATION
1.7 COUNTY.

1.8 Notwithstanding Minnesota Statutes, section 469.310, subdivision 11, paragraph
1.9 (f), a qualified business for purposes of Minnesota Statutes, section 469.310, subdivision
1.10 11, includes a food service business if the business is located solely in a qualified county,
1.11 and if the business began operations in January 2004, with employment of between 15
1.12 and 20 part-time and full-time employees. For the purpose of this section, a "qualified
1.13 county" is a county having an estimated population of less than 5,000 in 2004 and that
1.14 experienced a reduction in population of at least 7.5 percent between 2000 and 2004,
1.15 according to the state demographer.

1.16 EFFECTIVE DATE. This section is effective the day following final enactment."

1.17 Amend the title accordingly

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

1.20 
1.21
(Committee Chair)

1.23 April 4, 2006 ⁴⁻⁶⁻⁰⁶
(Date of Committee recommendation)

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

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Senate

State of Minnesota

**S.F. No. 3450 - Metropolitan Council Special Transportation
Service Requirements Duties Expansion**

Author: Senator Steve Murphy

Prepared by: Krista Boyd, Fiscal Analyst (651/296-7681)
Bonnie Berezovsky, Senate Counsel (651/296-9191)

Date: March 23, 2006

Section 1 requires the Metropolitan Council to ensure that the geographic service area of the Metro Mobility special transportation service is continuous within the transit taxing district's boundaries.

KB/BB:rer

Fiscal Note – 2005-06 Session

Bill #: S3450-0 Complete Date: 03/30/06

Chief Author: MURPHY, STEVE

Title: MET CNCL SP TRANSP SVC REQUIREMENTS

Fiscal Impact	Yes	No
State	X	
Local		X
Fee/Departmental Earnings		X
Tax Revenue		X

Agency Name: Metropolitan Council

This table reflects fiscal impact to state government. Local government impact is reflected in the narrative only.

Dollars (in thousands)	FY05	FY06	FY07	FY08	FY09
Expenditures					
General Fund			1,500	2,100	2,300
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			1,500	2,100	2,300
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund			1,500	2,100	2,300
Total Cost <Savings> to the State			1,500	2,100	2,300

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
-- No Impact --					
Total FTE					

Bill Description: This bill (SF 3450) requires the Council to ensure that the geographic coverage area of special transportation service (Metro Mobility and other ADA services) is continuous within the boundaries of the transit taxing district.

Background:

- Under current federal law, the Metropolitan Council is required to provide "complementary service" to the fixed regular route system for persons with disabilities, this service is known as special transportation service and is provided primarily through Metro Mobility.
- The federal law requires that special transportation services be provided within ¾ of a mile of existing non-commuter regular routes, and that the service operate under similar hours and frequency of service.
- This minimum requirement can result in only portions of a city being served by special transportation services and also a somewhat confusing service area.
- To avoid this confusion, the Council's past practice has been that if the ¾ mile requirement would result in only a portion of a city being served, the entire city has been provided the service. This practice has also resulted in a current special transportation service area that is essentially contiguous with the transit taxing district and is also much larger than required under federal law. Serving this larger area has resulted in approximately \$3 million in additional operating costs.
- Metro Mobility has historically been recognized as a service that is a state funding obligation and has been funded entirely through state general fund appropriations and fares.
- Metro Mobility retains the Federal Transit Administration's goal of having a zero trip denial rate.
- Two years ago when the Council had a significant budget deficit and was forced to make substantial service cuts to the regular route system, the Council chose to essentially hold Metro Mobility "harmless," and no service cuts were applied to Metro Mobility.
- The operating budget for Metro Mobility was reduced due to efficiencies which were realized by; buying bulk fuel at more competitive rates, lower competitive contract rates, and implementation of a third party assessment program to assure eligibility under ADA guidelines. Over \$2 million in annual savings occurred without any resulting service cuts.
- When the Council chose not to cut back special transportation service it resulted in a funding shift whereby for the first time, the service began to be funded partially through non-state revenue sources.

Assumptions: (Note: We are interpreting the bill language to mean that the service area must be equal to or contiguous with the area within the transit taxing district.)

- The CY 2006 budget for special transportation services is approximately \$31.4 million and is 9.8% of the Council's total transportation budget.
- In 2005, special transportation services provided over 1.3 million rides, at a passenger subsidy rate of \$20.80 per trip. Current one-way fares are \$3.50 during peak hours and \$2.50 during non-peak hours.
- Falling motor vehicle sales tax (MVST) revenues, combined with the Council's assumption of an annual 3.2% increase in costs, leads to a projected budget deficit for fiscal years 2007 through 2009. Estimated deficits are approximately: FY07 - \$15.3 million, FY08 - \$21.5 million and in FY09 - \$23.8 million.
- If the constitutional amendment fails this November, the Council will have a significant budget deficit that will need to be addressed through a combination of increased general fund appropriations, service cuts and other cost saving measures.
- If the constitutional amendment to dedicate additional motor vehicle sales tax revenues to transportation (38% to the metropolitan area) is passed this November, the Council will be able to manage the deficits in fiscal years 08 and 09 with the new revenues, but will still have a deficit in FY07.
- Given the efficiency savings that recently occurred with the special transportation service budget, it is not anticipated that the shortfall can be addressed through additional efficiency measures.

Expenditure Formula:

Special transportation service share of deficit at 9.8% of total budget:

FY07 \$15.3 M x .098 = \$1.5 M
FY08 \$21.5 M x .098 = \$2.1 M
FY09 \$23.8 M x .098 = \$2.3 M

SF 3450 would prohibit the Council from achieving any savings through reduction of special transportation service levels, even if the regular route service is being cut back. Therefore, if the constitutional amendment does not pass, it is anticipated that to maintain the current special transportation service level a general fund appropriation equal to the amount of the shortfall would be required.

Long Term Fiscal Considerations:

- Under federal law and Council practice, if a city joined the taxing district and was receiving only commuter route service, special transportation service would not be provided to that city.
- Under this legislation, the Council would be required to provide special transportation service to any city that joined the taxing district. This could result in substantial new costs and would be a disincentive for the Council to expand the transit taxing district.
- For example, if the City of Lakeville were to join the taxing district, providing special transportation service would have an estimated annual cost of \$840,000 in 2010.
- If the denial rate for Metro Mobility trips increased, the Council could be subject to legal action.

Local Government Impact: None.

Agency Contact Name: Amy Vennewitz, Transp. Planning 651-602-1058
FN Coord Signature: MIKE KUEHN
Date: 03/30/06 Phone: 602-1364

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: NORMAN FOSTER
Date: 03/30/06 Phone: 215-0594

Senator Murphy introduced-

S.F. No. 3450: Referred to the Committee on Transportation.

A bill for an act

relating to metropolitan government; governing special transportation service requirements; amending Minnesota Statutes 2004, section 473.386, subdivision 3.

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

Section 1. Minnesota Statutes 2004, section 473.386, subdivision 3, is amended to read:

Subd. 3. **Duties of council.** In implementing the special transportation service, the council shall:

(a) encourage participation in the service by public, private, and private nonprofit providers of special transportation currently receiving capital or operating assistance from a public agency;

(b) contract with public, private, and private nonprofit providers that have demonstrated their ability to effectively provide service at a reasonable cost;

(c) encourage individuals using special transportation to use the type of service most appropriate to their particular needs;

(d) ensure that all persons providing special transportation service receive equitable treatment in the allocation of the ridership;

(e) encourage shared rides to the greatest extent practicable;

(f) encourage public agencies that provide transportation to eligible individuals as a component of human services and educational programs to coordinate with this service and to allow reimbursement for transportation provided through the service at rates that reflect the public cost of providing that transportation;

(g) establish criteria to be used in determining individual eligibility for special transportation services;

2.1 (h) consult with the Transportation Accessibility Advisory Committee in a timely
2.2 manner before changes are made in the provision of special transportation services,
2.3 including, but not limited to, changes in policies affecting the matters subject to hearing
2.4 under subdivision 2;

2.5 (i) provide for effective administration and enforcement of council policies and
2.6 standards; ~~and~~

2.7 (j) annually evaluate providers of special transportation service to ensure compliance
2.8 with the standards established for the program; and

2.9 (k) ensure that, taken as a whole including contracts with public, private, and private
2.10 nonprofit providers, the geographic coverage area of the special transportation service
2.11 is continuous within the boundaries of the transit taxing district, as defined in section
2.12 473.446, subdivision 2.

1.1 **Senator Cohen from the Committee on Finance, to which was re-referred**

1.2 **S.F. No. 3450:** A bill for an act relating to metropolitan government; governing
1.3 special transportation service requirements; amending Minnesota Statutes 2004, section
1.4 473.386, subdivision 3.

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

1.6 Page 2, line 11, after "defined" insert "as of March 1, 2006,"

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



1.8
1.9 (Committee Chair)

4-6-06

1.10 April 4, 2006
1.11 (Date of Committee recommendation)

Senators Pogemiller, Stumpf and Hottinger introduced--
S.F. No. 3384: Referred to the Committee on Finance.

A bill for an act

1.2 relating to early childhood; establishing an allowance for early childhood
1.3 learning preparedness and enrichment expenses; reducing class sizes for K-3
1.4 to meet the statutory state standard; creating a fourth individual income tax
1.5 bracket and increasing the rate of taxes on that income, subject to reduction
1.6 if the tax compliance gap is reduced; adjusting the income limits for the
1.7 education credit; appropriating money; amending Minnesota Statutes 2004,
1.8 sections 126C.05, subdivision 1; 126C.12, subdivision 1; 290.06, subdivision
1.9 2d; Minnesota Statutes 2005 Supplement, sections 290.06, subdivision 2c;
1.10 290.0674, subdivision 2; proposing coding for new law in Minnesota Statutes,
1.11 chapter 124D.

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

1.13 Section 1. [124D.33] EARLY CHILDHOOD LEARNING PREPAREDNESS AND
1.14 ENRICHMENT ALLOWANCE.

1.15 Subdivision 1. Allowance; purpose. An early childhood learning preparedness and
1.16 enrichment allowance program is established, which will provide an allowance to families
1.17 of young children, to be used for learning preparedness and to enrich, enhance, improve,
1.18 or benefit the child's physical, educational, artistic, or musical development.

1.19 Subd. 2. Eligibility; allowance amount. A claimant with a child who is at least
1.20 six months old through age five on April 15 of the year when the allowance is claimed is
1.21 eligible to receive an allowance of \$200 for each eligible child. In addition, the allowance
1.22 for each eligible child must be increased according to the following:

<u>Family Income</u>	<u>Additional Allowance Amount</u>
<u>Under \$10,000</u>	<u>\$1,000</u>
<u>\$10,000 - \$19,999</u>	<u>\$900</u>
<u>\$20,000 - \$29,999</u>	<u>\$800</u>

2.2	<u>Family Income</u>	<u>Additional Allowance Amount</u>
2.6	<u>\$30,000 - \$39,999</u>	<u>\$700</u>
2.7	<u>\$40,000 - \$49,999</u>	<u>\$600</u>
2.8	<u>\$50,000 - \$74,999</u>	<u>\$500</u>
2.9	<u>\$75,000 - \$99,999</u>	<u>\$400</u>
2.10	<u>\$100,000 - \$149,999</u>	<u>\$300</u>
2.11	<u>\$150,000 - \$249,999</u>	<u>\$200</u>
2.12	<u>\$250,000 and over</u>	<u>\$0</u>

2.13 As used in this section, "family income" is equal to "income" as defined in
 2.14 Minnesota Statutes, section 290.067, subdivision 2a, for the taxable year preceding the
 2.15 calendar year when the allowance is claimed, and "claimant" means an individual who
 2.16 meets the requirements of section 152 of the Internal Revenue Code of 1986, as amended
 2.17 through December 31, 2005, to claim the eligible child as a dependent.

2.18 **Subd. 3. Commissioner of revenue duties; determining eligible claimants;**
 2.19 **payment of the allowance. (a) The commissioner of revenue shall include on the**
 2.20 **individual income tax form the information that is necessary to determine claimants who**
 2.21 **are eligible to receive an allowance, and must develop a method to locate potential**
 2.22 **claimants who do not file state income tax forms and inform them of the availability of**
 2.23 **the allowance.**

2.24 (b) The commissioner of revenue shall establish a process to transfer the allowance
 2.25 to claimants electronically.

2.26 (c) Claims for the allowance must be submitted by April 15. The commissioner of
 2.27 revenue must certify the allowance no later than August 15 of the year when the claim is
 2.28 submitted.

2.29 **Subd. 4. Commissioner of education duties. (a) The commissioner shall, after**
 2.30 **consultation with stakeholders and professionals:**

- 2.31 (1) define outcomes and indicators for local early childhood boards;
- 2.32 (2) provide technical assistance to local early childhood boards;
- 2.33 (3) establish minimum administrative and service guidelines and standards for
 2.34 the local early childhood boards;
- 2.35 (4) design and implement a method of monitoring and evaluating early childhood
 2.36 education enrichment criteria and local early childhood boards;

3.1 (5) develop a process to review program categories recommended by local early
 3.2 childhood boards, and timely make a determination regarding the program category
 3.3 submitted by the local board; and

3.4 (6) develop a process for payments to providers based on the allowances.

3.5 (b) The commissioner is granted rulemaking authority as necessary to carry out the
 3.6 duties in paragraph (a).

3.7 **Subd. 5. Local early childhood board composition and duties.** (a) "Local early
 3.8 childhood board" means the group composed of one member of the following groups, if
 3.9 they exist in the school district:

3.10 (1) other early childhood education-related boards;

3.11 (2) three parents of children age five or under who represent the economic and
 3.12 ethnic diversity of the community;

13 (3) licensed child care providers;

3.14 (4) early childhood education providers;

3.15 (5) a representative from a program that provides physical education opportunities to
 3.16 children;

3.17 (6) school superintendents' designee;

3.18 (7) public or private nonprofit agencies serving youth and families;

3.19 (8) an individual or a representative from a program that provides musical instruction
 3.20 or classes to children;

3.21 (9) a representative from the arts community;

3.22 (10) local child care resource and referral programs; and

3.23 (11) the county board of commissioners.

3.24 (b) A local early childhood board must:

3.25 (1) assess the community's current capacity to address the early childhood learning
 3.26 preparedness and enrichment needs of children from six months to kindergarten entrance;

3.27 (2) create and implement a method to qualify early childhood program learning
 3.28 preparedness and categories in the community, according to the criteria under subdivision
 3.29 7;

3.30 (3) qualify program categories that aim to meet early childhood learning
 3.31 preparedness and enrichment needs;

3.32 (4) create an ongoing evaluation of program categories in relation to outcomes
 3.33 for children and families;

3.34 (5) provide an appropriate public forum in the community to evaluate whether
 3.35 a program category continues to meet community expectations and the criteria under
 3.36 subdivision 7; and

4.1 (6) develop procedures to restrict allowance payments only to providers that meet
 4.2 community expectations and the criteria under subdivision 7.

4.3 **Subd. 6. Local school boards; charter school boards; nonpublic school boards.**

4.4 School boards in the school district, including boards from the public school system,
 4.5 charter schools, and nonpublic schools, may provide comments and recommendations
 4.6 to the local early childhood board, with regard to the board's duties under subdivision 5,
 4.7 paragraph (b), clauses (2), (3), and (4). The commissioner of education makes the final
 4.8 program category determination under subdivision 4, paragraph (a), clause (5).

4.9 **Subd. 7. General criteria for activities.** The early childhood allowance must be
 4.10 used during the 12 months following receipt of the allowance by the claimant for a child
 4.11 who is at least six months old through age five, to pay for qualified learning preparedness
 4.12 activities, or programs or classes that enrich, improve, or benefit the child's physical,
 4.13 educational, artistic, or musical development. The allowance may not be used for base
 4.14 child care costs or expenses.

4.15 **Subd. 8. Allowance is not income for purposes of other publicly funded**
 4.16 **programs.** Notwithstanding any law to the contrary, the allowance does not count as
 4.17 earned income for purposes of the medical assistance, MinnesotaCare, MFIP, or child
 4.18 care assistance programs.

4.19 **EFFECTIVE DATE.** This section is effective for claims filed after December
 4.20 31, 2006.

4.21 Sec. 2. Minnesota Statutes 2004, section 126C.05, subdivision 1, is amended to read:

4.22 Subdivision 1. **Pupil unit.** Pupil units for each Minnesota resident pupil in average
 4.23 daily membership enrolled in the district of residence, in another district under sections
 4.24 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, 124D.08, or 124D.68; in a charter
 4.25 school under section 124D.10; or for whom the resident district pays tuition under section
 4.26 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision
 4.27 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, shall be counted
 4.28 according to this subdivision.

4.29 (a) A prekindergarten pupil with a disability who is enrolled in a program approved
 4.30 by the commissioner and has an individual education plan is counted as the ratio of the
 4.31 number of hours of assessment and education service to 825 times 1.25 with a minimum
 4.32 average daily membership of 0.28, but not more than 1.25 pupil units.

4.33 (b) A prekindergarten pupil who is assessed but determined not to be handicapped is
 4.34 counted as the ratio of the number of hours of assessment service to 825 times 1.25.

5.1 (c) A kindergarten pupil with a disability who is enrolled in a program approved
 5.2 by the commissioner is counted as the ratio of the number of hours of assessment and
 5.3 education services required in the fiscal year by the pupil's individual education program
 5.4 plan to 875, but not more than one.

5.5 (d) A kindergarten pupil who is not included in paragraph (c) is counted as ~~.557~~ 0.65
 5.6 of a pupil unit for fiscal year ~~2000~~ 2007 and thereafter.

5.7 (e) A pupil who is in any of grades 1 to 3 is counted as ~~1.15~~ 1.2 pupil units for fiscal
 5.8 year ~~2000~~ 2007 and thereafter.

5.9 (f) A pupil who is any of grades 4 to 6 is counted as 1.06 pupil units for fiscal
 5.10 year 1995 and thereafter.

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

5.12 (h) A pupil who is in the postsecondary enrollment options program is counted
 3 as 1.3 pupil units.

5.14 Sec. 3. Minnesota Statutes 2004, section 126C.12, subdivision 1, is amended to read:

5.15 Subdivision 1. **Revenue.** Of a district's general education revenue for fiscal year
 5.16 ~~2000~~ 2007 and thereafter each school district shall reserve an amount equal to the formula
 5.17 allowance multiplied by the following calculation:

5.18 (1) the sum of adjusted marginal cost pupils in average daily membership, according
 5.19 to section 126C.05, subdivision 5, in kindergarten times ~~.057~~ .15; plus

5.20 (2) the sum of adjusted marginal cost pupils in average daily membership, according
 5.21 to section 126C.05, subdivision 5, in grades 1 to 3 times ~~.115~~ .2; plus

5.22 (3) the sum of adjusted marginal cost pupils in average daily membership, according
 5.23 to section 126C.05, subdivision 5, in grades 4 to 6 times .06.

5.24 Sec. 4. Minnesota Statutes 2005 Supplement, section 290.06, subdivision 2c, is
 5.25 amended to read:

5.26 Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income
 5.27 taxes imposed by this chapter upon married individuals filing joint returns and surviving
 5.28 spouses as defined in section 2(a) of the Internal Revenue Code must be computed by
 5.29 applying to their taxable net income the following schedule of rates:

5.30 (1) On the first ~~\$25,680~~ \$29,980, 5.35 percent;

5.31 (2) On all over ~~\$25,680~~ \$29,980, but not over ~~\$102,030~~ \$119,100, 7.05 percent;

5.32 (3) On all over ~~\$102,030~~ \$119,100, but not over \$270,000, 7.85 percent;

5.33 (4) On all over \$270,000, 9.25 percent.

6.1 Married individuals filing separate returns, estates, and trusts must compute their
6.2 income tax by applying the above rates to their taxable income, except that the income
6.3 brackets will be one-half of the above amounts.

6.4 (b) The income taxes imposed by this chapter upon unmarried individuals must be
6.5 computed by applying to taxable net income the following schedule of rates:

6.6 (1) On the first ~~\$17,570~~ \$20,510, 5.35 percent;

6.7 (2) On all over ~~\$17,570~~ \$20,510, but not over ~~\$57,710~~ \$67,360, 7.05 percent;

6.8 (3) On all over ~~\$57,710~~ \$67,360, but not over \$180,000, 7.85 percent;

6.9 (4) On all over \$180,000, 9.25 percent.

6.10 (c) The income taxes imposed by this chapter upon unmarried individuals qualifying
6.11 as a head of household as defined in section 2(b) of the Internal Revenue Code must be
6.12 computed by applying to taxable net income the following schedule of rates:

6.13 (1) On the first ~~\$21,630~~ \$25,250, 5.35 percent;

6.14 (2) On all over ~~\$21,630~~ \$25,250, but not over ~~\$86,910~~ \$101,450, 7.05 percent;

6.15 (3) On all over ~~\$86,910~~ \$101,450, but not over \$229,500, 7.85 percent;

6.16 (4) On all over \$229,500, 9.25 percent.

6.17 (d) In lieu of a tax computed according to the rates set forth in this subdivision, the
6.18 tax of any individual taxpayer whose taxable net income for the taxable year is less than
6.19 an amount determined by the commissioner must be computed in accordance with tables
6.20 prepared and issued by the commissioner of revenue based on income brackets of not
6.21 more than \$100. The amount of tax for each bracket shall be computed at the rates set
6.22 forth in this subdivision, provided that the commissioner may disregard a fractional part of
6.23 a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

6.24 (e) An individual who is not a Minnesota resident for the entire year must compute
6.25 the individual's Minnesota income tax as provided in this subdivision. After the
6.26 application of the nonrefundable credits provided in this chapter, the tax liability must
6.27 then be multiplied by a fraction in which:

6.28 (1) the numerator is the individual's Minnesota source federal adjusted gross income
6.29 as defined in section 62 of the Internal Revenue Code and increased by the additions
6.30 required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), and (9),
6.31 and reduced by the Minnesota assignable portion of the subtraction for United States
6.32 government interest under section 290.01, subdivision 19b, clause (1), and the subtractions
6.33 under section 290.01, subdivision 19b, clauses (9), (10), (14), (15), and (16), after applying
6.34 the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

6.35 (2) the denominator is the individual's federal adjusted gross income as defined in
6.36 section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in

7.1 section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), and (9), and reduced by the
 7.2 amounts specified in section 290.01, subdivision 19b, clauses (1), (9), (10), (14), (15),
 7.3 and (16).

7.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
 7.5 December 31, 2005.

7.6 Sec. 5. Minnesota Statutes 2004, section 290.06, subdivision 2d, is amended to read:

7.7 Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after
 7.8 December 31, ~~2000~~ 2006, the minimum and maximum dollar amounts for each rate
 7.9 bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the
 7.10 percentage determined under paragraph (b). For the purpose of making the adjustment as
 7.11 provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the
 7.12 rate brackets as they existed for taxable years beginning after December 31, ~~1999~~ 2005,
 7.13 and before January 1, ~~2001~~ 2007. The rate applicable to any rate bracket must not be
 7.14 changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes
 7.15 in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10
 7.16 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

7.17 (b) The commissioner shall adjust the rate brackets and by the percentage determined
 7.18 pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in
 7.19 section 1(f)(3)(B) the word "~~1999~~" "2005" shall be substituted for the word "1992." For
 7.20 2001, the commissioner shall then determine the percent change from the 12 months
 7.21 ending on August 31, ~~1999~~ 2005, to the 12 months ending on August 31, ~~2000~~ 2006, and
 7.22 in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2005, to the 12
 7.23 months ending on August 31 of the year preceding the taxable year. The determination of
 7.24 the commissioner pursuant to this subdivision shall not be considered a "rule" and shall
 7.25 not be subject to the Administrative Procedure Act contained in chapter 14.

7.26 No later than December 15 of each year, the commissioner shall announce the
 7.27 specific percentage that will be used to adjust the tax rate brackets.

7.28 Sec. 6. Minnesota Statutes 2005 Supplement, section 290.0674, subdivision 2, is
 7.29 amended to read:

7.30 Subd. 2. **Limitations.** (a) For claimants with income not greater than ~~\$33,500~~ 250
 31 percent of the federal poverty guidelines, the maximum credit allowed for a family is
 7.32 \$1,000 multiplied by the number of qualifying children in kindergarten through grade 12
 7.33 in the family. The maximum credit for families with one qualifying child in kindergarten
 7.34 through grade 12 is reduced by \$1 for each \$4 of household income over ~~\$33,500~~ 250

8.1 percent of the federal poverty guidelines, and the maximum credit for families with two
 8.2 or more qualifying children in kindergarten through grade 12 is reduced by \$2 for each
 8.3 \$4 of household income over ~~\$33,500~~ 250 percent of the federal poverty guidelines,
 8.4 but in no case is the credit less than zero.

8.5 For purposes of this section "income" has the meaning given in section 290.067,
 8.6 subdivision 2a. In the case of a married claimant, a credit is not allowed unless a joint
 8.7 income tax return is filed.

8.8 (b) For a nonresident or part-year resident, the credit determined under subdivision 1
 8.9 and the maximum credit amount in paragraph (a) must be allocated using the percentage
 8.10 calculated in section 290.06, subdivision 2c, paragraph (e).

8.11 EFFECTIVE DATE. This section is effective for taxable years beginning after
 8.12 December 31, 2005.

8.13 **Sec. 7. DIRECTION TO DEPARTMENT.**

8.14 The commissioner of education shall adjust all formulas in taxes payable in 2007
 8.15 to ensure that education finance levies are not increased as a result of the pupil weight
 8.16 changes in section 2.

8.17 **Sec. 8. CLOSING TAX COMPLIANCE GAP; GOVERNOR'S**
 8.18 **RECOMMENDATION TO REDUCE INCOME TAX RATES.**

8.19 On August 1, of 2007 and each subsequent year, the governor must submit to the
 8.20 legislature an estimate of the amount by which tax compliance activities conducted by the
 8.21 Department of Revenue under section 9 and Laws 2005, chapter 156, article 1, section
 8.22 15, subdivisions 2 and 3, have reduced the amount of the tax compliance gap during the
 8.23 preceding 12-month period. If the amount exceeds \$100,000,000 in any year, the governor
 8.24 must recommend to the legislature a reduction in the income tax rate established for the
 8.25 fourth income brackets under section 4 that would reduce the revenue attributable to the
 8.26 tax on the fourth income bracket by the amount of reduction in the tax compliance gap.

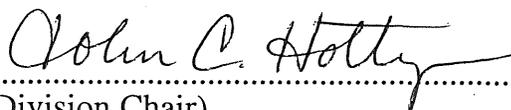
8.27 **Sec. 9. APPROPRIATION.**

8.28 \$..... is appropriated to the commissioner of revenue to pay the cost of participation
 8.29 in the "Fed-State" tax processing program of the Internal Revenue Service.

1.1 To: Senator Cohen, Chair
 1.2 Committee on Finance
 1.3 Senator Hottinger,
 1.4 Chair of the Early Childhood Policy and Budget Division, to which was referred

1.5 **S.F. No. 3384:** A bill for an act relating to early childhood; establishing an
 1.6 allowance for early childhood learning preparedness and enrichment expenses; reducing
 1.7 class sizes for K-3 to meet the statutory state standard; creating a fourth individual income
 1.8 tax bracket and increasing the rate of taxes on that income, subject to reduction if the
 1.9 tax compliance gap is reduced; adjusting the income limits for the education credit;
 1.10 appropriating money; amending Minnesota Statutes 2004, sections 126C.05, subdivision
 1.11 1; 126C.12, subdivision 1; 290.06, subdivision 2d; Minnesota Statutes 2005 Supplement,
 1.12 sections 290.06, subdivision 2c; 290.0674, subdivision 2; proposing coding for new law in
 1.13 Minnesota Statutes, chapter 124D.

1.14 Reports the same back with the recommendation that the bill do pass and be referred
 1.15 to the full committee.

1.16 
 1.17
 (Division Chair)

1.18 March 28, 2006
 1.19 (Date of Division recommendation)