

Laid over for possible inclusion in Omnibus bill

Senators Rest, Metzen, Senjem, Larson and Kiscaden introduced—
S.F. No. 3429: Referred to the Committee on Finance.

A bill for an act
relating to state government; authorizing the Minnesota Amateur Sports
Commission to renew leases for certain real property; amending Laws 1998,
chapter 404, section 15, subdivision 2, as amended.

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

Section 1. Laws 1998, chapter 404, section 15, subdivision 2, as amended by Laws
2005, chapter 20, article 1, section 40, as amended by Laws 2005, chapter 156, article 2,
section 43, is amended to read:

Subd. 2. National Sports Center 4,800,000

\$1,700,000 is to purchase and develop land
adjacent to the National Sports Center in
Blaine for use as athletic fields.

\$3,100,000 is to develop the National
Children's Golf Course. The primary
purpose of the National Children's Golf
Course is to serve youth of 18 years and
younger. Market rates must be charged for
adult golf.

Notwithstanding Minnesota Statutes, section
16B.24, subdivision 5 the Minnesota
Amateur Sports Commission may lease
up to 20 percent of the area of the land
purchased with money from the general

2.1 fund appropriations in this subdivision for
2.2 a term of up to 30 years, plus two renewals
2.3 for a term of up to 30 years each, to one or
2.4 more governmental or private entities for
2.5 any use by the lessee, whether public or
2.6 private, so long as the use provides some
2.7 benefit to amateur sports. The commission
2.8 must submit proposed leases for the land
2.9 described in this subdivision to the chairs of
2.10 the legislative committees with jurisdiction
2.11 over state government policy and finance for
2.12 review at least 30 days before the leases may
2.13 be entered into by the commission. Up to
2.14 \$300,000 of lease payments received by the
2.15 commission each fiscal year is appropriated
2.16 to the commission for the purposes specified
2.17 in Minnesota Statutes, chapter 240A. The
2.18 land purchased from the general fund
2.19 appropriations may be used for any amateur
2.20 sport.
2.21

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and Fiscal Analysis**

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Senate

State of Minnesota

**S.F. No. 3429 - Amateur Sports Commission Lease
Renewal Authority**

Author: Senator Ann Rest

Prepared by: Thomas S. Bottern, Senate Counsel (651/296-3810) *TSB*

Date: March 28, 2006

This bill amends previous session laws that have authorized the Minnesota Amateur Sports Commission (MASC) to lease up to 20 percent of land acquired with general fund appropriations to private or public entities for any use by the lessee that provides some benefit to amateur sports. Previous legislation authorized the MASC to lease the land for a term of up to 30 years. This bill amends that provision to authorize two additional renewals of the lease for a term of up to 30 years for each renewal.

TSB:rd

Laid over for possible inclusion in omnibus bill

Senator LeClair introduced-

S.F. No. 3416: Referred to the Committee on Finance.

A bill for an act relating to state government; appropriating money for a study of Minnesota's communications infrastructure.

1.3

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

1.4

Section 1. APPROPRIATION.

1.5

\$65,000 is appropriated from the general fund in fiscal year 2007 to the state chief information officer to contract for an independent assessment of Minnesota's computing and telecommunications infrastructure, including recommendations for major industries in the state during the next 20 years. This is a onetime appropriation and is available until spent.

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*new
Money for
inclusion is
omnibus*

Senator Vickerman introduced—

S.F. No. 3408: Referred to the Committee on Finance.

A bill for an act
relating to veterans; appropriating money to assist disabled veterans at Southwest
Minnesota State University.

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

Section 1. **APPROPRIATION FOR RAMPS TO HIGHER EDUCATION
PROGRAM.**

\$110,000 is appropriated from the general fund to the commissioner of veterans
affairs for a grant to Southwest Minnesota State University to establish the ramps to higher
education program to serve disabled veterans on campus.

*Laid over
for possible
inclusion in an
omnibus bill.*

Senators Saxhaug, Skoe, Day, Kiscaden and Johnson, D.E. introduced—
S.F. No. 3436: Referred to the Committee on Finance.

A bill for an act
relating to state government finance; appropriating money for the legislators’
forum.

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

1.4

Section 1. APPROPRIATION.

1.5

\$10,000 in fiscal year 2007 is appropriated from the general fund to the Legislative

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Coordinating Commission for purposes of the legislators’ forum, through which

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Minnesota legislators meet with counterparts from South Dakota, North Dakota, and

1.8

Manitoba to discuss issues of mutual concern.

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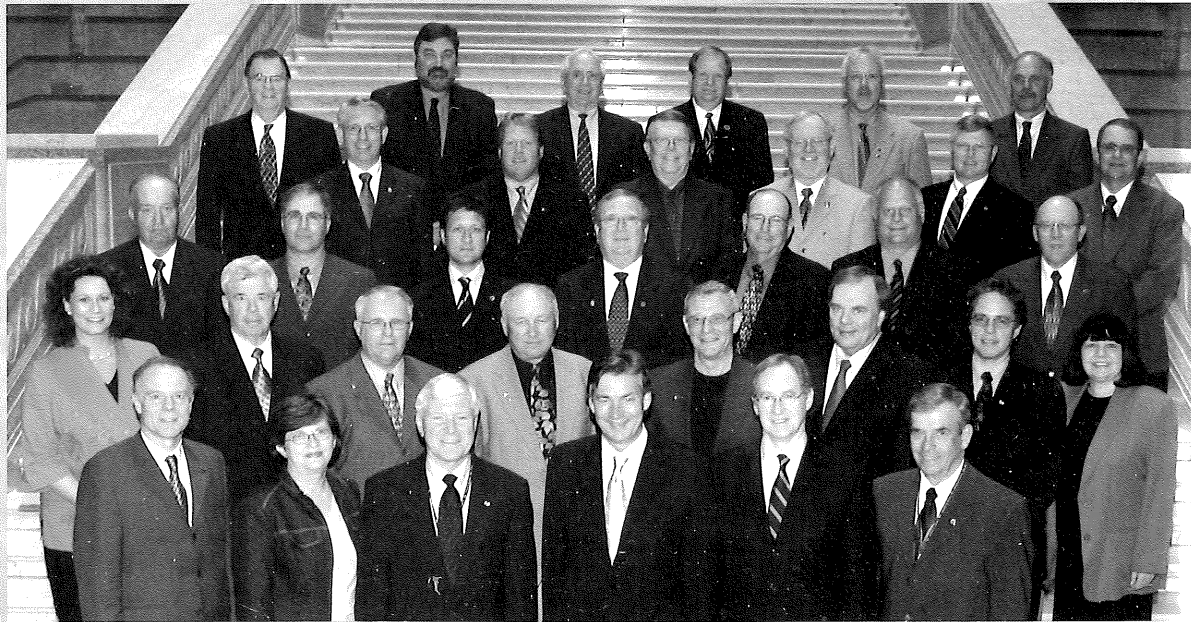
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FIFTH ANNUAL INTERNATIONAL LEGISLATORS FORUM

For Manitoba, Minnesota,
North Dakota, and South Dakota

Winnipeg, Manitoba, June 1-3, 2005



Row 1: The Honourable Jon Gerrard (MB), Honourable Rosann Wowchuk (MB), Mr. Roger Moe (MN), Premier Gary Doer (MB), Mr. Stuart Murray (MB), Mr. Jack Penner (MB)

Row 2: Honourable Theresa Oswald (MB), Senator Rich Wardner (ND), Senator Orville Smidt (SD), Representative Paul Dennert (SD), Senator Tom Hansen (SD), Representative Morrie Lanning (MN), Mr. Tom Nevakshonoff (MB), Representative Lois Delmore (ND)

Row 3: Senator Jay Duenwald (SD), Senator John Koskan (SD), Mr. Ron Schuler (MB), Mr. Ralph Eichler (MB), Representative Larry Frost (SD), Representative Dale Hargens (SD), Representative Ole Aafsvold (ND)

Row 4: Mr. Larry Macquire (MB), Senator Joel Heitkamp (ND), Senator Tom Fischer (ND), Senator Thomas Trenbeath (ND), Senator Tom Saxhaug (MN), Senator Gary Hanson (SD)

Row 5: Senator Harvey Tallackson (ND), Senator Rod Skoe (MN), Representative Loren Solberg (MN), Representative David Monson (ND), Representative Jon Nelson (ND), Representative Dennis Johnson (ND)

Steering Committee

AND ATTENDEES

2005 Steering Committee:

The Steering Committee, appointed to continue activity between annual meetings, is composed of legislators from each of the four jurisdictions. Members are – Manitoba: Honourable Rosann Wowchuk and Mr. Jack Penner; Minnesota: Senator Rod Skoe, Representative Morris Lanning and Senator Tom Saxhaug; North Dakota: Senator Tom Fischer and Representative Ole Aarsvold; South Dakota: Senator Orville Smidt and Senator Gary Hanson.

2005 Attendees:

Manitoba

- Mr. Ralph Eichler, Member of the Legislative Assembly (MLA)
- The Honourable Jon Gerrard, MLA and Leader of the Liberal Party of Manitoba
- Honourable Gord Mackintosh, Minister of Justice and Attorney General
- Mr. Larry Maguire, MLA
- Mr. Tom Nevakshonoff, MLA
- Honourable Theresa Oswald, Minister responsible for Healthy Living, Seniors, and Healthy Child Manitoba
- Mr. Jack Penner, MLA
- Mr. Daryl Reid, MLA
- Mr. Ron Schuler, MLA
- Honourable Rosann Wowchuk, Deputy Premier and Minister of Agriculture, Food and Rural Initiatives

Minnesota

- Representative Morrie Lanning
- Representative Dennis Ozment
- Senator Tom Saxhaug
- Senator Rod Skoe
- Representative Loren Solberg

North Dakota

- Representative Ole Aarsvold
- Representative Lois Delmore
- Senator Tom Fischer
- Senator Joel Heitkamp
- Representative Dennis Johnson
- Representative David Monson
- Representative Jon Nelson
- Senator Harvey Tallackson
- Senator Thomas Trenbeath
- Senator Rich Wardner

South Dakota

- Representative Paul Dennert
- Senator Jay Duenwald
- Representative Larry Frost
- Senator Tom Hansen
- Senator Gary Hanson
- Representative Dale Hargens
- Senator John Koskan
- Senator Orville Smidt

The Fifth Annual Legislators Forum was preceded by a Steering Committee meeting and a welcoming reception. The Canadian Consul General in Minneapolis, Kim Butler, and the U.S. Consul in Winnipeg, Todd Schwartz, welcomed the legislators during the opening reception, which was also attended by the Speaker and several Members of the Manitoba Legislative Assembly.

Manitoba Premier Gary Doer joined the legislators for lunch during the meeting and brought greetings from Manitoba. He noted the long-standing, cooperative relationship forged by the Forum and indicated his ongoing personal support for the Forum's activities. Former Minnesota Senator Roger Moe also joined the Premier and the legislators. Mr. Moe and Premier Doer co-hosted the very first Legislators Forum in Winnipeg in 2001.

A post-meeting press conference was held with several Steering Committee members: the Honourable Rosann Wowchuk (Manitoba), Mr. Jack Penner (Manitoba), Senator Rod Skoe (Minnesota), Senator Gary Hanson (South Dakota) and Senator Tom Fischer (North Dakota).



Fifth Annual Legislators Forum

JUNE 1-3, 2005

WINNIPEG, MANITOBA

Legislative Differences

Paul Vogt, Clerk of the Executive Council in Manitoba, compared and contrasted the legislative systems of the four jurisdictions represented at the meeting. He emphasized the unique elements of the Canadian and American systems of governance, particularly relative to the respective legislative branches.

Government Structures

Manitoba has a constitutional monarchy, meaning the Queen and her representatives are the constitutional heads of state. Following the British model, there is generally a stronger tradition of trust in government within Canada than in the U.S., in which there is an extensive system of checks and balances to limit the authorities of each branch of government.

Paul explained that there are no official provincial constitutions in Canada. Manitoba has its own act called the Manitoba Act 1870, which recognizes the province as a part of Canada; however, the Act exists as part of the overall Canadian constitution and is not comparable to separate state constitutions in the United States. Under Canada's constitution, residual powers (those not specifically given to provinces) rest with the federal government, whereas in the United States, residual powers fall to the states.

Manitoba has a unitary parliamentary style of government. This means that Manitoba has no Senate or Upper House in the legislative branch. The Manitoba legislature is comprised of one house called the Manitoba Legislative Assembly.

What defines a parliamentary system is the way in which government is formed. In a parliamentary form of government, the party that holds the most (not necessarily the majority of) seats in the legislature forms the government. In the U.S., state governments operate under a republican bi-cameral system. This means that the legislative branch of government consists of two houses (except in Nebraska which has a unicameral system) – a House of Representatives and a Senate. Under a republican model, each branch of government is elected separately and is independent from one another.

In Manitoba, the executive of government maintains a presence in the Legislature. All members of the executive are first elected to the Legislature, including the Premier. The Premier, as formal head of the executive, then appoints some members of his/her party to an executive position in Cabinet. In the U.S. states, the different branches of government are constitutionally separated. For example, the members of the executive branch cannot also be members of the legislative branch. Each branch's powers and responsibilities are outlined in that state's constitution.

In Canada, there is a more formal and highly partisan divide between the parties, and a premium is placed on party discipline. As in the states, Canadian legislatures are characterized by committees, bills, testimony and debate, but the unique aspect of the Canadian model is "Question Period," during which the opposition parties directly call the government to account. This creates a different culture that pervades the legislature.

The government – including the Premier and Ministers – remains in the hands of the majority party as long as it holds the support of the majority of the members of the legislature.

Elections

Generally, there are no fixed terms for provincial elections. The governing party must call an election within five years of its election. Deciding when to call an election during that five-year period is somewhat of an art. There is some movement in Canada to set permanent election dates, but for now there is a degree of uncertainty as to when an election may be called. The campaign period before an election is generally set at 30 days but varies slightly between provinces; therefore, once an election call is made, it generates a short and intense campaign period.



Because, in the U.S., Governors and Legislators have fixed terms, election campaigns are predictable and are often carried out over a long period.

Comparing Government Officials

The authority of Governors and Premiers is similar – both are heads of their administrations. However, the authorities of Governors are specifically articulated in state constitutions. In contrast, the office of Premier is not mentioned in the Canadian constitution as the Queen of England remains the official head of government. The Queen of England is assumed to be informed and advised of the process largely through the primarily ceremonial post of Lieutenant Governor. The authorities of Premiers have arisen largely through convention over time.

In Manitoba, the Lieutenant Governor, as the Queen's representative, signs all bills passed by the Legislature. The role of Lieutenant Governor is largely symbolic and ceremonial. In contrast, in U.S. states, the Lieutenant Governor is elected (in some states on the same ticket as the Governor; in others, separately) and the authority is similar to that of a Deputy Premier in Canada.

House Speakers in both systems are elected members of the House and are chosen for the position of Speaker by a vote of all house members. Both are responsible for maintaining order and decorum during House proceedings. However, in the states, the Speaker is usually a leader of the majority party in the House of Representatives. In Manitoba, the leader of the majority party in the Legislative Assembly is always the Premier. In Manitoba, as in the states, the Speaker is prohibited from actively engaging in debates or addressing the House. However, in Manitoba, the Speaker does not select committee members.

Budgets: Revenues and Expenditures

Paul noted that, as is the case in most Canadian provinces, Manitoba's largest and fastest growing expenditure is health care. However, because of the differences between the relative health care systems,

expenditures in this area cannot be easily compared to those in the states. Otherwise, there is not a great deal of difference between provincial and state budgets. For example, both rely heavily on income and sales taxes for revenue. Most differences revolve around unique federal and state/provincial roles.

Role of the Government Staff

Both provinces and states have a neutral, non-partisan public service for the most part. Manitoba's public service is based on the British permanent civil service model. In Manitoba, many of the top-level staff positions are non-partisan and are hired based on merit. Deputy Ministers – and Assistant Deputy Ministers for the most part – enjoy security of tenure, meaning, when the government of the day changes, they, as well as the regular civil service, do not lose their jobs.

In the U.S. system, high-level government staff are, for the most part, under the control of the executive. The Governor and Cabinet are responsible for appointing people to fill high-level positions, usually according to party affiliation. Therefore, when the executive changes, so does the government staff.

Legislative Differences Questions and Answers

A delegate asked what happens after an election if more than one person in the party wants to be Premier. Paul explained that the Premier is the leader of the majority party. The party leader is elected at political conventions (normally well before a general election). The public, therefore, knows in advance who the party leaders are (and who has the potential to become Premier if his/her party wins the election).

Another delegate asked whether there is a difference in financing campaigns and asked how money is raised for political campaigns in Manitoba. Paul noted that a public subsidy is provided to individual and central campaigns. It is handled in the form of a rebate based on matched expenditures after the election. There



are strict limits on what can be spent on individual and central campaigns (low by U.S. standards – for a Member of the Legislative Assembly (MLA) campaign, it is in the \$30,000 to \$35,000 range, while the maximum expenditure for central campaigns is about \$1 million). Manitoba and Quebec ban union and corporate donations so that only individual citizens may contribute to campaigns.

Another delegate asked whether members of the opposition party in Manitoba can introduce legislation. Paul said that any MLA can introduce a bill, but it is rare for non-government-sponsored legislation to be passed.

A delegate asked whether an election could be forced in Manitoba should a leader or a party get into difficulty. Paul indicated that the opposition party may call an election if it has enough votes to do so or if the ruling government suffers a defeat on a major piece of legislation, such as a funding bill, establishing a situation of “no-confidence.” If a ruling government has a comfortable majority, it would be very difficult to force an election. The situation is different with a minority government (a government that needs a coalition of parties to maintain a majority), because the opposition party may trigger an election if it is in that party’s best interests to do so.

Paul noted that there are only two major parties in the U.S. In Canada, there are multiple parties, so they often need to form coalition governments. At the national level in Canada there are four major parties.

A delegate observed that in the parliamentary system, it seemed that the “weaker sister” in a coalition still has significant power. Paul agreed and said that, when there is a minority government, the weaker member of the coalition determines how it wants to use its power.

Emergency Preparedness

Chuck Sanderson, Executive Director, Manitoba Emergency Measures Organization, provided an update on the development of a proposed mutual aid agreement for emergency preparedness between Manitoba, Minnesota, North Dakota, and South Dakota, which had been recommended at previous meetings of the Legislators Forum.

The draft agreement that the working group has developed is based on the Atlantic Compact and would be called the Great Plains Compact. It would lay out the principles and protocols that would govern emergency management mutual aid operations within the region. Manitoba, North Dakota and Minnesota have indicated that all necessary legal requirements are in place to enable each jurisdiction to sign the Compact. South Dakota is in the process of determining whether it has the necessary legal authority in place.



Emergency Management Questions and Answers

A delegate commended the work on the proposed Compact and said that post-9/11 needs and demands have created a new environment that necessitates this kind of regional cooperation. Another delegate noted that the power industries have had agreements for a long time to collaborate in dealing with emergency management issues and wondered whether the proposed Compact would affect those kinds of agreements in any way. Chuck indicated that the proposed Compact would not impact existing agreements but would be another “tool in the tool chest” by clarifying responsibilities and costs when resources are shared.



A delegate noted that many border communities do not have their own emergency services resources and that this agreement would help to provide more effective and expeditious services to the citizens of the states and province.

LEGISLATORS' AGREEMENTS:

It would be advisable to seek an opinion from the South Dakota Attorney General on whether South Dakota has the authority to sign the proposed Compact. If South Dakota does not have the authority, consideration could be given to pass enabling legislation.

Consideration could also be given to having the other jurisdictions go forward with signing, noting that South Dakota could sign at a later date if it chooses to do so.

The Legislators Forum could explore the potential of broadening the Compact or creating other agreements to cover more/other possible issues.



Inter-Jurisdictional Justice Issues

At the 4th Annual Legislators Forum, legislators heard from four panelists on the issue of crystal methamphetamine (meth) and addictive drugs. Following the Forum, a four-jurisdiction symposium (the "Sinner Symposium") on meth and addictive drugs was sponsored by the Tri-College University in Fargo, North Dakota and Moorhead, Minnesota. In addition, the issue of crystal meth was discussed at the Western Premiers' Conference, at which Western Canadian Justice and Health Ministers were asked to develop a joint Western Canadian strategy to address these issues.¹

Manitoba Justice Minister Gord Mackintosh led the discussion on these issues, noting that lines on a map should not interfere with achieving stronger and safer communities. Meth causes significant and far-reaching problems, including those related to health care and safety, especially for children. Therefore, everyone involved in the fight against meth and other criminal activities must be urged to share information. He noted that better approaches for dealing with the precursors (the ingredients that go into the making of meth) were needed and that there was much to learn from one another – building on the successes of the Sinner Symposium, during which excellent information on the best practices models from each of the jurisdictions

was shared. Gord noted that "Operation Diversion" is a model of international and interagency cooperation to address meth issues and that Canada has established a working group to develop a comprehensive meth strategy. Effective public education campaigns and first responder protocols are required.

Gord noted that 80% of the meth that enters the region comes from "super labs," with 20% being produced in local labs. Rural areas are especially impacted as many farm chemicals and abandoned farm sites are used for meth production. While only 20% of the labs are local, tracking local producers down and cleaning up after them has taken resources from law enforcement that could be used to pursue the larger (80%) producers. He noted that, to date, the number of meth labs in Manitoba is relatively small, but there has been an increase in the use of meth in the province.

Chief Superintendent Bill Robinson of the Royal Canadian Mounted Police (RCMP) noted that it is surprising how quickly and strongly a drug can come to the street and affect youth in particular. Organized crime has become ingrained in the supply of meth precursors. There is a related and growing problem with youth gangs. Directly related to the drug problems are car thefts, break-ins and other street crimes.

He noted that law enforcement officers need to get into primary and elementary schools to get the message to kids. Kids as young as nine are being approached and given meth to hook them into becoming users and traffickers. Meth is easy to manufacture and difficult to track. Although meth use in Manitoba has not yet reached epidemic levels, aggressive steps must be taken to deal with it. Bill again referred to cross-border cooperation as was evidenced by "Project Diversion" and added that this level of cooperation must continue in the future. Agencies on both sides of the border understand this and are committed to working together. Superintendent Derrick Ogden of the RCMP noted that Project Diversion cooperation is not unique. He noted

¹ Western Premiers raised the issue of methamphetamines with their U.S. colleagues at the Western Governors' Association meeting in mid-June 2005 and again with other Canadian Premiers in August 2005.

that the RCMP works well with its U.S. counterparts on a variety of criminal justice issues, and they even share undercover officers and work together on very complicated cases, despite dissimilar laws in the two countries. Officers need to understand what these differences are so that they can ensure a successful arrest. Mutual respect and cooperation are required, he said, to support each other's operations.

Derrick added that meth was first seen in Canada in the 1990s, with the greatest number of labs in western Canada. He noted that organized crime can set up a lab, produce a large amount of meth and then shut down and move to another location – avoiding detection and the risk of being tipped off to authorities. Super labs are designed to generate huge amounts of money. Smaller labs, however, are usually set up to meet an addicted person's own needs. In 2004, it was estimated that there were 10,000 labs in the U.S. and only 54 in Canada, but the trend in Canada is increasing. Meth is a particularly dangerous issue for police and society because of the erratic nature of suspects. The RCMP is working closely with Health Canada to deal with current regulations and by making recommendations on new approaches to deal with precursors.

Ken Peterson, Resident Agent in Charge for the U.S. Drug Enforcement Administration (DEA) in Vancouver, Canada, gave an overview of the DEA, the kind of work it does and major investigations conducted with Canadian law enforcement. He described joint operations such as "Mountain Express," "Northern Star," "Candy Box," and "Brain Drain." He said law enforcement officers in the two nations pride themselves on sharing information and working together.

Lonny Schweitzer, Assistant Chief Patrol Agent for the U.S. Border Patrol, said that the Border Patrol's mission is to protect the border and address issues related to illegal aliens, terrorism and Customs inspections. The Border Patrol has undergone monumental changes and reorganization to develop one joint management system. He said that he has never seen

more cooperation and information-sharing between jurisdictions. He also said the agencies interdict narcotics at ports of entry and share information with all appropriate law enforcement agencies. He added that cooperation between agencies has been formalized, and the intelligence units have been integrated.

Justice Issues Questions and Answers

A delegate asked about treatment programs and the resources available for treatment. A panelist responded by saying that too many people tend to look at drug addiction as a one-dimensional problem, assuming all that is needed is to catch addicts, put them in jail, and trust that they will not do drugs again upon their release. Correctional institutions do provide treatment, and some do a good job. At the community level, all agencies need to work together to develop treatment plans – the RCMP, city police, the justice and corrections systems as well as Child and Family Services. Another panelist noted that children are affected when their parents are imprisoned and that a multi-agency approach in the community is needed to deal with those children impacted by drug use.

It was noted that the RCMP has programs such as "DARE" which is designed to educate children at the earliest point possible and give kids, parents and schools the information they need. DARE and "Drugs in the Workplace" programs help people get the proper information. The "Drug Endangered Children" program involves community services. These and other programs are often designed at the national level, but uniformed officers in each province work on the ground. Programs are adapted to address specific needs of each province and different ages of kids at each grade level.

A delegate suggested that there is a great deal of frustration among law enforcement officers because of the apparent "revolving door" of the court system and asked for advice as to what kinds of laws were needed and how laws could be changed to ensure that perpetrators are kept off the streets. A panelist noted that, in Canada, drug prosecutions are under federal





Chief Superintendent Bill Brown
Manitoba

jurisdiction, so those issues need to be addressed at the federal level. In the states, Drug Courts can make a difference, as they appear to be doing in North Dakota. The United States' efforts to address drug addiction have grown phenomenally, and Manitoba is planning to develop Drug Courts as well. It was also noted that the laws in Canada with regard to meth precursors need to be strengthened even further.

A delegate asked what was needed from the enforcement side to ensure that the courts have the power to put offenders away for a long time. A panelist noted that some laws on meth and precursors are inadequate. The Vancouver Police Department has worked in the drug enforcement area for thirty years and has seen few charges or convictions, so it has adopted other methods. For example, police have simply closed businesses that were involved in drug production or trafficking. Mandatory sentencing has also taken options out of the hands of the judges.

Another delegate noted that Minnesota is doing a good job with regard to the 20% of meth produced locally, but there are tons of precursors being produced. He asked why companies are not being held responsible for the distribution of large quantities of precursors. A panelist explained that there are only nine producers of ephedrine worldwide, and none in North America. It has been estimated that one-sixth of ephedrine produced is used for producing meth. As ephedrine moves down the chain, portions get diverted to Canada and the U.S. Heads of narcotics units in all the countries need to meet to coordinate. The U.S. has effectively stopped bulk shipments of ephedrine within the U.S. What the U.S. has now is coming from outside the country.



It was also noted that awareness and prevention programs are also needed and that it is necessary to provide kids with education and skill-building opportunities, especially for those in vulnerable populations. Manitoba has help centres that use multi-agency approaches. For example, "Teen Challenge" teaches skills, builds structure and helps kids make positive lifestyle choices. In rural communities, law enforcement officers find that targeting specific groups achieves the most successful results. Agencies also work with retailers in Manitoba who sell products being used in drug production in order to build awareness and educate them on sales of these harmful materials.

Past public relations campaigns have focused on statistics on the value of "guns and money" seized in drug busts, promoting the message that multi-million dollar drug rings are being stopped. Public awareness efforts are now being refocused toward drug awareness and toward explaining that, through these seizures, drugs have been stopped from entering the community.

LEGISLATORS' AGREEMENTS:

At next year's meeting, Legislators would like more information on sentencing issues – e.g., sentencing alternatives, drug courts, treatment, and civil commitment for sexual offenders. Presentations could include judges and other experts, recovering addicts, etc. and could highlight the North Dakota Drug Court programs and other work being undertaken regionally.

They would also like to track the outcomes of legislation relating to meth and precursor chemicals and providing a report to evaluate the impact and effect of such legislation.

Legislators would also like more information on public education programs and options as well as approaches to Internet sales of ephedrine and other "upstream issues."



Health Issues

Healthy Living

Karen Ehrens, consultant to the North Dakota Health Department, presented on "Healthy North Dakota," an initiative that goes beyond the mandate of the Health Department. Committees comprised of more than 400 North Dakotans representing about 150 agencies, organizations and businesses from across the state are involved.

The initiative has brought these stakeholders in North Dakota together to focus on promoting wellness, lowering health care costs and improving quality of life overall. Karen explained that the purpose of Healthy North Dakota is to focus on primary prevention in order to alter susceptibility and risk factors. Its mission is to inspire and support North Dakotans to improve physical, mental and emotional health for all by building innovative statewide partnerships.

The priority areas of focus are on tobacco use, substance abuse, nutrition, physical activity, health disparities, worksite wellness, community engagement and insurance. Karen explained the structure of the initiative and, more specifically, the work being done with Native American communities, children and worksites.

To help communities adopt healthy living strategies, the Healthy North Dakota initiative is identifying community readiness, encouraging community ownership and buy-in and working to avoid community dependency by helping to develop community leadership and funding. Healthy North Dakota hopes to develop a "wellness institute" that would incorporate cultural communication, expert facilitation and community engagement skills.

Theresa Harvey-Pruden, Coordinator for Manitoba Healthy Living Initiatives, explained that the purpose of the Ministry of Healthy Living is to help promote a shift towards prevention and thereby reduce the burden of illness and improve the quality of life for all Manitobans.

Theresa noted that chronic diseases, such as diabetes, are a growing problem. There are 6,000 new cases each year – 87% of disabilities and 67% of direct health care costs in Canada are attributable to chronic diseases. One of the risk factors is that 59% of Manitoba youth and adults are not active enough to achieve health benefits. As a result of inactivity and unhealthy eating, the rates of overweight and obese adults have doubled and have nearly tripled among children during the last 20 years. In addition, the direct costs to the Manitoba health care system due to smoking are \$200 million annually.

The Ministry is focusing on chronic disease prevention, tobacco/smoking reduction and cessation, physical activity, healthy eating, injury prevention and safety, healthy sexuality, mental health promotion and substance abuse reduction. Manitoba, like North Dakota, emphasizes health promotion and public awareness through partnerships between the government and communities in order to help communities overcome barriers to healthy living. The Ministry is helping to mobilize communities by creating enthusiasm, energy and commitment and by providing training, support and research on innovative ways to change behaviors.

A Healthy Living Resource Institute, a virtual resource centre, is being created to promote and support the capacity of communities to deliver sustainable prevention programs. It will provide training, information practices and resources and will collect and disseminate information on best practices to support community activities.

The three states and the province are interested in developing an appropriate technology that will provide a medium for sharing information among the jurisdictions. Each jurisdiction would – in turn – share this information with their respective communities. They intend to exchange best practices to enrich the resources available through the Healthy Living Resource Institute. They are exploring cost-effective, electronic ways to draw in a broad cross-section of health professionals. They are using the Telehealth and Health Links technology in use in Manitoba as an example of what can be done across the jurisdictions.

Healthy Living Questions and Answers

A delegate asked how outcomes and successes would be measured. In North Dakota, this will be done at least in part through a behavior risk survey that is obtaining data from counties and cities. Future surveys will be measured against those baseline data to determine whether behaviors have changed. U.S. federal assistance is available to develop database and measurement systems.

Another delegate asked how issues of sexual health are being dealt with in the various jurisdictions. In North Dakota, the Maternal and Child Health Division deals with those issues and would need to provide that information. Manitoba is working to encourage schools to provide a better curriculum on sexual health issues. Manitoba has a high rate of teen pregnancy and sexually transmitted diseases (STDs) that needs to be addressed.

A delegate asked how Manitoba is addressing issues of Aboriginal health. A panelist said that Manitoba is very interested in the North Dakota experience with its pilot project at Spirit Lake. It is looking for information on whether and how that project is addressing Native health issues and may utilize similar approaches. Aboriginal people have been significantly impacted because of discrimination, but there is now a greater focus on health solutions based on Aboriginal traditions and culture.

A delegate shared a personal experience in which a family member was provided with diagnosis and appropriate treatment through Manitoba's Telehealth system, even though the person lived 5 hours from Winnipeg. Another delegate observed that Manitoba, like the other jurisdictions in this region, has an advantage in the production of natural and healthy foods and rural lifestyles, which can be used as a healthy living model for all of the region's citizens.

A delegate asked what was being done to promote health education in schools. A panelist noted that North Dakota has worked with 10 pilot communities to improve school health programs. Manitoba promotes the Healthy Child Model, which has been very effective and not very costly.

Health Care Practitioners for Rural Areas

Dr. Barbara Brandt, Assistant Vice-President for Education at the University of Minnesota Academic Health Center, and Jennifer Stumpf Kertz, Deputy Director of the Minnesota Area Health Education Center, presented on health care professionals in rural areas.

Barbara explained that the Minnesota Academic Health Center's focus is on providing an adequate supply and availability of health care professionals. She said that, currently, the western areas of Minnesota rely heavily on the Dakotas for health care services and that the most acute current and pending shortages are in rural areas. There are growing health disparities and access challenges in those areas. However, recruiting and retaining faculty to help provide a better, long-term supply of health care professionals is also becoming more difficult.

In addition, they are finding fewer students interested in science, math and health care careers, in part because of the steadily increasing college debt load that students need to incur. Minnesota will need 1,320 more physicians, and the aging and retirement of dentists and other health care workers will make current shortages worse during the next decade.

Minnesota is taking action to address these workforce shortages by increasing student enrollment and class sizes, by creating sustainable community partnership models for education and training, and by providing leadership to the health care community. The University sponsored a conference in April 2005, attended by nearly 200 people from 20 communities. This conference focused on strategies for sustaining a vital workforce in partnership with communities; thinking regionally, across state and provincial lines; and developing linkages to economic development strategies.

Minnesota would like to see continued development of regional strategies to support education, awareness and community engagement in order to focus on the unique contributions that health care professionals make to community vitality and to encourage cross-border collaboration in order to maximize investment, increase efficiency and improve outcomes.



Health Care Practitioners Questions and Answers

A delegate asked about the issue of low reimbursement levels in rural Minnesota, noting that this is an important issue, as there are a large number of people in rural areas who need public health. The panelists stated that dentists in thirteen Minnesota communities were surveyed last fall, and they indicated that they would not see patients after the patients had exhausted their benefits. As a result, in some areas, physicians are treating dental patients in emergency rooms, and children are being sent to other areas for dental care.

The panelists suggested that there is a need to think regionally and across state and provincial lines. There have been attempts to adjust tuition reciprocity agreements between states – e.g., in dental education – that would severely limit the number of available reciprocity slots (the vast majority would pay full tuition). Montana pays fees for slots in the dental school, and students are then obligated to practice in the state for a period of time.

The panelists noted that all jurisdictions in this region are facing similar challenges and need to be creative and use technology. There is, for example, a midwifery program taught over the Internet. Also, Minnesota has the largest graduate program for nurse practitioners. Both the midwifery and nurse practitioner programs are training individuals in rural areas.

Another delegate said he had heard that students from North Dakota find it increasingly difficult to get into the dental program. The panelists said that 15 of 75 students in the first year dentistry class in Minnesota are from North Dakota and that the dental school has agreed to increase the class size to 97. Other students are using other options, such as training through the military.

A delegate noted that there are pop and snack machines in schools and that proceeds from their sales fund a portion of education costs. The suggestion was made that there needs to be a partnership with departments of public instruction to remove those machines or substitute healthier foods and drinks. The panelists agreed that there needs to be more funding to cover additional education needs so that schools are not dependent on proceeds from the sale of unhealthy food and drinks.

The United States Department of Agriculture (USDA) has also added new requirements for federal lunch reimbursement. There will have to be wellness policies in place by 2006 that address vending machines, healthy food and drinks. Ideas for healthy food fund raising – e.g., “Buy ND products!” – are being suggested. Such alternatives can also help enhance economic development efforts. In Manitoba, Coca Cola and other food and drink companies have offered to replace traditional food and drinks with healthier options, and schools are encouraged to develop nutrition policies and better choices. There are some examples of schools offering healthier choices.

Another delegate observed that Minnesota had an initiative to ban pop in school vending machines, and it was heavily opposed. Proponents of preventive care/healthy living need to be able to demonstrate the budget impacts of healthy living. Declines in illness and injuries and improvements in health need to be measured to get the attention of legislators. The panelists noted that worksite wellness projects are generating from 2:1 to 10:1 returns on investment and that impacts (in dollar terms) would be monitored.

A delegate noted that, for the first time, younger generations are facing the possibility of shorter life spans and wondered how children were responding to healthy living information. The panelists noted that kids and teens often think they will live forever and that different strategies were needed to be used to encourage healthy choices and more activity – strategies that target kids at their own level and that closely involve teachers.

Another delegate noted that, despite the work being done to address health care needs, the fact remains that hospitals and clinics are being closed in rural areas, and communities once served no longer have health care facilities. The panelists agreed that there is a need to focus regionally and to develop a strategy to address access issues. “Critical access” dollars are being used to develop alternative facilities. The reality is that not every small community will have hospitals.



Telemedicine is a strong option and a real possibility. It can be done between states as well as between states and provinces. Licensure might be a problem, and there are other issues that would have to be worked out.

A delegate asked, as small communities lose providers, who will provide services in facilities and meet Medicare requirements? The panelists explained that strategies are needed to develop different options for front line health care providers. Pilot projects have demonstrated how costs can be reduced by using team approaches through workforce redesign.

LEGISLATORS' AGREEMENTS:

North Dakota and Manitoba have significant activities going on in the wellness and prevention areas. These need to be encouraged.

More information is needed on the decline in available health care practitioners in rural areas of all jurisdictions within the region.

The Steering Committee of the Legislators Forum could meet with a working group (all 4 jurisdictions) on an interim basis to review and support the initiatives and monitor progress. Issues that delegates would like to see emphasized include: prevention, telehealth, adequate reimbursement as an incentive to providing treatment, distance health, healthy living in children, reduction in teen pregnancies, prenatal care, rural practitioners (both for humans and animals), appropriate use of physician assistants and other professional options.

The Steering Committee might identify a particular area of focus to coordinate jurisdictional effort – such as diabetes among Native populations.

It would be useful to have a presentation on the differences in health care systems between the states and province.

More information/ discussion is needed on health care costs and the concerns about development of a multiple-tier service provision system based on ability to pay – that is, faster or more sophisticated medical care based on one's ability to pay additional fees.

Agriculture Trade

Dr. Brian T. Oleson, Professor at the University of Manitoba and the holder of the Agribusiness Chair in Cooperatives and Marketing at the Department of Agribusiness and Agricultural Economics, gave an overview of trade between the U.S. and Canada. He said that U.S.-Canada trade constitutes the world's largest trading relationship and noted that:

- In 2004, two-way trade in goods between Canada and the U.S. surpassed \$425 billion;
- 37,000 trucks cross the border each day;
- Canada has been the leading destination for U.S. exports since 1946;
- One-fifth of all U.S. exports went to Canada in 2004; and
- Industries in Canada and the U.S. are highly integrated – over 40% of Canada-U.S. trade is intra-firm.

Brian also pointed out that, with respect to agricultural trade:

- The U.S. is the largest agri-food exporter in the world; Canada is the 4th largest;
- 26% of U.S. agricultural goods are exported, and the figure is higher for specific products (e.g., 43% of U.S. wheat is exported); over half of Canada's agricultural goods are exported; 95% of the world's consumers live outside Canada and the U.S.; and
- In 2003, Canada was the most important foreign market for Minnesota, North Dakota and South Dakota by a large margin – Minnesota exports more to Canada than its next 3 foreign markets; North Dakota exports more to Canada than all other export markets combined; and South Dakota exports more to Canada than its next 5 foreign markets. In 2003, 53% of Manitoba's exports went to the U.S.



Relative to Red River Valley trade, Brian noted that, in 2004:

- Close to U.S. \$2.5 billion worth of goods traded between Manitoba and the Red River Valley states;
- Manitoba imported U.S. \$196 million in passenger transport motor vehicles, U.S. \$69 million in soy products and U.S. \$31 million in canola products from the three Red River Valley States; and
- Minnesota, North Dakota and South Dakota imported U.S. \$291 million in electrical energy, U.S. \$144 million in motor vehicle parts and U.S. \$126 million in live swine.

Brian also said that the greatest risk to a trading nation is its inability to trade. He noted that the Bovine Spongiform Encephalopathy (BSE) discovery in Canada and the U.S. provides a dramatic example; one BSE case triggered the complete closing of export markets. That example of "dis-integration" has caused a deep shock to the cattle market, and any future integration hinges on the industry perception of "closure risk." Specifically, the "dis-integration" has cost Canadian livestock producers an estimated \$7 billion. The Canadian cattle industry is now moving away from reliance on U.S. packers.

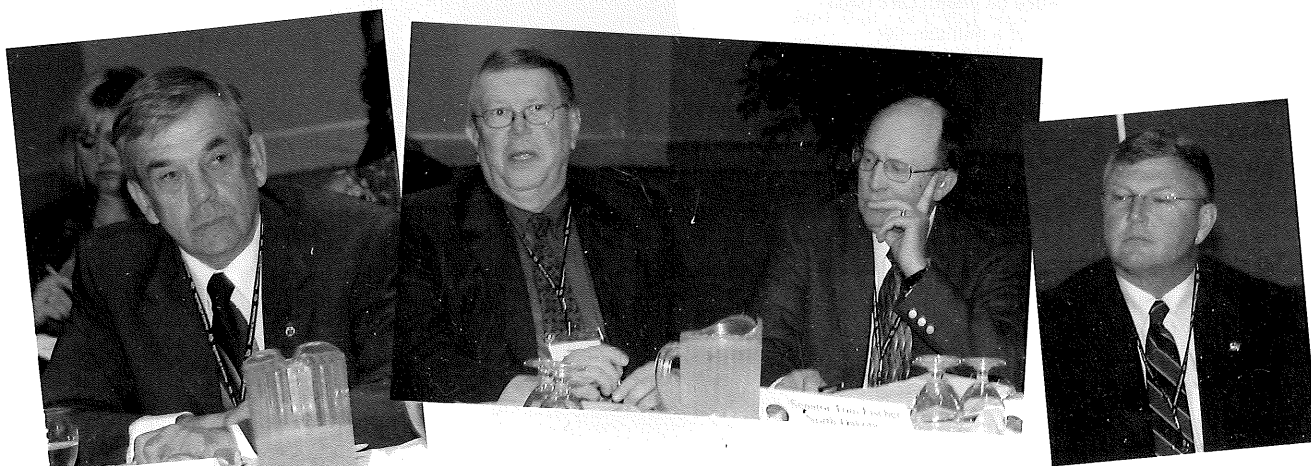
Minnesota Agriculture Commissioner Gene Hugoson then focused on individual effects and responses that trading issues have generated between our two countries. Canadian and American citizens are better off with trade, but some individuals do not always see it that way. What may improve the financial situation of one person may negatively affect another, so the situation is often contentious. The overall statistics of the North American Free Trade Agreement (NAFTA) have been positive, but some groups have not fared as well as others.

Commodities do not know political boundaries, Gene said. Canada is a very important market, with over \$200 million worth of goods going from Minnesota to Canada. Ministers and secretaries meet frequently to deal with issues, mostly trade-related. There is more commonality going north and south between our countries than east and west inside our countries.

Disruptions to trade have caused many problems, so there is a need to avoid them and to resolve them more quickly. The BSE issue has created a great deal of economic loss, has the potential to affect the dynamics between the two countries over the long-term and has affected the industries in both nations. Canada is building beef packing industries that will compete with U.S. industries. U.S. corn producers, dairy producers and other ancillary industries have also felt the impacts.

Richard "Skip" Taylor, a research scientist in agricultural policy analysis in the North Dakota State University (NDSU) Center for Agricultural Policy and Trade Studies in the Department of Agribusiness and Applied Economics, noted that agriculture has become a relatively small portion of North Dakota's economy. He said that, while North Dakota agriculture exports have grown by 76% since 1999, only a small percentage of North Dakota's total agricultural output is exported to Canada.

The next presenter, Carolynn Osborn, Policy Economist for Manitoba Agriculture, Food and Rural Initiatives, concentrated her presentation on Manitoba's agriculture production and exports. She said that the direct and indirect contribution of agriculture to the Manitoba Gross Domestic Product (GDP) is 11 to 13%. Approximately 1 job in 11 results from agriculture production, and, for every \$1 of net income produced by primary agriculture, \$1.90 is generated in the Manitoba economy.



Jack Penner
Manitoba

Specifically, Carolynn noted that, while Manitoba's population is 1.2 million people, it produces enough food to feed 6 million people. She also noted that Manitoba's total agri-food exports were \$3.5 billion in 2004, and those exports went to 153 different countries. The U.S. is Manitoba's closest and largest foreign market, and that, in 2003 and 2004, Manitoba exported \$1.5 billion in products to the United States. In 2003, 53% of Manitoba's exports went to the United States, but this dropped to 45% in 2004.

She said that, in 2004, 88% of Manitoba's agri-food imports came from the United States. Per capita, Manitobans consumed \$578 worth of United States agri-food products in 2004 and that total U.S. exports to Manitoba in 2004 were \$700 million. Specifically she noted:

- Manitoba imports corn and soy feed from the three states (U.S. \$100 million in 2004);
- Manitoba exports baby pigs for further feeding/processing in the United States (U.S. \$43 million in 2004);
- Manitoba also imports farm machinery from the three states (U.S. \$44 million in 2004); and
- Manitoba exported U.S. \$74 million in fertilizers and imported U.S. \$14 million in 2004.

Trade disruptions have had a dramatic impact on Manitoba. Three of Manitoba's top agriculture products have faced trade disruptions in access to the U.S. market:

- Live cattle and beef border closure;
- Hogs – Preliminary Duties of 14.06% and 10.63%; and
- Hard Red Spring Wheat – Duty of 14.15%.

The effects of such "dis-integration" to Manitoba include:

- Export sales losses for Manitoba of \$540 million;
- Manitoba cattle income and equity loss of an estimated \$1 billion;
- Manitoba is expanding its own slaughter capacity;
- New relationships are being developed with domestic packers; and
- The "border risk" issue is of concern for many existing and potential producers.

She concluded by noting that the greatest risk to a trading region is restricted trade, noting that:

- Manitoba will continue to produce agricultural products;
- Restricted access means products no longer contribute to a stronger North American market but compete with U.S. products in the world market;
- Economic advantages of integration are being lost on both sides of the border; and
- As Manitoba's farm incomes drop and the impact of trade disruptions filter through the economy, overall Red River Valley trade could be affected.

Agricultural Trade Questions and Answers

A delegate asked about subsidies that are given to various agriculture sectors. The presenters noted that the U.S. and Canada have very different agricultural policies that differ by commodity. One is not necessarily better than the other, and the delegate asked what was needed to ensure that laws and regulations do not disturb trade. The World Trade Organization (WTO) will have an impact on these policies, and there have been more joint concerns with the European Union (EU) and problems that exist there. Most often the U.S. and Canada are on the same side. It is also necessary to understand that the currency exchange rate affects trade.

Another delegate asked what the status was of minimizing the time of the border closing relative to live cattle from Canada. The last two Legislators Forums have recommended a scientific-based approach to deal with this. The panelists noted that, even though there had been some action on opening the border, it has been delayed because of court actions. Some of this is simply related to misunderstandings, and it is necessary to have a better understanding of each other's systems, especially at the producer level. Protocols work more effectively if producers support them.

It was noted that the future is in processed and value-added products. A decade ago, the Canadian grain industry moved quickly away from exporting raw materials. Similarly, as the U.S. restricts movement of livestock, the number of packing facilities in Canada has increased. This is leading to a natural progression to have more livestock processed in Canada.



A delegate asked about the accuracy of the economic multiplier (\$1.92) that is used to estimate the economic spin-offs of agricultural trade. The panelists noted that the multiplier is calculated by economists and is difficult to verify. Some economic input and output models estimate it at two or three times that amount. Panelists suggested that it is not unreasonable to have the multiplier at two. The fact is that agriculture trade does have a multiplier effect, and it is important on a regional basis.

Another delegate noted that Canadian corn imports in 2003 were down substantially, possibly due to a larger domestic crop in Canada that year. He suggested that the removal of the Canadian Wheat Board might cause a major flow of Canadian wheat to the United States. Panelists disagreed with this assessment, noting that doing away with the Wheat Board might change the dynamics of the market but world markets also have a significant impact. There is about 20 million tons of Hard Red Spring Wheat production in Canada with exports to the United States of a half to a million tons per year. That would not change much if freight costs change.

LEGISLATORS' AGREEMENTS:

Livestock identification programs should be developed in harmony between Canada and the U.S.

More information is needed about subsidy and agriculture programs and how the U.S. and Canadian programs compare/contrast.

Energy

Brad Crabtree and Rolf Nordstrom presented the work of Powering the Plains (PTP) and the Upper Midwest Hydrogen Initiative (UMHI). Brad described PTP as a public-private coalition dedicated to harnessing the full energy potential of our region. PTP involves elected and government officials, energy executives, farm organizations and agricultural producers and environmental advocates.

UMHI is a public-private hydrogen and fuel cell partnership founded in 2003 and dedicated to accelerating commercialization of hydrogen and fuel cells. Private firms, non-governmental organizations, individuals, foundations and government agencies fund both programs, and both are staffed by the Great Plains Institute, a regional nonprofit organization based in Minnesota and North Dakota.

Brad noted the large, untapped potential in renewable energy and carbon-neutral energy in the region with:

- World-class wind resources;
- Significant hydropower and bio-energy resources; and
- Cutting-edge experience with emerging climate-friendly coal technologies.

One of the areas PTP is pursuing is the establishment of a Midwest Renewable Energy Tracking System. Benefits of such a system would include:

- Reducing the costs of renewable energy;
- Encouraging renewable energy development; and
- Accommodating regional policy differences.

Such a system would record and verify the creation, exchange and retirement of renewable energy credits; ensure integrity of credits in the marketplace and serve the Dakotas, Illinois, Iowa, Manitoba, Minnesota and Wisconsin. It would be implemented through the PTP Technical Review committee, which consists of industry, regulators and others who are working on system design, governance and financing.

At this point, North Dakota has passed legislation authorizing its Public Service Commission to determine State participation; South Dakota has not passed similar legislation; Illinois, Iowa, Minnesota and Wisconsin need no such legislation; and Manitoba is determining whether additional authority is needed.

In the past, the Legislators Forum has made recommendations to accelerate the shift to renewable and carbon-neutral hydrogen production in the region, and the Hydrogen Transition Act has been passed in

four states with which UMHI is working: Iowa, North Dakota, South Dakota and Minnesota. The various acts require early government purchase and deployment, hydrogen production incentives, tax exemptions, an energy infrastructure transition fund, support for strategic demonstration projects, demonstration of hydrogen production at the filling station scale and a regional partnership on research and education.

"Hydrogen Transition Act"

Work is proceeding on the "Northern H": the First Flexible-Fuel Hydrogen Highway Network, which is a ten-year effort to establish H2 infrastructure corridors to:

- Support local fleet vehicles;
- Test hydrogen production options;
- Enable the launch of hydrogen-powered vehicles and build demand;
- Eventually link major cities and other Hydrogen Highway efforts; and
- Benefit all 6 UMHI jurisdictions.

A request has been made for \$6 million in U.S. federal funding, which would provide matching dollars for Minnesota to fund stations in Fargo/Moorhead, Alexandria, Minnesota and the Twin Cities.

In April 2003, Manitoba also began a hydrogen project which provides for:

- Buses and refueling demonstrations;
- Testing of a hybrid hydrogen bus;
- A byproduct hydrogen fuel cell demonstration;
- A Hydrogen Centre of Expertise;
- A Manitoba Hydro Dorsey, on-site generator; and
- A Memorandum of Understanding (MOU) with Iceland; and
- a permanent refueling station.

The next steps include:

- Assessing the unfinished business from the Hydrogen Transition Act;
- Considering the impact of the federal energy bill when passed; and
- The development of legislative proposals for the next sessions of legislatures within the region.

In 2004, the Forum asked for the development of a long-term, regional transition roadmap that included preliminary scenarios, goals and measurable targets, and legislative and institutional measures needed to implement such a roadmap. PTP participants have responded to this request by undertaking a regional CO2 scenario analysis to determine how the region might reduce CO2 emissions by 80% from 1990 levels (by 2050). Brad indicated that everything is on the table for analysis, including efficiency/conservation measures, renewables, fossil and carbon sequestration and nuclear power.

A University of Minnesota research team is partnering with PTP to do modeling of four scenarios:

- Aggressive renewable power and fuels deployment;
- Aggressive coal gasification with geologic CO2 sequestration and other agriculture-based sequestration;
- Maximum energy efficiency and conservation; and
- The least-cost combination thereof.

Research to date suggests three important areas for the future:

- Expanding the use of renewables in power generation;
- Adopting carbon sequestration in power generation and agriculture; and
- Deploying low-carbon fuels and efficient technologies in transportation.



PTP is pursuing the development of a long-term strategy for the use of coal through a Coal Gasification Working Group consisting of coal/utility industry executives, state officials and legislators, environmental advocates and congressional staff that will:

- Chart a transition path for the region's low-rank coals;
- Foster a shift from coal combustion to gasification with carbon sequestration; and
- Link future coal-based generation with new transmission and wind energy development.

In addition, the next generation of biomass strategies is being considered to:

- Substitute bio-based products for petrochemicals, fuels and power;
- Utilize cellulosic feedstock, agricultural processing waste, crop residues, perennial grasses, manure, etc.; and
- Develop a value-added biorefinery industry.

Long-Term Vision for the Roadmap:

The Upper Midwest transitions as rapidly as possible to an energy system that relies on energy efficiency, renewable energy, and carbon-neutral production of hydrogen and electricity. The region's energy supply remains affordable, reliable and secure during this 25 to 50-year transition.

Brad concluded by noting that PTP expects to complete a first draft of a regional energy transition roadmap in time for next year's 2006 Legislators Forum annual meeting.

Energy Questions and Answers

A delegate asked whether coal gasification is a proven technology and whether it would address the region's goals. The panelists explained that the existing gasification technology is old, dating back to WWII when it was used by Germany to produce diesel fuel from coal. North Dakota's Gasification plant is using 1970s-era technology. More recently developed technology is much more efficient, effective, and offers more options and uses. This new technology has been demonstrated for some time but not on a large commercial scale in a utility setting. Establishing this technology within utilities presents a variety of challenges including higher costs; the fact that the region's low-rank coals have not been demonstrated with these new gasification technologies; and the existing culture of utility engineers who favor combustion technologies over gasification.

Another delegate asked the presenters to describe the coal gasification process. The presenters explained that, in processing, coal is first combined with air under high heat and pressure. This gasifies the coal and breaks out other gases such as hydrogen and carbon dioxide. A catalyst can be applied to create a synthetic gas that can substitute for conventional natural gas. Many other byproducts, mostly marketable, result from the gasification process depending upon the particular plant and process.

LEGISLATORS' AGREEMENTS:

Legislators would like to see the results of more studies on biomass and CO2 sequestration (in the context of wetlands restoration, economic development, national research and broader efforts).

They would also like to obtain more information about credits, credit trading, cost benefits, public education, and the models on which PTP is working.

They want to discuss lowering the barriers to building transmission lines on a regional basis and to have more information about how the implementation of the Kyoto Accord is affecting Canada.

Water Quality

Ross Herrington, Senior Water Policy Advisor for Environment Canada, provided an overview of water governance relative to transboundary waters in western Canada and the U.S. He noted Canada and the U.S. share 9,000 kilometers (5,600 miles) of common border and approximately 300 waterways and aquifers. He also said that a Prairie Provinces Water Board manages water on behalf of the provinces in the prairie area. In Canada, water management is primarily a provincial matter, but the Canadian government has responsibility for waters shared by the U.S., waters used for navigation, and waters on federal lands.

Ross added that waters shared by Canada and the U.S. are managed pursuant to the 1909 Boundary Waters Treaty, which established the International Joint Commission (IJC), and, in the Red River area, specifically the International Red River Board (IRRB). The Boundary Waters Treaty helps to prevent and resolve water quantity and quality disputes. It provides, in part, "... boundary waters and waters flowing across the boundary shall not pollute on either side to the injury of health or property of the other."

The IJC is a six-person, independent body, which acts on references it receives from both the U.S. and Canada. It serves without direction from governments, operates along the length of the Canada-U.S. boundary, ensures compliance with arrangements for flows/water levels in boundary waters, prevents and resolves disputes over shared waters and air, and conducts studies for governments.

In 1992, a water quality agreement was arrived at between the two countries that aims to achieve 11 specific objectives, with reviews every five years to determine progress in meeting those objectives. It commits all parties to take reasonable and practical measures to maintain or improve existing water quality. The mandate of the Board with respect to water quality in the watercourses is to foster and facilitate inter-provincial water quality management among the parties that encourages the protection and restoration of the aquatic environment. The IJC has 12 water quality monitoring locations which characterize the water and ecosystem quality, analyze trends and indicate the degree of compliance with the 11 objectives. The stations monitor sediments, biota, chlorides, sulphates, total dissolved solids (TDS), dissolved oxygen and fecal coliform.

The IRRB is an 18-person board (9 from each country), with responsibilities over the Red River and its tributaries (excluding the Assiniboine and Souris Rivers). It recommends appropriate strategies concerning water quality, quantity and aquatic ecosystem health objectives; performs continuous surveillance of water quality and quantity at the boundary; maintains awareness of basin activities, monitors progress on flood preparedness; and is a forum for identification and resolution of existing/emerging transboundary issues. With regard to water quality itself, the IRRB receives information from the following monitoring sites: Environment Canada at Emerson; Minnesota (10 sites); North Dakota (17 sites); and Manitoba (2 sites). These data provide information about the entire basin's water quality.

More recently, specific nutrient objectives for the Red River were developed.

In February 2003, a Lake Winnipeg Action Plan was developed to reduce nutrient and phosphorous levels to pre-1970's concentrations, and Manitoba requested that IRRB establish nutrient and phosphorous objectives.

In April 2004, a multi-jurisdictional workshop was held to address technical issues and options.

In July 2004, the IRRB agreed to three recommendations:

- Protect/restore Lake Winnipeg trophic status;
- Interim goal to reduce Red River loading by 10% over the next 5 years; and
- Work toward replacing the interim goal with science-based goals/targets.



In November 2004, the IJC endorsed these recommendations.

Biological Monitoring

The development of biological monitoring and implementation strategies for the basin is also a high priority of the IRRB. The following actions have been taken in that regard:

- A literature review of species in the basin is underway;
- In March 2004, an Aquatic Ecosystem Health Committee (AEHC) workshop was held to improve knowledge of principles and technology of biomonitoring and assessment and application to the Red River basin; and
- In July 2004, an AEHC provided two recommendations for which financial support is being sought from the IJC:
 - Conduct biological assessment workshops to develop monitoring protocols for main-stem and Wadeable tributaries; and
 - Conduct basin-wide aquatic ecosystem health assessments at 30 sites per jurisdiction.

The overall purpose of International Watershed Boards is to monitor, alert, study, advise, facilitate, report and coordinate.

Following Ross's presentation, Don Norquay, Assistant Deputy Minister, Ecological Services, Manitoba Water Stewardship (MWS), presented on water governance in Manitoba and what is being done relative to Lake Winnipeg and cross-border water quality and quantity issues. He noted that the Department of Water Stewardship was established in November 2003 to do the following:

- Be responsible for all water management and clean water initiatives;
- Manage water resources in a coordinated way;
- Promote sustainable economic development; and
- Protect vital resources for future generations.

The Manitoba Water Services Board assists rural residents outside Winnipeg in developing safe and sustainable water and/or sewage facilities. That Board provides technical and financial assistance to municipalities and water co-operatives to obtain, develop, transmit, distribute and control water supplies and to collect, treat and dispose of municipal sewage in a manner consistent with environmental sustainability.

The vision of Manitoba Water Stewardship is "The best water for all life and lasting prosperity." The goals of MWS are:

- Human Health – Manitobans have safe drinking water and are protected from water quality-related health threats;
- Ecosystem Health – Life-giving capacities and biodiversity of aquatic environments are protected and improved;
- Quality of Life – Sustainable and productive use of water and fishery resources benefits all Manitobans; and
- Security – Manitobans are adequately protected from floods, droughts, and other water-related hazards.

Manitoba is also the first Canadian jurisdiction to have adopted a Water Protection Act based on U.S. EPA criteria, Canadian Council of Ministers of the Environment guidelines, and other Canadian federal and provincial collaborations. The Act creates Integrated Watershed Planning and Management through the MWC that:

- Monitors development & implementation of watershed plans;
- Advises the Minister on water issues;
- Coordinates diverse water-related advisory boards; and
- Assists in sustainability reporting for water.

Manitoba is also creating an Incentive Program for Ecological Services through the Manitoba departments of Manitoba Agriculture, Food and Rural Initiatives and Water Quality Stewardship. The program will provide incentives and compensation to landowners and producers for providing ecological services to society. Much of what is being done is based on the Conservation Reserve Program (CRP) and the Conservation Reserve Enhancement Program (CREP) in the U.S. As in the U.S., it is anticipated that significant federal assistance will be required to accomplish the plan.

In addition, a specific action plan for Lake Winnipeg was announced in 2003 that commits to reducing nutrient loadings to Lake Winnipeg by 10% or more to reach pre-1970 levels. A Lake Winnipeg Stewardship Board has been established which has developed an interim report with recommendations in 32 areas. In that regard, supporting initiatives that are completed and underway include:

- New sewage and septic field regulations are in place;

- Livestock manure regulations based on nitrogen (that will soon extend to include phosphorus limits) are in place;
- Winnipeg wastewater treatment plants are required to achieve nutrient reduction targets before 2007 and full nutrient control before 2015;
- Nutrient controls are required on new and expanded wastewater treatment plants;
- Cross-border nutrient management discussions have taken place, resulting in an IJC-endorsed commitment to reduce nutrient loading in the Red River basin by 10% within five years;
- A Federal-Provincial Lake Winnipeg Science Workshop was held in early November 2004, which identified critical gaps in the scientific data for Lake Winnipeg and within its contributing watershed;
- A Lake Winnipeg Implementation Committee was established in May 2005, to report on a federal-provincial framework and funding agreement on scientific research and a basin-wide action plan;
- Alberta, Saskatchewan, and Ontario have been approached to achieve commitments to nutrient loading reductions throughout the Lake's watershed;
- Shoreline erosion protection demonstration projects are being implemented;
- Water quality reviews of drainage projects are being conducted;
- Watershed planning is being done, focusing on water quality protection and water quality management zones for nutrients;
- Soil testing programs are being expanded to ensure appropriate nutrient application and support water quality management zone regulations;
- A new water protection incentive is being implemented, focusing on beneficial agricultural practices and Red River valley riparian conservation; and

- Restrictions on the cosmetic use of fertilizer are being explored (such as is being done in Minnesota).

Relative to transboundary water governance, Don said that transboundary cooperation is essential to Manitoba since 80% of Manitoba's water comes from outside the province. Examples of methodologies in place to ensure such cooperation include:

- Prairie Provinces Water Board – apportions water in eastward flowing rivers crossing the boundaries of Alberta, Saskatchewan and Manitoba and fosters inter-provincial water quality management;
- Partners for the Saskatchewan River Basin – promotes watershed sustainability through awareness, linkages and stewardship in the whole of the Saskatchewan River Basin;
- Shoal Lake Watershed Working Group – has developed a management plan for the Shoal Lake Watershed (Winnipeg's drinking water source), to achieve a sustainable balance among ecological, social and economic needs;
- Lake of the Woods Control Board – regulates water levels of the Lake of the Woods and Lac Seul, and downstream flows in the Winnipeg and English Rivers;
- International Red River Board (of the IJC) – assists the IJC in preventing and resolving transboundary disputes by providing advice on matters affecting the quality, levels and integrity of the waters of the Red River and its tributaries and aquifers;
- International Souris River Board (of the IJC) – ensures compliance with approved arrangements for the apportionment of river flows and assists the IJC in preventing and resolving transboundary disputes and plans to take on water quality activities; and
- Red River Basin Commission (RRBC) – facilitates a Red River Basin integrated natural resources framework plan. The priorities for the RRBC include:
 - Facilitation of cross-border integrated watershed planning;
 - Consultations on a Natural Resources Framework Plan;
 - Research on U.S. water protection incentives;
 - Outreach on basin nutrient reduction targets; and
 - Facilitation and coordination of Red River flood modeling, forecasting, and basin-wide mitigation measures.



Minnesota Representative Dennis Ozment then presented on Minnesota's efforts to deal with impaired waters. He described impaired waters as those that do not meet water quality standards sufficient to protect public consumption, swimming, fish and other aquatic life, and do not allow for recreation and aesthetics. Minnesota has listed 1,890 water impairments as of 2004. Dennis said that, of the 14% of the lakes in Minnesota that had been assessed, 37% were impaired. Common impairments include: mercury, fecal coliform bacteria and pathogens, turbidity such as sediment and algae, and dissolved oxygen. He noted that the causes of impaired water need to be identified and loads allocated. Impaired waters need to be restored and evaluated on a regular basis.

He explained that total maximum daily loads (TMDLs) are the maximum amount of a pollutant a water body can receive and still meet standards and the sum of the contributions of loads of point and non-point sources. Minnesota is attempting to reserve capacity for future growth, consider natural and background pollutant contributions, consider seasonal variations, give the public opportunities to participate and provide reasonable assurances that TMDLs can be met.

Dennis noted that, when Minnesota waters do not meet federal standards, quality of life is eroded and economic development is impeded. He said that is why many legislators are sponsoring the Clean Water Legacy Act that would create a Clean Water Council consisting of stakeholder groups and agencies appointed by the Governor to advise on and coordinate programs and funding through an implementation plan. The Act provides that third parties would develop TMDL plans with the Minnesota Pollution Control Agency (MPCA), based on science and public input. Those plans would then be approved by EPA and MPCA. The plans could be approved or challenged through the MPCA by contested cases and, when approved, would be implemented locally.

This Act would not require new laws or regulations but would require state agencies to work together and to work with stakeholders to pool resources, access additional resources, and involve the public at the neighborhood level. The primary obstacles include addressing private property rights issues and identifying appropriate funding sources.

L. David Glatt, P.E., Chief, Environmental Health Section, North Dakota Department of Health, presented on water quality issues from a North Dakota perspective. He said that water quality protection activities in North Dakota generally fall into two

categories, point and non-point sources. For point sources, North Dakota has developed a "discharge permit program" which establishes discharge limitations and treatment requirements for municipal, industrial and some agricultural operations; industrial pretreatment; and storm water.

North Dakota's non-point source program has local sponsors, is voluntary, and includes problem assessment and remedy identification. With regard to the Red River basin, North Dakota is focused on Red River Riparian Restoration through nutrient management, erosion control and education programs. In doing assessments, North Dakota has water quality monitoring data dating back more than 20 years and has been doing biological monitoring since 1993.

Water Quality Questions and Answers

A delegate asked about evolving farming techniques and how they affect concerns relative to pollution. David indicated that, because farming techniques have changed dramatically to protect soil and water, North Dakota is seeing residues (e.g., straw) floating along with runoff and adding to the nutrient load of lakes and rivers. However, he noted that the overall benefits of these enhanced farming techniques outweigh the drawbacks.

Another delegate asked about large feedlots and how they were being controlled. The panelists agreed that confined feed lots are a major source of pollution. Determining how many animals trigger the need for management is a significant issue. In North Dakota, Minnesota and Manitoba, the minimum number of animals is 300; however, other variables (e.g., location of the lot in question) also come into play.

A delegate asked whether there were incentives or requirements relative to restoring or maintaining wetlands. The panelists indicated that they collaborate and work with farmers to identify options and to encourage them to see the benefits of wetland restoration and/or maintenance.

Another delegate asked about the effect of flows with regard to water quality – e.g., the lower the flow, the more likely there will be impaired waters. The panelists explained that they identify whether water flows cause impairments and then develop a plan for dealing with the problem, noting that all parties need to be part of an overall plan and that there are no simple answers. They check base levels, flow rates, and quality, and then mandate action if discharges exceed the load.

A delegate noted that, in North Dakota, a major source of drinking water is groundwater and the U.S. has lowered the standard on maximum arsenic levels. He wondered if this is a problem in Canada. Don noted that Canada is moving to the same standard as the U.S. and that the same debate has occurred in Canada as in the U.S. The issue is being monitored, and ground water sources are being assessed and mapped.

Another delegate asked about the kind of programs available regarding riparian management and maintaining or reestablishing riparian areas. The panelists explained that Manitoba has significant private and public funding to encourage this effort. In Minnesota the objective is to identify, establish and maintain wetlands that will help resolve the pollution problems. The State's policies encourage these activities. Financial incentives will help to establish and maintain those efforts. North Dakota has Section 319 programs as well as Game and Fish Department and CRP programs. In the future, landowners may receive carbon credits for establishing and maintaining wetlands.

LEGISLATORS' AGREEMENTS:

Discussions at next year's meeting could focus on water supply issues, given that all jurisdictions have problems of having enough water to meet the needs of their populations for the next 50 years (i.e., the delegates could have a broad-based education and discussion about where the various jurisdictions are on water supply issues).

They would like more information on the types of regulations that are in place and the common uses allowed for irrigation in the region.

A working group could be created to determine next steps related to Devils Lake once impending legal and/or political decisions have been made.

The Forum would like more information about water storage for flood prevention and drought proofing.

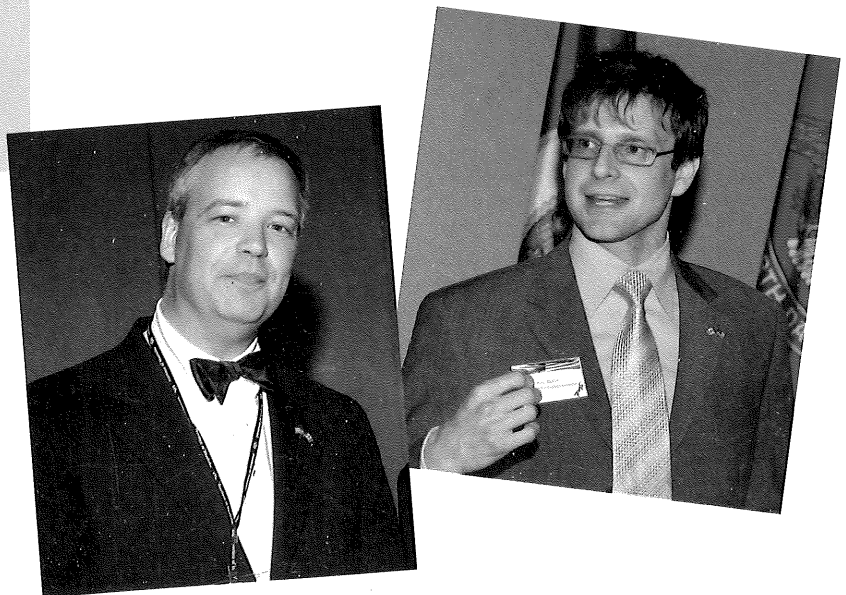


Other Issues:

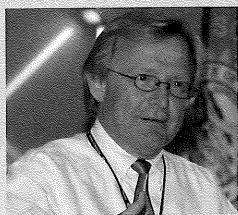
A delegate raised the concern about the Fargo, Grand Forks and Ellsworth air force base closures and the resulting economic losses in the region. Legislators agreed that a letter should be sent regarding the impact of the closures on the region's ability to respond to threats, the impact on the regional economy, and other effects on the entire region. Manitoba indicated that it would need to confirm its involvement with Canadian federal authorities.²

Senator Rod Skoe, member of the Steering Committee and delegate to the Legislators Forum from Minnesota, concluded the meeting by thanking Manitoba for its generous hospitality and inviting delegates to the sixth annual meeting of the Legislators Forum in St. Paul, Minnesota in 2006.

² *Manitoba has determined that, while it has no concern with the States sending a letter of regarding the base closures, it could not be a signatory to it.*



**LEGISLATORS
FORUM FACILITATOR:**



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*Moved for possible
inclusion in
omnibus bill.*

SENATE
STATE OF MINNESOTA
EIGHTY-FOURTH LEGISLATURE

S.F. No. 3303

(SENATE AUTHORS: HANN, Pariseau, Larson and Wiger; Companion to H.F. No. 3716)

DATE	D-PG	OFFICIAL STATUS
03/20/2006	4129	Introduction and first reading
03/20/2006		Referred to Elections
03/23/2006		Committee report: To pass
03/23/2006		Second reading
03/23/2006		Gen Ord: Stricken and re-referred to Finance

A bill for an act

1.2 relating to elections; providing that the secretary of state shall distribute
 1.3 application for ballots to be cast pursuant to sections 203B.15 to 203B.31 in
 1.4 conformity with the Uniformed and Overseas Citizens Voter Act; appropriating
 1.5 money; amending Minnesota Statutes 2004, sections 203B.17; 203B.18;
 1.6 203B.19.

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

1.8 Section 1. Minnesota Statutes 2004, section 203B.17, is amended to read:

1.9 **203B.17 APPLICATION FOR BALLOT.**

1.10 Subdivision 1. **Submission of application.** (a) An application for absentee ballots
 1.11 for a voter described in section 203B.16 may be submitted in writing or by electronic
 1.12 facsimile device, or by electronic mail upon determination by the secretary of state that
 1.13 security concerns have been adequately addressed. An application for absentee ballots for
 1.14 a voter described in section 203B.16 may be submitted by that voter or by that voter's
 1.15 parent, spouse, sister, brother, or child over the age of 18 years. For purposes of an
 1.16 application under this subdivision, a person's Social Security number, no matter how it
 1.17 is designated, qualifies as the person's military identification number if the person is
 1.18 in the military.

1.19 (b) An application for a voter described in section 203B.16, subdivision 1, shall
 1.20 be submitted to the ~~county auditor of the county where the voter maintains residence~~
 1.21 secretary of state.

1.22 (c) An application for a voter described in section 203B.16, subdivision 2, ~~shall be~~
 1.23 ~~submitted to the county auditor of the county where the voter last maintained residence in~~
 1.24 ~~Minnesota~~ that is rejected by the secretary of state shall be returned to the voter with an
 1.25 explanation of the reason for rejection and accompanied by a new, blank application for an

2.1 absentee ballot for a voter described in section 203B.16. The secretary of state shall enter
2.2 the name and address of the voter, the date of rejection, and the reason for the rejection
2.3 into the statewide voter registration system.

2.4 (d) An application for absentee ballots shall be valid for any primary, special
2.5 primary, general election, or special election from the time the application is received
2.6 through the next two regularly scheduled general elections for federal office held after the
2.7 date on which the application is received.

2.8 (e) There shall be no limitation of time for filing and receiving applications for
2.9 ballots under sections 203B.16 to 203B.27.

2.10 **Subd. 2. Required information.** An application shall be accepted if it contains the
2.11 following information stated under oath:

2.12 (a) The voter's name, birthdate, and present address of residence in Minnesota, or
2.13 former address of residence in Minnesota if the voter is living permanently outside the
2.14 United States;

2.15 (b) A statement indicating that the voter is in the military, or is the spouse or
2.16 dependent of an individual serving in the military, or is temporarily outside the territorial
2.17 limits of the United States, or is living permanently outside the territorial limits of the
2.18 United States and voting under federal law;

2.19 (c) A statement that the voter expects to be absent from the precinct at the time
2.20 of the election;

2.21 (d) The address to which absentee ballots are to be mailed;

2.22 (e) The voter's signature or the signature and relationship of the individual
2.23 authorized to apply on the voter's behalf; and

2.24 (f) The voter's military identification card number, passport number, or, if the voter
2.25 does not have a valid passport or identification card, the signed statement of an individual
2.26 authorized to administer oaths or a commissioned or noncommissioned officer of the
2.27 military not below the rank of sergeant or its equivalent, certifying that the voter or other
2.28 individual requesting absentee ballots has attested to the truthfulness of the contents of
2.29 the application under oath.

2.30 The oath taken must be the standard oath prescribed by section 101(b)(7) of the
2.31 Uniformed and Overseas Citizens Absentee Voting Act.

2.32 A form for providing this information shall be prepared by ~~each county auditor~~ the
2.33 secretary of state and shall be furnished to individuals who request it pursuant to this
2.34 section by the secretary of state or any other election official.

3.1 Sec. 2. Minnesota Statutes 2004, section 203B.18, is amended to read:

203B.18 FORWARDING APPLICATIONS.

3.3 ~~If an~~ Each application for absentee ballots under sections 203B.16 to 203B.27, ~~is~~
 3.4 received and accepted by the secretary of state ~~or by any election official other than the~~
 3.5 ~~proper county auditor described in section 203B.17, subdivision 1, that official shall~~
 3.6 ~~forward the application~~ be forwarded by the secretary of state to the appropriate county
 3.7 auditor by electronic or other means within two business days of the acceptance.

3.8 Sec. 3. Minnesota Statutes 2004, section 203B.19, is amended to read:

3.9 **203B.19 RECORDING APPLICATIONS, BALLOTS SENT AND RECEIVED,**
 3.10 **AND REJECTED APPLICATIONS AND BALLOTS.**

Upon accepting an application, the ~~county auditor~~ secretary of state shall record in
 3.12 the statewide registration system the voter's name, address of present or former residence
 3.13 in Minnesota, mailing address, school district number, and whether the voter is in the
 3.14 military or the spouse or dependent of an individual serving in the military, is a voter
 3.15 temporarily outside the territorial limits of the United States, or is living permanently
 3.16 outside the territorial limits of the United States and voting under federal law. The
 3.17 secretary of state shall then forward the application to the county auditor, who shall issue
 3.18 the appropriate absentee ballot materials within two business days or on the first business
 3.19 day absentee ballot materials are available, whichever is later. The county auditor shall
 3.20 retain the record for six years. A voter whose name is recorded as provided in this section
 3.21 shall not be required to register under any other provision of law in order to vote under
 2 sections 203B.16 to 203B.27. Persons from whom applications are not accepted must be
 3.23 notified by the county auditor and provided with the reasons for the rejection.

3.24 The county auditor must enter the name, address, and date the ballot was sent to the
 3.25 voter of each voter sent a ballot pursuant to sections 203B.16 to 203B.27, into the statewide
 3.26 voter registration system within two business days of sending the ballot to the voter.

3.27 The county auditor must, upon rejecting a ballot, immediately provide the voter
 3.28 with a reason for the rejection of the ballot. If the ballot is rejected before the election
 3.29 and sufficient time remains before the election for a replacement ballot to be transmitted
 3.30 to the voter and for the voter to resubmit a ballot in a manner conforming to law, the
 3.31 county auditor shall send a replacement ballot immediately upon rejection with the reason
 2 for rejection. In all cases, name and address of the voter, the date of rejection, and the
 3.33 reason for the rejection shall be entered into the statewide voter registration system by
 3.34 the county auditor.

4.1 No later than 60 days after the general election, the county auditor shall report
4.2 to the secretary of state the combined number of absentee ballots transmitted to absent
4.3 voters described in section 203B.16. No later than 60 days after the general election, the
4.4 county auditor shall report to the secretary of state the combined number of absentee
4.5 ballots returned ~~and, rejected or cast~~ by absent voters described in section 203B.16. The
4.6 county auditor shall also report the number of ballots mailed to voters and returned
4.7 marked "Undeliverable." The secretary of state may require the information be reported
4.8 by category under section 203B.16 or by precinct.

4.9 No later than 90 days after the general election, the secretary of state shall report to
4.10 the federal Election Assistance Commission the number of absentee ballots transmitted to
4.11 voters under section 203B.16; and shall also report the number of ballots returned, the
4.12 number of ballots rejected and cast, the reasons for rejection, and the number of ballots
4.13 mailed to voters and returned marked "Undeliverable."

4.14 Sec. 4. EFFECTIVE DATE.

4.15 Sections 1 to 3 are effective July 1, 2006.

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

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Senate

State of Minnesota

**S.F. No. 3303 - Secretary of State Responsibilities for
Uniformed and Overseas Citizens Absentee Ballots**

Author: Senator David Hann

Prepared by: Thomas S. Bottern, Senate Counsel (651/296-3810) *TSB*

Date: March 28, 2006

This bill designates the Secretary of State, rather than county auditors, to receive applications for absentee ballots from absent voters in the military or residing outside the United States. Additional responsibilities are provided for the Secretary of State to evaluate the applications and forward them to county auditors when appropriate. The bill also places additional record-keeping requirements on county auditors.

Section 1. APPLICATION FOR BALLOT. requires that applications for absentee ballots from members of the military and other citizens who reside overseas must be sent to the Secretary of State rather than individual county auditors. Subdivision 1, paragraph (c), provides authority for the Secretary of State to reject an application for an absentee ballot and requires the Secretary to mail the applicant a new blank application after rejecting the initial application.

Section 2. FORWARDING APPLICATIONS. requires the Secretary of State to forward applications for absentee ballots that have been accepted to the appropriate county auditor, authorizing electronic means to do so.

Section 3. RECORDING APPLICATIONS, BALLOTS SENT AND RECEIVED. requires the Secretary of State, rather than a county auditor, to record in the statewide voter registration system information pertinent to absentee ballot applications that have been accepted. Requires the Secretary of State to forward the application to a county auditor, who is given either two business days or the first business day that absentee ballot materials are available, whichever is later, to mail the materials to the voter. Imposes record-keeping obligations on county auditors to enter pertinent information regarding absentee ballots that are mailed to the voter under this section. Requires county auditors to send notice to voters regarding any rejected ballots and requires them to mail a replacement ballot

to the voter if practicable. Requires county auditors to record all information regarding rejected ballots in the statewide voter registration system. Also requires the county auditor to keep a record of ballots that are mailed and returned as undeliverable.

Section 4. EFFECTIVE DATE. makes the bill effective July 1, 2006.

TSB:rdr

Fiscal Note – 2005-06 Session

Bill #: S3303-0 **Complete Date:** 03/28/06

Chief Author: HANN, DAVID

Title: ABSENTEE VOTING & BLLTS MODIFICATION

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

Agency Name: Secretary Of State

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			40	35	43
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			40	35	43
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund			40	35	43
Total Cost <Savings> to the State			40	35	43

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

Bill Description

Senate File 3303 proposes that the secretary of state shall distribute application for ballots to be cast pursuant to sections 203B.15 to 203B.31 conformity with the Uniformed and Overseas Citizens Voter Act; appropriating money; amending Minnesota Statutes 2004, sections 203B.17; 203B.18; 203B.19.

Assumptions

1. Records indicate that over 12,000 voters have voted under the Uniformed and Overseas Citizens Voter Act in the previous state general election (even years). Therefore using 13,000 voters as a benchmark going forward is a reasonable number for 2006, and 14,000 for 2008.
2. Records indicate over 8,500 voters have voted under the Uniformed and Overseas Citizen Voter Act in the previous odd-numbered year elections. Therefore using 9,000 voters as a benchmark in the year 2007 is reasonable as is 10,000 for the year 2009.
3. Labor needs will peak annually in August, September and October of each year with the work being done by temporary hires.
4. In addition, there will be ongoing work that will be evenly spread over the year and done by OSS staff.
5. Mail intake, handling, and later sending of voter registration applications can be done in a total of 4 minutes per item.
6. Data entry of one record is assumed to take 5 minutes.
7. Transition costs are assumed to have no fiscal effect.
8. There are no incremental costs of application distribution. On-line and paper as done now.
9. Notification of the county is automatically done through the Statewide Voter Registration System upon entry of the voter application record.

An application for absentee ballots for a voter described in section 203B.16 may be submitted in writing or by electronic facsimile device, or by electronic mail upon determination by the secretary of state that security concerns have been adequately addressed. An application for absentee ballots a voter described in section 203B.16 may be submitted by that voter or by that voter's parent, spouse, sister, brother, or child over the age of 18 years. For purposes of an application under this subdivision, a person's Social Security number, no matter how it is designated, qualifies as the person's military identification number if the person is in the military.

A form for providing the information will be prepared by the secretary of state and shall be furnished to individuals who request it, by the secretary of state or any other election official.

Expenditures

Secretary of State staffing costs:

FY2007

1) Temporary staffing	1638 hrs.	@ \$11.50	\$18,837
2) 1 - .5 FTE	1044 hrs.	@ \$20.00	<u>\$20,880</u>
Total FY07 Costs			\$39,717

FY2008

1) Temporary staffing	1134hrs.	@\$11.73	\$13,302
2) 1 - .5 FTE	1044hrs.	@\$20.40	<u>\$21,298</u>
Total FY08 Costs			\$34,600

FY2009

1) Temporary staffing	1764hrs.	@\$11.96	\$21,098
2) 1 - .5 FTE	1044hrs.	@\$20.81	<u>\$21,726</u>
Total FY09 Costs			\$42,824

Long-Term Fiscal Considerations

These costs will be ongoing.

Local Government Costs

None – There are cost savings: each hour of processing labor performed by the Secretary of State's Office saves a county auditor an hour of labor.

References/Sources

Jim Hansen – 201-1323

Agency Contact Name: Alberto Quintela 651-201-1321
FN Coord Signature: KATHY HJELM
Date: 03/28/06 Phone: 201-1361

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: PEGGY LEXAU
Date: 03/28/06 Phone: 296-6237

*Amended and
passed to Finance Committee.*

A bill for an act

1.2 relating to the military; requiring leaves of absence for the immediate family
1.3 members of a seriously injured or killed member of the armed forces; requiring
1.4 leaves for immediate family members to attend military ceremonies; providing
1.5 for and funding certain programs benefiting veterans; creating an individual
1.6 income tax subtraction for military pensions; requiring higher education
1.7 veterans assistance offices; requiring educational fairness; appropriating money;
1.8 amending Minnesota Statutes 2005 Supplement, sections 192.502, by adding
1.9 subdivisions; 290.01, subdivision 19b; 290.091, subdivision 2; proposing coding
1.10 for new law in Minnesota Statutes, chapters 181; 197.

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

1.12 Section 1. [181.947] LEAVE FOR IMMEDIATE FAMILY MEMBERS OF
1.13 MILITARY PERSONNEL INJURED OR KILLED IN ACTIVE SERVICE.

1.14 Subdivision 1. Definitions. (a) The definitions in this subdivision apply to this
1.15 section.

1.16 (b) "Active service" has the meaning given in section 190.05, subdivisions 5b and 5c.

1.17 (c) "Employee" means a person who performs services for compensation, in
1.18 whatever form, for an employer.

1.19 (d) "Employer" means a person or entity located or doing business in this state
1.20 and having one or more employees, and includes the state and all political or other
1.21 governmental subdivisions of the state.

1.22 (e) "Immediate family member" means a person's grandparent, parent, legal
1.23 guardian, sibling, child, grandchild, spouse, fiance, or fiancée.

24 Subd. 2. Unpaid leave required. An employer must grant a leave of absence
1.25 without pay to an employee whose immediate family member, as a member of the United
1.26 States armed forces, has been injured or killed while engaged in active service. The
1.27 length of the leave shall be determined by the employee, but may not exceed five working

2.1 days, unless agreed to by the employer. The purpose of the leave is to attend to an
2.2 injured immediate family member or to attend services for and attend to the affairs of an
2.3 immediate family member who has been killed.

2.4 Subd. 3. Notice. An employee must give as much notice to the employee's employer
2.5 as practicable of the employee's intent to exercise the leave guaranteed by this section.

2.6 Subd. 4. Relationship to other leave. The length of leave provided under this
2.7 section may be reduced by any period of paid leave provided by the employer. Nothing
2.8 in this section prevents an employer from providing leave benefits in addition to those
2.9 provided in this section or otherwise affects an employee's rights with respect to other
2.10 employment benefits.

2.11 Subd. 5. Posting of law. The Department of Labor and Industry shall develop,
2.12 with the assistance of interested business and veterans' organizations, an educational
2.13 poster stating employees' rights under this section. The department shall make the poster
2.14 available, upon request, to employers for posting on the employer's premises.

2.15 Subd. 6. Individual remedies. In addition to any other remedies provided by law, a
2.16 person injured by a violation of this section may bring a civil action to recover any and all
2.17 damages recoverable at law, together with costs and disbursements, including reasonable
2.18 attorney fees, and may receive injunctive and other equitable relief as determined by a
2.19 court.

2.20 **Sec. 2. [181.948] LEAVE TO ATTEND MILITARY CEREMONIES.**

2.21 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms
2.22 have the meaning given to them in this subdivision.

2.23 (b) "Employee" means a person who performs services for compensation, in
2.24 whatever form, for an employer.

2.25 (c) "Employer" means a person or entity located or doing business in this state
2.26 and having one or more employees, and includes the state and all political or other
2.27 governmental subdivisions of the state.

2.28 (d) "Immediate family member" means a person's grandparent, parent, legal
2.29 guardian, sibling, child, grandchild, spouse, fiance, or fiancée.

2.30 Subd. 2. Unpaid leave required. An employer shall grant a leave of absence
2.31 without pay to an employee for the actual time necessary for an employee to attend a
2.32 send-off or homecoming ceremony for an immediate family member who, as a member of
2.33 the United States armed forces, has been mobilized for active service in support of a war or
2.34 other national emergency. The leave required by this subdivision shall not exceed one day.

3.1 Sec. 3. Minnesota Statutes 2005 Supplement, section 192.502, is amended by adding a
3.2 subdivision to read:

3.3 Subd. 3. Unpaid leave to attend military ceremonies. Employees are entitled
3.4 to unpaid leave, as provided in section 181.948, to attend the send-off or homecoming
3.5 ceremony of an immediate family member who, as a member of the United States
3.6 armed forces, has been mobilized for active service in support of a war or other national
3.7 emergency.

3.8 Sec. 4. Minnesota Statutes 2005 Supplement, section 192.502, is amended by adding a
3.9 subdivision to read:

3.10 Subd. 4. Unpaid leave for families of injured or deceased military members.
3.11 Employees are entitled to unpaid leave, as provided in section 181.947, when an
3.12 immediate family member, as a member of the United States armed forces, has been
3.13 injured or killed while engaged in active service.

3.14 Sec. 5. [197.585] HIGHER EDUCATION VETERANS ASSISTANCE OFFICES.

3.15 Each campus of the University of Minnesota and each institution within the
3.16 Minnesota State Colleges and Universities system shall provide adequate space for a
3.17 veterans assistance office to be administered by the commissioner of veterans affairs, and
3.18 each private college and university in Minnesota is encouraged to provide adequate space
3.19 for a veterans assistance office to be administered by the commissioner of veterans affairs.
3.20 The veterans assistance office must provide information and assistance to veterans who
3.21 are students or family members of students at the school regarding the availability of
3.22 state, federal, local, and private resources.

3.23 Sec. 6. [197.775] HIGHER EDUCATION FAIRNESS.

3.24 Subdivision 1. Definitions. (a) The definitions in this subdivision apply to this
3.25 section.

3.26 (b) "Commissioner" means the commissioner of veterans affairs.

3.27 (c) "State college or university" means a unit of the University of Minnesota or
3.28 Minnesota State Colleges and Universities.

3.29 Subd. 2. Recognition of courses. (a) Minnesota State Colleges and Universities
3.30 must recognize courses and award educational credits for courses that were part of a
3.31 veteran's military training or service if the courses meet the standards of the American
3.32 Council on Education or equivalent standards for awarding academic credits.

4.1 (b) The University of Minnesota and private colleges and universities in Minnesota
4.2 are encouraged to recognize courses and award educational credits for courses that were
4.3 part of a veteran's military training or service if the courses meet the standards of the
4.4 American Council on Education or equivalent standards for awarding academic credits.

4.5 Subd. 3. Tuition status. A state college or university must treat a veteran as a
4.6 Minnesota resident for purposes of determining the veteran's undergraduate tuition rate,
4.7 and must treat a veteran as a Minnesota resident for purposes of determining the veteran's
4.8 graduate school tuition rate if the veteran was a Minnesota resident on entering military
4.9 service and starts attending the state college or university graduate program within two
4.10 years of completing military service.

4.11 Subd. 4. Delayed payment of tuition. A state college or university may not assess
4.12 late fees or other late charges for veterans who are eligible and have applied for federal
4.13 educational assistance but have not yet received it, nor may it prevent these students from
4.14 registering for a subsequent term because of outstanding tuition charges that arise from
4.15 delayed federal payments. The state college or university may request without delay
4.16 the amount of tuition above expected federal educational assistance and may require
4.17 payment of the full amount of tuition owed by the veteran within 30 days of receipt of the
4.18 expected federal educational assistance.

4.19 Sec. 7. Minnesota Statutes 2005 Supplement, section 290.01, subdivision 19b, is
4.20 amended to read:

4.21 Subd. 19b. **Subtractions from federal taxable income.** For individuals, estates,
4.22 and trusts, there shall be subtracted from federal taxable income:

4.23 (1) net interest income on obligations of any authority, commission, or
4.24 instrumentality of the United States to the extent includable in taxable income for federal
4.25 income tax purposes but exempt from state income tax under the laws of the United States;

4.26 (2) if included in federal taxable income, the amount of any overpayment of income
4.27 tax to Minnesota or to any other state, for any previous taxable year, whether the amount
4.28 is received as a refund or as a credit to another taxable year's income tax liability;

4.29 (3) the amount paid to others, less the amount used to claim the credit allowed under
4.30 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
4.31 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
4.32 transportation of each qualifying child in attending an elementary or secondary school
4.33 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
4.34 resident of this state may legally fulfill the state's compulsory attendance laws, which
4.35 is not operated for profit, and which adheres to the provisions of the Civil Rights Act

5.1 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
5.2 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
5.3 "textbooks" includes books and other instructional materials and equipment purchased
5.4 or leased for use in elementary and secondary schools in teaching only those subjects
5.5 legally and commonly taught in public elementary and secondary schools in this state.
5.6 Equipment expenses qualifying for deduction includes expenses as defined and limited in
5.7 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
5.8 books and materials used in the teaching of religious tenets, doctrines, or worship, the
5.9 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
5.10 or materials for, or transportation to, extracurricular activities including sporting events,
5.11 musical or dramatic events, speech activities, driver's education, or similar programs. For
5.12 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
3 given in section 32(c)(3) of the Internal Revenue Code;

5.14 (4) income as provided under section 290.0802;

5.15 (5) to the extent included in federal adjusted gross income, income realized on
5.16 disposition of property exempt from tax under section 290.491;

5.17 (6) to the extent not deducted in determining federal taxable income by an individual
5.18 who does not itemize deductions for federal income tax purposes for the taxable year, an
5.19 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable
5.20 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code and
5.21 under the provisions of Public Law 109-1;

5.22 (7) for taxable years beginning before January 1, 2008, the amount of the federal
5.23 small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code
5.24 which is included in gross income under section 87 of the Internal Revenue Code;

5.25 (8) for individuals who are allowed a federal foreign tax credit for taxes that do not
5.26 qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover
5.27 of subnational foreign taxes for the taxable year, but not to exceed the total subnational
5.28 foreign taxes reported in claiming the foreign tax credit. For purposes of this clause,
5.29 "federal foreign tax credit" means the credit allowed under section 27 of the Internal
5.30 Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed
5.31 under section 904(c) of the Internal Revenue Code minus national level foreign taxes to
5.32 the extent they exceed the federal foreign tax credit;

5.33 (9) in each of the five tax years immediately following the tax year in which an
34 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case
5.35 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth
5.36 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means

6.1 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or
6.2 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the
6.3 positive value of any net operating loss under section 172 of the Internal Revenue Code
6.4 generated for the tax year of the addition. The resulting delayed depreciation cannot be
6.5 less than zero;

6.6 (10) job opportunity building zone income as provided under section 469.316;

6.7 (11) the amount of compensation paid to members of the Minnesota National Guard
6.8 or other reserve components of the United States military for active service performed
6.9 in Minnesota, excluding compensation for services performed under the Active Guard
6.10 Reserve (AGR) program. For purposes of this clause, "active service" means (i) state
6.11 active service as defined in section 190.05, subdivision 5a, clause (1); (ii) federally
6.12 funded state active service as defined in section 190.05, subdivision 5b; or (iii) federal
6.13 active service as defined in section 190.05, subdivision 5c, but "active service" excludes
6.14 services performed exclusively for purposes of basic combat training, advanced individual
6.15 training, annual training, and periodic inactive duty training; special training periodically
6.16 made available to reserve members; and service performed in accordance with section
6.17 190.08, subdivision 3;

6.18 (12) the amount of compensation paid to Minnesota residents who are members
6.19 of the armed forces of the United States or United Nations for active duty performed
6.20 outside Minnesota;

6.21 (13) an amount, not to exceed \$10,000, equal to qualified expenses related to a
6.22 qualified donor's donation, while living, of one or more of the qualified donor's organs
6.23 to another person for human organ transplantation. For purposes of this clause, "organ"
6.24 means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow;
6.25 "human organ transplantation" means the medical procedure by which transfer of a human
6.26 organ is made from the body of one person to the body of another person; "qualified
6.27 expenses" means unreimbursed expenses for both the individual and the qualified donor
6.28 for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses
6.29 may be subtracted under this clause only once; and "qualified donor" means the individual
6.30 or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An
6.31 individual may claim the subtraction in this clause for each instance of organ donation for
6.32 transplantation during the taxable year in which the qualified expenses occur;

6.33 (14) in each of the five tax years immediately following the tax year in which an
6.34 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a
6.35 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
6.36 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the

7.1 case of a shareholder of a corporation that is an S corporation, minus the positive value of
7.2 any net operating loss under section 172 of the Internal Revenue Code generated for the
tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
7.4 subtraction is not allowed under this clause;

7.5 (15) to the extent included in federal taxable income, compensation paid to a
7.6 nonresident who is a service member as defined in United States Code, title 10, section
7.7 101(a)(5), for military service as defined in the Service Member Civil Relief Act, Public
7.8 Law 108-189, section 101(2); ~~and~~

7.9 (16) international economic development zone income as provided under section
7.10 469.325-; and

7.11 (17) to the extent included in federal taxable income, a percentage, up to a maximum,
7.12 of the amount received from a pension or other retirement pay from the government for
7.13 service in the armed forces of the United States, regardless of whether the recipient served
7.14 in the military. For taxable years beginning after December 31, 2005, and before January
7.15 1, 2007, the percentage is 25 percent and the maximum amount is \$7,500; for taxable
7.16 years beginning after December 31, 2006, and before January 1, 2008, the percentage
7.17 is 50 percent and the maximum amount is \$15,000; for taxable years beginning after
7.18 December 31, 2007, and before January 1, 2009, the percentage is 75 percent and the
7.19 maximum amount is \$22,500; and for taxable years beginning after December 31, 2008,
7.20 the percentage is 100 percent and there is no maximum amount.

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

7.23 Sec. 8. Minnesota Statutes 2005 Supplement, section 290.091, subdivision 2, is
7.24 amended to read:

7.25 Subd. 2. **Definitions.** For purposes of the tax imposed by this section, the following
7.26 terms have the meanings given:

7.27 (a) "Alternative minimum taxable income" means the sum of the following for
7.28 the taxable year:

7.29 (1) the taxpayer's federal alternative minimum taxable income as defined in section
7.30 55(b)(2) of the Internal Revenue Code;

7.31 (2) the taxpayer's itemized deductions allowed in computing federal alternative
7.32 minimum taxable income, but excluding:

7.33 (i) the charitable contribution deduction under section 170 of the Internal Revenue
7.34 Code:

8.1 (A) for taxable years beginning before January 1, 2006, to the extent that the
8.2 deduction exceeds 1.0 percent of adjusted gross income;

8.3 (B) for taxable years beginning after December 31, 2005, to the full extent of the
8.4 deduction.

8.5 For purposes of this clause, "adjusted gross income" has the meaning given in
8.6 section 62 of the Internal Revenue Code;

8.7 (ii) the medical expense deduction;

8.8 (iii) the casualty, theft, and disaster loss deduction; and

8.9 (iv) the impairment-related work expenses of a disabled person;

8.10 (3) for depletion allowances computed under section 613A(c) of the Internal
8.11 Revenue Code, with respect to each property (as defined in section 614 of the Internal
8.12 Revenue Code), to the extent not included in federal alternative minimum taxable income,
8.13 the excess of the deduction for depletion allowable under section 611 of the Internal
8.14 Revenue Code for the taxable year over the adjusted basis of the property at the end of the
8.15 taxable year (determined without regard to the depletion deduction for the taxable year);

8.16 (4) to the extent not included in federal alternative minimum taxable income, the
8.17 amount of the tax preference for intangible drilling cost under section 57(a)(2) of the
8.18 Internal Revenue Code determined without regard to subparagraph (E);

8.19 (5) to the extent not included in federal alternative minimum taxable income; the
8.20 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

8.21 (6) the amount of addition required by section 290.01, subdivision 19a, clauses
8.22 (7), (8), and (9);

8.23 less the sum of the amounts determined under the following:

8.24 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);

8.25 (2) an overpayment of state income tax as provided by section 290.01, subdivision
8.26 19b, clause (2), to the extent included in federal alternative minimum taxable income;

8.27 (3) the amount of investment interest paid or accrued within the taxable year on
8.28 indebtedness to the extent that the amount does not exceed net investment income, as
8.29 defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include
8.30 amounts deducted in computing federal adjusted gross income; and

8.31 (4) amounts subtracted from federal taxable income as provided by section 290.01,
8.32 subdivision 19b, clauses (9) to ~~(16)~~ (17).

8.33 In the case of an estate or trust, alternative minimum taxable income must be
8.34 computed as provided in section 59(c) of the Internal Revenue Code.

8.35 (b) "Investment interest" means investment interest as defined in section 163(d)(3)
8.36 of the Internal Revenue Code.

9.1 (c) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable
 9.2 income after subtracting the exemption amount determined under subdivision 3.

9.3 (d) "Regular tax" means the tax that would be imposed under this chapter (without
 9.4 regard to this section and section 290.032), reduced by the sum of the nonrefundable
 9.5 credits allowed under this chapter.

9.6 (e) "Net minimum tax" means the minimum tax imposed by this section.

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

9.9 **Sec. 9. APPROPRIATIONS.**

9.10 **Subdivision 1. State soldiers' assistance fund.** \$3,000,000 is appropriated in fiscal
 9.11 year 2007 from the general fund to the commissioner of veterans affairs to be deposited
 9.12 in the state soldiers' assistance fund established in Minnesota Statutes, section 197.03.
 9.13 The appropriations in this subdivision are in addition to other appropriations made to the
 9.14 commissioner of veterans affairs.

9.15 **Subd. 2. Centralized Web site for veterans services.** \$200,000 is appropriated
 9.16 in fiscal year 2007 from the general fund to the commissioner of veterans affairs to
 9.17 fund a veterans service coordinator and a veterans assistance Web manager within
 9.18 the Department of Veterans Affairs, whose mission is to create a centralized Web site
 9.19 containing information on all state, federal, local, and private agencies and organizations
 9.20 that provide goods or services to veterans or their families.

9.21 **Subd. 3. County veterans service officers service enhancement grants.**
 9.22 \$3,000,000 is appropriated in fiscal year 2007 from the general fund to the commissioner
 9.23 of veterans affairs to provide grants to counties for enhancing the benefits, programs,
 9.24 and services they provide to veterans. The commissioner, in consultation with the
 9.25 County Veterans Service Officers Association, shall establish grants based on objective
 9.26 benchmarks and standards. A county may not reduce its veterans service office budget by
 9.27 any amount received as a grant under this section. This grant program is in addition to
 9.28 grants made under Minnesota Statutes, section 197.608.

9.29 **Subd. 4. Higher education veterans assistance offices.** (a) \$2,600,000 is
 9.30 appropriated in fiscal year 2007 from the general fund for the purposes of Minnesota
 9.31 Statutes, section 197.585.

9.32 (b) Of the amount in paragraph (a), \$2,500,000 is to the commissioner of veterans
 9.33 affairs for the veterans assistance offices under Minnesota Statutes, section 197.585. The

delete

10.1 commissioner, in consultation with the Office of Higher Education, shall determine the
10.2 most appropriate method of allocating this appropriation to align with the needs of the
10.3 students at Minnesota State Colleges and Universities and the University of Minnesota
10.4 who are veterans. Methods may include, but are not limited to, providing grants for
10.5 work study positions and providing central liaison and coordination staff to enhance
10.6 the responsiveness of higher education institutions to students who are veterans. The
10.7 commissioner shall designate a liaison to the University of Minnesota and a liaison to the
10.8 private colleges and universities in Minnesota for the purposes of Minnesota Statutes,
10.9 section 197.585.

10.10 (c) Of the amount in paragraph (a), \$100,000 is to the Board of Trustees of the
10.11 Minnesota State Colleges and Universities to fund a systemwide coordinator to facilitate
10.12 the provision of assistance to veterans at Minnesota State Colleges and Universities
10.13 campuses under Minnesota Statutes, section 197.585.

10.14 **Sec. 10. REVISOR'S INSTRUCTION.**

10.15 The revisor of statutes shall insert a first grade headnote after Minnesota Statutes,
10.16 section 181.946, that reads "LEAVE FOR FAMILIES OF MOBILIZED MILITARY
10.17 MEMBERS."

10.18 **Sec. 11. EFFECTIVE DATE.**

10.19 Sections 1 and 4 are effective the day following final enactment and apply to the
10.20 immediate family members of military personnel injured or killed on or after that date, as
10.21 well as to the immediate family members of military personnel who, on the effective date,
10.22 are recovering from injuries that occurred before that date.

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State of Minnesota

**S.F. No. 2654 - Veterans Protections and Benefits (The
Second Engrossment)**

Author: Senator Jim Vickerman

Prepared by: Thomas S. Bottern, Senate Counsel (651/296-3810) ^{TSB}

Date: March 28, 2006

This bill provides a variety of benefits for veterans and their families. The bill has been heard by the Agriculture, Veterans, and Gaming Committee; the Jobs, Energy, and Community Development Committee; and the Education Committee. Section 9 of the bill contains the veterans benefits appropriations that are included within the Governor's supplemental budget.

Section 1. LEAVE FOR IMMEDIATE FAMILY MEMBERS. requires an employer to grant unpaid leave to an employee whose parent, child, or spouse has been killed or injured while on active service with the United States Armed Services. The leave must be used to attend to the injured soldier or for the time necessary to attend services for a deceased soldier. "Employee" is defined to include independent contractors. "Employer" is defined to include a public or private employer having one or more employees.

Section 2. LEAVE TO ATTEND MILITARY CEREMONIES. creates an employment leave for a grandparent, parent, legal guardian, grandchild, child, spouse, finance, or finnee to attend ceremonies to send off or welcome home a soldier mobilized for a war or a national emergency. The leave need not be granted if it would unduly disrupt an employer's operations. The leave is for the time necessary to attend the ceremony.

Sections 3 and 4. CROSS-REFERENCES. provide cross-references to sections 1 and 2 in another section of the statutes pertaining to the Minnesota National Guard.

Section 5. HIGHER EDUCATION VETERANS ASSISTANCE OFFICES. requires each campus of the University of Minnesota and each institution within Minnesota State Colleges and

Universities to provide space for a veteran's assistance office to be administered by Veteran's Affairs.

Section 6. HIGHER EDUCATION FAIRNESS. provides a variety of higher education benefits to veterans, including:

- (1) credit recognition for certain military training;
- (2) resident tuition status; and
- (3) the right to delay payment of tuition when related to a delay in receipt of federal educational assistance.

Section 7. SUBTRACTIONS FROM FEDERAL TAXABLE INCOME. provides a subtraction for state income tax purposes for certain service-related pensions.

Section 8. DEFINITIONS. contains a technical amendment necessary to implement the new subtraction contained in section 7 of this bill.

Section 9. APPROPRIATIONS.

Subdivision 1. State soldiers' assistance fund. appropriates \$2,000,000 in fiscal year 2007 to the Commissioner of Veterans Affairs for deposit in the state soldiers' assistance fund under section 197.03. Under section 197.05, this fund may be used to assist veterans and their dependents in establishing any claim for government compensation insurance relief or other benefits; to provide maintenance and relief for any person suffering from disability, and for their dependents, and to cooperate with other public officials and civilian agencies and organization to carry out the purposes for the soldiers' assistance fund. Money in the fund is appropriated by law to the Commissioner of Veterans Affairs.

Subdivision 2. Centralized Web site for veterans services. appropriates \$200,000 from the general fund in fiscal year 2007 to Veterans Affairs for a veterans service coordinator and veterans assistance Web manager to create a centralized Web site providing information regarding public and private goods or services available to veterans or their families.

Subdivision 3. County veterans services officers services enhancement grants. appropriates \$3,000,000 in fiscal year 2007 from the general fund to Veterans Affairs for grants to counties to enhance benefits programs and services for veterans. Requires the Commissioner of Veterans Affairs to consult with the County Veterans Service Officers Association to establish objective benchmarks and standards for the grants. Prohibits counties from reducing their veteran services office budgets by any amounts received as grants under this section.

Subdivision 4. Higher Education Veterans Assistance Offices. appropriates \$2,600,000 in fiscal year 2007 from the general fund for the Higher Education Veterans Assistance Offices established in section 5 of this bill. The Commissioner of Veterans Affairs is required to consult with the Office of Higher Education to determine the appropriate method to allocate this appropriation. Allowable uses for the funding include grants for work study positions, and central

liaison and coordination staff to assist students who are veterans. \$100,000 from this appropriation is reserved for the MNSCU Board of Trustees to fund a systemwide coordinator to provide assistance to veterans on MNSCU campuses.

Section 10. REVISOR'S INSTRUCTION. requires the Revisor of Statutes to change the headnote for the statute that provides unpaid leave for service in the Civil Air Patrol to read "LEAVE FOR FAMILIES OF MOBILIZED MILITARY MEMBERS."

Section 11. EFFECTIVE DATE. makes the portions of the bill that provide leave for immediate family members of military personnel effective the day following final enactment.

TSB:rdr

Preliminary

Consolidated Fiscal Note – 2005-06 Session

Bill #: S2654-2E **Complete Date:**

Chief Author: VICKERMAN, JAMES

Title: LEAVE FOR MIL.FAMILY; VETS PROGMS

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

Agencies: Veterans Affairs Dept
 University Of Minnesota (03/24/06)
 Military Affairs Dept (03/27/06)

State Colleges & Universities (03/28/06)
 Revenue Dept
 Labor & Industry

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		7	8,808	8,808	8,808
University Of Minnesota		7	8	8	8
State Colleges & Universities			100	100	100
Veterans Affairs Dept			8,700	8,700	8,700
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund		7	8,808	8,808	8,808
University Of Minnesota		7	8	8	8
State Colleges & Universities			100	100	100
Veterans Affairs Dept			8,700	8,700	8,700
Total Cost <Savings> to the State		7	8,808	8,808	8,808

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
General Fund			58.00	58.00	58.00
State Colleges & Universities			1.00	1.00	1.00
Veterans Affairs Dept			57.00	57.00	57.00
Total FTE			58.00	58.00	58.00

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S2654-2E **Complete Date:**

Chief Author: VICKERMAN, JAMES

Title: LEAVE FOR MIL.FAMILY; VETS PROGMS

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

Agency Name: Veterans Affairs 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					
General Fund			8,700	8,700	8,700
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			8,700	8,700	8,700
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund			8,700	8,700	8,700
Total Cost <Savings> to the State			8,700	8,700	8,700

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
General Fund			57.00	57.00	57.00
Total FTE			57.00	57.00	57.00

Preliminary

Bill Description -

HF 2921 would increase funding of the State Soldiers Assistance Program by \$3,000,000 annually for a total of a \$4,426,000 annual appropriation. This bill would also provide for a One-Stop Website and Internet Support Service for Veterans Programs and Services. The proposed funding for this area would be \$200,000 annually. This bill also includes a \$3,000,000 Service Grant for County Veterans Service Officers. This will allow the Department of Veterans Affairs to provide standards, expectations, training, and leadership to the corps of County Veterans Service Officers by significantly enhancing their ability to serve our veterans community, which in turn will assist in vastly improving the lives of the veterans we serve. HF 2921 would provide an annual appropriation of \$2,600,000 for veterans' assistance offices at public colleges and the University of MN.

Assumptions

The \$3,000,000 increase to the **State Soldiers Assistance Program** will allow the department to provide critical benefits and services to the most need of our veteran community including their families, and those military members who have, or will shortly be returning from fighting the War on Terrorism. At a time when we have an ever growing number of veterans in need of help, increasing the SSAP fund will not only enable us to bring back and make whole some needed programs(emergency medical, dental, optical, subsistence), while providing a long overdue cost of living adjustment, it will enable us to expand the current mission. This expansion will include a reintegration program for all of the recently separated veterans returning home to Minnesota. We will provide family therapy for those soldiers and families of soldiers who have been severely wounded or killed in action. Our department currently has veterans and families that are already facing these temporary financial hardships – including eviction. There is currently no safety net to help these veterans and families avoid falling into the downward spiral to homelessness.

Financial Assumptions made in this area were based on the growing veteran population and their needs, lengthy discussion with veteran providers in the community, having a working knowledge and understanding of the current issues and needs of veterans, working with Military Affairs to help identify the current and future needs of our discharging military members from the national guard, reserves, and active duty. We also tried to plan for the unknown. To accomplish this expanded mission we will need approximately two Veterans Assistance Coordinators and one Support Staff to review applications for benefits, solicit supporting documentation, and determine eligibility and amount of payment.

One-Stop Website and Internet Support Service for Veterans Programs and Service - There is a bewildering array of agencies, public and private, that provide goods and services to veterans and/or their families. These agencies are unaware of each others' programs regarding veterans, and in the case of large agencies, are sometimes not even aware of what their own agency provides. Often veterans will attempt to search the web for help and currently they are running into problems. There is no centralized portal for discovering what is available for veterans and their families. We are proposing two positions, a Veterans Services Coordinator (Information Officer 1) and a Web Content Manager (Information Officer 3), or similar type classification, with an annual appropriation of \$200,000. The department will be working closely with the Office of Enterprise Technology to maximize the appropriation. We are aware of, and will follow the guidelines and parameters of MN Statute 16E.03, while we partner with the Office of Enterprise Technology.

Service Grant for County Veterans Service Officers - HF 2921 provides \$3,000,000 for annual grants to County Veterans Service Officers (CVSOs) to provide the necessary funding to enhance the CVSO system and ensure that all veterans, regardless of which county they live in, receive consistent service. There will be two FTE funded from this grant, along with funding for all CVSO training. One FTE will monitor compliance with benchmarks and help with training of all CVSOs and the other FTE will be a full time training officer, developing training manuals and organizing continuing education for CVSOs. The department is currently meeting and working with CVSOs and Veterans Service Organizations to develop standard benchmarks. CVSOs are often the first and sometimes the only contact the veteran will make regarding their veterans benefits. Therefore, it is imperative that they be highly trained. These grants will give us the opportunity to do this. In addition to increased training, this grant will require the CVSOs to do outreach in their local counties. Benchmarks will be established (i.e. outreach) that the CVSOs must attain to receive this grant. CVSOs need to play an active role in the reintegration process of our new veterans, and this grant will enable them to more actively participate in the vital reintegration process of our returning service members.

Veterans' Assistance Offices at Public Colleges and the University of MN – Military operations conducted since September 11, 2001 has produced thousands of young Minnesotans who are combat veterans. Past

Preliminary

experience dictates that combat veterans entering or re-entering post-secondary educational institutions face a multitude of challenges that eventually lead to a drop-out rate that is proportionally higher than other student groups. Since most veterans/students are utilizing some form of government funded education benefits, the veteran's offices will work to insure that there is a positive return on the investment of these benefit dollars. By providing a campus "home" for current or former military personnel, the "Veterans Assistance Office" will serve as a referral point for veterans' benefits, community services, and college/university issues. Additionally, the centers will provide an opportunity for networking both personal and professional. The cost of this portion of the bill will be \$2,600,000 of which \$100,000 will be given to the Board of Trustees of the Minnesota State Colleges and Universities to fund a system wide coordinator to facilitate the provision of assistance to veterans at Minnesota State Colleges and Universities campuses.

Expenditure and/or Revenue Formula

Expenditures for the State Soldiers Assistance Fund will follow the current formulas except at a more appropriate rate and will include additional dollars for new, and past programs that were dropped due to budget constraints. This area is one where there is always the unknown factor. This department has a long history of consulting with the CVSO Association as we make changes. We will add three additional FTE with expenditures for office space, furniture, travel, training, computer software, and hardware.

STATE SOLDIER ASSISTANCE FUND

Current Funding \$1,426,000	Prior Funding	\$1,544,000 (F.Y. 01)
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Current FTE – 6.75
3 Veterans Assistance Coordinators
3 Clerical
.75 Supervisor

State Soldier's Assistance Program

This program uses funds appropriated by the legislature to provide temporary, subsistence level emergency financial assistance to veterans and their families. Eligible veterans and their dependents receive emergency financial assistance through the State Soldier's Assistance Program for up to a maximum of six months. To qualify for subsistence benefits, applicants are required to meet stringent financial income and asset limitations which have not been properly adjusted in years. Applicants who require assistance in excess of six consecutive months must provide written certification that they are not eligible to receive other financial assistance such as general assistance benefits. This program has not received a substantial increase in asset or income limits for at least 10 years. This department would like to increase both levels to the point where the "safety net" actually helped the veterans of Minnesota.

The State Soldier's Assistance Program also provides limited financial assistance for eligible veterans and their dependents with the costs of dental and optical services. Also provided is a one time education grant to veterans and grants to War Orphans. War Orphans may receive a grant of \$750.00 per fiscal year until they receive a degree.

SUBSISTENCE:

SSAP currently allows for shelter, food, clothing, personal needs, utilities, dental, insurance premiums, optical benefits, educational payments for War Orphans and Veterans, and our Homeless Initiative program.

During Fiscal Year 05: 4,500 Subsistence payments were made
815 Optical award letters were issued
1,008 Dental Award Letters were issued
70 War Orphans Education
10 Veterans Education

As of June, 2005:

Preliminary

30% of the SSAP applications we receive are denied due to our severe income limitations. The CVSOs indicate they have a significant number of veterans come into their offices and they do not even take an application for SSAP based on our stringent guidelines

BREAKDOWN OF TIME ON OUR SUBSISTENCE PROGRAM:

40% of the Veterans/Families are on our program one month and only 2% are on our program longer than 6+ months

F.Y. 1997 SINGLE VETERAN RATE \$400.00 PER MONTH

F.Y. 2006 SINGLE VETERAN RATE \$480.00 PER MONTH

(These figures include rent/mortgage and personal needs)

HOMELESS/OR RISK OF BECOMING HOMELESS PROGRAM INCLUDES PAYMENTS FOR THE FOLLOWING:

- Rent payments for eviction prevention AND first month rent for stability
- Mortgage payments to prevent foreclosure
- Food vouchers for families
- Utility assistance
- Gas cards to enable them to get to work
- Basic hygiene essentials for the families
- Bus passes/train tokens
- Damage deposits to enable them to get into an apartment
- Car payment to prevent re-possession of vehicle
- Car insurance payment
- Clothes vouchers
- Tools for specialized employment
- Training for courses such as CNA (Certified Nursing Assistant)
- Haircuts
- Holiday baskets of food and gift certificates for children
- Out state mental health services for initial diagnosis
- Day Care Services

Since 7-1-05 this program has served 793 clients and has had 4,160 contacts. **We have turned away 281 veterans/family members during the last three months.**

BUDGET ISSUES:

January, 2002 – **Cut** Emergency Medical - \$1,000 per emergency medical – **WOULD LIKE TO REINSTATE – ESTIMATE OF \$300,000 TO \$500,000 PER YEAR**

July, 2003 – **Reduced** optical Assistance to Once Every Two Years – **WOULD LIKE TO INCREASE FROM \$175 EVERY OTHER YEAR TO \$400 EVERY YEAR – CURRENTLY WE PAY OUT LESS THAN HALF OF ACTUAL CHARGES. MANY VETERANS/DEPENDENTS CANNOT TAKE ADVANTAGE OF PROGRAM BECAUSE THEY CANNOT AFFORD TO PAY THE ADDITIONAL COSTS – ESTIMATE OF \$150,000 INCREASE**

July, 2003 – **Reduced** CD grant to Once Every Two Years

July, 2005 – **Reduced** Dental Treatment from \$1,000 to \$500. **WOULD LIKE TO INCREASE TO \$1,000 EVERY YEAR – ESTIMATE INCREASE OF \$560,000**

The Department of Veterans Affairs would like to **increase** our Asset by 50% and Income Limit by 35%. **ESTIMATE INCREASE IN SUBSISTENCE OF BETWEEN \$450,000 TO \$600,000**

Preliminary

Agency Contact Name: Kathy Schwartz
FN Coord Signature: KATHLEEN SCHWARTZ
Date: 03/28/06 Phone: 297-2123

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S2654-2E **Complete Date:** 03/24/06

Chief Author: VICKERMAN, JAMES

Title: LEAVE FOR MIL.FAMILY; VETS PROGMS

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

Agency Name: University Of Minnesota

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		7	8	8	8
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund		7	8	8	8
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund		7	8	8	8
Total Cost <Savings> to the State		7	8	8	8

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

Preliminary

Bill Description

Requires unpaid leaves of absence of up to 12 weeks for the immediate family members of a seriously injured or killed member of the armed forces; requires the University to provide adequate space for a veterans assistance office to be administered by the Department of Veterans Affairs; treat veterans as a Minnesota resident for purposes of determining the veteran's residency status for tuition if the veteran was a Minnesota resident on entering military service and starts attending the state college or university graduate program within two years of completing military service; forbids the University from assessing late fees or other late charges for veterans who are eligible to receive federal educational assistance and who have applied for that assistance but not yet received it; forbids preventing these students from registering for a subsequent term because of outstanding tuition charges that arise from delayed federal payments.

Assumptions

The individual eligible for veteran's benefits once admitted to the University will contact One Stop Student Services to be certified with the Department of Veteran Affairs (VA). After certification by the VA, most will receive a monthly stipend sent directly to the student.

Minnesota has 577 students receiving veteran education benefits for spring 2006. The breakdown by campus is:

Twin Cities	427
Duluth	102
Morris	24
Crookston	24.

There are 6 VA education programs:

- Chapter 30 - Active Duty
- Chapter 31 - Vocational Rehabilitation
- Chapter 35 - Survivors' and Dependents Educational Assistance Program (DEAP)
- Chapter 1606 - Selected Reserves
- 1607 - Reserve Educational Assistance Program (REAP).

We expect this number will climb as veterans return home and begin or resume their college education. We are estimating 10% annual increases in the number of people receiving veteran's benefits.

The University of Minnesota charges one installment fee of \$35 to all students not paid in full as of the first due date. We also charge \$30 on every bill if a student doesn't pay at least their installment amount which is billed 4-5 times in a semester (almost every month). We are estimating that people get their benefit within 60 days.

We are estimating that ¼ of an FTE will be needed to monitor the students' accounts so that veterans are not assessed these charges and are not hindered from registering for future terms due to unpaid benefits.

Expenditure and/or Revenue Formula

Lost revenue

$(\$35 + \$30 + \$30) \times 577 = \$54,815$

$(\$35 + \$30 + \$30) \times 635 = \$60,325$

$(\$35 + \$30 + \$30) \times 698 = \$66,310$

¼ FTE @ \$30,000 = \$7,500 (Benefits have not been included.)

We estimate that there will be 3% annual salary increases.

Long-Term Fiscal Considerations

Local Government Costs

Preliminary

References/Sources

Tom Schmidt
Associate Director
University of Minnesota
Office of Student Finance
20 Fraser Hall
106 Pleasant St. SE
Minneapolis, MN 55455
Ph: 612/625-1082
Fax: 612/626-9160 (M-F, 8 to 4)
612/624-2873 (24/7)
E-Mail: t-schm@umn.edu

Mary Koskan
One Stop Student Services
200 Fraser Hall
106 Pleasant St. SE
Minneapolis, MN 55455
Ph: +1 612-625-0160
E-Mail: m-kosk@umn.edu

FN Coord Signature: SARAH DELANEY
Date: 03/24/06 Phone: 624-5572

EBO Comments

The dollar amounts in the fiscal impact table represent the costs to the University of the tuition payment delay piece of the proposal. The University has revenue sources in addition to state appropriations, which means that these costs aren't necessarily direct costs to the state's General Fund.

EBO Signature: JAYNE RANKIN
Date: 03/24/06 Phone: 296-7316

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S2654-2E **Complete Date:** 03/28/06

Chief Author: VICKERMAN, JAMES

Title: LEAVE FOR MIL.FAMILY; VETS PROGMS

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

Agency Name: State Colleges & Universities

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			100	100	100
Less Agency Can Absorb					
-- No Impact --					
Net Expenditures					
General Fund			100	100	100
Revenues					
-- No Impact --					
Net Cost <Savings>					
General Fund			100	100	100
Total Cost <Savings> to the State			100	100	100

	FY05	FY06	FY07	FY08	FY09
Full Time Equivalents					
General Fund			1.00	1.00	1.00
Total FTE			1.00	1.00	1.00

Preliminary

Bill Description

S.F. 2654 second engrossment is substantially the same as the first engrossment and requires that the Minnesota State Colleges and Universities system to provide space at each of its institutions for a veterans' assistance office to be administered by the Dept. of Veterans Affairs. It also requires that the system recognize courses and award educational credits for courses that were part of the veteran's military training or service if the courses meet the standards of the American Council on Education (ACE). Any veteran is eligible for undergraduate resident tuition. To qualify for graduate resident tuition, a veteran must have been a Minnesota resident upon entering military service and must start attending a system graduate program within two years of completing military service. The state college and university system may not assess late fees or other late charges for veterans who are eligible to receive federal educational assistance and who have applied for that assistance but not yet received it, nor may those students be prevented from registering for a subsequent term because of outstanding tuition charges that arise from delayed federal payments.

Assumptions

The system will incur indirect costs in terms of utilities and supplies associated with providing space at each institution for a veterans' assistance office.

Expenditure and/or Revenue Formula

Section 9, subdivision 4 appropriates \$2,600,000 in fiscal year 2007 from the general fund for the purposes of M.S. 197.585; of that amount \$100,000 is to the Board of Trustees of the Minnesota State College and Universities system to finance a system wide coordinator to facilitate the provision of assistance to veterans. This would include one FTE position within the system.

In addition to the general fund appropriation contained in S.F. 2654, second engrossment, the system could experience approximately \$161,000 per year in foregone tuition revenue as a result of the tuition waivers for veterans that are contained in the bill. The estimate is calculated using approximately two percent of the total non-resident, non-reciprocity full year equivalent students net of non-resident tuition pilot FYE's as a proxy for the universe of veterans who could take advantage of the waiver language.

Long-Term Fiscal Considerations

Local Government Costs

References/Sources

FN Coord Signature: JUDY BORGEN
Date: 03/28/06 Phone: 296-3544

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: JAYNE RANKIN
Date: 03/28/06 Phone: 296-7316

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S2654-2E **Complete Date:**

Chief Author: VICKERMAN, JAMES

Title: LEAVE FOR MIL.FAMILY; VETS PROGMS

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

Agency Name: Labor & Industry

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 requires an employer to grant a leave of absence without pay to an employee whose immediate family member, as a member of the United States armed forces, has been injured or killed while engaged in active service. As amended, this bill would also allow an unpaid leave of absence to be granted to employees to attend the send-off or homecoming ceremony of an immediate family who, as a member of the US armed forces, has been mobilized for active service in support of a war or other national emergency.

This bill also requires the Department of Labor & Industry to develop an educational poster stating employees' rights under this section and provide it to employers upon request.

Assumptions

The Labor Standards unit of the Department of Labor & Industry currently investigates complaints for violations of existing leave related laws. The workload impact of adding a new type of leave would be negligible.

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S2654-2E **Complete Date:**

Chief Author: VICKERMAN, JAMES

Title: LEAVE FOR MIL.FAMILY; VETS PROGMS

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 Equivalent					
-- No Impact --					
Total FTE					

Preliminary

Fiscal Note – 2005-06 Session

Bill #: S2654-2E **Complete Date:** 03/27/06

Chief Author: VICKERMAN, JAMES

Title: LEAVE FOR MIL.FAMILY; VETS PROGMS

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

Agency Name: Military Affairs 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					

Preliminary

This bill version has no fiscal effect on our agency.

FN Coord Signature: TERRENCE J. PALMER

Date: 03/24/06 Phone: 268-8948

EBO Comments

I have reviewed this Fiscal Note for accuracy and content.

EBO Signature: KRISTI SCHROEDL

Date: 03/27/06 Phone: 215-0595

#2

SF2654 - Department of Veteran Affairs Supplemental Budget

SF2654 would increase funding of the State Soldiers Assistance Program by \$3,000,000 annually for a total of a \$4,426,000 annual appropriation. This bill would also provide for a One-Stop Website and Internet Support Service for Veterans Programs and Services. The proposed funding for this area is \$200,000 annually.

This bill also includes a \$3,000,000 Service Enhancement Grant for County Veterans Service Officers. This will allow the Department of Veterans Affairs to assist in developing benchmarks, expectations, training, and leadership to the corps of County Veterans Service Officers, significantly enhancing their ability to serve our veterans community. This in turn will assist in vastly improving the lives of the veterans we serve. SF2654 would provide an annual appropriation of \$2,600,000 for veterans' assistance offices at public and private colleges and the University of MN.

State Soldiers Assistance Program

The State Soldiers Assistance Program (SSAP) currently provides direct, emergency financial assistance to veterans, their dependents and survivors. Provisions are for shelter and utilities, optical and dental benefits, and cash grants for food and personal needs. Eligibility is based on stringent income and asset limits and is limited to 6 consecutive months of assistance.

We also fund our homeless veterans' program, bronze star marker program, and provide educational grants with SSAP dollars.

Current Funding \$1,426,000

Prior Funding \$1,544,000 (FY01)

Current FTE – 6.75

3 Veterans Assistance Coordinators

3 Clerical

.75 Supervisor

During Fiscal Year 05:

- 4,500 Subsistence payments were made
- 815 Optical award letters were issued
- 1,008 Dental Award Letters were issued
- 70 War Orphans Education grants were made
- 10 Veterans Education Assistance grants were made

Subsistence:

- In F.Y. 1997 the single veteran rate for our subsistence program was \$400.00 per month and in F.Y. 2006 the single veteran rate for our subsistence program is \$480.00 per month, an increase of only \$80.00 in 10 years
- Income and asset limits have not been appropriately increased in over a decade
- Last year alone more than 30% of SSAP applicants were denied as a result of our strict income and asset limitations.

The Department of Veterans Affairs would like to increase asset limits by 50% and income limit by at least 35%. Based on applications reviewed we feel that these overdue changes will increase program usage by approximately 30%. The estimated increase in subsistence dollars spent is approximately \$450,000 - \$600,000.

Average length of time on the subsistence program:

40% - one month on program

14% - two months

14 % - three months

12% - four months

8% - five months

10% - six months

2%- 6+ months

Optical Program:

- Jul 2003 – reduced optical assistance from once a year to once every two years

We would like to increase the amount provided for optical assistance from \$175 every other year to \$400 every year. Currently we pay out less than half of actual charges for eye glasses and an exam. Many veterans/dependants cannot take advantage of the program because they cannot afford to pay the additional cost. We estimate a \$150,000 increase in optical assistance expenditures.

Dental Program:

- Jul 2005 – reduced dental treatment from \$1,000 to \$500

We would like to increase the dental assistance from \$500 to \$1,000 as the current amount does not allow for proper maintenance and care. We anticipate an increase of \$560,000 in these expenditures annually.

Homeless Program:

- Due to budgetary constraints 281 veteran families have been denied assistance through our homeless program

- To date this FY we have assisted 793 veteran families through the SSAP homeless program which includes payments for the following:
 - Rent payments for eviction prevention AND first month rent for stability
 - Mortgage payments to prevent foreclosure
 - Food vouchers for families
 - Utility assistance
 - Gas cards to enable them to get to work
 - Basic hygiene essentials for the families
 - Bus passes/train tokens
 - Damage deposits to enable them to get into an apartment
 - Car payment to prevent re-possession of vehicle
 - Car insurance payment
 - Clothes vouchers
 - Tools for specialized employment
 - Training for courses such as CNA (Certified Nursing Assistant)
 - Haircuts
 - Out state mental health services for initial diagnosis
 - Day Care Services

Other SSAP programs that have been eliminated or reduced:

- Jan 2002 – eliminated emergency medical program – provided up to \$1,000 per emergency
- Jul 2003 – reduced chemical dependency grant to once every two years

We would like to fully reinstate the emergency medical program which we estimate costing between \$350,000 - \$500,000

Programs for recently separated veterans:

As you are all aware, in about one year we will have close to 3,000 Minnesota National Guard Members returning home. We must be prepared to take care of them and that's why in addition to growing existing programs and reinstating past programs we plan on expanding the mission of SSAP.

This expansion will include a reintegration program for all of the recently separated veterans returning home to Minnesota. We will provide family therapy for those soldiers and families of soldiers who have been severely wounded or killed in action. Our State Soldier Assistance Program could provide the temporary financial assistance for newly separated veterans who are experiencing difficulties obtaining their USDVA (federal), benefits. We currently have veterans and families that are facing these temporary financial hardships – including eviction. There is currently no safety net to help these veterans and families avoid falling into the downward spiral to homelessness.

We do not have an exact number of how many veteran families will require assistance as it is hard to predict the unknown. We do however know that upwards of 30% of all military members returning home from the war are seeking mental health assistance. It is vital that not only do the veterans receive mental health counseling but also the family members who have sacrificed as well.

We plan on budgeting approximately \$1,000,000 to meet the unknown needs of our returning soldiers and their families.

One-Stop Website and Internet Support Service for Veterans Programs and Service

There is a bewildering array of agencies, public and private, that provide goods and services to veterans and/or their families. These agencies are unaware of each others' programs regarding veterans, and in the case of large agencies, are sometimes not even aware of what their own agency provides. Often veterans will attempt to search the web for help and currently they are running into problems. There is no centralized portal for discovering what is available for veterans and their families.

We are proposing two positions, a Veterans Services Coordinator (Information Officer 1) and a Web Content Manager (Information Officer 3), or similar type classification, with an annual appropriation of \$200,000. The department will be working closely with the Office of Enterprise Technology to maximize the appropriation. We are aware of, and will follow the guidelines and parameters of 16E.03, while we partner with the Office of Enterprise Technology.

Service Enhancement Grants for County Veterans Service Officers

This initiative is vital to the overall success of many programs and services that we provide. CVSOs are on the front lines and often the first and only contact a veteran makes. This initiative calls for providing a grant to Counties for the enhancement of their County Veterans Service Offices. The awarding of this grant will be predicated upon meeting certain benchmarks and the amount of the grant will be dependant upon the population of veterans within a county.

Three million dollars annually would allow us to provide a grant in an amount that would truly help CVSOs perform this unfunded mandate better. Three million dollars will cover the cost of the grant and provide the necessary funding to create one full time enhancement grant monitor and one full time CVSO training and continued education officer. In providing this grant the MDVA is seeking to standardize the CVSO system and ensure that all veterans, regardless of which county they live in, receive consistent, dynamic service.

As previously stated, this grant will be predicated upon meeting certain benchmarks. In developing these benchmarks we are currently meeting and working with veterans service organizations, and CVSOs.

CVSOs need to play an active role in the reintegration process of our new veterans. This grant will provide the necessary funds which will enable them to more actively participate in the vital reintegration process of our returning service members.

Providing this grant to the corps of CVSOs will significantly enhance their ability to serve our veteran community, which in turn will assist in vastly improving the lives of our Minnesota veterans and their families.

Higher Education Veterans Assistance Offices on Campus

This initiative will establish a "veterans assistance office" at every public college and University in Minnesota, under the control of the Minnesota Department of Veterans Affairs. Each center would be staffed by a counselor, hired and trained by the Department of veterans Affairs. Each college/university will provide adequate space for the veterans assistance office.

Military operations conducted since September 11, 2001, have produced thousands of young Minnesotans who are combat veterans. Past experience dictates that combat veterans entering or re-entering post-secondary educational institutions face a multitude of challenges that eventually lead to a drop-out rate that is disproportionately higher than other student groups. Since most veterans/students are utilizing some form of government-funded education benefits, the veterans centers will work to insure there is a positive return on the investment of these benefit dollars.

By providing a campus "home" for current or former military personnel, the "veterans assistance office" will serve as a referral point for veterans benefits, community services, and college/university issues. Additionally, the centers will provide an opportunity for networking both personal and professional.

The cost for providing Veterans Assistance Offices at every public college and University in Minnesota would be \$2.6 million per year. This cost includes the estimated 50 FTE campus representative positions, two program supervisors, and all related administrative costs.

#3

Formula for providing Service Enhancement Grants to CVSO's

Counties with a population of:

- 500 or less veterans are eligible for \$10,000
- 501 - 1000 veteran are eligible for \$20,000
- 1001 – 3000 veterans are eligible for \$30,000
- 3001 – 10,000 veterans are eligible for \$35,000
- 10,001 – 20,000 veterans are eligible for \$40,000
- 20,001 – 30,000 veterans are eligible for \$45,000
- 30,001 – 40,000 veterans are eligible for \$50,000
- 40,001 – 50,000 veterans are eligible for \$55,000
- 50,001 – 60,000 veterans are eligible for \$60,000
- 60,001 – 70,000 veterans are eligible for \$65,000
- 70,001 – 80,000 veterans are eligible for \$70,000
- 80,001 – 90,000 veterans are eligible for \$75,000
- 90,001 – 100,000 veterans are eligible for \$80,000

We currently have:

- 7 counties with a 500 or less veteran population which equates to - \$70,000
- 18 counties with a 501 – 1000 or less veteran population which equates to - \$360,000
- 37 counties with a 1001-3000 or less veteran population which equates to - \$1,110,000
- 19 counties with a 3001-10,000 or less veteran population which equates to - \$665,000
- 2 counties with a 10,001-20,000 or less veteran population which equates to - \$80,000
- 2 counties with a 20,001-30,000 or less veteran population which equates to - \$90,000
- 0 counties with a 30,001-40,000 or less veteran population which equates to - \$0
- 1 county with a 40,001-50,000 or less veteran population which equates to - \$55,000
- 0 counties with a 50,001-60,000 or less veteran population which equates to - \$0
- 0 counties with a 60,001-70,000 or less veteran population which equates to - \$0
- 0 counties with a 70,001-80,000 or less veteran population which equates to - \$0
- 0 counties with a 80,001-90,000 or less veteran population which equates to - \$0
- 1 counties with a 90,001-100,000 or less veteran population which equates to - \$80,000

Total grant expenditures-----\$2,510,000

Total training/staff dollars - \$490,000

Grant grand total ----- \$3,000,000

#4

Timeline for Campus Rep Initiative

June 1, 2006

1. Position Descriptions
 - a. Coordinator
 - b. Representative
 - c. Liaison
2. Accept Applications and interview applicants

July 1, 2006

1. Begin working with DEED
2. Hire Coordinators
 - a. \$\$ available July 1, 2006

July 15, 2006

3. Hire Reps
 - a. Create training curriculum in conjunction with DEED, NG, MNSCU

August 1-August 10

1. Start Training
 - a. 3-4 days

August 15, 2006

Campus Reps in Place



**State of Minnesota
Department of Finance**

#15

Voice: (651) 296-5900
Fax: (651) 296-8685
TTY: 1-800-627-3529

DATE: March 22, 2006

TO: Agency Heads, State Boards and Commissions

FROM: Peggy S. Ingison, Commissioner, Department of Finance
Dana B. Badgerow, Commissioner, Department of Administration

SUBJECT: Allocation of Savings Required by Laws 2005

The purpose of this memo is to implement the Drive to Excellence savings reductions required by Laws 2005, Chapter 156, Article 1, Section 13. The specific requirement is highlighted below:

No later than June 30, 2006, and June 30, 2007, the commissioner of finance, in consultation with the commissioner of administration, must determine the savings attributable to the "Drive to Excellence" in fiscal year 2006 and fiscal year 2007, respectively. The savings are estimated to be \$1,000,000 for the biennium. The commissioner must deposit the amount determined for each year in the general fund.

We have determined that we will have achieved \$1 million in net savings by the end of this biennium, based on several Drive to Excellence initiatives that are already underway:

- Office Supply Connection's New Purchasing Standards. Through consolidation of the number of items available as well as aggressive negotiations with the supplier, the Department of Administration has been able to reduce the costs of office supplies for all state entities.
- New Computer Purchasing Standards: The State of Minnesota has established state standards for personal and notebook computers and computer monitors, effective Jan. 1, 2005, and has negotiated lower pricing and higher performance capabilities with information technology (IT) commodity vendors and value-added resellers.

To allocate the savings, we first determined state agency purchases of office supplies and computer equipment over fiscal years '04 and '05. We then applied the allocation proportionately across agencies based on their purchase totals. We excluded smaller agencies whose contributions would have amounted to less than a thousand dollars. Attached is a table showing allocations for all agencies affected.

Implementing Reductions

Reductions will be processed as part of FY 2007 spending plans, with all reductions processed as appropriation transfers to the central Finance non-operating holding account.

Allocation of Savings Required by Laws 2005

Page Two

March 22, 2006

The account balance from all agencies' transfers will be cancelled at year-end. We plan to include more information on these reductions when we issue instructions for next year's spending plans. Questions about these reductions should be communicated to your executive budget officer.

We appreciate the challenges with handling any budget reductions. Thank you for your cooperation.

Attachment

Agency Name	Total Allocation of Drive Savings (Based on Expend. For Computers and Office Supplies)
Administration Dept.	\$10,312
Administrative Hearings Office	\$3,073
Agriculture Dept.	\$8,258
Animal Health Bd	\$1,643
Attorney General	\$9,702
Commerce Dept.	\$8,679
Corrections Dept.	\$52,649
Education Dept	\$26,068
Employ. and Econ. Dev Dept.	\$37,950
Employee Relations Dept	\$2,645
Faribault Academies	\$1,157
Finance Dept	\$3,021
Health Dept	\$41,470
Higher Education Office	\$2,294
Housing Finance Agency	\$13,319
Human Rights Dept.	\$1,166
Human Services Dept.	\$210,336
IRRRB	\$2,878
Labor and Industry Dept.	\$12,179
Legislative Auditor	\$1,768
MNSCU	\$85,887
MSRS	\$10,296
Natural Resources Dept.	\$45,524
Nursing Board	\$1,514
Office of Enterprise Tech.	\$27,240
PERA	\$4,871
Perpich Center	\$2,191
Pollution Control Agency	\$11,443
Public Defense Board	\$11,167
Public Safety Dept	\$81,457
Revenue Dept.	\$43,551
Secretary of State	\$13,090
State Auditor	\$3,566
Supreme Court	\$37,616
Teachers Retirement Assn	\$4,819
Transportation Dept	\$104,033
Trial Courts	\$54,948
Veterans Home Board	\$5,130
Water & Soil Resources Bd.	\$1,090
GRAND TOTAL	\$1,000,000