



Minnesota State Colleges & Universities

Mandates and Curiosities

SESSION

2006

2006 SESSION

Mandates and Curiosities

The Minnesota State Colleges and Universities system is the largest single provider of higher education in the state of Minnesota and includes community colleges, technical colleges and state universities. The system's 32 institutions serve approximately 240,000 students annually in credit-based courses and an additional 130,000 in noncredit courses.

2006 Session: Mandates and Curiosities was prepared by the Office of the Chancellor, Minnesota State Colleges and Universities system.

September 2006

Upon request, *Mandates and Curiosities* will be available in alternate formats such as large print or audio by calling (651) 296-8012 or TTY (651) 282-2660. For additional copies of *Mandates and Curiosities*, call (651) 296-6518.

Mandates and Curiosities is available on the Minnesota State Colleges and Universities system's Web site: www.mnscu.edu.

Minnesota State Colleges & Universities Board of Trustees*

David Paskach, Chair

Caleb Anderson

Duane Benson

Michael Boulton, Treasurer

Cheryl Dickson

Ruth Grendahl

Clarence Hightower, Vice Chair

Dan McElroy

David Olson

Thomas Renier

Christine Rice

Ann Curme Shaw

C. Scott Thiss

James Van Houten

Carol Wenner

Chancellor

James H. McCormick

* During the 2006 legislative session, Robert Hoffman, Will Antell, Ivan Dusek, Lew Moran and Christopher Schultz served as trustees.



Minnesota
STATE COLLEGES
& UNIVERSITIES

*INTRODUCTION***Legislative Mandates and Curiosities – 2006**

The 2006 Legislative session was short with legislators returning to St. Paul on March 1, but proved to be busy for lawmakers. This session may be remembered as the “stadium session” with two of the three stadium bills passing. An appropriation of \$522 million was approved for an open-air Minnesota Twins stadium in downtown Minneapolis and \$248 million for the University of Minnesota on-campus stadium. Other issues that took center stage this session included eminent domain, early childhood education, mercury-reduction, and tax relief for married couples. Some of the bigger issues left unresolved include a Vikings stadium in Blaine, property tax relief, bills dealing with illegal immigrants, and several constitutional amendments.

Legislators passed a \$949 million bonding bill of which \$191.4 million was for the Minnesota State Colleges and Universities system. This represents 68.3 percent of the system’s \$280.4 million request. All projects on the system’s list received some funding, which will serve to keep them moving forward. The session adjourned May 21, 2006. All 201 legislators are up for reelection on November 7, 2006. The 85th Legislature will convene on January 3, 2007.

This publication is designed to highlight and explain legislation that affects the Minnesota State Colleges and Universities system. All relevant bills are included in the document. A summary of the legislation is provided, as well as the actual legislative language. Readers are, as always, cautioned against relying on summaries alone. When a detailed understanding of a new law is required, refer directly to the actual law.

Questions concerning the legislation should be addressed to the Government Relations staff in the Office of the Chancellor:

Mary Jacquart	651-296-0664	Melissa Fahning	651-296-0669
Bernie Omann	651-296-6277	Sandy Smith	651-296-6518
Jerry Janezich	651-296-6097		

Many people deserve thanks for helping with the Minnesota State Colleges and Universities’ agenda during the 2006 Legislative session. The students, faculty and staff must be commended for their support and lobbying efforts at the State Capitol. The legislative staff in the House and Senate also are thanked for helping with scheduling and information necessary to keep the agenda on course.

Mary Jacquart

Melissa Fahning

Bernie Omann

Sandy Smith

Jerry Janezich

(This page intentionally left blank)

CONTENTS
September 2006

Summary Language
Page No. Page No.

OMNIBUS BONDING BILL

Section 1. Capital Improvement Appropriations.....	7	11
Sec. 2. University of Minnesota	7	11
Sec. 3. Minnesota State Colleges and Universities	7	13
Sec. 15. Public Safety.....	10	18
Sec. 21. Employment and Economic Development	10	18
Sec. 27. When.....	10	18
Sec. 30. Asset Preservation Appropriations	10	18
Sec. 35. Issuance of Bonds.....	10	19
Sec. 55. Effective Date	10	19

SUPPLEMENTAL BUDGET BILL

ARTICLE 1 – SUMMARY

Section 1. Appropriations Summary	21	29
---	----	----

ARTICLE 4 – EDUCATION EXCELLENCE

Section 1. Raised Academic Achievement; Advanced Placement Programs.....	21	29
Sec. 4. Chinese Language Programs; Curriculum Development Project.....	23	31
Sec. 5. Northwestern Online College in the High School Program ...	23	32
Sec. 7. Appropriations	23	32

ARTICLE 8 – HIGHER EDUCATION

Section 1. Higher Education Appropriations.....	24	32
Sec. 2. Board of Regents	24	33
Sec. 3. Resident Student	24	33
Sec. 4. Minnesota Resident	24	33
Sec. 5. Terms and Conditions of Loans.....	24	34
Sec. 6. Repayment of Loans.....	24	34
Sec. 7. Mineral Research; Scholarships	25	35
Sec. 8. Establish.....	25	35
Sec. 9. Missions.....	25	35
Sec. 10. Repealer	25	36

ARTICLE 11 – ECONOMIC DEVELOPMENT

Section 2. Department of Employment and Economic Development.....	25	36
---	----	----

ARTICLE 14 – STATE GOVERNMENT

Section 6. Employee Relations.....	26	37
Sec. 10. Center for Health Care Purchasing Improvement.....	26	37
Sec. 12. Labor Agreements and Compensation Plans	26	38

ARTICLE 15 – VETERANS AFFAIRS

Section 1. Veterans Affairs Appropriations	27	40
Sec. 2. Veterans Affairs.....	27	40
Sec. 3. Higher Education Veterans Assistance Program.....	27	41

K-12 EDUCATION BILL

ARTICLE 2 – EDUCATION EXCELLENCE

Section 2. Rigorous Course of Study; Waiver.....	43	45
Sec. 5. Reimbursement for Examination Fees.....	43	45
Sec. 21. Examination Fees; Teacher Training and Support Programs .	43	46

Summary Language
Page No. Page No.

Sec. 24. Advisory Task Force on School and Staff Emergency /
All Hazard Preparedness43 46

OMNIBUS PENSION BILL I

ARTICLE 1 – MINNESOTA STATE RETIREMENT SYSTEM CONTRIBUTION INCREASES

Section 1. Employee Contributions49 51
Sec. 2. Employer Contributions.....49 51
Sec. 3. Procedure for Revising Employee and Employer
Contributions in Certain Instances49 51
Sec. 8. Contribution Rates49 52
Sec. 9. Effective Date49 53

ARTICLE 3 – RETIREMENT PLAN ADMINISTRATIVE PROVISIONS

Section 1. Subsequent Vendor Contracts50 53
Sec. 39. Contributions50 53
Sec. 43. Early Retirement Incentive50 54
Sec. 46. Repealer50 55

OMNIBUS PENSION BILL II

ARTICLE 1 – MINNESOTA POSTRETIREMENT INVESTMENT FUND CHANGES

Section 1. Calculation of Postretirement Adjustment57 59

ARTICLE 2 – DEFERRED ANNUITY AUGMENTATION RATE CHANGE

Section 1. Actuarial Reduction for Early Retirement.....57 60
Sec. 2. Computation of Deferred Annuity57 61
Sec. 6. Computation of Formula Program Retirement Annuity57 62
Sec. 7. Deferred Annuity; Augmentation57 63

ARTICLE 3 – TEACHERS RETIREMENT ASSOCIATION COVERAGE AND BENEFIT RESTRUCTURING

Section 6. Employee.....57 64
Sec. 7. Employer57 64
Sec. 9. Consolidation of Minneapolis Teachers Retirement Fund
Association58 65

VETERAN BENEFITS BILL

Section 1. Payment of Salary Differential to Reserve Forces
Who Report for Active Service69 71
Sec. 3. Leave for Immediate Family Members of Military
Personnel Injured or Killed in Active Service.....69 73
Sec. 4. Leave to Attend Military Ceremonies70 73
Sec. 7. Unpaid Leave to Attend Military Ceremonies.....70 74
Sec. 8. Unpaid Leave for Families of Injured or Deceased
Military Members.....70 74
Sec. 9. Higher Education Fairness.....70 74

EMINENT DOMAIN BILL

Section 1. Preemption; Public Use or Purpose75 79
Sec. 2. Definitions75 79
Sec. 3. Condemnation for Blight Mitigation and
Contamination Remediation.....75 81
Sec. 4. Attorney Fees.....75 81

	Summary Page No.	Language Page No.
Sec. 5. Appraisal and Negotiation Requirements	76	81
Sec. 6. Local Government Public Hearing Requirements	76	82
Sec. 7. Petition and Notice	76	83
Sec. 8. Hearing on Taking; Evidentiary Standard	76	84
Sec. 9. Commissioners, Powers, Duties	76	84
Sec. 10. Compensation for Removal of Legal Nonconforming Use	76	85
Sec. 11. Compensation for Loss of Going Concern	77	85
Sec. 12. Minimum Compensation	77	86
Sec. 13. Limitations	77	86
Sec. 14. Public Service Corporation Exceptions	77	86
Sec. 15. Right of First Refusal	77	86
Sec. 16. Cooperation with Federal Authorities	77	87
Sec. 17. Lack of Federal Funding	77	87
Sec. 18. Reestablishment Costs Limit	77	87
Sec. 19. Relocation Assistance Amount Determined by Administrative Law Judge.....	77	87
Sec. 20. Revisor’s Instruction.....	77	88
Sec. 21. Repealer	77	88
Sec. 22. Effective Date	78	88

NATURAL RESOURCES BILL

ARTICLE 4 – ECONOMIC DEVELOPMENT

Section 6. Partnership Program	91	93
Sec. 7. Pathways Program	91	93
Sec. 8. Grants.....	91	93

STATE EMPLOYE LABOR AGREEMENT RATIFICATION

Section 1. Labor Agreements and Compensation Plans.....	95	97
Sec. 2. Effective Date	95	98

OMNIBUS TAX BILL

ARTICLE 6 – DEPARTMENT OF REVENUE SALES AND USE TAXES

Section 12. Exempt Meals at Schools	99	101
---	----	-----

ARTICLE 9 – PUBLIC FINANCE

Section 10. HESO 120-Day Issuance Exemption	99	101
Sec. 13. Unified Pool; Office of Higher Education; Temporary Priority	99	101
Sec. 15. Unified Pool; Office of Higher Education Total Allocation.....	99	101

MINNESOTA STATE UNIVERSITY, MANKATO CONSTRUCTION AUTHORIZATION

Section 1. Minnesota State University, Mankato Construction Authorization.....	103	105
---	-----	-----

LIQUOR PROVISIONS BILL

Section 11. Licenses Prohibited in Certain Areas	107	109
--	-----	-----

LOCAL GOVERNMENT POSTSECONDARY FEES PROHIBITED

Section 1. Limit on Postsecondary Institution Fees	111	113
--	-----	-----

ORGAN DONOR LEAVE

Section 1. Leave for Organ Donation	115	117
---	-----	-----

	Summary Page No.	Language Page No.
PLUG-IN HYBRID ELECTRIC VEHICLES		
Section 1. State Purchasing of Plug-in Hybrid Electric Vehicles.....	119	121
Sec. 2. Plug-in Hybrid Electric Vehicle Retrofit Project.....	119	121
Sec. 3. Plug-in Hybrid Electric Vehicle Task Force.....	119	121
CONSUMER IDENTITY THEFT PROTECTIONS		
Section 1. Data Protection	123	125
Sec. 6. Records Management Program.....	123	125
ELECTIONS BILL		
Section 39. Elections Rules	127	129
DATA PRACTICES		
Section 6. Classification of Data	131	133
Sec. 7. Records Management	131	133
Sec. 13. Required Statement of Earnings of Employee.....	131	134
BIOTECHNOLOGY AND HEALTH SCIENCES AND INDUSTRY ZONES		
Section 1. Commissioner to Designate.....	135	137
Sec. 2. Designation Schedule	135	137
Sec. 3. Effective Date	135	137
EMERGENCY MEDICAL TECHNICIAN PROGRAM REQUIREMENT		
Section 1. Approval Required	139	141

OMNIBUS BONDING BILL
H.F. 2959 (Chapter 258)

SUMMARY: The omnibus bonding bill contains language to fund construction of state financed facilities, as well as remodeling and renovation of existing buildings. The 2006 Legislature passed a \$949 million bonding bill in the final hours of the session, and Gov. Tim Pawlenty signed the bill June 1, 2006. The Minnesota State Colleges and Universities system received \$191.4 million of the Board of Trustees \$280.4 million request.

Section	<i>Omnibus Bonding Bill</i>	Language Page
1	Capital Improvement Appropriations. Itemized appropriations by agency.	11
2	University of Minnesota Subd. 1. Appropriation \$115,733,000 Subd. 2. Higher Education Asset Preservation and Replacement \$30,000,000 Subd. 3. Duluth Campus \$15,333,000 Subd. 4. Twin Cities Campus (a) Carlson School of Management \$26,600,000 (b) Medical Biosciences Building Phase I \$40,000,000 Subd. 5. University Research Centers (a) Cedar Creek Natural History Area \$500,000 (b) Cloquet Forestry Center Classroom Addition \$500,000 (c) West Regional Outreach Center, Morris \$2,500,000 Subd. 6. Willmar, Minnesota Poultry Testing Laboratory \$300,000 Subd. 7. Dakota County Technical College Land Use The University of Minnesota is requested to continue the lease of 105 acres at Dakota County Technical College through June 30 2008, at the annual rate of \$54,000. Subd. 8. University Share. The appropriations in this section are intended to cover two-thirds of the cost of each project with the exception of HEAPR under subdivision 2 and the appropriation under subdivision 6.	11
3	Minnesota State Colleges and Universities Subd. 1. Appropriation \$191,430,000 Subd. 2. Higher Education Asset Preservation and Replacement \$40,000,000 Subd. 3. Alexandria Technical College \$400,000 Design a new Law Enforcement Center and related classroom renovation. Subd. 4. Bemidji State University \$700,000 Design addition to and renovation of Sattgast Science Hall.	13

Subd. 5. Century College	\$19,900,000
Construct, furnish, and equip a new science Instruction and learning resource center building on the east campus in Phase I.	
Subd. 6. Fond du Lac Tribal and Community College	\$12,390,000
Construct, furnish, and equip an addition and a renovation for a library and learning resource center, and an addition for law enforcement, nursing education, cultural center, and related spaces.	
Subd. 7. Inver Hills Community College	\$700,000
Design a classroom addition and renovate the Fine Arts building.	
Subd. 8. Lake Superior Community and Technical College	\$420,000
Design a two-phased project to construct a health and science center addition.	
Subd. 9. Metropolitan State University	
a) Smart Classroom Center	\$300,000
b) Law Enforcement Center	\$350,000
Subd. 10. Minneapolis Community and Technical College	\$18,874,000
Complete design and renovate, furnish, and equip spaces for science, nursing, and allied healthcare programs in cooperation with Metropolitan State University. Renovate Kopp Hall for General classroom instruction.	
Subd. 11. Minnesota State College – Southeast Technical College, Red Wing	\$4,855,000
Complete design and renovate, furnish and equip spaces for a library, learning resource center, and student services.	
Subd. 12. Minnesota State University, Mankato	\$32,900,000
Construct, furnish, and equip an addition to Trafton Hall.	
Subd. 13. Minnesota State University Moorhead	
a) Lommen Hall	\$300,000
b) MacLean Hall renovation	\$9,680,000
Subd. 14. Normandale Community College	\$5,125,000
Design, construct, furnish and equip an addition to the Fine Arts Building, as well as design an addition to the Health and Wellness Building.	
Subd. 15. North Hennepin Community College	\$350,000
Design a Business and Technology building addition.	
Subd. 16. Northland Community and Technical College, East Grand Forks	\$300,000
Design a nursing, health care, and learning resources Center.	

- Subd. 17. **Northeast Higher Education District, Mesabi Range Community and Technical College, Eveleth** \$300,000
 Technical Laboratory Building
- Subd. 18. **St. Cloud State University**
- a) Robert A. Wick Science Building \$14,000,000
 - b) Riverview Hall Renovation \$4,500,000
- Subd. 19. **St. Paul College** \$3,000,000
 Transportation and Applied Technology Laboratories and Shops
- Subd. 20. **Southwest Minnesota State University** \$300,000
 Design science and hotel and restaurant laboratories
- Subd. 21. **Winona State University**
- a) Maxwell Hall Renovation \$11,186,000
 - b) Memorial Hall Design \$400,000
- Subd. 22. **Systemwide Initiatives**
- a) **Demolition** \$1,660,000
 Demolish obsolete buildings or portions of buildings statewide. Funds may be used at Minnesota West Community and Technical College, Canby; Riverland Community College, Austin; Southwest Minnesota State University; St. Cloud State University; and Winona State University.
 - b) **Science Labs and Workforce Initiatives** \$5,140,000
 To renovate, furnish and equip science and applied technology classrooms statewide. Funds may be used at Central Lakes College, Brainerd; Minnesota State College, Southeast Technical, Winona; Minnesota State Community and Technical College, Moorhead and Detroit Lakes; Minnesota West Community and Technical College, Granite Falls; Northland Community and Technical College, Thief River Falls; Northwest Technical College, Bemidji; Pine Technical College; Riverland Community College, Austin; and South Central College, Faribault.
 - c) **Property Acquisition** \$3,400,000
 Appropriation for St. Cloud Technical College to acquire property adjacent to the college.
- Subd. 23. **Debt Service**
- a) The Board shall pay one-third of the debt service on projects in this section with the exception of HEAPR and the design of Memorial Hall at Winona State University.
 - b) Provides the Commissioner of Finance and Minnesota State Colleges and Universities authority and responsibility relative to bond sales.

Subd. 24. **Unspent Appropriations**

a) After completion of a project, the Board of Trustees must use any remaining money for that project for HEAPR. The Board must submit a report by February 1 of each even-numbered year to the legislature regarding how any money was spent.

b) An unspent portion of an appropriation for a project in this section that is complete, is available for HEAPR at the same campus as the project for which the original appropriation was made and the debt service is reduced accordingly.

15	Public Safety	18
	<p>Scott County Public Safety Training Center \$1,000,000</p> <p>Appropriates funds to the public safety commissioner for a grant to Scott County to design, construct, furnish, and equip a regional public safety training center.</p>	
21	Employment and Economic Development	18
	<p>Subd 11. Bemidji Regional Events Center \$3,000,000</p> <p>Subd. 22. Southwest Regional Event Center \$11,000,000</p>	
27	When. Changes the date agency capital requests must be submitted to the legislature from July 1 to July 15.	18
30	Asset Preservation Appropriations	18
	<p>Subd. 1. Standards. Establishes standards for using state bond funds for asset preservation to insure that expenditures meet constitutional requirements.</p> <p>Subd. 2. Report. An agency that has received an appropriation for asset preservation is to report to the legislature by January 15 of each year, a list of projects that have been funded with money under this program during the preceding year, as well as funds to be sought during that year’s legislative session.</p>	
35	Issuance of Bonds. Increases the revenue bond cap for the Minnesota State Colleges and Universities to \$150 million from \$100 million. The principal of bonds issued to pay for revenue-producing buildings at state universities cannot exceed the statutory cap.	19
55	Effective Date. This article is effective the day following final enactment.	19

OMNIBUS BONDING BILL
H.F. 2959 (Chapter 258)

Section 1. **CAPITAL IMPROVEMENT APPROPRIATIONS.**

The sums shown in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes. Appropriations of bond proceeds must be spent as authorized by the Minnesota Constitution, article XI, section 5, paragraph (a), to acquire and better public land and buildings and other public improvements of the capital nature, or as authorized by the Minnesota Constitution, article XI, section 5, paragraphs (b) to (j), or article XIV. Unless otherwise specified, the appropriations in this act are available until the project is completed or abandoned subject to Minnesota Statutes, section 16A.642.

SUMMARY

UNIVERSITY OF MINNESOTA	\$	115,733,000
MINNESOTA STATE COLLEGES AND UNIVERSITIES		191,430,000
EDUCATION		17,200,000
MINNESOTA STATE ACADEMIES		2,534,000
PERPICH CENTER FOR ARTS EDUCATION		1,051,000
NATURAL RESOURCES		100,704,000
POLLUTION CONTROL AGENCY		17,300,000
BOARD OF WATER AND SOIL RESOURCES		7,900,000
AGRICULTURE		1,500,000
ZOOLOGICAL GARDEN		15,000,000
ADMINISTRATION		9,250,000
CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD		2,400,000
MILITARY AFFAIRS		7,579,000
PUBLIC SAFETY		1,000,000
TRANSPORTATION		143,000,000
METROPOLITAN COUNCIL		55,962,000
HUMAN SERVICES		58,321,000
VETERANS HOMES BOARD		12,090,000
CORRECTIONS		61,065,000
EMPLOYMENT AND ECONOMIC DEVELOPMENT		160,642,000
HOUSING FINANCE AGENCY		19,500,000
MINNESOTA HISTORICAL SOCIETY		5,672,000
BOND SALE EXPENSES		948,000
CANCELLATIONS		(7,800,000)
TOTAL	\$	999,980,000
Bond Proceeds Fund (General Fund Debt Service)		874,737,000
Bond Proceeds Fund (User Financed Debt Service)		50,343,000
Maximum Effort School Loan Fund		10,700,000
State Transportation Fund		71,000,000
General Fund		1,000,000
Bond Proceeds Cancellations		(7,800,000)
APPROPRIATIONS		

Sec. 2. **UNIVERSITY OF MINNESOTA**

Subdivision 1. To the Board of Regents of the University of Minnesota for the purposes specified in this section 115,733,000

Subd. 2. **Higher education asset preservation and replacement (HEAPR)** 30,000,000
 To be spent in accordance with Minnesota Statutes, section 135A.046.

Subd. 3. Duluth Campus	
Labovitz School of Business	15,333,000
To construct, furnish, and equip a new building for the Labovitz School of Business and Economics to include classrooms, offices, teaching laboratories, student services, administrative support services, and utility upgrades.	
Subd. 4. Twin Cities Campus	
(a) Carlson School of Management	26,600,000
To design and construct a new facility to include classrooms, teaching laboratories, student services, administrative support services, and office space for the Department of Economics.	
(b) Medical Biosciences Building Phase 1 and utility upgrade	40,000,000
To design and construct a new medical biosciences building to include research laboratories, lab support facilities, faculty offices, and support services. Necessary utility upgrades are included.	
Subd. 5. University Research Centers	
(a) Cedar Creek Natural History Area, East Bethel	500,000
To design, construct, furnish, and equip new housing for students and faculty, including visiting faculty and researchers.	
(b) Cloquet Forestry Center Classroom Addition	500,000
To design, construct, furnish, and equip an addition to the administration building for offices, expanded classrooms, and educational support services. Included are HVAC upgrades.	
(c) West Regional Outreach Center, Morris	2,500,000
To construct, furnish, and equip a facility for the wind energy to hydrogen to anhydrous ammonia pilot project	
Subd. 6. Willmar, Minnesota Poultry Testing Laboratory	300,000
For a grant to the Minnesota Poultry Testing Laboratory in Willmar to design, construct, furnish, and equip the renovation of the laboratory to substantially improve the laboratory's efficiency and ability to meeting testing requirements and effectively serve its expanding client base.	
Subd. 7. Dakota County Technical College Land Use	
The Board of Regents of the University of Minnesota is requested to continue the lease of 105 acres at the Dakota County Technical College for the period ending June 30, 2008, at the annual rate of \$54,000.	
Subd. 8. University Share	
Except for Higher Education Asset Preservation and Replacement (HEAPR) under subdivision 2, and the appropriation under subdivision 6, the appropriations in this section are intended to cover approximately two-thirds of the cost of each project. The	

remaining costs must be paid from university sources.

Subd. 9. Unspent Appropriations

Upon substantial completion of a project authorized in this section and after written notice to the commissioner of finance, the Board of Regents must use any money remaining in the appropriation for that project for HEAPR under Minnesota Statutes, section 135A.046. The Board of Regents must report by February 1 of each even-numbered year to the chairs of the house and senate committees with jurisdiction over capital investments and higher education finance, and to the chairs of the house Ways and Means Committee and the senate Finance Committee, on how the remaining money has been allocated or spent.

Sec. 3. MINNESOTA STATE COLLEGES AND UNIVERSITIES

Subdivision 1. To the Board of Trustees of the Minnesota State Colleges and Universities for the purposes specified in this section	191,430,000
Subd. 2. Higher education asset preservation and replacement	40,000,000
This appropriation is for the purposes specified in Minnesota Statutes, section 135A.046.	
Subd. 3. Alexandria Technical College	
Law Enforcement Center	400,000
To design a new Law Enforcement Center and related classroom renovation.	
Subd. 4. Bemidji State University	
Sattgast Hall	700,000
To design an addition to and renovation of Sattgast Science Hall and to abate hazardous materials.	
Subd. 5. Century College	
Science Instruction and Learning Resource Center	19,900,000
To construct, furnish, and equip a new science instruction and learning resource center building on the east campus in Phase 1.	
Subd. 6. Fond du Lac Tribal and Community College	
Library and Cultural Center	12,390,000
To construct, furnish, and equip an addition and a renovation for a library and learning resource center, and an addition for law enforcement, nursing education, cultural center, and related spaces.	
Subd. 7. Inver Hills Community College	
Fine Arts Building	700,000
To design a classroom addition to and renovation of the Fine Arts building.	
Subd. 8. Lake Superior Community and Technical College	
Health and Science Center	420,000

To design a two-phased project to construct a health and science center addition and to renovate existing spaces.

Subd. 9. **Metropolitan State University**

a) Smart Classroom Center 300,000

To design two floors of technology-enhanced classrooms and academic offices above the power plant.

(b) Law Enforcement Center 350,000

To design, in cooperation with Minneapolis Community and Technical College, a joint law enforcement skills training facility for all metro area public higher education institutions, to be located on the campus of Hennepin Technical College in Brooklyn Park.

Subd. 10. **Minneapolis Community and Technical College**

Science and Allied Health Training Center 18,874,000

To complete the design of and to renovate, furnish, and equip spaces for science, nursing, and allied healthcare programs to include classrooms, laboratories, and ancillary spaces, in cooperation with Metropolitan State University. To renovate, furnish, and equip science laboratories in Kopp Hall for general classroom instruction.

Subd. 11. **Minnesota State College -**

Southeast Technical College, Red Wing

Learning Resource Center and Student Services 4,855,000

To complete design and to renovate, furnish, and equip spaces for a library, learning resource center, information technology, student services and commons, bookstore, administration, music instrument repair, and allied health classrooms and laboratories, and to construct an entryway addition.

Subd. 12. **Minnesota State University**

Mankato

Trafton Hall, Phase 1 32,900,000

To construct, furnish, and equip an addition to Trafton Hall for classrooms, science laboratories, and related offices, and to construct, furnish, and equip renovations to Trafton Hall North in Phase 1 to consolidate all engineering departments. University funds may be added to this appropriation up to a total project cost of \$33,250,000.

Subd. 13. **Minnesota State University,**

Moorhead

(a) Lommen Hall 300,000

To design the renovation of Lommen Hall and design construction of an addition to the basement.

(b) MacLean Hall renovation 9,680,000

To renovate, furnish, and equip MacLean Hall for classrooms, laboratories, and related offices, and construct a new stairwell.

Subd. 14. **Normandale Community College**

Fine Arts Building 5,125,000

To design, construct, furnish, and equip an addition to the Fine Arts Building and the renovation of the Fine Arts Building to provide classrooms, laboratories, and, in cooperation with Minnesota State University, Mankato, a teacher preparation department. The project will also design an addition to the Health and Wellness Building and renovation of the building.

Subd. 15. North Hennepin Community College

Center for Business and Technology 350,000

To design a Business and Technology Building addition and the renovation of the Career and Continuing Education Building.

Subd. 16. Northland Community and Technical College, East Grand Forks

Nursing, Health Care, and Learning Resources Center 300,000

To design a nursing addition and renovation of spaces for allied health laboratories, library, learning resource center, student commons, bookstore, classrooms, ancillary spaces, and boiler system expansion.

Subd. 17. Northeast Higher Education District, Mesabi Range Community and Technical College, Eveleth

Technical Laboratory Building 300,000

To design shop space to house the Industrial Mechanical Technology and Carpentry programs, renovate existing space for restrooms that comply with the Americans with Disabilities Act, and replace the boiler, piping, and ventilation.

Subd. 18. St. Cloud State University

(a) Robert A. Wick Science Building 14,000,000

To design, construct, furnish, and equip an addition to and renovation of the Robert A. Wick Science Building for classrooms, science laboratories, and related offices in Phase 1.

(b) Riverview Hall Renovation 4,500,000

To design, renovate, furnish, and equip Riverview Hall for general and technology-enhanced classrooms and ancillary spaces.

Subd. 19. St. Paul College

Transportation and Applied Technology Laboratories and Shops 3,000,000

To design renovation of classrooms, the transportation and applied technology and trades laboratories on the ground floor, to design construction of an expansion of the truck mechanics shop, and to design and construct the replacement of the campus electrical distribution system in Phase 1.

Subd. 20. Southwest Minnesota State University

Science and Hotel and Restaurant Laboratories 300,000

To design renovation of laboratories in

the Science and Technology Building, laboratories and a classroom in the Science and Math Building, and hotel and restaurant industries teaching laboratories in the Individualized Learning Center.

Subd. 21. **Winona State University**

(a) Maxwell Hall renovation 11,186,000

To design, renovate, furnish, and equip Maxwell Hall for classrooms, offices, a National Child Protection Center and related spaces and to design, renovate, furnish, and equip vacated spaces in Somsen, Phelps, and Gildemeister Halls.

(b) Memorial Hall Design 400,000

To design an addition to Memorial Hall and renovation of vacated spaces at Gildemeister Hall. The board may use nonstate funds for the remainder of the cost of the design up to a total cost of \$785,000.

Subd. 22. **Systemwide Initiatives**

(a) Demolition 1,660,000

To demolish obsolete buildings or portions of buildings on campuses statewide. This appropriation may be used at the following campuses: Minnesota West Community and Technical College, Canby; Riverland Community College, Austin; Southwest Minnesota State University; St. Cloud State University; and Winona State University.

(b) Science labs and workforce initiatives 5,140,000

To renovate, furnish, and equip teaching laboratories and classrooms for science and applied technology at campuses statewide. Campuses may use nonstate funds to increase the size of the projects. This appropriation may be used at the following campuses: Central Lakes College, Brainerd; Minnesota State College, Southeast Technical, Winona; Minnesota State Community and Technical College, Moorhead and Detroit Lakes; Minnesota West Community and Technical College, Granite Falls; Northland Community and Technical College, Thief River Falls; Northwest Technical College, Bemidji, Pine Technical College; Riverland Community College, Austin; and South Central College, Faribault.

(c) Property Acquisition 3,400,000

To acquire real property adjacent to the state college and university campuses or within the boundaries of the campus master plan. This appropriation may be used at St. Cloud Technical College.

Subd. 23. **Debt service**

(a) The board shall pay the debt service on one-third of the principal amount of state bonds sold to finance projects authorized by this section, except for higher education asset preservation and replacement and the design of Memorial Hall at Winona State

University, except that, where a nonstate match is required, the debt service is due on a principal amount equal to one-third of the total project cost, less the match committed before the bonds are sold. After each sale of general obligation bonds, the commissioner of finance shall notify the board of the amounts assessed for each year for the life of the bonds.

(b) The commissioner shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If the board fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the board to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

Subd. 24. Unspent Appropriations

(a) Upon substantial completion of a project authorized in this section and after written notice to the commissioner of finance, the Board of Trustees must use any money remaining in the appropriation for that project for HEAPR under Minnesota Statutes, section 135A.046. The Board of Trustees must report by February 1 of each even-numbered year to the chairs of the house and senate committees with jurisdiction over capital investments and higher education finance, and to the chairs of the house Ways and Means Committee and the senate Finance Committee, on how the remaining money has been allocated or spent.

(b) The unspent portion of an appropriation for a project in this section that is complete, is available for higher education asset preservation and replacement under this subdivision, at the same campus as the project for which the original appropriation was made and the debt service requirement under subdivision 23 is reduced accordingly. Minnesota Statutes, section 16A.642, applies from the date of the original appropriation to the unspent amount transferred.

Sec. 15. **PUBLIC SAFETY**

Scott County Public Safety Training Center 1,000,000
 To the commissioner of public safety for a grant to Scott County to design, construct, furnish, and equip a regional public safety training center.

Sec. 21. **EMPLOYMENT AND ECONOMIC DEVELOPMENT**

Subdivision 1. To the commissioner of employment and economic development or other named agency for the purposes specified in this section 160,642,000

Subd. 11. **Bemidji Regional Events Center** 3,000,000

For a grant to the city of Bemidji to predesign, design, and acquire and prepare a site for a regional event center.

Subd. 22. **Southwest Regional Event Center** 11,000,000

To the Board of Trustees of the Minnesota State Colleges and Universities to design, construct, furnish, and equip a multipurpose regional event center at Southwest Minnesota State University.

This appropriation is not available until the board determines that at least \$5,000,000 has been committed to the project from private, nongovernmental sources.

Sec. 27. Minnesota Statutes 2004, section 16A.11, subdivision 1, is amended to read:

Subdivision 1. **When.** The governor shall submit a three-part budget to the legislature. Parts one and two, the budget message and detailed operating budget, must be submitted by the fourth Tuesday in January in each odd-numbered year. However, in a year following the election of a governor who had not been governor the previous year, parts one and two must be submitted by the third Tuesday in February. Part three, the detailed recommendations as to capital expenditure, must be submitted as follows: agency capital budget requests by July 15 of each odd-numbered year, and governor's recommendations by January 15 of each even-numbered year. Detailed recommendations as to information technology expenditure must be submitted as part of the detailed operating budget. Information technology recommendations must include projects to be funded during the next biennium and planning estimates for an additional two bienniums. Information technology recommendations must specify purposes of the funding such as infrastructure, hardware, software, or training.

Sec. 30. **[16B.307] ASSET PRESERVATION APPROPRIATIONS.**

Subdivision 1. **Standards.** Article XI, section 5, clause (a), of the Constitution requires that state general obligation bonds be issued to finance only the acquisition or betterment of public land, buildings, and other public improvements of a capital nature. Money appropriated for asset preservation, whether from state bond proceeds or from other revenue, is subject to the following additional limitations:

(a) An appropriation for asset preservation may not be used to acquire new land nor to acquire or construct new buildings, additions to buildings, or major new improvements.

(b) An appropriation for asset preservation may be used only for a capital expenditure on a capital asset previously owned by the state, within the meaning of generally accepted accounting principles as applied to public expenditures. The commissioner of administration will consult with the

commissioner of finance to the extent necessary to ensure this and will furnish the commissioner of finance a list of projects to be financed from the account in order of their priority. The legislature assumes that many projects for preservation and replacement of portions of existing capital assets will constitute betterments and capital improvements within the meaning of the Constitution and capital expenditures under generally accepted accounting principles, and will be financed more efficiently and economically under this section than by direct appropriations for specific projects.

(c) Categories of projects considered likely to be most needed and appropriate for asset preservation appropriations are the following:

(1) projects to remove life safety hazards, like building code violations or structural defects. Notwithstanding paragraph (a), a project in this category may include an addition to an existing building if it is a required component of the hazard removal project;

(2) projects to eliminate or contain hazardous substances like asbestos or lead paint;

(3) major projects to replace or repair roofs, windows, tuckpointing, mechanical or electrical systems, utility infrastructure, tunnels, site renovations necessary to support building use, and structural components necessary to preserve the exterior and interior of existing buildings; and

(4) projects to renovate parking structures.

(d) Up to ten percent of an appropriation subject to this section may be used for design costs for projects eligible to be funded under this section in anticipation of future asset preservation appropriations.

Subd. 2. **Report.** By January 15 of each year, the commissioner of an agency that has received an appropriation for asset preservation shall submit to the commissioner of finance, the chairs of the legislative committees or divisions that currently oversee the appropriations to the agency, and to the chairs of the senate and house of representatives Capital Investment Committees, a list of the projects that have been funded with money under this program during the preceding calendar year, as well as a list of those priority asset preservation projects for which state bond proceeds fund appropriations will be sought during that year's legislative session.

Sec. 35. Minnesota Statutes 2004, section 136F.98, subdivision 1, is amended to read:

Subdivision 1. **Issuance of bonds.** The Board of Trustees of the Minnesota State Colleges and Universities or a successor may issue revenue bonds under sections 136F.90 to 136F.97 whose aggregate principal amount at any time may not exceed ~~\$100,000,000~~ \$150,000,000, and payable from the revenue appropriated to the fund established by section 136F.94, and use the proceeds together with other public or private money that may otherwise become available to acquire land, and to acquire, construct, complete, remodel, and equip structures or portions thereof to be used for dormitory, residence hall, student union, food service, ~~and related~~ parking purposes ~~at~~, or for any other similar revenue-producing building or buildings of such type and character as the board finds desirable for the good and benefit of the state universities. Before issuing the bonds or any part of them, the board shall consult with and obtain the advisory recommendations of the chairs of the house Ways and Means Committee and the senate Finance Committee about the facilities to be financed by the bonds.

Sec. 55. **EFFECTIVE DATE.**

Except as otherwise provided, this act is effective the day following final enactment.

(This page intentionally left blank)

SUPPLEMENTAL BUDGET BILL
H.F. 4162 (Chapter 282)

SUMMARY: This bill makes deficiency and supplemental appropriations for various state agencies and programs. Areas in the bill that affect the Minnesota State Colleges and Universities system include K-12 education, higher education, economic development, state government and veterans affairs.

Section	<i>Supplemental Budget Bill</i>	Language Page
	ARTICLE 1 Summary	
1	Appropriations Summary Describes the appropriations contained in the bill, including \$5 million for higher education. All appropriations are from the general fund, unless otherwise noted.	29
	ARTICLE 4 Education Excellence	
1	Raised Academic Achievement; Advanced Placement Programs Subd. 1. Establishment; Eligibility. Establishes a program to improve K-12 academic achievement through increased student participation in advanced placement programs. Requires eligible school districts and charter schools to have a school board-approved three-year plan to create a new program or expand an existing program to provide college board-approved advanced placement courses and exams or participate in the pre-advanced placement initiative, and propose to further raise students' academic achievement by: increasing the availability and students' access to advanced placement; expanding the breadth of advanced placement courses or programs available to students; increasing the number and diversity of students who participate in advanced placement courses or programs and succeed; providing low income and other disadvantaged students with increased access to advanced placement courses or programs; or increasing the number of students who receive college credit by successfully completing advanced placement courses or programs and achieving satisfactory scores on related exams. Subd. 2 Application and Review Process; Funding Priority (a) Allows eligible school districts and charter schools to submit an application to the education commissioner for competitive grant funding that details the applicant's specific efforts in raising students' achievement, consistent with this section, and includes a proposed budget. Requires the budget to show that the applicant's efforts will supplement but not supplant current advanced	29

placement expenditures. Limits administrative costs to five percent.

(b) Directs the commissioner, when reviewing applicants, to determine whether the applicant satisfied the requirements in subdivisions 1 and 2. Allows the commissioner to give funding priority to an otherwise qualified applicant that demonstrates: a focus on developing or expanding advanced placement courses or programs or increasing all students' participation in and success with such courses and programs; a compelling need for access to advanced placement programs; an effective ability to involve community-based organizations in student activities that are integral to advanced placement courses or programs; access to additional funding sources; or an intent to implement activities that target low-income and other disadvantaged students.

Subd. 3. Funding; Permissible Funding Uses

(a) Directs the commissioner to award grants to applicants that meet the requirements of subdivisions 1 and 2 and to distribute the awards on an equitable geographic basis to the extent feasible. Limits grant award amounts to the lesser of: \$85 times the number of enrolled pupils on October 1 of the previous fiscal year; or the approved supplemental expenditures in the applicant's proposed budget.

(b) Requires successful grant applicants to use the grant award to: provide teacher training and instruction; further develop advanced placement courses or programs; improve the transition between grade levels to better prepare students for succeeding in advanced placement courses or programs; purchase books and supplies; pay course or program fees; increase students' participation in and success with advanced placement programs; expand students' access through on-line learning options; hire appropriately licensed personnel to teach additional courses or programs; or engage in other related activity directly related to expanding students access, participation and success in advanced placement.

Subd. 4. Annual Reports

(a) Directs grant recipients to annually collect and report to the commissioner student demographic data that show the extent of students' increased academic achievement. Directs the commissioner by February 15 to annually report summary data to the legislature.

(b) Directs grant recipients to annually report to the commissioner, consistent with Uniform Financial Accounting and Reporting Standards, their expenditures.

Effective Date. This section is effective the day following final enactment and applies to the 2006-2007 school year.

-
- 4 Chinese Language Programs; Curriculum Development Project 31**
- Subd. 1. Project Parameters.** (a) Allows the education commissioner to contract with a qualified entity to undertake developing an articulated K-12 Chinese language curriculum for Minnesota schools that involves creating a network of Chinese language teachers and educators and coordinating statewide efforts to develop and expand Chinese language instruction.
- (b) Requires the contractor to ensure the professional development of Chinese language curricula, materials, assessments and best practices.
- (c) Requires project participants to develop and make equitably available the curricula, materials, assessments and best practices to Minnesota schools and students.
- Subd. 2. Project Participants.** Requires the contractor to conduct an inventory of Chinese language curricula, materials, assessments and best practices currently used in Minnesota or other states, develop Chinese language curricula and benchmarks aligned to local world language standards and classroom-based assessments, and review and recommend how to build an educational infrastructure to provide more students with Chinese language instruction.
- Effective Date.** This section is effective the day following final enactment.
- 5 Northwestern Online College in the High School Program. 32**
- This section appropriates \$50,000 one-time in FY2007 for a grant to the Northwestern Online College in the High School Program for professional development and to develop Web-based curriculum.
- 7 Appropriations 32**
- Subd. 2. Northwestern Online College in the High School Program.** Appropriates \$50,000 one-time in FY2007 for this program.
- Subd. 3. Chinese Language.** Appropriates \$250,000 one-time in FY2007 for the Chinese language curriculum project.
- Subd. 4. Advanced Placement Increased Student Participation.** Appropriates \$1 million one-time in FY2007 for the increased participation of students in advanced placement programs.
- Subd. 7. TIMMS Study.** Appropriates \$500,000 one-time in FY2007 for the department of education to contract with Boston College for Minnesota fourth- and eighth-grade students to participate in TIMMS (Trends in International Mathematics and Science Study) International assessment of student achievement in mathematics and science. The funding is predicated on the Department of Education receiving at least \$150,000 in private

sector funding by July 1, 2006.

ARTICLE 8 Higher Education

- | | | |
|----------|--|-----------|
| 1 | <p>Higher Education Appropriations. This section explains that the sum in the appropriation column throughout the section is available for fiscal year 2007 and is from the general fund or another named fund.</p> | 32 |
| 2 | <p>Board of Regents. Appropriates \$5 million in FY2007 and FY2008, and \$6.33 million in FY2009 to the Board of Regents to establish a University of Minnesota branch in Rochester. The appropriation is for academic programs supporting the University of Minnesota, Rochester, as well as ongoing operations of industrial liaison activities and operation of leased facilities.</p> | 33 |
| 3 | <p>Resident Student. Clarifies the definition for state financial aid programs and adds three optional criteria for being a resident student for state financial aid. The additional categories are: persons on active duty military service and their immediate family; persons relocated from a presidential disaster area whose education was interrupted; and refugees under federal law living in Minnesota.</p> | 33 |
| 4 | <p>Minnesota Resident. Defines resident for eligibility for the SELF loan program as a person who meets one of four criteria: residing in Minnesota for 12 months without being enrolled in postsecondary education; dependent of a Minnesota resident; graduate of a Minnesota high school physically attending a Minnesota postsecondary institution; or a student who receives a GED after residing in Minnesota for at least one year.</p> | 33 |
| 5 | <p>Terms and Conditions of Loans. Increases the maximum loan amounts (currently in Office rules) that students may borrow from the SELF loan program. Annual borrowing limits are increased for first and second year undergraduate students from \$4,500 to \$6,000 beginning in FY2007 and again to \$7,500 beginning in FY2008; third, fourth and fifth year undergraduate students from \$6,000 to \$7,500 beginning in FY2007.</p> <p>Aggregate undergraduate loan amounts are increased from \$25,000 to \$34,500 through FY2007 and to \$37,500 in FY2008; and from \$40,000 to \$52,500 through FY2007 and to \$55,500 in FY2008. This section also sets cumulative undergraduate borrowing maximums.</p> | 34 |
| 6 | <p>Repayment of Loans. Establishes repayment terms for SELF loans (after SELF III) based on the aggregate loan principal.</p> | 34 |

Amounts under \$18,750 have a repayment period of 10 years or less from the student's graduation or termination date. Amounts over \$18,750 have a 15-year repayment period. All loans must begin repayment seven years from the initial disbursement.

- 7 Mineral Research; Scholarships.** Increases to \$50 million from \$25 million the maximum amount of income in the permanent university fund from royalties for specified mineral leases that is dedicated to mineral research. Half of the total annual income, up to the statutory cap, is dedicated to this purpose and the remainder to the endowed scholarship account at the University of Minnesota. **35**
- 8 Establish.** Changes the University of Minnesota's authority to establish a campus in Rochester from a nonresidential joint campus with MnSCU, to a branch campus. The purpose is to expand higher education offerings, in part, through partnerships with other higher education institutions, and avoid unnecessary duplicative offerings of courses and programs, particularly in nursing and allied health programs. **35**
- 9 Missions.** This section states that the legislature intends for the mission of expanded education offerings in Rochester is to correspond with the University of Minnesota's mission of teaching, research and outreach for economic development and educational needs of the region and Minnesota, recognizing success depends on maintaining distinct higher education institutions in the area. Repeals the requirement that the various postsecondary institutions avoid duplication and develop a joint statement of missions and roles. **35**
- 10 Repealer.** This section repeals language regarding the Rochester branch that is now obsolete with the passage of sections 8 and 9. **36**

ARTICLE 11

Economic Development

- 2 Department of Employment and Economic Development** **36**
Subd. 2. Business and Community Development. Appropriates \$467,000 in FY2007 for a grant to the BioBusiness Alliance of Minnesota for bioscience business development programs that will grow and create bioscience jobs in Minnesota and position Minnesota as a global biobusiness leader. Makes this a onetime appropriation. An annual report of the expenditures is to be submitted to the legislature by June 30 of each year until funds have been spent.
Subd. 5. Biotech Partnership. Appropriates \$15 million one-time in FY2007 for the collaborative research partnership between the University of Minnesota and the Mayo Foundation

for research in biotechnology and medical genomics. An annual report of the expenditures is to be submitted to the legislature by June 30 of each year until funds have been spent.

Subd. 12. Workforce Partnership. Appropriates \$450,000 one-time in FY2007 from the workforce development fund for a pilot project to encourage the licensure in Minnesota of foreign-trained health care professionals. When awarding grants, the Department of Employment and Economic Development commissioner must consider whether the recipient's training involves a medical specialty that is in demand in one or more Minnesota communities.

The program is for one year, beginning on July 1, 2006, and ending on June 30, 2007.

ARTICLE 14 State Government

- | | | |
|-----------|--|-----------|
| 6 | Employee Relations. Appropriates \$100,000 to establish and operate the Center for Health Care Purchasing Improvement. | 37 |
| 10 | Center for Health Care Purchasing Improvement
Subd. 1. Establishment; Administration. The commissioner of Employee Relations is to administer the Center for Health Care Purchasing Improvement as an administrative unit within DOER. The center shall aid the state in developing and using more common strategies and approaches for health care performance measurement and health care purchasing.
Subd. 2. Staffing; Duties; Scope. The commissioner of Employee Relations may appoint a director and staff. In consultation with state agencies, the director may work to develop health care purchasing strategies.
Subd. 3. Report. The commissioner of employee relations must report annually to the legislature and governor on the operations, activities and impacts of the center. | 37 |
| 12 | Labor Agreements and Compensation Plans.
Subd. 1. AFSCME. American Federation of State, County, and Municipal Employees, Council 5.
Subd. 2. MAPE. Minnesota Association of Professional Employees.
Subd. 3. MMA. Middle Management Association.
Subd. 4. MSCF. Minnesota State College Faculty
Subd. 5. AFSCME. American Federation of State, County, and Municipal Employees, Council 5, Unit 8.
Subd. 6. Managerial Plan.
Subd. 7. Commissioner's Plan. Commissioner of employee relations for non-managerial state employees who are not | 38 |

represented by a union.

Subd. 8. Minnesota Government Engineers Council.

Subd. 9. State Residential Schools Education Association.

Subd. 10. IFO. Inter Faculty Organization

Subd. 11. MSUAASF. Minnesota State University
Administrative and Service Faculty.

Subd. 12. Office of Higher Education.

Subd. 13. MnSCU Administrators Plan.

Subd. 14. State Board of Investment. Salary administration
plan.

Subd. 15. Managerial Plan Amendment.

Subd. 16. Commissioner's Plan Amendment.

Effective Date. This section is effective the day following
final enactment.

ARTICLE 15 Veterans Affairs

- | | | |
|----------|--|-----------|
| 1 | <p>Veterans Affairs Appropriations. This section explains that the sum in the appropriation column throughout the section is available for fiscal year 2007 and is from the general fund or another named fund.</p> | 40 |
| 2 | <p>Veterans Affairs</p> <p>Subd. 2. State Soldiers' Assistance Fund. Appropriates \$2 million in FY2007 to the state soldiers' assistance fund.</p> <p>Subd. 3. Web Site Development. Appropriates \$100,000 in FY2007 to create a centralized Web site to contain information on all state, federal, local, and private agencies and organizations that provide goods or services to veterans or their families.</p> <p>Subd. 4. Grants to Counties. Appropriates \$200,000 in FY2007 for grants to counties that enhance the benefits, programs, and services provided to veterans. Priority will be given to proposals that provide the most effective outreach; reintegrate veterans into society; collaborate with other social service agencies, educational institutions, and other relevant community resources. Grants are to be made throughout all regions of the state.</p> <p>Subd. 5. Higher Education Veterans Assistance Offices. Appropriates \$600,000 for the higher education veterans assistance program</p> | 40 |
| 3 | <p>Higher Education Veterans Assistance Program</p> <p>Subd. 1. Assistance Provided. The commissioner of veterans affairs shall provide central liaison staff and campus veterans assistance officers to serve the needs of students who are veterans at higher education institutions in Minnesota.</p> | 41 |

Assistance may include, but is not limited to, work-study, and providing information and assistance regarding the availability of resources.

Subd. 2. Steering Committee. A higher education veterans assistance program steering committee is created with the commissioner of veterans affairs as chair. Steering committee membership includes a Minnesota State Colleges and Universities representative. The committee shall advise the commissioner of veterans affairs regarding how to appropriate funds, as well as develop a long-range plan to serve the needs of students in Minnesota who are veterans.

Subd. 3. Office Space Provided. The University of Minnesota, and Minnesota State Colleges and Universities shall provide adequate space for a veterans assistance office on each campus. Private colleges and universities are encouraged to do the same.

Subd. 4. Report. Beginning January 15, 2007, the steering committee (subd. 2) is to report each year to the legislature regarding the implementation and effectiveness of the program.

Subd. 5. Expiration. This section expires at the end of the first fiscal year in which the number of veterans enrolled in Minnesota public higher education institutions is fewer than 4,000, but no later than June 30, 2011.

SUPPLEMENTAL BUDGET BILL
H.F. 4162 (Chapter 282)

ARTICLE 1
SUMMARY

Section 1. **APPROPRIATIONS SUMMARY.**

(General Fund Only, Excluding Forecast Adjustments)

APPROPRIATIONS	2006	2007	TOTAL
Early Childhood Education \$	124,000\$	14,926,000\$	15,050,000
K-12 Education	5,469,000	2,764,000	8,233,000
Higher Education		5,000,000	5,000,000
Environment & Agriculture	577,000	1,838,000	2,415,000
Clean Water Legacy		15,000,000	15,000,000
Economic Development		29,552,000	29,552,000
Transportation		692,000	692,000
Public Safety	3,846,000	15,774,000	19,620,000
State Government		2,422,000	2,422,000
Veterans Affairs	250,000	3,230,000	3,480,000
Health & Human Services	30,989,000	75,663,000	106,652,000
SUBTOTAL \$	41,255,000\$	166,861,000	208,116,000
CANCELLATIONS	250,000		250,000
TRANSFERS IN	2,933,000		2,933,000
TOTAL \$	38,072,000\$	166,861,000	204,933,000

ARTICLE 4
EDUCATION EXCELLENCE

Section 1. **[120B.132] RAISED ACADEMIC ACHIEVEMENT; ADVANCED PLACEMENT PROGRAMS.**

Subdivision 1. Establishment; eligibility. A program is established to raise kindergarten through grade 12 academic achievement through increased student participation in preadvanced placement and advanced placement programs. Schools and charter schools eligible to participate under this section:

- (1) must have a three-year plan approved by the local school board to create a new or expand an existing program to implement the college board advanced placement courses and exams or preadvanced placement courses; and
- (2) must propose to further raise students' academic achievement by:
 - (i) increasing the availability of and all students' access to advanced placement; (ii) expanding the breadth of advanced placement courses or programs that are available to students;
 - (iii) increasing the number and the diversity of the students who participate in advanced placement courses or programs and succeed;
 - (iv) providing low-income and other disadvantaged students with increased access to advanced placement courses and programs; or
 - (v) increasing the number of high school students, including low-income and other disadvantaged students, who receive college credit by successfully completing advanced placement courses or programs and achieving satisfactory scores on related exams.

Subd. 2. Application and review process; funding priority. (a) Charter schools and school districts in which eligible schools under subdivision 1 are located may apply to the commissioner, in the form and manner the commissioner determines, for competitive funding to further raise students' academic achievement. The application must detail the specific efforts the applicant intends to undertake in further raising students' academic achievement, consistent with subdivision 1, and a proposed budget detailing the district or charter school's current and

proposed expenditures for advanced placement or preadvanced placement courses and programs. The proposed budget must demonstrate that the applicant's efforts will supplement but not supplant any expenditures for advanced placement and preadvanced placement courses and programs the applicant currently makes available to students. Expenditures for administration must not exceed five percent of the proposed budget. The commissioner may require an applicant to provide additional information.

(b) When reviewing applications, the commissioner must determine whether the applicant satisfied all the requirements in this subdivision and subdivision 1. The commissioner may give funding priority to an otherwise qualified applicant that demonstrates:

(1) a focus on developing or expanding advanced placement courses and programs or increasing students' participation in, access to, or success with the courses or programs, including the participation, access, or success of low-income and other disadvantaged students;

(2) a compelling need for access to advanced placement programs;

(3) an effective ability to actively involve local business and community organizations in student activities that are integral to advanced placement courses and programs;

(4) access to additional public or nonpublic funds or in-kind contributions that are available for advanced placement programs; or

(5) an intent to implement activities that target low-income and other disadvantaged students.

Subd. 3. **Funding; permissible funding uses.** (a) The commissioner shall award grants to applicant school districts and charter schools that meet the requirements of subdivisions 1 and 2. The commissioner must award grants on an equitable geographical basis to the extent feasible and consistent with this section. Grant awards must not exceed the lesser of:

(1) \$85 times the number of pupils enrolled at the participating sites on October 1 of the previous fiscal year; or

(2) the approved supplemental expenditures based on the budget submitted under subdivision 2. For charter schools in their first year of operation, the maximum grant award must be calculated using the number of pupils enrolled on October 1 of the current fiscal year. The commissioner may adjust the maximum grant award computed using prior year data for changes in enrollment attributable to school closings, school openings, grade level reconfigurations, or school district reorganizations between the prior fiscal year and the current fiscal year.

(b) School districts and charter schools that submit an application and receive funding under this section must use the funding, consistent with the application, to:

(1) provide teacher training and instruction to more effectively serve students, including low-income and other disadvantaged students, who participate in preadvanced and advanced placement programs;

(2) further develop advanced placement courses or programs;

(3) improve the transition between grade levels to better prepare students, including low-income and other disadvantaged students, for succeeding in advanced placement programs;

(4) purchase books and supplies;

(5) pay course or program fees;

(6) increase students' participation in and success with advanced placement programs;

(7) expand students' access to preadvanced placement or advanced placement courses or programs through online learning;

(8) hire appropriately licensed personnel to teach additional advanced placement programs; or

(9) engage in other activity directly related to expanding students' access to, participation in, and success with preadvanced placement or advanced placement courses and programs, including low-income and other disadvantaged students.

Subd. 4. Annual reports. (a) Each school district and charter school that receives a grant under this section annually must collect demographic and other student data to demonstrate and measure the extent to which the district or charter school raised students' academic achievement under this program and must report the data to the commissioner in the form and manner the commissioner determines. The commissioner annually by February 15 must make summary data about this program available to the education policy and finance committees of the legislature.

(b) Each school district and charter school that receives a grant under this section annually must report to the commissioner, consistent with the Uniform Financial Accounting and Reporting Standards, its actual expenditures for advanced placement and preadvanced placement programs. The report must demonstrate that the school district or charter school has maintained its effort from other sources for advanced placement and preadvanced placement programs compared with the previous fiscal year, and the district or charter school has expended all grant funds, consistent with its approved budget.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the 2006-2007 school year.

Sec. 4. **CHINESE LANGUAGE PROGRAMS; CURRICULUM DEVELOPMENT PROJECT.**

Subdivision 1. Project parameters. (a) Notwithstanding other law to the contrary, the commissioner of education may contract with the Board of Regents of the University of Minnesota or other Minnesota public entity the commissioner determines is qualified to undertake the development of an articulated K-12 Chinese curriculum for Minnesota schools that involves:

(1) creating a network of Chinese teachers and educators able to develop new and modify or expand existing world languages K-12 curricula, materials, assessments, and best practices needed to provide Chinese language instruction to students; and

(2) coordinating statewide efforts to develop and expand Chinese language instruction so that it is uniformly available to students throughout the state, and making innovative use of media and technology, including television, distance learning, and online courses to broaden students' access to the instruction.

(b) The entity with which the commissioner contracts under paragraph (a) must have sufficient knowledge and expertise to ensure the professional development of appropriate, high-quality curricula, supplementary materials, aligned assessments, and best practices that accommodate different levels of student ability and types of programs.

(c) Project participants must:

(1) work throughout the project to develop curriculum, supplementary materials, aligned assessments, and best practices; and

(2) make curriculum, supplementary materials, aligned assessments, and best practices equitably available to Minnesota schools and students.

Subd. 2. Project participants. The entity with which the commissioner contracts must work with the network of Chinese teachers and educators to:

(1) conduct an inventory of Chinese language curricula, supplementary materials, and professional development initiatives currently used in Minnesota or other states;

(2) develop Chinese language curricula and benchmarks aligned to local world language standards and classroom-based assessments; and

(3) review and recommend to the commissioner how best to build an educational infrastructure to provide more students with Chinese language instruction, including how to develop and provide: (i) an adequate supply of Chinese language teachers; (ii) an adequate number of high-quality school programs; (iii) appropriate curriculum, instructional materials,

and aligned assessments that include technology-based delivery systems; (iv) teacher preparation programs to train Chinese language teachers; (v) expedited licensing of Chinese language teachers; (vi) best practices in existing educational programs that can be used to establish K-12 Chinese language programs; and (vii) technical assistance resources.

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

Sec. 5. **NORTHWESTERN ONLINE COLLEGE IN THE HIGH SCHOOL PROGRAM.**

For fiscal year 2007 only, the Northwestern Online College in the High School program is eligible for \$50,000 for professional development and to develop Web-based technology.

Sec. 7. **APPROPRIATIONS.**

Subd. 2. **Northwestern Online College in the High School program.**

For Northwestern Online College in the High School program under section 5:

\$ 50,000 2007

This is a onetime appropriation.

Subd. 3. **Chinese language.** For the Chinese language curriculum project under section 4:

\$ 250,000 2007

The commissioner must report to the house of representatives and senate committees having jurisdiction over kindergarten through grade 12 education policy and finance on the range of the program by February 15, 2007. The report shall address the applicability of the Chinese language curriculum project to other world languages and include the availability of instructors, curriculum, high-quality school programs, assessments, and best practices as they apply to world languages. This is a onetime appropriation.

Subd. 4. **Advanced placement increased student participation.** For the increased participation of students in advanced placement programs under Minnesota Statutes, section 120B.132:

\$ 1,000,000 2007

This is a onetime appropriation.

Subd. 7. **TIMMS Study.** For the department to contract with Boston College for Minnesota 4th and 8th grade students to participate in the TIMMS International assessment of student achievement in mathematics and science:

\$ 500,000 2007

School districts must apply to participate in the study on a form and in the manner prescribed by the commissioner. The commissioner may select districts to participate if more districts than those applying are needed for the study. The provisions of Minnesota Statutes, chapter 16C, as they relate to competitive bidding, do not apply to this contract. The Department of Education must receive at least \$150,000 in private sector gifts or bequests to support the TIMMS study by July 1, 2006. If the Department of Education does not receive \$150,000 in private gifts or bequests by July 1, 2006, the amount appropriated in this subdivision shall immediately cancel. This is a onetime appropriation.

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

ARTICLE 8
HIGHER EDUCATION

Section 1. **HIGHER EDUCATION APPROPRIATIONS.**

The sum shown in the column marked "APPROPRIATION" is added to the appropriations in Laws 2005, chapter 107, article 1, or other law to the agency and for the purposes specified in this article. The appropriation

is from the general fund or another named fund and is available for the fiscal year indicated for the purpose. The figure "2007" used in this article means that the addition to the appropriation listed under it is available for the fiscal year ending June 30, 2007.

APPROPRIATION
Available for the Year
Ending June 30, 2007

Sec. 2. BOARD OF REGENTS

\$ 5,000,000

To the Board of Regents of the University of Minnesota for the purposes of section 8. This appropriation is for academic programs supporting the University of Minnesota - Rochester, including faculty, staff, and program planning and development in the areas of biomedical technologies, engineering, and computer technologies, health care administration, and allied health programs; ongoing operations of industrial liaison activities; and operation of leased facilities. The funding base for activities related to section 8 is \$5,000,000 for fiscal year 2008 and \$6,330,000 for fiscal year 2009.

Sec. 3. Minnesota Statutes 2004, section 136A.101, subdivision 8, is amended to read:

Subd. 8. **Resident student.** "Resident student" means a student who meets one of the following conditions:

- (1) a student who has resided in Minnesota for purposes other than postsecondary education for at least 12 months without being enrolled at a postsecondary educational institution for more than five credits in any term;
- (2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;
- (3) a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school and the student is physically attending a Minnesota postsecondary educational institution; or
- (4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota;
- (5) a member, spouse, or dependent of a member of the armed forces of the United States stationed in Minnesota on active federal military service as defined in section 190.05, subdivision 5c;
- (6) a person or spouse of a person who relocated to Minnesota from an area that is declared a presidential disaster area within the preceding 12 months if the disaster interrupted the person's postsecondary education; or
- (7) a person defined as a refugee under United States Code, title 8, section 1101(a)(42), who, upon arrival in the United States, moved to Minnesota and has continued to reside in Minnesota.

Sec. 4. Minnesota Statutes 2004, section 136A.15, subdivision 9, is amended to read:

Subd. 9. **Minnesota resident student** . "Minnesota resident ~~student~~ " means a student who meets one of the following conditions in section 136A.101, subdivision 8. :

- (1) a student who has resided in Minnesota for purposes other than postsecondary education for at least 12 months without being enrolled at a

postsecondary educational institution for more than five credits in any term;

(2) a dependent student whose parent or legal guardian resides in Minnesota at the time the student applies;

(3) a student who graduated from a Minnesota high school, if the student was a resident of Minnesota during the student's period of attendance at the Minnesota high school and the student is physically attending a Minnesota postsecondary educational institution; or

(4) a student who, after residing in the state for a minimum of one year, earned a high school equivalency certificate in Minnesota.

Sec. 5. Minnesota Statutes 2004, section 136A.1701, subdivision 4, is amended to read:

Subd. 4. **Terms and conditions of loans.** (a) The office may loan money upon such terms and conditions as the office may prescribe. The principal amount of a loan to an undergraduate student for a single academic year shall not exceed \$6,000 for grade levels 1 and 2 effective July 1, 2006, through June 30, 2007. Effective July 1, 2007, the principal amount of a loan for grade levels 1 and 2 shall not exceed \$7,500. The principal amount of a loan for grade levels 3, 4, and 5 shall not exceed \$7,500 effective July 1, 2006. The aggregate principal amount of all loans made under this section to an undergraduate student shall not exceed ~~\$25,000~~ \$34,500 through June 30, 2007, and \$37,500 after June 30, 2007. The principal amount of a loan to a graduate student for a single academic year shall not exceed \$9,000. The aggregate principal amount of all loans made under this section to a student as ~~a~~ an undergraduate and graduate student shall not exceed \$40,000. \$52,500 through June 30, 2007, and \$55,500 after June 30, 2007. The amount of the loan may not exceed the cost of attendance less all other financial aid, including PLUS loans or other similar parent loans borrowed on the student's behalf. The cumulative SELF loan debt must not exceed the borrowing maximums in paragraph (b).

(b) The cumulative undergraduate borrowing maximums for SELF loans are:

(1) effective July 1, 2006, through June 30, 2007:

(i) grade level 1, \$6,000;

(ii) grade level 2, \$12,000;

(iii) grade level 3, \$19,500;

(iv) grade level 4, \$27,000; and

(v) grade level 5, \$34,500; and

(2) effective July 1, 2007:

(i) grade level 1, \$7,500;

(ii) grade level 2, \$15,000;

(iii) grade level 3, \$22,500;

(iv) grade level 4, \$30,000; and

(v) grade level 5, \$37,500.

Sec. 6. Minnesota Statutes 2004, section 136A.1701, subdivision 7, is amended to read:

Subd. 7. **Repayment of loans.** (a) The office shall establish repayment procedures for loans made under this section, but in no event shall the period of permitted repayment for SELF II or SELF III loans exceed ten years from the eligible student's termination of the student's postsecondary academic or vocational program, or 15 years from the date of the student's first loan under this section, whichever is less.

(b) For SELF loans from phases after SELF III, eligible students with aggregate principal loan balances from all SELF phases that are less than \$18,750 shall have a repayment period not exceeding ten years from the eligible student's graduation or termination date. For SELF loans from phases after SELF III, eligible students with aggregate principal loan balances from all SELF phases of \$18,750 or greater shall have a repayment

period not exceeding 15 years from the eligible student's graduation or termination date. For SELF loans from phases after SELF III, the loans shall enter repayment no later than seven years after the first disbursement date on the loan.

Sec. 7. Minnesota Statutes 2004, section 137.022, subdivision 4, is amended to read:

Subd. 4. **Mineral research; scholarships.** (a) All income credited after July 1, 1992, to the permanent university fund from royalties for mining under state mineral leases from and after July 1, 1991, must be allocated as provided in this subdivision.

(b)(1) Fifty percent of the income, up to ~~\$25,000,000~~ \$50,000,000, must be credited to the mineral research account of the fund to be allocated for the Natural Resources Research Institute-Duluth and Coleraine facilities, for mineral and mineral-related research including mineral-related environmental research; and

(2) The remainder must be credited to the endowed scholarship account of the fund for distribution annually for scholastic achievement as provided by the Board of Regents to undergraduates enrolled at the University of Minnesota who are resident students as defined in section 136A.101, subdivision 8.

(c) The annual distribution from the endowed scholarship account must be allocated to the various campuses of the University of Minnesota in proportion to the number of undergraduate resident students enrolled on each campus.

(d) The Board of Regents must report to the education committees of the legislature biennially at the time of the submission of its budget request on the disbursement of money from the endowed scholarship account and to the environment and natural resources committees on the use of the mineral research account.

(e) Capital gains and losses and portfolio income of the permanent university fund must be credited to its three accounts in proportion to the market value of each account.

(f) The endowment support from the income and capital gains of the endowed mineral research and endowed scholarship accounts of the fund must not total more than six percent per year of the 36-month trailing average market value of the account from which the support is derived.

Sec. 8. Minnesota Statutes 2004, section 137.17, subdivision 1, is amended to read:

Subdivision 1. **Establish.** ~~The Board of Regents may establish a school of professional and graduate studies as a nonresidential branch campus of the University of Minnesota, in Rochester, to serve the educational needs of working adults and other nontraditional students in southeastern Minnesota. The campus shall be a joint partnership of the University of Minnesota with Rochester Community and Technical College, and Winona State University, and to foster the economic goals of the region and the state. The University of Minnesota should expand higher education offerings in Rochester that it is uniquely qualified to provide. To the extent possible, the Board of Regents should provide its offerings in partnership with higher education institutions that already serve Rochester and the southeastern region of Minnesota, and should avoid unnecessary duplicative offerings of courses and programs, particularly in nursing and allied health programs. The Board of Trustees of the Minnesota State Colleges and Universities shall cooperate to achieve the forgoing.~~

Sec. 9. Minnesota Statutes 2004, section 137.17, subdivision 3, is amended to read:

Subd. 3. **Missions.** The legislature intends that the mission of the expanded education offerings in Rochester be congruent with the

university's unique core mission of teaching, research, and outreach in order to support the educational needs and economic development of this region and the state. The legislature recognizes that the distinctiveness of each of the partner higher education institutions in Rochester must be maintained to achieve success in serving the higher education needs of the community and the economic goals of the state. Further, the legislature intends that the University of Minnesota and the other partner institutions avoid duplicative offerings of courses and programs. Therefore, the University of Minnesota, Winona State University, and Rochester Community and Technical College shall develop jointly a statement of missions, roles, and responsibilities for the programs and services at Rochester which shall be submitted to the legislature by January 30, 2000, and any time thereafter that the missions, roles, and responsibilities change.

Sec. 10. REPEALER.

Minnesota Statutes 2004, section 137.17, subdivisions 2 and 4, are repealed.

ARTICLE 11
ECONOMIC DEVELOPMENT

Sec. 2. DEPARTMENT OF EMPLOYMENT
AND ECONOMIC DEVELOPMENT

Subd. 2. Business and community
development

467,000

For a grant to BioBusiness Alliance of Minnesota for bioscience business development programs that will work to grow and create bioscience jobs in this state and position Minnesota as a global biobusiness leader. An annual report on the expenditure of the appropriation must be submitted to the senate Environment, Agriculture, and Economic Development Budget Division, and the house of representatives Jobs and Economic Opportunity Policy and Finance Committee by June 30 of each fiscal year until the appropriation is expended. The report must include the impact, if available, of the subsidy on reducing consumer costs of bioengineered products, and the jobs created, including wages and benefits. This is a onetime appropriation.

Subd. 5. Biotech partnership

15,000,000

For the direct and indirect expenses of the collaborative research partnership between the University of Minnesota and the Mayo Foundation for research in biotechnology and medical genomics. This is a onetime appropriation.

An annual report on the expenditure of this appropriation must be submitted to the governor and the chairs of the senate Higher Education Budget Division, the house of representatives Higher Education Finance Committee, the senate Environment, Agriculture, and Economic Development Budget Division, and

the house of representatives Jobs and Economic Opportunity Policy and Finance Committee by June 30 of each fiscal year until the appropriation is expended. This appropriation is available until expended.

Subd. 12. **Workforce partnership**

450,000

This appropriation is from the workforce development fund for a pilot project to encourage the licensure in Minnesota of foreign-trained health care professionals, including physicians, nurses, dentists, pharmacists, veterinarians, and other allied health care professionals. The commissioner must work with local workforce boards to award grants to foreign-trained health care professionals that are sufficient to cover the actual costs of taking a course intended to prepare health care professionals for required licensing examinations and the fee for taking required licensing examinations. When awarding grants, the commissioner must consider whether the recipient's training involves a medical specialty that is in demand in one or more Minnesota communities. The commissioner also must establish additional criteria for the award of grants. The program will begin on July 1, 2006, and end on June 30, 2007. The commissioner must submit a report evaluating the effectiveness of the pilot program to the legislative committees with jurisdiction over employment by October 1, 2007. This is a onetime appropriation.

ARTICLE 14
STATE GOVERNMENT

Sec. 6. **EMPLOYEE RELATIONS**

Center for Health Care Purchasing Improvement
To establish and operate the Center for
Health Care Purchasing Improvement.

100,000

Sec. 10. **[43A.312] CENTER FOR HEALTH CARE PURCHASING IMPROVEMENT.**

Subdivision 1. **Establishment; administration.** The commissioner shall establish and administer the Center for Health Care Purchasing Improvement as an administrative unit within the Department of Employee Relations. The Center for Health Care Purchasing Improvement shall support the state in its efforts to be a more prudent and efficient purchaser of quality health care services. The center shall aid the state in developing and using more common strategies and approaches for health care performance measurement and health care purchasing. The common strategies and approaches shall promote greater transparency of health care costs and quality, and greater accountability for health care results and improvement. The center shall also identify barriers to more efficient, effective, quality health care and options for overcoming the barriers.

Subd. 2. **Staffing; duties; scope.** (a) The commissioner may appoint a director, and up to three additional senior-level staff or codirectors,

and other staff as needed who are under the direction of the commissioner. The staff of the center are in the unclassified service.

(b) With the authorization of the commissioner of employee relations, and in consultation or interagency agreement with the appropriate commissioners of state agencies, the director, or codirectors, may:

(1) initiate projects to develop plan designs for state health care purchasing;

(2) require reports or surveys to evaluate the performance of current health care purchasing strategies;

(3) calculate fiscal impacts, including net savings and return on investment, of health care purchasing strategies and initiatives;

(4) conduct policy audits of state programs to measure conformity to state statute or other purchasing initiatives or objectives;

(5) support the Administrative Uniformity Committee under section 62J.50 and other relevant groups or activities to advance agreement on health care administrative process streamlining;

(6) consult with the Health Economics Unit of the Department of Health regarding reports and assessments of the health care marketplace;

(7) consult with the departments of Health and Commerce regarding health care regulatory issues and legislative initiatives;

(8) work with appropriate Department of Human Services staff and the Centers for Medicare and Medicaid Services to address federal requirements and conformity issues for health care purchasing;

(9) assist the Minnesota Comprehensive Health Association in health care purchasing strategies;

(10) convene medical directors of agencies engaged in health care purchasing for advice, collaboration, and exploring possible synergies;

(11) contact and participate with other relevant health care task forces, study activities, and similar efforts with regard to health care performance measurement and performance-based purchasing; and

(12) assist in seeking external funding through appropriate grants or other funding opportunities and may administer grants and externally funded projects.

Subd. 3. **Report.** The commissioner must report annually to the legislature and the governor on the operations, activities, and impacts of the center. The report must be posted on the Department of Employee Relations Web site and must be available to the public. The report must include a description of the state's efforts to develop and use more common strategies for health care performance measurement and health care purchasing. The report must also include an assessment of the impacts of these efforts, especially in promoting greater transparency of health care costs and quality, and greater accountability for health care results and improvement.

Sec. 12. **LABOR AGREEMENTS AND COMPENSATION PLANS.**

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

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

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

Subd. 3. **Middle Management Association.** The labor agreement between the state of Minnesota and the Middle Management Association, approved by

the Legislative Coordinating Commission Subcommittee on Employee Relations on November 7, 2005, is ratified.

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

Subd. 5. **American Federation of State, County and Municipal Employees.**

The labor agreement between the state of Minnesota and the American Federation of State, County and Municipal Employees, Council 5, Unit 8, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on November 7, 2005, is ratified.

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

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

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

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

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

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

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

Subd. 13. **MnSCU Administrators.** The personnel plan for Minnesota State Colleges and Universities administrators, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on January 10, 2006, is ratified.

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

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

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

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

Section 1. VETERANS AFFAIRS APPROPRIATIONS.

The sums shown are appropriated from the general fund, or another named fund, to be available for the fiscal years indicated for each purpose. The figures "2006" and "2007" used in this article mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2006, or June 30, 2007, respectively. Appropriations in this article for the fiscal year ending June 30, 2006, are effective the day following final enactment.

<u>APPROPRIATIONS</u>	
<u>Available for the Year</u>	
<u>Ending June 30</u>	
<u>2006</u>	<u>2007</u>

Sec. 2. VETERANS AFFAIRS

Subd. 2. <u>State soldiers' assistance fund</u>	<u>-0-</u>	<u>2,000,000</u>
---	------------	------------------

To be deposited in the state soldiers' assistance fund established in Minnesota Statutes, section 197.03. The appropriations in this subdivision are in addition to other appropriations made to the commissioner of veterans affairs.

Subd. 3. <u>Web site development</u>	<u>-0-</u>	<u>100,000</u>
--------------------------------------	------------	----------------

To create a centralized Web site to contain information on all state, federal, local, and private agencies and organizations that provide goods or services to veterans or their families.

Subd. 4. <u>Grants to counties</u>	<u>-0-</u>	<u>200,000</u>
------------------------------------	------------	----------------

For grants to counties under the terms of this subdivision. The commissioner shall issue a request for proposals for grants to enhance the benefits, programs, and services provided to veterans. The request must specify that priority will be given to proposals that meet the programmatic goals established by the commissioner, including proposals that:

(1) will provide the most effective outreach to veterans;

(2) reintegrate combat veterans into society;

(3) collaborate with other social service agencies, educational institutions, and other relevant community resources;

(4) reduce homelessness among veterans;

and

(5) provide measurable outcomes.

The commissioner may provide incentives to encourage regional collaboration for service delivery.

The grants may be for a term of up to two years. The commissioner shall ensure that grants are made throughout all regions of the state and shall develop a description of best practices for the use of these grants. A county may not reduce its veterans service office budget by any amount received as a grant under this subdivision. Grants made under this subdivision are in addition to and not subject to the requirements for

grants made under Minnesota Statutes, section 197.608. The Vinland Center and the Minnesota Assistance Council for Veterans may apply for grants under this subdivision in fiscal year 2007. This appropriation must be included in the appropriation base through fiscal year 2009.

Subd. 5. **Higher education veterans**

assistance offices

-0-

600,000

For the higher education veterans assistance program in section 3. This appropriation must be included in the appropriation base through fiscal year 2011.

Sec. 3. **[197.585] HIGHER EDUCATION VETERANS ASSISTANCE PROGRAM.**

Subdivision 1. **Assistance provided.** The commissioner of veterans affairs shall provide central liaison staff and campus veterans assistance officers to serve the needs of students who are veterans at higher education institutions in Minnesota. Methods of assistance may include, but are not limited to, work-study positions for veterans, and providing information and assistance regarding the availability of state, federal, local, and private resources.

Subd. 2. **Steering committee.** The commissioner of veterans affairs shall chair a higher education veterans assistance program steering committee composed of:

- (1) the adjutant general or the adjutant general's designee;
- (2) a representative of Minnesota State Colleges and Universities, designated by the chancellor;
- (3) a representative of the University of Minnesota, appointed by the president of the university;
- (4) a representative of private colleges and universities in Minnesota, appointed by
113.25 the governor;
- (5) a representative of the Office of Higher Education, appointed by the executive director;
- (6) a representative of county veterans service offices, appointed by the commissioner of veterans affairs; and
- (7) a representative of the Department of Employment and Economic Development, appointed by the commissioner of that department. The steering committee shall advise the commissioner of veterans affairs regarding the allocation of appropriations for the purposes of this section and shall develop a long-range plan to serve the needs of students at higher education institutions in Minnesota who are veterans.

Subd. 3. **Office space provided.** Each campus of the University of Minnesota and each institution within the Minnesota State Colleges and Universities system shall provide adequate space for a veterans assistance office to be administered by the commissioner of veterans affairs, and each private college and university in Minnesota is encouraged to provide adequate space for a veterans assistance office to be administered by the commissioner of veterans affairs. The veterans assistance office must provide information and assistance to veterans who are students or family members of students at the school regarding the availability of state, federal, local, and private resources.

Subd. 4. **Report.** Beginning January 15, 2007, and each year thereafter, the steering committee established in subdivision 2 shall report to the chairs of the legislative committees with jurisdiction over veterans affairs policy and finance and higher education policy and finance regarding the implementation and effectiveness of the program established in this section.

Subd. 5. **Expiration.** This section expires at the end of the first fiscal year in which the number of veterans enrolled in Minnesota public institutions of higher education is fewer than 4,000, but no later than June 30, 2011.

K-12 EDUCATION
S.F. 2994 (Chapter 263)

SUMMARY: This bill makes changes to K-12 policy as it relates to higher education, including language on rigorous course of study that directs a school district, alternative learning center or charter school to waive the appropriate graduation requirement for a student who satisfactorily completes a PSEO, AP or IB course; allows the state to reimburse high school students for CLEP fees when a student successfully completes college-level courses in the subject matter; and establishes a school and staff emergency all-hazard preparedness advisory task force.

Section	<i>K-12 Education Bill</i>	Language Page
ARTICLE 2		
Education Excellence		
2	Rigorous Course of Study; Waiver. Directs a school district, alternative learning center or charter school to waive the appropriate graduation requirement for a student who satisfactorily completes a PSEO, AP or IB course.	45
	Effective Date. This section is effective the day following final enactment.	
5	Reimbursement for Examination Fees. The state may reimburse public or nonpublic high school students for CLEP fees when a student completes college-level courses in the subject matter of the exam in high school.	45
21	Examination Fees; Teacher Training and Support Programs. Changes the process for receiving an AP or IB teacher training subsidy from an equal amount to a scholarship application process. Also, any funding not spent on teacher training may be used for exam fees and other support programs for AP and IB.	46
	Effective Date. This section is effective the day following final enactment.	
24	Advisory Task Force on School and Staff Emergency / All Hazard Preparedness. (a) Establishes an advisory task force on school and staff emergency/all hazard preparedness to recommend to the legislature proposals for strengthening K-12 crisis management and school safety efforts including, at least, whether or not to: develop teacher and school administrators competencies; provide teachers and school administrators with relevant training; incorporate teacher and school administrator competencies into teacher and school administrator preparation curriculum; identify competencies appropriate to teacher and school administrator preparation curriculum and ongoing teacher and school	46

administrator training; and expect federal funds to supplement these initiatives.

(b) Directs the education commissioner to appoint a task force composed of representatives from the Board of Teaching, the Board of School Administrators, the state fire marshal, law enforcement agencies, emergency responders, school principals, school counselors, non-licensed school employees, the Minnesota School Boards Association, Education Minnesota, the Minnesota Departments of Education, Health and Public Safety, Minnesota State Colleges and Universities, Minnesota Association of School Administrators, and others recommended by task force members. Requires the task force to submit written recommendations to the legislature by February 15, 2007.

(c) The task force will expire on February 16, 2007.

Effective Date. This section is effective the day following final enactment.

K-12 EDUCATION
S.F. 2994 (Chapter 263)

ARTICLE 2
EDUCATION EXCELLENCE

Sec. 2. Minnesota Statutes 2005 Supplement, section 120B.021, subdivision 1a, is amended to read:

Subd. 1a. **Rigorous course of study; waiver.** (a) Upon receiving a student's application signed by the student's parent or guardian, a school district, area learning center, or charter school must declare that a student meets or exceeds a specific academic standard required for graduation under this section if the local school board, the school board of the school district in which the area learning center is located, or the charter school board of directors determines that the student:

(1) is participating in a course of study, including an advanced placement or international baccalaureate course or program; a learning opportunity outside the curriculum of the district, area learning center, or charter school; or an approved preparatory program for employment or postsecondary education that is equally or more rigorous than the corresponding state or local academic standard required by the district, area learning center, or charter school;

(2) would be precluded from participating in the rigorous course of study, learning opportunity, or preparatory employment or postsecondary education program if the student were required to achieve the academic standard to be waived; and

(3) satisfactorily completes the requirements for the rigorous course of study, learning opportunity, or preparatory employment or postsecondary education program. Consistent with the requirements of this section, the local school board, the school board of the school district in which the area learning center is located, or the charter school board of directors also may formally determine other circumstances in which to declare that a student meets or exceeds a specific academic standard that the site requires for graduation under this section.

(b) A student who satisfactorily completes a postsecondary enrollment options course or program under section 124D.09, or an advanced placement or international baccalaureate course or program under section 120B.13, is not required to complete other requirements of the academic standards corresponding to that specific rigorous course of study.

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

Sec. 5. Minnesota Statutes 2005 Supplement, section 120B.131, subdivision 2, is amended to read:

Subd. 2. **Reimbursement for examination fees.** The state may reimburse college-level examination program (CLEP) fees for a Minnesota public or nonpublic high school student who has successfully completed one or more college-level courses in high school ~~and earned a satisfactory score on one or more CLEP examinations~~ in the subject matter of each examination in the following subjects: composition and literature, mathematics and science, social sciences and history, foreign languages, and business and humanities. The state may reimburse each ~~successful~~ student for up to six examination fees. The commissioner shall establish application procedures and a process and schedule for fee reimbursements. The commissioner must give priority to reimburse the CLEP examination fees of students of low-income families.

Sec. 21. Laws 2005, First Special Session chapter 5, article 2, section 84, subdivision 13, is amended to read:

Subd. 13. Examination fees; teacher training and support programs.

(a) For students' advanced placement and international baccalaureate examination fees under Minnesota Statutes, section 120B.13, subdivision 3, and the training and related costs for teachers and other interested educators under Minnesota Statutes, section 120B.13, subdivision 1:

\$ 4,500,000	2006
\$ 4,500,000	2007

(b) The advanced placement program shall receive 75 percent of the appropriation each year and the international baccalaureate program shall receive 25 percent of the appropriation each year. The department, in consultation with representatives of the advanced placement and international baccalaureate programs selected by the Advanced Placement Advisory Council and IBMN, respectively, shall determine the amounts of the expenditures each year for examination fees and training and support programs for each program.

(c) Notwithstanding Minnesota Statutes, section 120B.13, subdivision 1, at least \$500,000 each year is for teachers to attend subject matter summer training programs and follow-up support workshops approved by the advanced placement or international baccalaureate programs. ~~The amount of the subsidy for each teacher attending an advanced placement or international baccalaureate summer training program or workshop shall be the same. The commissioner shall determine the payment process and the amount of the subsidy.~~ Teachers shall apply for teacher training scholarships to prepare for teaching in the advanced placement or international baccalaureate program. Any reserved funding not expended for teacher training may be used for exam fees and other support programs for each program.

(d) The commissioner shall pay all examination fees for all students of low-income families under Minnesota Statutes, section 120B.13, subdivision 3, and to the extent of available appropriations shall also pay examination fees for students sitting for an advanced placement examination, international baccalaureate examination, or both. Any balance in the first year does not cancel but is available in the second year.

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

Sec. 24. **ADVISORY TASK FORCE ON SCHOOL AND STAFF EMERGENCY/ALL HAZARD PREPAREDNESS.**

(a) An advisory task force on school and staff emergency/all hazard preparedness is established to consider and recommend to the legislature proposals for strengthening kindergarten through grade 12 crisis management and school safety efforts including, at least, whether or not to:

(1) develop specific K-12 teacher and school administrator competencies related to emergency/all hazard preparedness;

(2) provide emergency/all hazard preparedness training to currently licensed K-12 teachers and school administrators;

(3) incorporate emergency/all hazard preparedness competencies into existing teacher and school administrator preparation curriculum;

(4) identify key emergency/all hazard preparedness competencies appropriate to teacher and school administrator preparation curriculum and ongoing teacher and school administrator training; and

(5) expect federal funds to supplement state emergency/all hazard preparedness initiatives.

(b) The commissioner of education shall appoint an advisory task force on school and staff emergency/all hazard preparedness that is composed of a representative from each of the following entities: the state Board of Teaching; the state Board of School Administrators; the state fire

marshal; law enforcement agencies; emergency responders; school principals; school counselors; nonlicensed school employees; the Minnesota School Boards Association; Education Minnesota; the Minnesota Department of Education; the Minnesota Department of Health; the Minnesota Department of Public Safety; Minnesota State Colleges and Universities; Minnesota Association of School Administrators; and others recommended by task force members. Task force members' terms and other task force matters are subject to Minnesota Statutes, section 15.059. The commissioner may reimburse task force members from the education department's current operating budget but may not compensate task force members for task force activities. The task force must submit by February 15, 2007, to the education policy and finance committees of the legislature a written report that includes recommendations on strengthening K-12 crisis management and school safety efforts.

(c) The task force expires February 16, 2007.

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

(This page intentionally left blank)

OMNIBUS PENSION BILL I
S.F. 2239 (Chapter 271)

SUMMARY: Two omnibus pension bills passed this session. Omnibus Pension Bill I contains the Minnesota State Colleges and Universities system's three pension initiatives; removes the requirement that the system include at least five insurance annuity providers in its Tax Sheltered Annuity plan; changes the contribution rates for IRAP-covered State Arts Board employees to the same rates as all other IRAP-covered employees; and eliminates an obsolete provision on mandatory faculty retirement age. This bill also includes an early retirement incentive in the case of layoffs or reorganization, as well as an increase to the contribution rates for MSRS. Of the 14 articles in the bill, those provisions that affect Minnesota State Colleges and Universities are listed below.

Section	<i>Omnibus Pension Bill I</i>	Language Page
----------------	--------------------------------------	--------------------------

ARTICLE 1
MINNESOTA STATE RETIREMENT SYSTEM
CONTRIBUTION INCREASES

1	Employee Contributions. Effective July 1, 2007, the employee contribution rates for the MSRS plan will increase to 4.25% of the employee's salary. Effective July 1, 2008, the rate will increase to 4.5% of the employee's salary, to 4.75% effective July 1, 2009, and 5% effective July 1, 2010.	51
2	Employer Contributions. The employer contribution rates for the MSRS plan will increase following the same schedule as in section 1.	51
3	Procedure for Revising Employee and Employer Contributions in Certain Instances. This section applies to the general state employees retirement plan and authorizes additional contribution rate changes through an administrative procedure beginning in 2011. The rate increase or decrease is to be reported to the Legislative Commission on Pensions and Retirement. If the commission does not recommend a modification to the rate change, it is effective on the next July 1.	51
8	Contribution Rates. This section replaces a statutory cross-reference to the MSRS-General member contribution rate with a specified four percent member contribution rate for the MSRS unclassified plan.	52
9	Effective Date. Sections 1, 2, 3 and 8 are effective July 1, 2007.	53

ARTICLE 3
RETIREMENT PLAN ADMINISTRATIVE PROVISIONS

- 1** **Subsequent Vendor Contracts.** This section removes the requirement that Minnesota State Colleges and Universities include at least five insurance annuity providers in the Tax Sheltered Annuity (TSA) plan. **53**
- 39** **Contributions.** This section changes the contribution rates for IRAP covered State Arts Board employees to the same rates as all other IRAP covered employees. **53**
- 43** **Early Retirement Incentive.** Minnesota State Colleges and Universities may offer an early retirement incentive due to budget shortfalls or a reorganization to an employee who has at least 15 years of service in defined benefit plans or the unclassified program, or has at least five years of MnSCU-IRAP coverage, and must be immediately eligible for annuity. The employer may provide up to \$17,000 to be used for limited purposes; the total cost must be offset by avoiding layoff costs. The provision is effective until September 1, 2006. **54**
- 46** **Repealer.** This section eliminates an obsolete provision on mandatory faculty retirement age. **55**

OMNIBUS PENSION BILL I
S.F. 2239 (Chapter 271)

ARTICLE 1

MINNESOTA STATE RETIREMENT SYSTEM CONTRIBUTION INCREASES

Section 1. Minnesota Statutes 2004, section 352.04, subdivision 2, is amended to read:

Subd. 2. **Employee contributions.** (a) The employee contribution to the fund must be equal to ~~4.0~~ the following percent of salary-:

before July 1, 2007 4.00
from July 1, 2007, to June 30, 2008 4.25
from July 1, 2008, to June 30, 2009 4.50
from July 1, 2009, to June 30, 2010 4.75
from July 1, 2010, and thereafter 5.00.

(b) These contributions must be made by deduction from salary as provided in subdivision 4.

Sec. 2. Minnesota Statutes 2004, section 352.04, subdivision 3, is amended to read:

Subd. 3. **Employer contributions.** The employer contribution to the fund must be equal to ~~4.0~~ the following percent of salary-:

before July 1, 2007 4.00
from July 1, 2007, to June 30, 2008 4.25
from July 1, 2008, to June 30, 2009 4.50
from July 1, 2009, to June 30, 2010 4.75
from July 1, 2010, and thereafter 5.00.

Sec. 3. [352.045] PROCEDURE FOR REVISING EMPLOYEE AND EMPLOYER CONTRIBUTIONS IN CERTAIN INSTANCES.

Subdivision 1. **Application.** This section applies to the general state employees retirement plan and to the correctional state employees retirement plan under this chapter, and to the state patrol retirement plan under chapter 352B.

Subd. 2. **Determination.** For purposes of this section, a contribution sufficiency exists if, for purposes of the applicable plan, the total of the employee contributions, the employer contributions, and any additional employer contributions, if applicable, exceeds the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement. For purposes of this section, a contribution deficiency exists if, for the applicable plan, the total employee contributions, employer contributions, and any additional employer contributions are less than the total of the normal cost, the administrative expenses, and the amortization contribution of the retirement plan as reported in the most recent actuarial valuation of the retirement plan prepared by the actuary retained under section 356.214 and prepared under section 356.215 and the standards for actuarial work of the Legislative Commission on Pensions and Retirement.

Subd. 3. **Contribution rate revision.** Notwithstanding the contribution rate provisions stated in plan law, the employee and employer contribution rates must be adjusted:

(1) if, after July 1, 2011, the regular actuarial valuations of the applicable plan under section 356.215 indicate that there is a contribution sufficiency under subdivision 2 equal to or greater than 0.5 percent of covered payroll for two consecutive years, the employee and

employer contribution rates for the applicable plan must be decreased as determined under subdivision 4 to a level such that the sufficiency equals no more than 0.25 percent of covered payroll based on the most recent actuarial valuation; or

(2) if, after July 1, 2011, the regular actuarial valuations of the applicable plan under section 356.215 indicate that there is a deficiency equal to or greater than 0.5 percent of covered payroll for two consecutive years, the employee and employer contribution rates for the applicable plan must be increased as determined under subdivision 4 to a level such that no deficiency exists based on the most recent actuarial valuation.

Subd. 4. Reporting, commission review. (a) The contribution rate increase or decrease must be determined by the executive director of the Minnesota State Retirement System, must be reported to the chair and the executive director of the Legislative Commission on Pensions and Retirement on or before the next February 1, and, if the Legislative Commission on Pensions and Retirement does not recommend against the rate change or does not recommend a modification in the rate change, is effective on the next July 1 following the determination by the executive director that a contribution deficiency or sufficiency has existed for two consecutive fiscal years based on the most recent actuarial valuations under section 356.215. If the actuarially required contribution exceeds or is less than the total support provided by the combined employee and employer contribution rates for the applicable plan by more than 0.5 percent of covered payroll, the applicable plan employee and employer contribution rates must be adjusted incrementally over one or more years to a level such that there remains a contribution sufficiency of no more than 0.25 percent of covered payroll.

(b) No incremental adjustment may exceed 0.25 percent of payroll for either the employee or employer contribution rates per year in which any adjustment is implemented. For an applicable plan, a contribution rate adjustment under this section must not be made until at least two years have passed since fully implementing a previous adjustment under this section.

Sec. 8. Minnesota Statutes 2004, section 352D.04, subdivision 2, is amended to read:

Subd. 2. Contribution rates. (a) The money used to purchase shares under this section is the employee and employer contributions provided in this subdivision.

(b) The employee contribution is an amount equal to ~~the employee contribution specified in section 352.04, subdivision 2~~ four percent of salary.

(c) The employer contribution is an amount equal to six percent of salary.

(d) ~~These contributions must be made in the manner provided in section 352.04, subdivision 4, 5, and 6.~~

~~(e)~~ For members of the legislature, the contributions under this subdivision also must be made on per diem payments received during a regular or special legislative session, but may not be made on per diem payments received outside of a regular or special legislative session, on the additional compensation attributable to a leadership position under section 3.099, subdivision 3, living expense payments under section 3.101, or special session living expense payments under section 3.103.

~~(f)~~(e) For a judge who is a member of the unclassified plan under section 352D.02, subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent of salary, and there is no employer contribution.

(f) These contributions must be made in the manner provided in section 352.04, subdivisions 4, 5, and 6.

Sec. 9. EFFECTIVE DATE.

(a) Sections 1, 2, 3, and 8 are effective July 1, 2007.

(b) Sections 4, 5, 6, and 7 are effective July 1, 2006.

ARTICLE 3

RETIREMENT PLAN ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 2004, section 136F.45, subdivision 1a, is amended to read:

Subd. 1a. **Subsequent vendor contracts.** (a) The board may limit the number of vendors under subdivision 1.

(b) In addition to any other tax-sheltered annuity program investment options, the board may offer as an investment option the Minnesota supplemental investment fund administered by the State Board of Investment under section 11A.17.

~~(c) For the tax sheltered annuity program vendor contracts executed after July 1, 2000, The board shall actively solicit participation of and shall include as vendors lower expense and "no-load" mutual funds or equivalent investment products as those terms are defined by the federal Securities and Exchange Commission. To the extent possible, in addition to a range of insurance annuity contract providers and other mutual fund provider arrangements, the board must assure that no less than five insurance annuity providers arrangements, the board must assure that no less than five insurance annuity providers and no less than one nor more than three lower expense and "no load" mutual funds or equivalent investment products will be made available for direct access by employee participants. To the extent that offering a lower expense "no-load" product increases the total necessary and reasonable expenses of the program and if the board is unable to negotiate a rebate of fees from the mutual fund or equivalent investment product providers, the board may charge the participants utilizing the lower expense "no-load" mutual fund products a fee to cover those expenses. The participant fee may not exceed one percent of the participant's annual contributions or \$20 per participant per year, whichever is greater. Any excess fee revenue generated under this subdivision must be reimbursed to participant accounts in the manner provided in subdivision 3a.~~

Sec. 39. Minnesota Statutes 2004, section 354D.05, is amended to read: **354D.05 CONTRIBUTIONS.**

Subdivision 1. **Member contributions.** Eligible employees (a) Participants in the individual retirement account plan who are specified in section 354D.02, subdivision 2, clause (1) or (2), and who would otherwise be eligible to participate in the members of a Minnesota State Retirement System, the Public Employees Retirement Association, or the Teachers Retirement Association plan, but who participate in the individual retirement account plan, shall make a member contribution ~~in an amount equal to the member contribution amount required by the plan for which the individual was originally eligible for membership. The contribution as specified in section 354B.23, subdivision 1.~~

(b) For individual retirement account plan members specified in section 354D.02, subdivision 2, clause (3), the member contribution is the employee contribution specified in applicable law for the Minnesota State Retirement System, Public Employees Retirement Association, or Teachers Retirement Association plan in which the individual would otherwise be a member.

(c) Contributions under this subdivision must be made by payroll deduction each pay period and must be in accordance with either section 403(b) or 414(h) of the Internal Revenue Code.

Subd. 2. **Employer contributions.** (a) The employer of eligible employees an employee described in subdivision 1 who are eligible to participate in either the Minnesota State Retirement System or the Public Employees Retirement Association shall, paragraph

(a), must make an employer contribution to the employee's individual retirement account plan in an amount equal to the employer contribution amount required by the plan for which the individual was originally eligible for membership account as specified in section 354B.23, subdivisions 3 and 4.

(b) The employer of eligible employees an employee described in subdivision 1 who are eligible to participate in the Teachers Retirement Association shall, paragraph

(b), must make an employer contribution to the employee's individual retirement account plan in an amount account equal to the employer contribution including, if applicable, any employer additional contribution required by section 354.42, subdivision 3, and shall make an employer contribution to the applicable plan law for the Minnesota State Retirement System, Public Employees Retirement Association, or Teachers Retirement Association in an amount equal to which the employer contribution required by section 354.423, subdivision 5 individual would otherwise be a member.

Sec. 43. EARLY RETIREMENT INCENTIVE.

Subdivision 1. **Eligibility.** An appointing authority in the executive or legislative branch of state government or the Board of Public Defense or the Minnesota Historical Society or the Minnesota State Colleges and Universities or any school district may offer the early retirement incentive in this section to an employee who:

(1) has at least 15 years of allowable service in one or more of the funds listed in Minnesota Statutes, section 356.30, subdivision 3, or has at least five years of coverage by the individual retirement account plan governed by Minnesota Statutes, chapter 354B, and upon retirement is immediately eligible for a retirement annuity or benefit from one or more of these funds; and

(2) terminates state or teaching service after the effective date of this section and before September 1, 2006.

Subd. 2. **Incentive.** (a) For an employee eligible under subdivision 1, the employer may provide an amount up to \$17,000, to be used:

(1) for an employee who terminates state service after the effective date of this section and on or before July 15, 2006, for deposit in the employee's account in the health care savings plan established by Minnesota Statutes, section 352.98; or

(2) for an employee who terminates state service after July 15, 2006, and before September 1, 2006:

(i) notwithstanding Minnesota Statutes, section 352.01, subdivision 11, or 354.05, subdivision 13, whichever applies, for purchase of service credit for unperformed service sufficient to enable the employee to retire under Minnesota Statutes, section 352.116, subdivision 1, paragraph (b); 353.30; or 354.44, subdivision 6, paragraph (b), whichever applies; or

(ii) for purchase of a lifetime annuity or annuity for a specific number of years from the state unclassified retirement program to provide additional benefits under Minnesota Statutes, section 352D.06, subdivision 1.

(b) An employee is eligible for the payment under paragraph (a), clause (2), item

(i), if the employee uses money from a deferred compensation account that, combined with the payment under paragraph (a), clause (2), item (i), would be sufficient to purchase enough service credit to qualify for retirement under Minnesota Statutes, section 352.116, subdivision 1, paragraph (b); 353.30, subdivision 1a; or 354.44, subdivision 6, paragraph

(b), whichever applies.

(c) The cost to purchase service credit under this section must be made in accordance with Minnesota Statutes, section 356.551.

Subd. 3. **Designation of positions; employer discretion.** Before offering an incentive under this section, an appointing authority must be experiencing employee layoffs due to budget shortfalls or a reorganization that would be offset by offering the incentive. The appointing authority must document that the incentive payment is equal to or less than the cost of the employee layoff. The appointing authority must designate the job classifications or positions within the job classifications that qualify for the incentive. The appointing authority may modify this designation at any time. Designation of positions eligible for the incentive under this section, participation of individual employees, and the amount of the payment under this section are at the sole discretion of the appointing authority. Unilateral implementation of this section by the employer is not an unfair labor practice under Minnesota Statutes, chapter 179A.

Sec. 46. **REPEALER.**

Minnesota Statutes 2004, section 43A.34, subdivision 1, is repealed.

(This page intentionally left blank)

OMNIBUS PENSION BILL II
S.F. 1057 (Chapter 277)

SUMMARY: This is the second of two omnibus pension bills. The bill eliminates the Minneapolis Teacher Retirement Association (TRA) pension fund and transfers all members to regular TRA membership effective July 1, 2006. All employees covered by TRA will see an increase in deductions on July 1, 2006, to 5.5 percent. Effective July 1, 2007, the employer contribution rate for TRA members will increase from 5 percent to 5.5 percent.

Section	<i>Omnibus Pension Bill II</i>	Language Page
----------------	---------------------------------------	--------------------------

ARTICLE 1
**MINNESOTA POSTRETIREMENT INVESTMENT
 FUND CHANGES**

1	Calculation of Postretirement Adjustment. This section sets a five percent maximum on annual post-retirement adjustments for each participating public pension plan or fund.	59
----------	---	-----------

ARTICLE 2
DEFERRED ANNUITY AUGMENTATION RATE CHANGE

1	Actuarial Reduction for Early Retirement. This section applies to MSRS- General and sets an annual 2.5 percent deferred annuity augmentation rate for post-2006 hires.	60
----------	---	-----------

2	Computation of Deferred Annuity. This section applies to MSRS and sets an annual 2.5 percent deferred annuity augmentation rate for post-2006 hires.	61
----------	---	-----------

6	Computation of Formula Program Retirement Annuity. This section applies to TRA and sets an annual 2.5 percent deferred annuity augmentation rate for post-2006 hires.	62
----------	--	-----------

7	Deferred Annuity; Augmentation. This section applies to TRA and sets an annual 2.5 percent deferred annuity augmentation rate for post-2006 hires.	63
----------	---	-----------

ARTICLE 3
**TEACHERS RETIREMENT ASSOCIATION COVERAGE
 AND BENEFIT RESTRUCTURING**

6	Employee. This section sets member contributions at 5.5 percent for coordinated program members and at 9.0 percent for basic program members.	64
----------	--	-----------

7	Employer. This section sets the employer contribution rates for the Minneapolis School District. It also increases other TRA	64
----------	---	-----------

employer contributions by 0.5 percent beginning July 1, 2007.

- 9 Consolidation of Minneapolis Teachers Retirement Fund Association.** This section consolidates the Minneapolis Teacher Retirement Fund into TRA, with liability, asset, and records transfer on June 30, 2006. Current Minneapolis Teacher Retirement Fund benefits are retained in force, payable from TRA. The Minneapolis Teacher Retirement Fund is terminated as of June 30, 2006. **65**

OMNIBUS PENSION BILL II
S.F. 1057 (Chapter 277)

ARTICLE 1

MINNESOTA POSTRETIREMENT INVESTMENT FUND CHANGES

Section 1. Minnesota Statutes 2004, section 11A.18, subdivision 9, is amended to read:

- Subd. 9. **Calculation of postretirement adjustment.** (a) Annually, following June 30, the state board shall use the procedures in paragraphs (b), (c), and (d) to determine whether a postretirement adjustment is payable and to determine the amount of any postretirement adjustment.
- (b) If the Consumer Price Index for urban wage earners and clerical workers all items index published by the Bureau of Labor Statistics of the United States Department of Labor increases from June 30 of the preceding year to June 30 of the current year, the state board shall certify the percentage increase. The amount certified must not exceed the lesser of the difference between the preretirement interest assumption and postretirement interest assumption in section 356.215, subdivision 8, paragraph (a), or 2.5 percent. For the Minneapolis Employees Retirement Fund, the amount certified must not exceed 3.5 percent.
- (c) In addition to any percentage increase certified under paragraph (b), the board shall use the following procedures to determine if a postretirement adjustment is payable under this paragraph:
- (1) The state board shall determine the market value of the fund on June 30 of that year;
 - (2) The amount of reserves required as of the current June 30 for the annuity or benefit payable to an annuitant and benefit recipient of the participating public pension plans or funds must be determined by the ~~commission retained~~ actuary as of the current June 30 retained under section 356.214. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least 12 full months as of the current June 30 is eligible to receive a full postretirement adjustment. An annuitant or benefit recipient who has been receiving an annuity or benefit for at least one full month, but less than 12 full months as of the current June 30, is eligible to receive a partial postretirement adjustment. Each fund shall report separately the amount of the reserves for those annuitants and benefit recipients who are eligible to receive a full postretirement benefit adjustment. This amount is known as "eligible reserves." Each fund shall also report separately the amount of the reserves for those annuitants and benefit recipients who are not eligible to receive a postretirement adjustment. This amount is known as "noneligible reserves." For an annuitant or benefit recipient who is eligible to receive a partial postretirement adjustment, each fund shall report separately as additional "eligible reserves" an amount that bears the same ratio to the total reserves required for the annuitant or benefit recipient as the number of full months of annuity or benefit receipt as of the current June 30 bears to 12 full months. The remainder of the annuitant's or benefit recipient's reserves must be separately reported as additional "noneligible reserves." The amount of "eligible" and "noneligible" required reserves must be certified to the board by the commission-retained actuary as soon as is practical following the current June 30;
 - (3) The state board shall determine the percentage increase certified under paragraph (b) multiplied by the eligible required reserves, as adjusted for mortality gains and losses under subdivision 11, determined under clause (2);
 - (4) The state board shall add the amount of reserves required for the annuities or benefits payable to annuitants and benefit recipients of the participating public pension plans or funds as of the current June 30 to the amount determined under clause (3);

- (5) The state board shall subtract the amount determined under clause (4) from the market value of the fund determined under clause (1);
- (6) The state board shall adjust the amount determined under clause (5) by the cumulative current balance determined ~~pursuant to~~ under clause (8) and any negative balance carried forward under clause (9);
- (7) A positive amount resulting from the calculations in clauses (1) to (6) is the excess market value. A negative amount is the negative balance;
- (8) The state board shall allocate one-fifth of the excess market value or one-fifth of the negative balance to each of five consecutive years, beginning with the fiscal year ending the current June 30; and
- (9) To calculate the postretirement adjustment under this paragraph based on investment performance for a fiscal year, the state board shall add together all excess market value allocated to that year and subtract from the sum all negative balances allocated to that year. If this calculation results in a negative number, the entire negative balance must be carried forward and allocated to the next year. If the resulting amount is positive, a postretirement adjustment is payable under this paragraph. The board shall express a positive amount as a percentage of the total eligible required reserves certified to the board under clause (2).
- (d) The state board shall determine the amount of any postretirement adjustment which is payable using the following procedure:
- (1) The total "eligible" required reserves as of the first of January next following the end of the fiscal year for the annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment as determined by clause (2) must be certified to the state board by the ~~commission retained~~ actuary retained under section 356.214. The total "eligible" required reserves must be determined by the ~~commission retained~~ actuary retained under section 356.214 on the assumption that all annuitants and benefit recipients eligible to receive a full or partial postretirement adjustment will be alive on the January 1 in question; and
- (2) The state board shall add the percentage certified under paragraph (b) to any positive percentage calculated under paragraph (c). The board shall not subtract from the percentage certified under paragraph (b) any negative amount calculated under paragraph (c). The sum of these percentages must be carried to five decimal places and must be certified to each participating public pension fund or plan as the full postretirement adjustment percentage. The full postretirement adjustment percentage certified to each anticipating public pension plan or fund must not exceed five percent. For the Minneapolis Employees Retirement Fund, no maximum percentage adjustment is applicable.
- (e) A retirement annuity payable in the event of retirement before becoming eligible for Social Security benefits as provided in section 352.116, subdivision 3; 353.29, subdivision 6; or 354.35 must be treated as the sum of a period certain retirement annuity and a life retirement annuity for the purposes of any postretirement adjustment. The period certain retirement annuity plus the life retirement annuity must be the annuity amount payable until age 62 or 65, whichever applies. A postretirement adjustment granted on the period certain retirement annuity must terminate when the period certain retirement annuity terminates.

ARTICLE 2

DEFERRED ANNUITY AUGMENTATION RATE CHANGE

Section 1. Minnesota Statutes 2004, section 352.116, subdivision 1a, is amended to read:

Subd. 1a. **Actuarial reduction for early retirement.** This subdivision applies to a person who has become at least 55 years old and first became a covered employee after June 30, 1989, and to any other covered employee who has become at least 55 years old and whose annuity is higher when calculated under section 352.115, subdivision 3, paragraph

(b), in conjunction with this subdivision than when calculated under section 352.115, subdivision 3, paragraph (a), in conjunction with subdivision 1. A covered employee who retires before the normal retirement age shall be paid the normal retirement annuity provided in section 352.115, subdivisions 2 and 3, paragraph (b), reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at an annual rate of 2.5 percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee initially becomes an employee after June 30, 2006.

Sec. 2. Minnesota Statutes 2004, section 352.72, subdivision 2, is amended to read:

Subd. 2. **Computation of deferred annuity.** (a) The deferred annuity, if any, accruing under subdivision 1, or section 352.22, subdivision 3, must be computed as provided in section 352.22, subdivision 3, on the basis of allowable service before termination of state service and augmented as provided herein. The required reserves applicable to a deferred annuity or to an annuity for which a former employee was eligible but had not applied or to any deferred segment of an annuity must be determined as of the date the benefit begins to accrue and augmented by interest compounded annually from the first day of the month following the month in which the employee ceased to be a state employee, or July 1, 1971, whichever is later, to the first day of the month in which the annuity begins to accrue. The rates of interest used for this purpose must be five percent compounded annually until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former employee attains age 55, and from that date to the effective date of retirement, the rate is five percent compounded annually if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. If a person has more than one period of uninterrupted service, the required reserves related to each period must be augmented by interest under this subdivision. The sum of the augmented required reserves so determined is the present value of the annuity. "Uninterrupted service" for the purpose of this subdivision means periods of covered employment during which the employee has not been separated from state service for more than two years. If a person repays a refund, the service restored by the repayment must be considered continuous with the next period of service for which the employee has credit with this system. The formula percentages used for each period of uninterrupted service must be those applicable to a new employee. The mortality table and interest assumption used to compute the annuity must be those in effect when the employee files application for annuity. This section does not reduce the annuity otherwise payable under this chapter.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former state employee who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and the tables adopted by the board and approved by the actuary retained by the Legislative Commission on Pensions and Retirement.

Sec. 6. Minnesota Statutes 2005 Supplement, section 354.44, subdivision 6, is amended to read:

Subd. 6. **Computation of formula program retirement annuity.** (a) The formula retirement annuity must be computed in accordance with the applicable provisions of the formulas stated in paragraph (b) or (d) on the basis of each member's average salary under section 354.05, subdivision 13a, for the period of the member's formula service credit.

(b) This paragraph, in conjunction with paragraph (c), applies to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, unless paragraph (d), in conjunction with paragraph (e), produces a higher annuity amount, in which case paragraph (d) applies. The average salary as defined in section 354.05, subdivision 13a, multiplied by the following percentages per year of formula service credit shall determine the amount of the annuity to which the member qualifying therefore is entitled:

	Coordinated Member	Basic Member
		the percent specified in
Each year of service during first ten	the percent specified in section 356.315, subdivision 1, per year	section 356.315, subdivision 3, per year
		the percent specified in
Each year of service thereafter	the percent specified in section 356.315, subdivision 2, per year	section 356.315, subdivision 4, per year

(c) (i) This paragraph applies only to a person who first became a member of the association or a member of a pension fund listed in section 356.30, subdivision 3, before July 1, 1989, and whose annuity is higher when calculated under paragraph (b), in conjunction with this paragraph than when calculated under paragraph (d), in conjunction with paragraph (e).

(ii) Where any member retires prior to normal retirement age under a formula annuity, the member shall be paid a retirement annuity in an amount equal to the normal annuity provided in paragraph (b) reduced by one-quarter of one percent for each month that the member is under normal retirement age at the time of retirement except that for any member who has 30 or more years of allowable service credit, the reduction shall be applied only for each month that the member is under age 62.

(iii) Any member whose attained age plus credited allowable service totals 90 years is entitled, upon application, to a retirement annuity in an amount equal to the normal annuity provided in paragraph (b), without any reduction by reason of early retirement.

(d) This paragraph applies to a member who has become at least 55 years old and first became a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity amount when calculated under this paragraph and in conjunction with paragraph (e), is higher than it is when calculated under paragraph (b), in conjunction with paragraph (c). The average salary, as defined in section 354.05, subdivision 13a, multiplied by the percent specified by section 356.315, subdivision 4, for each year of service for a basic member and by the percent specified in section 356.315, subdivision 2, for each year of service for a coordinated member shall determine the amount of the retirement annuity to which the member is entitled.

(e) This paragraph applies to a person who has become at least 55 years old and first becomes a member of the association after June 30, 1989, and to any other member who has become at least 55 years old and whose annuity is higher when calculated under paragraph (d) in conjunction with this paragraph than when calculated under paragraph (b), in conjunction with paragraph (c). An employee who retires under the formula annuity before the normal retirement age shall be paid the normal annuity provided in paragraph (d) reduced so that the reduced annuity is the actuarial equivalent of the annuity that would be payable to the employee if the

employee deferred receipt of the annuity and the annuity amount were augmented at an annual rate of three percent compounded annually from the day the annuity begins to accrue until the normal retirement age if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006.

(f) No retirement annuity is payable to a former employee with a salary that exceeds 95 percent of the governor's salary unless and until the salary figures used in computing the highest five successive years average salary under paragraph (a) have been audited by the Teachers Retirement Association and determined by the executive director to comply with the requirements and limitations of section 354.05, subdivisions 35 and 35a.

Sec. 7. Minnesota Statutes 2004, section 354.55, subdivision 11, is amended to read:

Subd. 11. **Deferred annuity; augmentation.** (a) Any person covered under section 354.44, subdivision 6, who ceases to render teaching service, may leave the person's accumulated deductions in the fund for the purpose of receiving a deferred annuity at retirement. Eligibility for an annuity under this subdivision is governed pursuant to section 354.44, subdivision 1, or 354.60.

(b) The amount of the deferred retirement annuity is determined by section 354.44, subdivision 6, and augmented as provided in this subdivision. The required reserves related to that portion of the annuity which had accrued when the member ceased to render teaching service must be augmented by interest compounded annually from the first day of the month following the month during which the member ceased to render teaching service to the effective date of retirement. There shall be no augmentation if this period is less than three months or if this period commences prior to July 1, 1971. The rates of interest used for this purpose must be five percent compounded annually commencing July 1, 1971, until January 1, 1981, and three percent compounded annually thereafter until January 1 of the year following the year in which the former member attains age 55- and from that date to the effective date of retirement, the rate is five percent compounded annually if the employee became an employee before July 1, 2006, and at 2.5 percent compounded annually if the employee becomes an employee after June 30, 2006. If a person has more than one period of uninterrupted service, a separate average salary determined under section 354.44, subdivision 6, must be used for each period and the required reserves related to each period must be augmented by interest pursuant to this subdivision. The sum of the augmented required reserves so determined shall be the basis for purchasing the deferred annuity. If a person repays a refund, the service restored by the repayment must be considered as continuous with the next period of service for which the person has credit with this fund. If a person does not render teaching service in any one fiscal year or more consecutive fiscal years and then resumes teaching service, the formula percentages used from the date of the resumption of teaching service must be those applicable to new members. The mortality table and interest assumption used to compute the annuity must be the applicable mortality table established by the board under section 354.07, subdivision 1, and the interest rate assumption under section 356.215 in effect when the member retires. A period of uninterrupted service for the purposes of this subdivision means a period of covered teaching service during which the member has not been separated from active service for more than one fiscal year.

(c) In no case shall the annuity payable under this subdivision be less than the amount of annuity payable pursuant to section 354.44, subdivision 6.

(d) The requirements and provisions for retirement before normal retirement age contained in section 354.44, subdivision 6, clause (3) or

(5), shall also apply to an employee fulfilling the requirements with a combination of service as provided in section 354.60.

(e) The augmentation provided by this subdivision applies to the benefit provided in section 354.46, subdivision 2.

(f) The augmentation provided by this subdivision shall not apply to any period in which a person is on an approved leave of absence from an employer unit covered by the provisions of this chapter.

(g) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former teacher who terminated service before July 1, 1997, which is not first payable until after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 8, from five percent to six percent under a calculation procedure and tables adopted by the board as recommended by an approved actuary and approved by the actuary retained by the Legislative Commission on Pensions and Retirement.

Article 3

TEACHERS RETIREMENT ASSOCIATION COVERAGE AND BENEFIT RESTRUCTURING

Sec. 6. Minnesota Statutes 2004, section 354.42, subdivision 2, is amended to read:

Subd. 2. **Employee.** (a) The employee contribution to the fund is an amount equal to 5.0 the following percentage of the salary of a member:

(1) after July 1, 2006, for a teacher employed by Special School District No. 1, Minneapolis, 5.5 percent if the teacher is a coordinated member, and 9.0 percent if the teacher is a basic member;

(2) for every other teacher, after July 1, 2006, 5.5 percent ~~of~~ if the salary of every teacher is a coordinated member and 9.0 percent if the teacher is a basic member.

(b) This contribution must be made by deduction from salary. Where any portion of a member's salary is paid from other than public funds, the member's employee contribution must be based on the entire salary received.

Sec. 7. Minnesota Statutes 2004, section 354.42, subdivision 3, is amended to read:

Subd. 3. **Employer.** (a) The regular employer contribution to the fund by Special School District No. 1, Minneapolis, after July 1, 2006, and before July 1, 2007, is an amount equal to 5.00 percent of the salary of each of its teachers who is a coordinated member and 9.00 percent of the salary of each of its teachers who is a basic member. After July 1, 2007, the regular employer contribution to the fund by Special School District No. 1, Minneapolis, is an amount equal to 5.50 percent of salary of each coordinated member and 9.50 percent of salary of each basic member. The additional employer contribution to the fund by Special School District No. 1, Minneapolis, after July 1, 2006, is an amount equal to 3.64 percent of the salary of each teacher who is a coordinated member or is a basic member.

(b) The employer contribution to the fund for every other employer, is an amount equal to 5.0 percent of the salary of each coordinated member and 9.0 percent of the salary of each basic member before July 1, 2007, and 5.5 percent of the salary of each coordinated member and 9.5 percent of the salary of each basic member after June 30, 2007.

Sec. 9. [354.70] CONSOLIDATION OF MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION.

Subdivision 1. **Membership transfer.** All active, inactive, and retired members of the Minneapolis Teachers Retirement Fund Association are transferred to the Teachers Retirement Association and are no longer

members of the Minneapolis Teachers Retirement Fund Association as of July 1, 2006.

Subd. 2. **TRA membership.** A person first hired as a teacher by Special School District No. 1, Minneapolis, after June 30, 2006, and who is a teacher as defined in section 354.05, subdivision 2, is a member of the Teachers Retirement Association for the person's teaching service.

Subd. 3. **Service credit and liability transfer.** All allowable service and salary credit of the members and other individuals transferred under subdivision 1 as specified in the records of the Minneapolis Teachers Retirement Fund Association on the transfer date is allowable service credit under section 354.05, subdivision 13, formula service credit under section 354.05, subdivision 25, and salary credit under section 354.05, subdivision 35, for the Teachers Retirement Association.

Subd. 4. **Transfer of records.** On or before June 30, 2006, the chief administrative officer of the Minneapolis Teachers Retirement Fund Association shall transfer all records and documents relating to the funds and the benefit plans of the association to the executive director of the Teachers Retirement Association. To the extent possible, original copies of all records and documents must be transferred.

Subd. 5. **Transfer of assets.** (a) On or before June 30, 2006, the chief administrative officer of the Minneapolis Teachers Retirement Fund Association shall transfer to the Teachers Retirement Association the entire assets of the special retirement fund of the Minneapolis Teachers Retirement Fund Association. The transfer of the assets of the Minneapolis Teachers Retirement Fund Association special retirement fund must include any accounts receivable that are determined by the executive director of the State Board of Investment as reasonably capable of being collected. Legal title to account receivables that are determined by the executive director of the State Board of Investment as not reasonably capable of being collected transfers to Special School District No. 1, Minneapolis, as of the date of the determination of the executive director of the State Board of Investment. If the account receivables transferred to Special School District No. 1, Minneapolis, are subsequently recovered by the school district, the superintendent of Special School District No. 1, Minneapolis, shall transfer the recovered amount to the executive director of the Teachers Retirement Association, in cash, for deposit in the teachers retirement fund, less the reasonable expenses of the school district related to the recovery.

(b) As of June 30, 2006, assets of the special retirement fund of the Minneapolis Teachers Retirement Fund Association are assets of the Teachers Retirement Association to be invested by the State Board of Investment pursuant to the provisions of section 354.07, subdivision 4. The Teachers Retirement Association is the successor in interest to all claims which the Minneapolis Teachers Retirement Fund Association may have or may assert against any person and is the successor in interest to all claims which could have been asserted against the former Minneapolis Teachers Retirement Fund Association, subject to the following exceptions and qualifications:

(1) the Teachers Retirement Association is not liable for any claim against the Minneapolis Teachers Retirement Fund Association, its former board or board members, which is founded upon a claim of breach of fiduciary duty, where the act or acts constituting the claimed breach were not done in good faith;

(2) the Teachers Retirement Association may assert any applicable defense to any claim in any judicial or administrative proceeding that the former Minneapolis Teachers Retirement Fund Association or its Board would otherwise have been entitled to assert;

(3) the Teachers Retirement Association may assert any applicable defense that the Teachers Retirement Association may assert in its capacity as a statewide agency; and

(4) the Teachers Retirement Association shall indemnify any former fiduciary of the Minneapolis Teachers Retirement Fund Association consistent with the provisions of the Public Pension Fiduciary Responsibility Act, in section 356A.11.

(c) From the assets of the former Minneapolis Teachers Retirement Fund Association transferred to the Teachers Retirement Association, an amount equal to the percentage figure that represents the ratio between the market value of the Minnesota postretirement investment fund as of June 30, 2006, and the required reserves of the Minnesota post retirement investment fund as of June 30, 2006, applied to the present value of future benefits payable to annuitants of the former Minneapolis Teachers Retirement Fund Association as of June 30, 2006, including any postretirement adjustment from the Minnesota postretirement investment fund expected to be payable on January 1, 2007, must be transferred to the Minnesota postretirement investment fund. The executive director of the State Board of Investment shall estimate this ratio at the time of the transfer. By January 1, 2007, after all necessary financial information becomes available to determine the actual funded ratio of the Minnesota postretirement investment fund, the postretirement investment fund must refund to the Teachers Retirement Association any excess assets or the Teachers Retirement Association must contribute any deficiency to the Minnesota postretirement investment fund with interest under section 11A.18, subdivision 6. The balance of the assets of the former Minneapolis Teachers Retirement Fund Association after the transfer to the Minnesota postretirement investment fund must be credited to the Teachers Retirement Association. If the assets transferred by the Minneapolis Teachers Retirement Fund Association to the Teachers Retirement Association are insufficient to meet its obligation to the Minnesota postretirement investment fund, additional assets must be transferred by the executive director of the Teachers Retirement Association to meet the amount required.

Subd. 6. **Benefit calculation.** (a) For every deferred, inactive, disabled, and retired member of the Minneapolis Teachers Retirement Fund Association transferred under subdivision 1, and the survivors of these members, annuities or benefits earned before the date of the transfer, other than future postretirement adjustments, must be calculated and paid by the Teachers Retirement Association under the laws, articles of incorporation, and bylaws of the former Minneapolis Teachers Retirement Fund Association that were in effect relative to the person on the date of the person's termination of active service covered by the former Minneapolis Teachers Retirement Fund Association.

(b) Former Minneapolis Teachers Retirement Fund Association members who retired before July 1, 2006, must receive postretirement adjustments after December 31, 2006, only as provided in section 11A.18. All other benefit recipients of the former Minneapolis Teachers Retirement Fund Association must receive postretirement adjustments after December 31, 2006, only as provided in section 356.41.

(c) This consolidation does not impair or diminish benefits for an active, deferred, or retired member or a survivor of an active, deferred, or retired member under the former Minneapolis Teachers Retirement Fund Association in existence at the time of the consolidation, except that any future guaranteed or investment-related postretirement adjustments must be paid after July 1, 2006, in accordance with paragraph (b), and all benefits based on service on or after July 1, 2006 must be determined only by laws governing the Teachers Retirement Association.

Subd. 7. **Termination of Minneapolis Teachers Retirement Fund Association special retirement fund.** (a) As of June 30, 2006, the Minneapolis Teachers Retirement Fund Association ceases to exist.

(b) Contracts, records, and obligations of the Minneapolis Teachers Retirement Fund Association special retirement fund existing at the time

of consolidation with the Teachers Retirement Association are transferred to the Teachers Retirement Association pursuant to the provisions of section 15.039, subdivisions 5 and 5a, except that contracts, records, and obligations of the Minneapolis Teachers Retirement Fund Association special retirement fund related to investment and safekeeping of assets are transferred to the State Board of Investment pursuant to the provisions of section 15.039, subdivisions 5 and 5a. The State Board of Investment has the authority to pay the investment-related liabilities and obligations from the assets transferred from the Minnesota Teachers Retirement Fund Association incurred by the Teachers Retirement Association. The audit or examination of the Minneapolis Teachers Retirement Fund Association for year-end June 30, 2006 must be performed by either the State Auditor or the Legislative Auditor under an agreement with the Teachers Retirement Association. The costs of the audit or examination must be paid by the Teachers Retirement Association. Between the date of enactment of this section and June 30, 2006, the Minneapolis Teachers Retirement Fund Association cannot incur a new or additional enforceable contractual liability or obligation without approval of the Teachers Retirement Association.

(This page intentionally left blank)

VETERAN BENEFITS BILL
H.F. 3664 (Chapter 273)

SUMMARY: This bill contains several policy initiatives affecting soldiers and veterans, including higher education benefits, unpaid leave for family members whose immediate family member was injured or killed while engaged in active service, and leave to attend military ceremonies. This bill contains no appropriations.

Section	<i>Veteran Benefits Bill</i>	Language Page
----------------	-------------------------------------	--------------------------

- | | | |
|----------|---|-----------|
| 1 | <p>Payment of Salary Differential to Reserve Forces Who Report for Active Service. This section broadens the eligibility criteria for the pay differential program for state employees when they are ordered into active military service. Under current law, the program eligibility is limited to members of the Minnesota National Guard and other military reserves (i.e., members of the reserve components of the U.S. Armed Forces). The bill would broaden eligibility to include other reserve members of the uniformed services of the United States, as well.</p> | 71 |
|----------|---|-----------|

All other changes in this section are either conforming or clarifying.

Effective Date. This section is effective for Minnesota state employees serving in active service on or after July 1, 2006.

- | | | |
|----------|--|-----------|
| 3 | <p>Leave for Immediate Family Members of Military Personnel Injured or Killed in Active Service. Requires any public or private employer to grant unpaid leave of absence to an employee whose immediate family member is injured or killed while serving in active military service.</p> <p>Subd. 1. Definitions. Defines "<i>active service</i>" to broadly include both federal and state active military service for any purpose, including training. Defines "<i>employer</i>" and "<i>employee</i>" as both public and private sector, including an independent contractor. Defines "<i>immediate family member</i>" as the deceased service member's parent, child, grandparents, siblings or spouse.</p> <p>Subd. 2. Unpaid Leave Required. Requires a public or private employer to grant up to 10 days of unpaid leave of absence to an employee whose immediate family member has been killed or injured while serving in active military service.</p> <p>Subd. 3. Notice. Requires the employee to give the employer as much notice as is practicable before taking the leave.</p> <p>Subd. 4. Relationship to Other Leave. Allows the employer to reduce the unpaid leave by any period of paid leave provided for the employee.</p> | 73 |
|----------|--|-----------|

Effective Date. This section is effective the day following final

enactment.

- 4 Leave to Attend Military Ceremonies.** Requires all public and private employers in Minnesota, except independent contractors, to provide unpaid leave to an employee whose immediate family member has been mobilized into active military service in support of a war or other national emergency. **73**

Allows the employer to limit the amount of leave to the actual time necessary to attend a send-off or homecoming ceremony, not to exceed one-day's duration in any calendar year.

- 7 Unpaid Leave to Attend Military Ceremonies.** Adds a cross-reference in the National Guard chapter of Statutes to the leave benefit in section 4. **74**

- 8 Unpaid Leave for Families of Injured or Deceased Military Members.** Adds a cross-reference in the National Guard chapter of Statutes to the leave benefit in section 3. **74**

Effective Date. This section is effective the day following final enactment.

- 9 Higher Education Fairness** **74**
- Subd. 1. Definitions.** Defines “commissioner” to mean the commissioner of veterans affairs, and “state college or university” to mean a unit of the University of Minnesota or Minnesota State Colleges and Universities.
- Subd. 2. Recognition of Courses.** Directs Minnesota State Colleges and Universities and encourages the University of Minnesota and private colleges and universities to recognize courses and award educational credits for a veteran's military training or service, if the courses meet the standards of the American Council on Education or the equivalent.
- Subd. 3. Tuition Status.** Directs Minnesota State Colleges and Universities and the University of Minnesota to treat all veterans as Minnesota residents for undergraduate tuition rate purposes. It also directs that for graduate school tuition purposes, a veteran must be treated as a resident if the person was a resident upon entering the military and starts the graduate program within two years of completing military service.
- Subd. 4. Delayed Payment of Tuition.** Directs that Minnesota State Colleges and Universities and the University of Minnesota may not assess late fees or other late charges for veterans who are eligible to receive, have applied for, and are waiting to receive federal educational assistance, nor prevent them from registering for a subsequent term. The institution may require payment from a veteran within 30 days of the veteran's receipt of such federal assistance.

VETERAN BENEFITS BILL
H.F. 3664 (Chapter 273)

Section 1. Minnesota Statutes 2005 Supplement, section 43A.183, is amended to read: **43A.183 PAYMENT OF SALARY DIFFERENTIAL FOR TO RESERVE FORCES WHO REPORTED REPORT FOR ACTIVE SERVICE.**

Subdivision 1. Payment required. ~~(a)~~ Each agency head shall pay to each eligible member of the National Guard or other reserve component of the United States armed forces an amount equal to the person's salary differential for each month or portion of month that the person is ordered to serve in active military service. ~~The person's salary differential is calculated as~~

This payment may be made only to a person for whom the amount in subdivision 2, paragraph (b), clause (1), is greater than the amount in subdivision 2, paragraph (b), clause (2). Payments must be made at the intervals at which the member received pay as a state employee, except that any back pay due under this section may be paid as a lump sum. Payment under this section must not extend beyond four years from the date the employee reported for active service, plus any additional time the employee may be legally required to serve. An eligible member may apply for the salary differential benefits authorized under this section prior to, during, or following the person's active service on or after May 29, 2003.

Subd. 2. Definitions. (a) The definitions in this subdivision apply to this section.

(b) "Salary differential" means the difference between:

(1) the person's monthly total gross earnings as an active state employee, excluding any overtime pay received but including all other earnings, averaged over the last three full months of the person's active state employment prior to reporting to active military service, and including any additional salary or earnings adjustments that the person would have received at any time during the person's military authorized leave from state employment had the person been serving as an active state employee during that time; and

(2) the person's monthly base pay in active military service. ~~This payment may be made only to a person for whom the amount in clause (1) is greater than the amount in clause (2). Payments must be made at the intervals at which the member received pay as a state employee, except that any back pay due under this action may be paid as a lump sum. Payment under this section must not extend beyond four years from the date the employee reported for active service, plus any additional time the employee may be legally required to service. An eligible member of the National Guard or other reserve component of the United States armed forces may apply for the person's active military service on or after May 29, 2003.~~

~~(b) An eligible member of the reserve components~~ (c) "Eligible member" means: (1) any member of the National Guard or other reserve component of the United States armed forces ~~is a reservist or National Guard member~~ who was an employee of the state of Minnesota at the time the member took military leave under section 192.261 to report for active military service; and

(2) any member of any other nonmilitary reserve component of the uniformed services of the United States who was an employee of Minnesota at the time the member took properly authorized leave from state employment under substantially comparable federal or state authority ordering the person to report for federal or state active service.

~~(c) For purposes of this section, an employee of the state is~~ (d) "State employee" means an employee of the executive, judicial, or legislative branch of state government or an employee of the Minnesota State

Retirement System, the Public Employee Retirement Association, or the Teachers Retirement Association.

~~(d) For the purpose of this section, the term~~ (e) "Active service" has given in section 190.05, subdivision 5, for military members, and includes substantially comparable service for reserve members of other nonmilitary components of the uniformed services of the United States, but excludes service performed exclusively for purposes of:

(1) basic ~~combat~~ training, advanced individual training, annual training, and periodic inactive duty training;

(2) special training periodically made available to reserve members;

(3) service performed in accordance with section 190.08, subdivision 3; and

(4) service performed as part of the active guard/reserve program pursuant to United States Code, title 32, section 502(f), or other applicable authority, as well as substantially comparable service by members of other nonmilitary components of the uniformed services of the United States.

Subd. 3. Health and dental coverage. ~~(e)~~ The agency head must continue the employee's enrollment in health and dental coverage, and the employer contribution toward that coverage, until the employee reports for active ~~military~~ service. If the employee had elected dependent coverage for health or dental coverage as of the time that the employee reported for active service, the agency head must offer the employee the option to continue the dependent coverage at the employee's own expense. The agency head must permit the employee to continue participating in any pretax account in which the employee participated when the employee reported for active service, to the extent of employee pay available for that purpose. An employee who has opted to continue a permitted benefit may cancel that continuation at any time during the person's military authorized leave from state employment by written notification from the employee, or from the employee's designated attorney-in-fact under a power of attorney, to

Subd. 4. Notice. ~~(f)~~ The agency head must periodically inform in writing all agency personnel who are or may be members of the reserve component of the United States armed forces or any other nonmilitary reserve component of the uniformed services of the United States of the benefits provided under this section and of the procedures relevant to securing those benefits, including, but not limited to, any procedures regarding the continuation and discontinuation of any optional deductions. It will suffice to meet this requirement if the agency head posts the information on the agency Web site in a highly recognizable manner that can be easily found and understood by the employees to whom it might apply.

Upon being ordered to active duty service, the employee must notify the agency head of that order in a timely manner and must provide to the agency head the name of and contact information for the employee's designated attorney-in-fact under a power of attorney. Prior to the commencement of the employee's military authorized leave from state employment, the agency head must ensure the agency's receipt of that information and immediately convey that information to the commissioners of finance and employee relations, including any subsequent change in that designation by the employee. When communicating with the employee during the person's military leave, the agency head and the commissioners of finance and employee relations must immediately provide a copy of the communication to the employee's designated attorney-in-fact. Those officials must also honor requests for information or other appropriate directives from that designee on behalf of the employee during the employee's military leave.

Subd. 5. Procedures. ~~(g)~~ The commissioners of employee relations and finance shall adopt procedures required to implement this section. The procedures are exempt from chapter 14.

Subd. 6. **Exclusion.** ~~(h)~~ This section does not apply to a judge, legislator, or constitutional officer of the executive branch.
EFFECTIVE DATE. This section is effective for Minnesota state employees serving in active service on or after July 1, 2006.

Sec. 3. [181.947] LEAVE FOR IMMEDIATE FAMILY MEMBERS OF MILITARY PERSONNEL INJURED OR KILLED IN ACTIVE SERVICE.

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

(b) "Active service" has the meaning given in section 190.05, subdivision 5.

(c) "Employee" means a person, independent contractor, or person working for an independent contractor who performs services for compensation, in whatever form, for an employer.

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

(e) "Immediate family member" means a person's parent, child, grandparents, siblings, or spouse.

Subd. 2. **Unpaid leave required.** An employer must grant up to ten working days of 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.

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

Subd. 4. **Relationship to other leave.** The length of leave provided under this section may be reduced by any period of paid leave provided by the employer. Nothing in this section prevents an employer from providing leave benefits in addition to those provided in this section or otherwise affects an employee's rights with respect to other employment benefits.
EFFECTIVE DATE. This section is effective the day following final enactment and applies to the immediate family members of military personnel injured or killed on or after that date, as well as to the immediate family members of military personnel who, on the effective date, are recovering from injuries that occurred prior to that date.

Sec. 4. [181.948] LEAVE TO ATTEND MILITARY CEREMONIES.

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

(b) "Active service" has the meaning given in section 190.05, subdivision 5.

(c) "Employee" means a person who performs services for compensation, in whatever form, for an employer. Employee does not include an independent contractor.

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

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

Subd. 2. **Unpaid leave required.** Unless the leave would unduly disrupt the operations of the employer, an employer shall 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 ordered into active service in support of a war or other national emergency. The employer may limit the amount of leave provided under this subdivision to the actual time necessary for the employee to attend a send-off or homecoming ceremony for the mobilized service member, not to exceed one day's duration in any calendar year.

Sec. 7. Minnesota Statutes 2005 Supplement, section 192.502, is amended by adding a subdivision to read:

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

Sec. 8. Minnesota Statutes 2005 Supplement, section 192.502, is amended by adding a subdivision to read:

Subd. 4. **Unpaid leave for families of injured or deceased military members.** Employees are entitled to unpaid leave, as required by section 181.947, when an immediate family member, as a member of the United States armed forces, has been injured or killed while engaged in active service. **EFFECTIVE DATE.** This section is effective the day following final enactment and applies to the immediate family members of military personnel injured or killed on or after that date, as well as to the immediate family members of military personnel who, on the effective date, are recovering from injuries that occurred prior to that date.

Sec. 9. **[197.775] HIGHER EDUCATION FAIRNESS.**

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

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

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

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

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

Subd. 3. **Tuition status.** A state college or university must treat a veteran as a Minnesota resident for purposes of determining the veteran's undergraduate tuition rate. A state college or university must treat a veteran as a Minnesota resident for purposes of determining the veteran's graduate school tuition rate 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.

Subd. 4. **Delayed payment of tuition.** A state college or university 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 they prevent these students from registering for a subsequent term because of outstanding tuition charges that arise from delayed federal payments. The state college or university may request without delay the amount of tuition above expected federal educational assistance and may require payment of the full amount of tuition owed by the veteran within 30 days of receipt of the expected federal educational assistance.

EMINENT DOMAIN
S.F. 2750 (Chapter 214)

SUMMARY: This bill contains provisions relating to the use of eminent domain power and rights and remedies of property owners, which includes increases and changes made in the amount of appraisal fees that may be awarded, relocation expenses, reimbursement for loss of a going business concern and related provisions.

Section	<i>Eminent Domain Bill</i>	Language Page
1	Preemption; Public Use or Purpose. This section provides that Minnesota Statutes, chapter 117, preempts all other laws that govern eminent domain proceedings, unless they do not diminish or deny substantive and procedural rights and protections under chapter 117. Eminent domain may only be used for a public use or purpose.	79
2	Definitions. This section modifies and clarifies existing definitions. It also defines the terms "condemning authority," "abandoned property," "blighted area," "structurally substandard," "environmentally contaminated area," "public nuisance," "public service corporation," and "public use" or "public purpose." In particular, for purposes of the exercise of eminent domain power, public use or public purpose would mean: (1) possession, occupation, ownership, and enjoyment of land by the general public; (2) creation or functioning of a public service corporation; or (3) mitigation of blight, remediation of an environmentally contaminated area, reduction of abandoned property, or removal of a public nuisance.	79
3	Condemnation for Blight Mitigation and Contamination Remediation. This section establishes special provisions dealing with the condemnation of land for blight mitigation and contamination remediation.	81
4	Attorney Fees. This section contains new provisions for the award of attorney fees to property owners under certain circumstances. In cases where the final judgment or award for damages is more than 40 percent greater than the last written offer made by the condemning authority before filing the petition, the court must award the owner reasonable attorney fees, litigation expenses, appraisal fees, other expert fees and other related costs in addition to other compensation and fees authorized under the law. If the final judgment or award is at least 20 percent, but not more than 40 percent, greater than the last written offer, the court may award these fees, expenses and costs. Attorney fees may not be awarded if the final judgment or award of damages does not exceed \$25,000.	81

-
- 5 Appraisal and Negotiation Requirements.** This section amends the statute dealing with appraisal and negotiation requirements applicable to the acquisition of property for transportation purposes to expand it to include all eminent domain proceedings. A definition of "owner" is added, which would include a fee owner, contract purchaser or business lessee. Amendments are included with respect to the exchange of appraisals and the applicable time periods and negotiation requirements when the acquiring authority is considering both a full and partial taking. The current \$1,500 cap on owner appraisals would be applicable to single-family and two-family residential property, and minimum damage acquisitions, but for other types of property the cap is increased to \$5,000. **81**
- 6 Local Government Public Hearing Requirements.** This section adds new requirements relating to local government public hearings that must be held before commencing eminent domain proceedings, if the taking is for mitigation of blight, contamination remediation, reducing abandoned property, or removing a public nuisance. **82**
- 7 Petition and Notice.** This section requires the notice of an eminent domain petition to include provisions regarding the procedures for challenging the public purpose, necessity and authority for the taking and the time for appealing court orders. **83**
- 8 Hearing on Taking; Evidentiary Standard.** This section specifies the showing and evidentiary standard requirements applicable in cases where the taking is for the mitigation of a blighted area, remediation of an environmentally contaminated area, reducing abandoned property, or removing a public nuisance. A court order approving the purpose and necessity of a taking is final unless appealed within 60 days of service of the order. **84**
- 9 Commissioners, Powers, Duties.** This section increases the appraisal fees that may be awarded by the commissioners, consistent with the raise in the caps under section 5. The current \$1,500 cap on owner appraisals would be applicable to single-family and two-family residential property, and minimum damage acquisitions, but for other types of property the cap is increased to \$5,000. **84**
- 10 Compensation for Removal of Legal Nonconforming Use.** This section contains special provisions requiring compensation for removal of a legal nonconforming use under certain circumstances. **85**

-
- | | | |
|-----------|---|-----------|
| 11 | Compensation for Loss of Going Concern. This section contains new standards and procedures dealing with compensation for loss of a going concern. | 85 |
| 12 | Minimum Compensation. This section establishes minimum compensation in cases where an owner must relocate. | 86 |
| 13 | Limitations. This section provides that a condemning authority may not require an owner to accept substitute or replacement property as part of compensation. | 86 |
| 14 | Public Service Corporation Exceptions. This section exempts public service corporations from provisions of the new law. | 86 |
| 15 | Right of First Refusal. This section adds new provisions governing a right of first refusal in cases where a condemning authority determines that property acquired by eminent domain has not been used and is no longer needed for a public use. The condemning authority must offer to sell the property to the owner from whom it was acquired if the former owner can be located at the original price determined under the condemnation or current fair market value, whichever is lower. | 86 |
| 16 | Cooperation with Federal Authorities. This section modifies provisions dealing with reimbursement for reestablishment expenses of a displaced business. | 87 |
| 17 | Lack of Federal Funding. This section modifies effective dates in dealing with reimbursement for reestablishment expenses of a displaced business. | 87 |
| 18 | Reestablishment Costs Limit. This section modifies current law so that the acquiring authority would be mandated to reimburse displaced businesses for expenses actually incurred up to a maximum of \$50,000. Current law permits but does not require this. | 87 |
| 19 | Relocation Assistance Amount Determined by Administrative Law Judge. This section provides that contested cases regarding the amount of relocation assistance must be determined by an administrative law judge in a contested case proceeding. | 87 |
| 20 | Revisor's Instruction. This section instructs the Revisor to change the phrase "right of eminent domain" to "power of eminent domain" wherever it appears in Minnesota Statutes and Rules. | 88 |
| 21 | Repealer. This section repeals the current statute that is replaced by the new preemption language in section 1. | 88 |

22 **Effective Date.** This act is effective the day following final enactment and applies to condemnation or eminent domain proceedings or actions commenced on or after that date. The right of first refusal section would apply to the disposition of property acquired by proceedings and actions commenced on or after the effective date. See the language for special exemptions.

88

EMINENT DOMAIN
S.F. 2750 (Chapter 214)

Section 1. [117.012] PREEMPTION; PUBLIC USE OR PURPOSE.

Subdivision 1. Preemption. Notwithstanding any other provision of law, including any charter provision, ordinance, statute, or special law, all condemning authorities, including home rule charter cities and all other political subdivisions of the state, must exercise the power of eminent domain in accordance with the provisions of this chapter, including all procedures, definitions, remedies, and limitations. Additional procedures, remedies, or limitations that do not deny or diminish the substantive and procedural rights and protections of owners under this chapter may be provided by other law, ordinance, or charter.

Subd. 2. Requirement of public use or public purpose. Eminent domain may only be used for a public use or public purpose.

Subd. 3. Exceptions. This chapter does not apply to the taking of property under laws relating to drainage or to town roads when those laws themselves expressly provide for the taking and specifically prescribe the procedure. The taking of property for a project undertaken by a watershed district under chapter 103D or for a project undertaken by a drainage authority under chapter 103E may be carried out under the procedure provided by those chapters.

Sec. 2. Minnesota Statutes 2004, section 117.025, is amended to read: **117.025 DEFINITIONS.**

Subdivision 1. Words, terms, and phrases. ~~Unless the language or content clearly indicates that a different meaning is intended, For the purposes of this chapter and any other general or special law authorizing the exercise of the power of eminent domain, the words, terms, and phrases defined in this section have the meanings given them.~~

Subd. 2. Taking. "Taking" and all words and phrases of like import include every interference, under the right of eminent domain, with the possession, enjoyment, or value of private property.

Subd. 3. Owner. "Owner" includes all persons ~~interested in such~~ with any interest in the property subject to a taking, whether as proprietors, tenants, life estate holders, encumbrancers, beneficial interest holders, or otherwise.

Subd. 4. Condemning authority. "Condemning authority" means a person or entity with the power of eminent domain.

Subd. 5. Abandoned property. "Abandoned property" means property that: (1) has been substantially unoccupied or unused for any commercial or residential purpose for at least one year by a person with a legal or equitable right to occupy the property; (2) has not been maintained; and (3) for which taxes have not been paid for at least two previous years.

Subd. 6. Blighted area. "Blighted area" means an area:

- (1) that is in urban use; and
- (2) where more than 50 percent of the buildings are structurally substandard.

Subd. 7. Structurally substandard. "Structurally substandard" means a building:

- (1) that was inspected by the appropriate local government and cited for one or more enforceable housing, maintenance, or building code violations;
- (2) in which the cited building code violations involve one or more of the following:
 - (i) a roof and roof framing element;
 - (ii) support walls, beams, and headers;
 - (iii) foundation, footings, and subgrade conditions;
 - (iv) light and ventilation;
 - (v) fire protection, including egress;

- (vi) internal utilities, including electricity, gas, and water;
- (vii) flooring and flooring elements; or
- (viii) walls, insulation, and exterior envelope;
- (3) in which the cited housing, maintenance, or building code violations have not been remedied after two notices to cure the noncompliance; and
- (4) has uncured housing, maintenance, and building code violations, satisfaction of which would cost more than 50 percent of the assessor's taxable market value for the building, excluding land value, as determined under section 273.11 for property taxes payable in the year in which the condemnation is commenced.

A local government is authorized to seek from a judge or magistrate an administrative warrant to gain access to inspect a specific building in a proposed development or redevelopment area upon showing of probable cause that a specific code violation has occurred and that the violation has not been cured, and that the owner has denied the local government access to the property. Items of evidence that may support a conclusion of probable cause may include recent fire or police inspections, housing inspection, exterior evidence of deterioration, or other similar reliable evidence of deterioration in the specific building.

Subd. 8. **Environmentally contaminated area.** "Environmentally contaminated area" means an area:

- (1) in which more than 50 percent of the parcels contain any substance defined, regulated, or listed as a hazardous substance, hazardous material, hazardous waste, toxic waste, pollutant, contaminant, or toxic substance, or identified as hazardous to human health or the environment under state or federal law or regulation; and
- (2) for which the estimated costs of investigation, monitoring and testing, and remedial action or removal, as defined in section 115B.02, subdivisions 16 and 17, respectively, including any state costs of remedial actions, exceed 100 percent of the assessor's estimated market value for the contaminated parcel, as determined under section 273.11, for property taxes payable in the year in which the condemnation commenced, or for which a court of competent jurisdiction has issued an order under law or regulations adopted by Minnesota or the United States, that clean up or remediation of a contaminated site occur and the property owner has failed to comply with the court's order within a reasonable time.

Subd. 9. **Public nuisance.** "Public nuisance" means a public nuisance under section 609.74.

Subd. 10. **Public service corporation.** "Public service corporation" means a utility, as defined by section 116C.52, subdivision 10; gas, electric, telephone, or cable communications company; cooperative association; natural gas pipeline company; crude oil, or petroleum products pipeline company; municipal utility; municipality when operating its municipally owned utilities; joint venture created pursuant to section 452.25 or 452.26; or municipal power or gas agency. Public service corporation also means a municipality or public corporation when operating an airport under chapter 360 or 473, a common carrier, a watershed district, or a drainage authority. Public service corporation also means an entity operating a regional distribution center within an international economic development zone designated under section 469.322.

Subd. 11. **Public use; public purpose.** (a) "Public use" or "public purpose" means, exclusively:

- (1) the possession, occupation, ownership, and enjoyment of the land by the general public, or by public agencies;
- (2) the creation or functioning of a public service corporation; or
- (3) mitigation of a blighted area, remediation of an environmentally contaminated area, reduction of abandoned property, or removal of a public nuisance.

(b) The public benefits of economic development, including an increase in tax base, tax revenues, employment, or general economic health, do not by themselves constitute a public use or public purpose.

Sec. 3. [117.027] CONDEMNATION FOR BLIGHT MITIGATION AND CONTAMINATION REMEDIATION.

Subdivision 1. Buildings that are not structurally substandard in areas of blight mitigation; feasible alternatives. In taking property to mitigate blight, a condemning authority must not take buildings that are not structurally substandard unless there is no feasible alternative to the taking of the parcels on which the buildings are located in order to remediate the blight and all possible steps are taken to minimize the taking of buildings that are not structurally substandard.

Subd. 2. Uncontaminated property in environmental contamination remediation areas; feasible alternatives. In taking property to remediate environmental contamination, a condemning authority must not take uncontaminated parcels in the area unless there is no feasible alternative to the taking of the uncontaminated parcels in order to complete remediation of the contaminated parcels and all possible steps are taken to minimize the taking of the uncontaminated parcels.

Subd. 3. Contribution to condition by developer disallowed. If a developer involved in the redevelopment of the project area contributed to the blight or environmental contamination within the project area, the condition contributed to by the developer must not be used in the determination of blight or environmental contamination.

Sec. 4. [117.031] ATTORNEY FEES.

(a) If the final judgment or award for damages, as determined at any level in the eminent domain process, is more than 40 percent greater than the last written offer of compensation made by the condemning authority prior to the filing of the petition, the court shall award the owner reasonable attorney fees, litigation expenses, appraisal fees, other experts fees, and other related costs in addition to other compensation and fees authorized by this chapter. If the final judgment or award is at least 20 percent, but not more than 40 percent, greater than the last written offer, the court may award reasonable attorney fees, expenses, and other costs and fees as provided in this paragraph. The final judgment or award of damages shall be determined as of the date of taking. No attorney fees shall be awarded under this paragraph if the final judgment or award of damages does not exceed \$25,000. For the purposes of this section, the "final judgment or award for damages" does not include any amount for loss of a going concern unless that was included in the last written offer by the condemning authority.

(b) In any case where the court determines that a taking is not for a public use or is unlawful, the court shall award the owner reasonable attorney fees and other related expenses, fees, and costs in addition to other compensation and fees authorized by this chapter.

Sec. 5. Minnesota Statutes 2004, section 117.036, is amended to read: **117.036 APPRAISAL AND NEGOTIATION REQUIREMENTS APPLICABLE TO ACQUISITION OF PROPERTY FOR TRANSPORTATION PURPOSES.**

Subdivision 1. Application. This section applies to the acquisition of property for public highways, streets, roads, alleys, airports, mass transit facilities, or for other transportation facilities or purposes under this chapter.

Subd. 1a. Definition of owner. For the purposes of this section, "owner" means fee owner, contract purchaser, or business lessee who is entitled to condemnation compensation under a lease.

Subd. 2. Appraisal. (a) Before commencing an eminent domain proceeding under this chapter, the acquiring authority must obtain at

least one appraisal for the property proposed to be acquired. In making the appraisal, the appraiser must confer with one or more of the owners of the property, if reasonably possible. At least 20 Notwithstanding section 13.44, the acquiring authority must provide the owner with a copy of each appraisal the acquiring authority has obtained for the property at the time an offer is made, but no later than 60 days before presenting a petition under section 117.055, the acquiring authority must provide the owner with a copy of the appraisal and inform the owner of the owner's owner of the right to obtain an appraisal under this section. Upon request, the acquiring authority must make available to the owner all appraisals of the property. If the acquiring authority is considering both a full and partial taking of the property, the acquiring authority shall obtain and provide the owner with appraisals for both types of takings.

(b) The owner may obtain an appraisal by a qualified appraiser of the property proposed to be acquired. The owner is entitled to reimbursement for the reasonable costs of the appraisal from the acquiring authority up to a maximum of \$1,500 within 30 days after the for single family and two-family residential property and minimum damage acquisitions and \$5,000 for other types of property, provided that the owner submits to the acquiring authority the information necessary for reimbursement, provided that the owner does so within 60 days after the owner receives the appraisal from the authority under paragraph (a) including a copy of the owner's appraisal, at least five days before a condemnation commissioners' hearing. For purposes of this paragraph, a "minimum damage acquisition" means an interest in property that a qualified person with appraisal knowledge indicates can be acquired for a cost of \$10,000 or less.

(c) The acquiring authority must pay the reimbursement to the owner within 30 days after receiving a copy of the appraisal and the reimbursement information. Upon agreement between the acquiring authority and the owner, the acquiring authority may pay the reimbursement directly to the appraiser.

Subd. 3. **Negotiation.** In addition to the appraisal requirements under subdivision 2, before commencing an eminent domain proceeding, the acquiring authority must make a good faith attempt to negotiate personally with the owner of the property in order to acquire the property by direct purchase instead of the use of eminent domain proceedings. In making this negotiation, the acquiring authority must consider the appraisals in its possession, including any appraisal obtained and furnished by the owner if available, and other information that may be relevant to a determination of damages under this chapter. If the acquiring authority is considering both a full and partial taking of the property, the acquiring authority must make a good-faith attempt to negotiate with respect to both types of takings.

Subd. 4. **Use of appraisal at commissioners' hearing.** An appraisal must not be used or considered in a condemnation commissioners' hearing, nor may the appraiser who prepared the appraisal testify, unless a copy of the appraiser's written report is provided to the opposing party at least five days before the hearing.

Subd. 5. **Documentation of business loss.** Documentation related to a loss of going concern claim made under section 117.186, must not be used or considered in a condemnation commissioners' hearing unless the documentation is provided to the opposing party at least 14 days before the hearing.

Sec. 6. [117.0412] LOCAL GOVERNMENT PUBLIC HEARING REQUIREMENTS.

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

(1) "local government" means the elected governing body of a statutory or home rule charter city, county, or township; and

(2) "local government agency" means a subdivision, agency, authority, or other entity created by or whose members are appointed by the local

government, including a port authority, economic development authority, housing and redevelopment authority, or other similar entity established under law.

Subd. 2. **Public hearing; vote by local government governing body.**

(a) If the taking is for the mitigation of a blighted area, remediation of an environmentally contaminated area, reducing abandoned property, or removing a public nuisance, a public hearing must be held before a local government or local government agency commences an eminent domain proceeding under section 117.055. The local government must notify each owner of property that may be acquired in writing by certified mail of the public hearing on the proposed taking, post the public hearing information on the local government's Web site, if any, and publish notice of the public hearing in a newspaper of general circulation in the local government's jurisdiction. Notice must be provided at least 30 days but not more than 60 days before the hearing.

(b) Any interested person must be allowed reasonable time to present relevant testimony at the public hearing. The proceedings of the hearing must be recorded and available to the public for review and comment at reasonable times and a reasonable place. At the next regular meeting of the local government that is at least 30 days after the public hearing, the local government must vote on the question of whether to authorize the local government or local government agency to use eminent domain to acquire the property.

Subd. 3. **Resolution.** If the taking is for the mitigation of a blighted area, remediation of an environmentally contaminated area, reducing abandoned property, or removing a public nuisance, then the resolution of a local government or local government agency authorizing the use of eminent domain must:

(1) identify and describe the public costs and benefits that are known or expected to result from the program or project for which the property interest is proposed to be acquired; and

(2) address how the acquisition of the property interest serves one or more identified public uses or public purposes and why the acquisition of the property is needed to accomplish those public uses or public purposes.

Sec. 7. Minnesota Statutes 2004, section 117.055, is amended to read: **117.055 PETITION AND NOTICE.**

Subdivision 1. **Petition.** In all cases a petition, describing the desired land, stating by whom and for what purposes it is proposed to be taken, and giving the names of all persons appearing of record or known to the petitioner to be the owners thereof shall be presented to the district court of the county in which the land is situated praying for the appointment of commissioners to appraise the damages which may

Subd. 2. **Notice.** (a) Notice of the objects of the petition and of the time and place of presenting the same shall be served at least 20 days before such time of presentation upon all persons named in the petition as owners as defined in section 117.025, subdivision 3, and upon all occupants of such land in the same manner as a summons in a civil action.

(b) The notice must state that:

(1) a party wishing to challenge the public use or public purpose, necessity, or authority for a taking must appear at the court hearing and state the objection or must appeal within 60 days of a court order; and

(2) a court order approving the public use or public purpose, necessity, and authority for the taking is final unless an appeal is brought within 60 days after service of the order on the party.

(c) If any such owner be not a resident of the state, or the owner's place of residence be unknown to the petitioner, upon the filing of an affidavit of the petitioner or the petitioner's agent or attorney, stating that the petitioner believes that such owner is not a resident of the state, and that the petitioner has mailed a copy of the notice to the

owner at the owner's place of residence, or that after diligent inquiry the owner's place of residence cannot be ascertained by the affiant, then service may be made upon such owner by three weeks' published notice. If the state be an owner, the notice shall be served upon the attorney general. Any owner not served as herein provided shall not be bound by such proceeding except upon voluntarily appearing therein. Any owner shall be furnished a right-of-way map or plat of all that part of land to be taken upon written demand, provided that the petitioner shall have ten days from the receipt of the demand within which to furnish the same. Any plans or profiles which the petitioner has shall be made available to the owner for inspection.

Sec. 8. Minnesota Statutes 2004, section 117.075, subdivision 1, is amended to read:

Subdivision 1. **Hearing on taking; evidentiary standard.** (a) Upon proof being filed of the service of such notice, the court, at the time and place therein fixed or to which the hearing may be adjourned, shall hear all competent evidence offered for or against the granting of the petition, regulating the order of proof as it may deem best.

(b) If the taking is for the mitigation of a blighted area, remediation of an environmentally contaminated area, reducing abandoned property, or removing a public nuisance, then, notwithstanding any other provision of general or special law, a condemning authority must show the district court by preponderance of the evidence that the taking is necessary and for the designated public use.

(c) A court order approving the public use or public purpose, necessity, and authority for the taking is final unless an appeal is brought within 60 days after service of the order on the party.

Sec. 9. Minnesota Statutes 2004, section 117.085, is amended to read: **117.085 COMMISSIONERS, POWERS, DUTIES.**

The commissioners, having been duly sworn and qualified according to law, shall meet as directed by the order of appointment and hear the allegations and proofs of all persons interested touching the matters to them committed. They may adjourn from time to time and from place to place within the county, giving oral notice to those present of the time and place of their next meeting. All testimony taken by them shall be given publicly, under oath, and in their presence. They shall view the premises, and any of them may subpoena witnesses, which shall be served as subpoenas in civil actions are served, and at the cost of the parties applying therefor. If deemed necessary, they may require the petitioner or owner to furnish for their use maps, plats, and other information which the petitioner or owner may have showing the nature, character, and extent of the proposed undertaking and the situation of lands desired therefor. In proper cases they may reserve to the owner a right-of-way or other privilege in or over the land taken, or attach reasonable conditions to such taking in addition to the damages given or they may make an alternative award, conditioned upon the granting or withholding of the right specified. Without unreasonable delay they shall make a separate assessment and award of the damages which in their judgment will result to each of the owners of the land by reason of such taking and report the same to the court. The commissioners shall not reduce the amount of the damages awarded because the land being taken is, at the time of the taking, valued under section 273.111, designated as an agricultural preserve under chapter 473H. The commissioners, in all such proceedings, may in their discretion allow and show separately in addition to the award of damages, reasonable appraisal fees not to exceed a total of ~~\$500~~ \$1,500 for single family and two-family residential property and minimum damage acquisitions and \$5,000 for other types of property, unless the appraised fee was reimbursed under section 117.036. Upon request of an owner the

commissioners shall show in their report the amount of the award of damages which is to reimburse the owner and tenant or lessee for the value of the land taken, and the amount of the award of damages, if any, which is to reimburse the owner and tenant or lessee for damages to the remainder involved, whether or not described in the petition. The amounts awarded to each person shall also be shown separately. The commissioners shall, if requested by any party, make an express finding of the estimated cost of removal and remedial actions that will be necessary on the taken property because of existing environmental contamination.

Sec. 10. [117.184] COMPENSATION FOR REMOVAL OF LEGAL NONCONFORMING USE.

(a) Notwithstanding any law to the contrary, an ordinance or regulation of a political subdivision of the state or local zoning authority that requires the removal of a legal nonconforming use as a condition or prerequisite for the issuance of a permit, license, or other approval for any use, structure, development, or activity constitutes a taking and is prohibited without the payment of just compensation. This section does not apply if the permit, license, or other approval is requested for the construction of a building or structure that cannot be built without physically moving the nonconforming use.

(b) This section applies to an action of a political subdivision of the state or a local zoning authority occurring on or after the effective date of this act that requires removal of a legal nonconforming use as a condition or prerequisite for the issuance of a permit, license, or other approval.

Sec. 11. [117.186] COMPENSATION FOR LOSS OF GOING CONCERN.

Subdivision 1. Definitions. For purposes of this section:

(1) "going concern" means the benefits that accrue to a business or trade as a result of its location, reputation for dependability, skill or quality, customer base, good will, or any other circumstances resulting in the probable retention of old or acquisition of new patronage; and

(2) "owner" has the meaning given in section 117.025 and includes a lessee who operates a business on real property that is the subject of an eminent domain proceeding.

Subd. 2. Compensation for loss of going concern. If a business or trade is destroyed by a taking, the owner shall be compensated for loss of going concern, unless the condemning authority establishes any of the following by a preponderance of the evidence:

(1) the loss is not caused by the taking of the property or the injury to the remainder;

(2) the loss can be reasonably prevented by relocating the business or trade in the same or a similar and reasonably suitable location as the property that was taken, or by taking steps and adopting procedures that a reasonably prudent person of a similar age and under similar conditions as the owner, would take and adopt in preserving the going concern of the business or trade; or

(3) compensation for the loss of going concern will be duplicated in the compensation otherwise awarded to the owner.

Subd. 3. Procedure. In all cases where an owner will seek compensation for loss of a going concern, the damages, if any, shall in the first instance be determined by the commissioners under section 117.105 as part of the compensation due to the owner. The owner shall notify the condemning authority of the owner's intent to claim compensation for loss of going concern within 60 days of the first hearing before the court, as provided in section 117.075. The commissioner's decision regarding any award for loss of going concern may be appealed by any party, in accordance with section 117.145.

Subd. 4. Driveway access. A business owner is entitled to reasonable compensation, not to exceed the three previous years' revenues minus the cost of goods sold, if the owner establishes that the actions of a government entity permanently eliminated 51 percent or greater of the driveway access into and out of a business and as a result of the loss of driveway access, revenue at the business was reduced by 51 percent or greater. Determination of whether the revenue at the business was reduced by 51 percent or greater must be based on a comparison of the average revenues minus the average costs of goods sold for the three years prior to commencement of the project, with the revenues minus the costs of goods sold for the year following completion of the project. A claim for compensation under this section must be made no later than one year after completion of the project which eliminated the driveway access. The installation of a median does not constitute elimination of driveway access.

Sec. 12. [117.187] MINIMUM COMPENSATION.

When an owner must relocate, the amount of damages payable, at a minimum, must be sufficient for an owner to purchase a comparable property in the community and not less than the condemning authority's payment or deposit under section 117.042, to the extent that the damages will not be duplicated in the compensation otherwise awarded to the owner of the property. For the purposes of this section, "owner" is defined as the person or entity that holds fee title to the property.

Sec. 13. [117.188] LIMITATIONS.

The condemning authority must not require the owner to accept as part of the compensation due any substitute or replacement property. The condemning authority must not require the owner to accept the return of property acquired or any portion of the property.

Sec. 14. [117.189] PUBLIC SERVICE CORPORATION EXCEPTIONS. Sections 117.031; 117.036; 117.055, subdivision 2, paragraph (b); 117.186; 117.187; 117.188; and 117.52, subdivisions 1a and 4, do not apply to public service corporations. For purposes of an award of appraisal fees under section 117.085, the fees awarded may not exceed \$500 for all types of property.

Sec. 15. [117.226] RIGHT OF FIRST REFUSAL.

(a) Except as provided in sections 15.16, 160.85, 161.16, 161.20, 161.202, 161.23, 161.24, 161.241, 161.43, 161.46, and 222.63, if the governing body of the condemning authority determines that publicly owned property acquired under this chapter has not been used and is no longer needed for a public use, the authority must offer to sell the property to the owner from whom it was acquired, if the former owner can be located. The offer must be at the original price determined by the condemnation process or the current fair market value of the property, whichever is lower, except to the extent that a different value is required for a property interest obtained with federal highway funding under United States Code, title 23. Before offering surplus property to local governments or for public sale under section 16B.282 or 94.10, the commissioner of administration or natural resources must offer to sell the property to the former owner as provided in this section.

(b) If the former owner cannot be located after a due and diligent search or declines to repurchase the property, the attorney for the condemning authority shall prepare a certificate attesting to the same and record the certificate in the office of the county recorder or county registrar of titles, as appropriate, to evidence the termination of the right of first refusal. A recorded certificate to that effect is prima facie evidence that the right of first refusal has terminated.

Sec. 16. Minnesota Statutes 2004, section 117.51, is amended to read: **117.51 COOPERATION WITH FEDERAL AUTHORITIES.**

In all acquisitions undertaken by any acquiring authority and in all voluntary rehabilitation carried out by a person pursuant to acquisition or as a consequence thereof, the acquiring authority shall cooperate to the fullest extent with federal departments and agencies, and it shall take all necessary action in order to insure, to the maximum extent possible, federal financial participation in any and all phases of acquisition, including the provision of relocation assistance, services, payments and benefits to displaced persons. ~~An acquiring authority may consider reimbursing up to \$50,000 in reestablishment expenses of a displaced business.~~

Sec. 17. Minnesota Statutes 2004, section 117.52, subdivision 1, is amended to read:

Subdivision 1. **Lack of federal funding.** In all acquisitions undertaken by any acquiring authority and in all voluntary rehabilitation carried out by a person pursuant to acquisition or as a consequence thereof, in which, due to the lack of federal financial participation, relocation assistance, services, payments and benefits under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, United States Code, title 42, sections 4601 to 4655, as amended by the Surface Transportation and Uniform Relocation Assistance Act of 1987, Statutes at Large, volume 101, pages 246 to 256 (1987), are not available, the acquiring authority, as a cost of acquisition, shall provide all relocation assistance, services, payments and benefits required by the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended by the Surface Transportation and Uniform Relocation Assistance Act of 1987, and those regulations adopted pursuant thereto, and either (1) in effect as of ~~July 1, 1988~~ January 1, 2006, or (2) becoming effective after ~~July 1, 1988~~ January 1, 2006, following a public hearing and comment. Comments received by an acquiring authority within 30 days after the public hearing must be reviewed and a written response provided to the individual or organization who initiated the comment. The response and comments may be addressed in another public hearing by the acquiring authority before approval.

Sec. 18. Minnesota Statutes 2004, section 117.52, is amended by adding a subdivision to read:

Subd. 1a. **Reestablishment costs limit.** For purposes of relocation benefits paid by the acquiring authority in accordance with this section, the provisions of Code of Federal Regulations, title 49, section 24.304, with respect to reimbursement of reestablishment expenses for nonresidential moves are applicable, except that the acquiring authority shall reimburse the displaced business for expenses actually incurred up to a maximum of \$50,000.

Sec. 19. Minnesota Statutes 2004, section 117.52, is amended by adding a subdivision to read:

Subd. 4. **Relocation assistance amount determined by administrative law judge.** Notwithstanding any law or rule to the contrary, if a person entitled to relocation assistance under this section does not accept the acquiring authority's offer, the acquiring authority must initiate contested case proceedings under sections 14.57 to 14.66 for a determination of the relocation assistance that must be provided by the acquiring authority. The administrative law judge's determination of relocation assistance that the acquiring authority must provide constitutes a final decision in the case, as provided in section 14.62, subdivision 4. The acquiring authority must pay all costs of the proceedings. "Costs" is defined in section 15.471, subdivision 4, and also

includes charges billed by the Office of Administrative Hearings for the proceedings.

Sec. 20. REVISOR'S INSTRUCTION.

The revisor shall change the phrase "right of eminent domain" where found in Minnesota Statutes and Minnesota Rules to "power of eminent domain."

Sec. 21. REPEALER.

Minnesota Statutes 2004, section 117.011, is repealed.

Sec. 22. EFFECTIVE DATE.

(a) This act is effective the day following final enactment and applies to actions commenced on or after that date. Section 15 applies to the disposition of property acquired by actions commenced on or after that date.

(b) Notwithstanding paragraph (a), the provisions of this act do not apply to actions commenced on or before February 1, 2008, for a project that satisfies one of the following conditions:

(1) with respect to property identified as intended to be acquired in a tax increment financing plan, as approved by the municipality by February 1, 2006, if the condemning authority has satisfied one or more of the following conditions in connection with the tax increment financing plan:

(i) the developer has acquired property by May 1, 2006, in reliance on the condemning authority's contractual obligation to condemn property; or

(ii) by May 1, 2006, the condemning authority has issued, sold, or entered into a binding agreement to issue or sell bonds or other obligations to finance the costs of the tax increment financing plan and has commenced the action within two years after the bonds were issued;

(2) the tax increment financing district was certified before February 1, 2006; a tax increment financing plan, adopted before February 1, 2006, identified the property as intended to be acquired; and the condemning authority has commenced the action within five years after certification of the district;

(3) creation of the tax increment financing district was authorized under a special law that received local approval or became effective without local approval before February 1, 2006, and the condemning authority commences the action within the time period permitted under the applicable general or special law for making expenditures to comply with Minnesota Statutes, section 469.1763, subdivision 3, but not to exceed a ten-year period; or

(4) the condemning authority commences the action before February 1, 2011, to complete land assembly for a project, financed in whole or in part with abatement under Minnesota Statutes, sections 469.1813 to 469.1815, and the abatement resolution was adopted by one of the participating political subdivisions before February 1, 2006.

(c) Notwithstanding paragraphs (a) and (b), actions commenced after February 1, 2008, that satisfy the requirements of paragraph (b), clauses (1) to (4), are not subject to the definition of "public use" and "public purpose" under Minnesota Statutes, section 117.025, as amended by this act. The rest of the act applies to the actions.

(d) The definitions under Minnesota Statutes, section 469.174, apply for purposes of paragraphs (b) and (c).

(e) The provisions of this act do not apply to:

(1) property acquired for a highway project that, by the effective date, has been selected to receive federal funding by the area transportation partnership or metropolitan planning organization as part of the state transportation improvement program, if the action is commenced on or before January 15, 2007; or

(2) property acquired for the purpose of providing physical or financial assistance for emergency shelter and services for homeless persons in a

first class city by a governmental unit or nonprofit organization, if the action is commenced on or before two years after the effective date.

(f) For purposes of this section, the following terms have the meanings given:

(1) "action" means a condemnation or eminent domain proceeding or action; and

(2) "commence" means when service of notice of the petition under Minnesota Statutes, section 117.055, is made.

(This page intentionally left blank)

NATURAL RESOURCES BILL
S.F. 2973 (Chapter 281)

SUMMARY: This bill makes changes in a number of laws related to the operation of the Department of Employment and Economic Development. The sections of the bill that affect the Minnesota State Colleges and Universities system are listed below.

Section	<i>Natural Resources Bill</i>	Language Page
----------------	-------------------------------	--------------------------

ARTICLE 4
ECONOMIC DEVELOPMENT

- | | | |
|----------|--|-----------|
| 6 | Partnership Program. This section modifies current law providing that up to 25 percent of a job skills partnership board grant to an educational institution may be used for preemployment training to instead allow "a portion" of such a grant to be used for this purpose. | 93 |
| 7 | Pathways Program. This section is similar to section 6, but is for grants for developing programs that assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines. | 93 |
| 8 | Grants. This section is similar to section 6 as well, but is for grants to operate training and retention programs in critical work force shortages. | 93 |

(This page intentionally left blank)

NATURAL RESOURCES BILL
S.F. 2973 (Chapter 281)

ARTICLE 4
ECONOMIC DEVELOPMENT

Sec. 6. Minnesota Statutes 2004, section 116L.04, subdivision 1, is amended to read:

Subdivision 1. **Partnership program.** (a) The partnership program may provide grants-in-aid to educational or other nonprofit educational institutions using the following guidelines:

- (1) the educational or other nonprofit educational institution is a provider of training within the state in either the public or private sector;
- (2) the program involves skills training that is an area of employment need; and
- (3) preference will be given to educational or other nonprofit training institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.

(b) A single grant to any one institution shall not exceed \$400,000. ~~Up to 25 percent~~ A portion of a grant may be used for preemployment training.

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

Sec. 7. Minnesota Statutes 2004, section 116L.04, subdivision 1a, is amended to read:

Subd. 1a. **Pathways program.** The pathways program may provide grants-in-aid for developing programs which assist in the transition of persons from welfare to work and assist individuals at or below 200 percent of the federal poverty guidelines. The program is to be operated by the board. The board shall consult and coordinate with program administrators at the Department of Employment and Economic Development to design and provide services for temporary assistance for needy families recipients. Pathways grants-in-aid may be awarded to educational or other nonprofit training institutions for education and training programs and services supporting education and training programs that serve eligible recipients.

Preference shall be given to projects that:

- (1) provide employment with benefits paid to employees;
- (2) provide employment where there are defined career paths for trainees;
- (3) pilot the development of an educational pathway that can be used on a continuing basis for transitioning persons from welfare to work; and
- (4) demonstrate the active participation of Department of Employment and Economic Development workforce centers, Minnesota State College and University institutions and other educational institutions, and local welfare agencies. Pathways projects must demonstrate the active involvement and financial commitment of private business. Pathways projects must be matched with cash or in-kind contributions on at least a one-to-one ratio by participating private business. A single grant to any one institution shall not exceed \$400,000. ~~Up to 25 percent~~ A portion of a grant may be used for preemployment training.

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

Sec. 8. Minnesota Statutes 2004, section 116L.12, subdivision 4, is amended to read:

Subd. 4. **Grants.** Within the limits of available appropriations, the board shall make grants not to exceed \$400,000 each to qualifying

consortia to operate local, regional, or statewide training and retention programs. Grants may be made from TANF funds, general fund appropriations, and any other funding sources available to the board, provided the requirements of those funding sources are satisfied. ~~Up to 25 percent~~ A portion of a grant may be used for preemployment training. Grant awards must establish specific, measurable outcomes and timelines for achieving those outcomes.

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

**STATE EMPLOYEE LABOR AGREEMENT RATIFICATION
H.F. 3114 (Chapter 256)**

SUMMARY: This bill provides legislative ratification of the state employee labor agreements that have been in place since July 1, 2005. A wide range of employee agreements affect Minnesota State College and Universities system employees. These provisions now remain in effect until June 30, 2007.

Section	<i>State Employee Labor Agreement Ratification Bill</i>	Language Page
1	<p>Labor Agreements and Compensation Plans. This bill ratifies labor agreements and compensation plans governing state employees. These labor agreements cover the period from July 1, 2005 to June 30, 2007. Contracts approved include:</p> <p>Subd. 1. AFSCME. American Federation of State, County, and Municipal Employees, Council 5.</p> <p>Subd. 2. MAPE. Minnesota Association of Professional Employees.</p> <p>Subd. 3. MMA. Middle Management Association.</p> <p>Subd. 4. MSCF. Minnesota State College Faculty.</p> <p>Subd. 5. AFSCME. American Federation of State, County, and Municipal Employees, Council 5, Unit 8.</p> <p>Subd. 6. Managerial Plan.</p> <p>Subd. 7. Commissioner's Plan. Commissioner of employee relations for non-managerial state employees who are not represented by a union.</p> <p>Subd. 8. Minnesota Government Engineers Council.</p> <p>Subd. 9. State Residential Schools Education Association.</p> <p>Subd. 10. IFO. Inter Faculty Organization.</p> <p>Subd. 11. MSUAASF. Minnesota State University Administrative and Service Faculty.</p> <p>Subd. 12. Office of Higher Education.</p> <p>Subd. 13. MnSCU Administrators Plan.</p> <p>Subd. 14. State Board of Investment. Salary administration plan.</p> <p>Subd. 15. Managerial Plan Amendment.</p> <p>Subd. 16. Commissioner's Plan Amendment.</p>	97
2	<p>Effective Date. Section 1 is effective the day following final enactment.</p>	98

(This page intentionally left blank)

STATE EMPLOYEE LABOR AGREEMENT RATIFICATION
H.F. 3114 (Chapter 256)

Section 1. LABOR AGREEMENTS AND COMPENSATION PLANS.

Subdivision 1. American Federation of State, County, and Municipal Employees. The labor agreement between the state of Minnesota and the American Federation of State, County, and Municipal Employees, Council 5, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on September 14, 2005, is ratified.

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

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

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

Subd. 5. American Federation of State, County, and Municipal Employees. The labor agreement between the state of Minnesota and the American Federation of State, County, and Municipal Employees, Council 5, Unit 8, approved by the Legislative Coordinating Commission Subcommittee on Employee Relations on November 7, 2005, is ratified.

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

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

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

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

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

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

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

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

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

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

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

Sec. 2. **EFFECTIVE DATE.**

Section 1 is effective the day following final enactment.

OMNIBUS TAX BILL
H.F. 785 (Chapter 259)

SUMMARY: While the tax bill contains many items pertaining to state taxation, provisions in Articles 6 and 9 of the bill are of particular interest to the Minnesota State Colleges and Universities system. Article 6 clarifies what food sold at colleges and universities is exempt, and Article 9 reduces the carryover for student loan bonds under the bond allocation statute from three years to one year, provides a temporary set of priorities for bond allocations to be made from the unified pool before October 1, 2006, that adds student loan bonds as the top priority that otherwise apply under present law, and limits the total amount of allocations for student loan bonds from the unified pool in July 2006, to 50 percent of the pool amount.

Section	<i>Omnibus Tax Bill</i>	Language Page
----------------	--------------------------------	--------------------------

ARTICLE 6
DEPARTMENT OF REVENUE SALES AND USE TAXES

12	Exempt Meals at Schools. This section replaces undefined terms ("meals and lunches") with defined terms ("prepared food, candy, and soft drinks"), and also clarifies that food sold through vending machines is not exempt.	101
-----------	---	------------

ARTICLE 9
PUBLIC FINANCE

10	HESO 120-Day Issuance Exemption. This section reduces the carryover for student loan bonds under the bond allocation statute from three years to one year and eliminates the \$25 million limit on the carryover.	101
13	Unified Pool; Office of Higher Education; Temporary Priority. This section provides a temporary set of priorities for bond allocations to be made from the unified pool before October 1, 2006, that adds student loan bonds as the top priority that otherwise apply under present law.	101

On the day after the last Monday in July any bonding authority remaining unallocated from the small issue pool, the housing pool, and the public facilities pool is transferred to the unified pool and must be reallocated.

15	Unified Pool; Office of Higher Education Total Allocation. This section limits the total amount of allocations for student loan bonds from the unified pool in July 2006 to 50 percent of the pool amount.	101
-----------	---	------------

(This page intentionally left blank)

OMNIBUS TAX BILL
H.F. 785 (Chapter 259)

ARTICLE 6
DEPARTMENT OF REVENUE SALES AND USE TAXES

Sec. 12. Minnesota Statutes 2004, section 297A.67, subdivision 5, is amended to read:

Subd. 5. **Exempt meals at schools.** ~~Meals and lunches~~ Prepared food, candy, and soft drinks served at public and private elementary, middle, or secondary schools as defined in section 120A.05 are exempt. Meals and lunches ~~Prepared food, candy, and soft drinks served to students at a college, university, or private career school under a board contract are exempt. For purposes of this subdivision, "meals and lunches" does not include sales from vending machines. Food sold through vending machines is not exempt.~~

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

ARTICLE 9
PUBLIC FINANCE

Sec. 10. Minnesota Statutes 2004, section 474A.062, is amended to read: **474A.062 HESO 120-DAY ISSUANCE EXEMPTION.**

The Minnesota Higher Education Services Office is exempt from the 120-day issuance requirements in this chapter and may carry forward allocations for student loan bonds into ~~three~~ one successive calendar ~~years~~ year, subject to carryforward notice requirements of section 474A.131, subdivision 2. ~~The maximum cumulative carryforward is limited to \$25,000,000.~~

EFFECTIVE DATE. This section is effective for bond allocations made in 2006 and thereafter.

Sec. 13. **UNIFIED POOL; OFFICE OF HIGHER EDUCATION; TEMPORARY PRIORITY.**

Notwithstanding Minnesota Statutes, section 474A.091, subdivision 3, paragraph (b), prior to October 1, 2006, only the following applications shall be awarded allocations from the unified pool. Allocations shall be awarded in the following order of priority:

- (1) applications for student loan bonds issued by or on behalf of the Office of Higher Education;
- (2) applications for residential rental project bonds;
- (3) applications for small issue bonds for manufacturing projects; and
- (4) applications for small issue bonds for agricultural development bond loan projects.

EFFECTIVE DATE. This section is effective July 1, 2006.

Sec. 15. **UNIFIED POOL; OFFICE OF HIGHER EDUCATION TOTAL ALLOCATION.**

Notwithstanding Minnesota Statutes, section 474A.091, subdivision 3, paragraph (i), the total amount of allocations for student loan bonds from the unified pool in calendar year 2006 may not exceed 50 percent of the total in the unified pool on the day after the last Monday in July, 2006.

EFFECTIVE DATE. This section is effective July 1, 2006.

(This page intentionally left blank)

**MINNESOTA STATE UNIVERSITY, MANKATO CONSTRUCTION
AUTHORIZATION
S.F. 2716 (Chapter 237)**

SUMMARY: This bill authorizes Minnesota State University, Mankato to design, construct, furnish and equip a College of Business building on campus using non-state money.

Section	<i>Minnesota State University, Mankato Construction Authorization Bill</i>	Language Page
1	Minnesota State University, Mankato Construction Authorization. Authorizes the Minnesota State Colleges and Universities Board of Trustees to design and build a College of Business building on the Minnesota State University, Mankato campus with non-state money. A facility endowment must be created with non-state money for operating costs of the building.	105

(This page intentionally left blank)

**MINNESOTA STATE UNIVERSITY, MANKATO CONSTRUCTION
AUTHORIZATION
S.F. 2716 (Chapter 237)**

Section 1. MINNESOTA STATE UNIVERSITY, MANKATO, CONSTRUCTION
AUTHORIZATION.

The Board of Trustees of the Minnesota State Colleges and Universities may design, construct, furnish, and equip an academic building on the Minnesota State University, Mankato campus for the College of Business at a site approved by the board using nonstate money. A facility endowment must be created with nonstate money for operating costs of the building.

(This page intentionally left blank)

LIQUOR PROVISIONS BILL**S.F. 3081 (Chapter 210)**

SUMMARY: This bill exempts the area around Metropolitan State University in Minneapolis from liquor license restrictions.

Section	<i>Liquor Provisions Bill</i>	Language Page
11	Licenses Prohibited in Certain Areas. Makes technical changes to the law exempting the area around Metropolitan State University in Minneapolis from liquor license restrictions	109

(This page intentionally left blank)

LIQUOR PROVISIONS BILL**S.F. 3081 (Chapter 210)**

Sec. 11. Minnesota Statutes 2005 Supplement, section 340A.412, subdivision 4, is amended to read:

Subd. 4. **Licenses prohibited in certain areas.** (a) No license to sell intoxicating liquor may be issued within the following areas:

(1) where restricted against commercial use through zoning ordinances and other proceedings or legal processes regularly had for that purpose, except licenses may be issued to restaurants in areas which were restricted against commercial uses after the establishment of the restaurant;

(2) within the Capitol or on the Capitol grounds, except as provided under Laws 1983, chapter 259, section 9, or Laws 1999, chapter 202, section 13;

(3) on the State Fairgrounds or at any place in a city of the first class within one-half mile of the fairgrounds, except as otherwise provided by charter;

(4) on the campus of the College of Agriculture of the University of Minnesota or at any place in a city of the first class within one-half mile of the campus, provided that a city may issue one on-sale wine license and one off-sale intoxicating liquor license in this area that is not included in the area described in clause (3), except as provided by charter;

(5) within 1,000 feet of a state hospital, training school, reformatory, prison, or other institution under the supervision or control, in whole or in part, of the commissioner of human services or the commissioner of corrections;

(6) in a town or municipality in which a majority of votes at the last election at which the question of license was voted upon were not in favor of license under section 340A.416, or within one-half mile of any such town or municipality, except that intoxicating liquor manufactured within this radius may be sold to be consumed outside it;

(7) at any place on the east side of the Mississippi River within one-tenth of a mile of the main building of the University of Minnesota unless (i) the licensed establishment is on property owned or operated by a nonprofit corporation organized prior to January 1, 1940, for and by former students of the University of Minnesota, or (ii) the licensed premises is Northrop Auditorium;

(8) within 1,500 feet of a state university, except that:

(i) the minimum distance in the case of Winona and Southwest State University is 1,200 feet, measured by a direct line from the nearest corner of the administration building to the main entrance of the licensed establishment;

(ii) within 1,500 feet of St. Cloud State University one on-sale wine and two off-sale intoxicating liquor licenses may be issued, measured by a direct line from the nearest corner of the administration building to the main entrance of the licensed establishment;

(iii) at Mankato State University the distance is measured from the front door of the student union of the Highland campus;

(iv) a temporary license under section 340A.404, subdivision 10, may be issued to a location on the grounds of a state university for an event sponsored or approved by the state university; and

(v) this restriction does not apply to the area surrounding the premises ~~leased by of Metropolitan State University at 730 Hennepin Avenue South~~ in Minneapolis; and

(9) within 1,500 feet of any public school that is not within a city.

(b) The restrictions of this subdivision do not apply to a manufacturer or wholesaler of intoxicating liquor or to a drugstore or to a person who had a license originally issued lawfully prior to July 1, 1967.

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

LOCAL GOVERNMENT POSTSECONDARY FEES PROHIBITED
S.F. 3254 (Chapter 185)

SUMMARY: This bill prohibits a local government from imposing a fee or charge on a person based on the person's status as a student in a postsecondary educational institution or on a postsecondary educational institution based on the number of students attending.

Section	<i>Local Government Postsecondary Fees Bill</i>	Language Page
1	Limit on Postsecondary Institution Fees. Prohibits a local government from imposing a fee or similar charge on a postsecondary student or institution based on number of students attending the institution.	113

Effective Date

This section is effective the day following final enactment.

(This page intentionally left blank)

LOCAL GOVERNMENT POSTSECONDARY FEES PROHIBITED**S.F. 3254 (Chapter 185)**Section 1. **[471.685] LIMIT ON POSTSECONDARY INSTITUTION FEES.**

A statutory or home rule charter city, county, or town may not impose a fee, assessment, or similar charge:

(1) on a person, based on the person's status as a student enrolled in a postsecondary educational institution; or

(2) on a postsecondary educational institution, based on the number of students attending the postsecondary institution.

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

(This page intentionally left blank)

ORGAN DONOR LEAVE
H.F. 3217 (Chapter 220)

SUMMARY: This bill requires public employers with more than 20 employees to grant employees paid leave for organ donation purposes.

Section	<i>Organ Donor Leave Bill</i>	Language Page
1	<p>Leave for Organ Donation. Provides that a public employer (state, county, city, town, school district or other governmental subdivision) with more than 20 employees must grant paid leave of absence to an employee who seeks to undergo a medical procedure to donate an organ or partial organ to another person. The length of the paid leave under this section may not exceed 40 hours for each donation, unless agreed to by the employer.</p> <p>The bill allows the employer to request medical verification of the purpose and length of the leave. Provides that if there is a medical determination that the employee does not qualify as an organ donor, paid leave granted before that determination is not forfeited.</p> <p>Forbids an employer from retaliating against an employee for requesting or obtaining a leave under this section.</p> <p>Provides that this section does not prevent an employer from granting additional leave and does not affect an employee's rights to any other employment benefit.</p>	117

(This page intentionally left blank)

ORGAN DONOR LEAVE**H.F. 3217 (Chapter 220)****Section 1. [181.9456] LEAVE FOR ORGAN DONATION.**

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

(b) "Employee" means a person who performs services for hire for a public employer, for an average of 20 or more hours per week, and includes all individuals employed at any site owned or operated by a public employer. Employee does not include an independent contractor.

(c) "Employer" means a state, county, city, town, school district, or other governmental subdivision that employs 20 or more employees.

Subd. 2. Leave. An employer must grant paid leaves of absence to an employee who seeks to undergo a medical procedure to donate an organ or partial organ to another person. The combined length of the leaves shall be determined by the employee, but may not exceed 40 work hours for each donation, unless agreed to by the employer. The employer may require verification by a physician of the purpose and length of each leave requested by the employee for organ donation. If there is a medical determination that the employee does not qualify as an organ donor, the paid leave of absence granted to the employee prior to that medical determination is not forfeited.

Subd. 3. No employer sanctions. An employer shall not retaliate against an employee for requesting or obtaining a leave of absence as provided by this section.

Subd. 4. Relationship to other leave. This section does not prevent an employer from providing leave for organ donations in addition to leave allowed under this section.

This section does not affect an employee's rights with respect to any other employment benefit.

(This page intentionally left blank)

PLUG-IN HYBRID ELECTRIC VEHICLES**H.F. 3718 (Chapter 245)**

SUMMARY: This bill defines "plug-in hybrid electric vehicle;" strongly encourages the automotive engineering program at Minnesota State University, Mankato to retrofit two flexible fuel vehicles to also operate as plug-in hybrid electric vehicles; and establishes a plug-in hybrid electric vehicle task force.

Section	<i>Plug-in Hybrid Electric Vehicle Bill</i>	Language Page
1	<p>State Purchasing of Plug-in Hybrid Electric Vehicles Subd. 1. Definition. Defines a "plug-in hybrid electric vehicle" as a vehicle with both an internal combustion engine and a rechargeable electric motor. It must meet federal safety standards and be able to travel at least 20 miles powered largely by electricity. Subd. 2. Notice of State Procurement Policy in Bid Documents. Requires that the Department of Administration include, in its solicitation for vehicle purchases, a statement regarding the state's intent to purchase plug-in hybrid electric vehicles. The statement includes language that the state intends to purchase plug-in hybrid electric vehicles as practical for at least the next five years.</p> <p>Effective Date. This section is effective the day following final enactment.</p>	121
2	<p>Plug-in Hybrid Electric Vehicle Retrofit Project. This section strongly encourages the automotive engineering program at Minnesota State University, Mankato to retrofit two flexible fuel vehicles to also operate as plug-in hybrid electric vehicles. The Department of Administration and Minnesota State University, Mankato may accept donations and work cooperatively with nonprofit agencies, higher education institutions and public agencies to procure vehicles and obtain other necessary funds to conduct the retrofit.</p> <p>Effective Date. This section is effective the day following final enactment.</p>	121
3	<p>Plug-in Hybrid Electric Vehicle Task Force Subd. 1. Establishment; Membership. The task force is to consist of 14 members that include; one representative from Xcel Energy; Great River Energy; Minnesota Department of Commerce; Minnesota Department of Transportation; the Minnesota Pollution Control Agency; University of Minnesota Department of Electrical Engineering; Minnesota-based manufacturers of electric batteries, automotive parts, and power electronics; environmental advocacy organization active in</p>	121

electricity issues; United Auto Workers Local 879; Ford Motor Company; Minnesota-based manufacturer of electric vehicles; and the director of the Travel Management Division of the Minnesota Department of Administration, or designee.

Subd. 2. Appointment. The chairs of the House and Senate energy policy committees shall jointly appoint the task force members.

Subd. 3. Co-chairs. The task force shall have two co-chairs, one appointed by each of the appointing authorities in subdivision 2.

Subd. 4. Charge. The task force is to identify barriers to the adoption of plug-in hybrid electric vehicles, as well as evaluate the data presented to develop recommendations.

Subd. 5. Data and Analysis. The Pollution Control Agency is to analyze and report to the task force the environmental impacts.

Subd. 6. Expenses. The commissioner of commerce is to reimburse task force members for their expenses.

Subd. 7. Staff. The state agencies represented on the commission shall provide staff support.

Subd. 8. Report. The task force is to make recommendations to the Legislature by April 1, 2007.

Subd. 9. Expiration. The task force expires on June 30, 2008.

Effective Date. This section is effective the day following final enactment.

PLUG-IN HYBRID ELECTRIC VEHICLES**H.F. 3718 (Chapter 245)****Section 1. STATE PURCHASING OF PLUG-IN HYBRID ELECTRIC VEHICLES.**

Subdivision 1. Definition. (a) As used in sections 2 and 3, "plug-in hybrid electric vehicle (PHEV)" means a vehicle containing an internal combustion engine that also allows power to be delivered to the drive wheels by a battery-powered electric motor and that meets applicable federal motor vehicle safety standards. When connected to the electrical grid via an electrical outlet, the vehicle must be able to recharge its battery. The vehicle must have the ability to travel at least 20 miles, powered substantially by electricity. (b) As used in this section, "neighborhood electric vehicle" means an electrically powered motor vehicle that has four wheels and has a speed attainable in one mile of at least 20 miles per hour but not more than 25 miles per hour on a paved level surface.

Subd. 2. Notice of state procurement policy in bid documents. All solicitation documents for the purchase of a passenger automobile, as defined in Minnesota Statutes, section 168.011, subdivision 7; pickup truck, as defined in Minnesota Statutes, section 168.011, subdivision 29; or van, as defined in Minnesota Statutes, section 168.011, subdivision 28, issued under the jurisdiction of the Department of Administration after June 30, 2006, must contain the following language: "It is the intention of the state of Minnesota to begin purchasing plug-in hybrid electric vehicles and neighborhood electric vehicles as soon as they become commercially available, meet the state's performance specifications, and are priced no more than ten percent above the price for comparable gasoline-powered vehicles. It is the intention of the state to purchase plug-in hybrid electric vehicles and neighborhood electric vehicles whenever practicable after these conditions have been met and as fleet needs dictate for at least five years after these conditions have been met.

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

Sec. 2. PLUG-IN HYBRID ELECTRIC VEHICLE RETROFIT PROJECT.

The automotive engineering program at Minnesota State University - Mankato is strongly encouraged to retrofit two flexible fuel vehicles to also operate as plug-in hybrid electric vehicles (PHEV's). If the legislature does not appropriate funds for this purpose, the Department of Administration and Minnesota State University - Mankato may accept donations and work cooperatively with nonprofit agencies, higher education institutions, and public agencies to procure vehicles and obtain other necessary funds to conduct the retrofit.

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

Sec. 3. PLUG-IN HYBRID ELECTRIC VEHICLE TASK FORCE.

Subdivision 1. Establishment; membership. The plug-in hybrid electric vehicle task force is established. The task force shall consist of 14 members as follows:

- (1) one representative each from Xcel Energy and Great River Energy;
- (2) one representative each from the Minnesota Department of Commerce, the Minnesota Department of Transportation, and the Minnesota Pollution Control Agency;
- (3) the director of the Travel Management Division of the Minnesota Department of Administration, or the director's designee;
- (4) a representative from the University of Minnesota Department of Electrical Engineering;

(5) one representative each from Minnesota-based manufacturers of electric batteries, automotive parts, and power electronics;

(6) a representative from an environmental advocacy organization active in electricity issues;

(7) a representative of United Auto Workers Local 879;

(8) a representative of the Ford Motor Company; and

(9) a representative of a Minnesota-based manufacturer of electric vehicles.

Subd. 2. **Appointment.** The chairs of the senate and house of representatives committees with primary jurisdiction over energy policy shall jointly appoint the task force members.

Subd. 3. **Cochairs.** The task force shall have two cochairs, one appointed by each of the appointing authorities established in subdivision 2.

Subd. 4. **Charge.** (a) The plug-in hybrid electric vehicle task force shall identify barriers to the adoption of plug-in hybrid electric vehicles by state agencies, small and large private fleets, and Minnesota drivers at-large and develop strategies to be implemented over one-, three-, and five-year time frames to overcome those barriers. Included in the analysis should be possible financial incentives to encourage Ford Motor Company to produce plug-in hybrid, flexible-fueled vehicles at its St. Paul plant.

(b) The task force shall consider and evaluate the data and information presented to it under subdivision 5 in presenting its findings and recommendations.

Subd. 5. **Data and analysis.** The commissioner of the Pollution Control Agency shall analyze and report to the task force the environmental impacts of purchasing plug-in hybrid electric vehicles for the state-owned vehicle fleet and at penetration rates of ten percent, 25 percent, and 50 percent of all motor vehicles registered in this state. The analysis must compare, for plug-in hybrid electric vehicles and current fleet vehicles, air emissions of sulfur dioxide, nitrogen oxides, particulate matter less than 2.5 microns in width, volatile organic compounds, and carbon dioxide.

Subd. 6. **Expenses.** Members of the task force are entitled to reimbursement for expenses under Minnesota Statutes, section 15.059, subdivision 6. Member reimbursements shall be paid for by the commissioner of commerce.

Subd. 7. **Staff.** The state agencies represented on the commission shall provide staff support.

Subd. 8. **Report.** The task force shall present its findings and recommendations in a report to the chairs of the senate and house of representatives committees with primary jurisdiction over energy policy and state government operations by April 1, 2007.

Subd. 9. **Expiration.** The task force expires on June 30, 2008. **EFFECTIVE DATE.** This section is effective the day following final enactment.

CONSUMER IDENTITY THEFT PROTECTIONS
S.F. 2002 (Chapter 233)

SUMMARY: This bill contains provisions to protect consumers from identity theft. The provisions below affect the Minnesota State Colleges and Universities system.

Section	<i>Consumer Identity Theft Protections Bill</i>	Language Page
1	Data Protection. This section requires that not public data, which is any government data classified by statute, federal law, or temporary classification as confidential, private, nonpublic, or protected nonpublic, that is being disposed of must be destroyed in a way that prevents its contents from being determined.	125
6	Records Management Program. This section requires records containing not public data to be destroyed in a way that prevents their contents from being determined.	125

(This page intentionally left blank)

CONSUMER IDENTITY THEFT PROTECTIONS**S.F. 2002 (Chapter 233)**

Section 1. Minnesota Statutes 2004, section 13.05, subdivision 5, is amended to read:

Subd. 5. **Data protection.** (a) The responsible authority shall (1) establish procedures to assure that all data on individuals is accurate, complete, and current for the purposes for which it was collected; and (2) establish appropriate security safeguards for all records containing data on individuals.

(b) When not public data is being disposed of, the data must be destroyed in a way that prevents its contents from being determined.

Sec. 6. Minnesota Statutes 2004, section 138.17, subdivision 7, is amended to read:

Subd. 7. **Records management program.** A records management program for the application of efficient and economical management methods to the creation, utilization, maintenance, retention, preservation, and disposal of official records shall be administered by the commissioner of administration with assistance from the director of the historical society. The State Records Center which stores and services state records not in state archives shall be administered by the commissioner of administration. The commissioner of administration is empowered to (1) establish standards, procedures, and techniques for effective management of government records, (2) make continuing surveys of paper work operations, and (3) recommend improvements in current records management practices including the use of space, equipment, and supplies employed in creating, maintaining, preserving and disposing of government records. It shall be the duty of the head of each state agency and the governing body of each county, municipality, and other subdivision of government to cooperate with the commissioner in conducting surveys and to establish and maintain an active, continuing program for the economical and efficient management of the records of each agency, county, municipality, or other subdivision of government. When requested by the commissioner, public officials shall assist in the preparation of an inclusive inventory of records in their custody, to which shall be attached a schedule, approved by the head of the governmental unit or agency having custody of the records and the commissioner, establishing a time period for the retention or disposal of each series of records. When the schedule is unanimously approved by the records disposition panel, the head of the governmental unit or agency having custody of the records may dispose of the type of records listed in the schedule at a time and in a manner prescribed in the schedule for particular records which were created after the approval. A list of records disposed of pursuant to this subdivision shall be maintained by the governmental unit or agency. When records containing not public data as defined in section 13.02, subdivision 8a, are being disposed of under this subdivision, the records must be destroyed in a way that prevents their contents from being determined.

(This page intentionally left blank)

ELECTIONS BILL**S.F. 2743 (Chapter 242)**

SUMMARY: This bill deals with election laws, including a section that makes permanent the two-year rules adopted by the Secretary of State in 2004 in order to comply with the Help America Vote Act of 2002. Certain exceptions exist, including adding cellular telephone bills to the list of utility bills used to establish residency for purposes of registering to vote.

Section	<i>Elections Bill</i>	Language Page
39	<p>Elections Rules. This section makes permanent the two-year rules adopted by the Secretary of State in 2004 in order to comply with the Help America Vote Act of 2002, with certain exceptions. The exceptions:</p> <ul style="list-style-type: none"> • authorize the Secretary of State to approve alternate forms of voter registration cards; • remove references to the Secretary of State approving the design of voter registration cards; • omit the requirement that the county auditor refuse to accept a voter registration from a voter who has a Minnesota driver's license or identification number or Social Security number but who failed to supply it on the voter registration application; • add a tribal ID to the documents used to establish residency for purposes of registering to vote; • add cellular telephone bills to the list of utility bills used to establish residency for purposes of registering to vote; • clarify the oath on the polling place roster as it relates to individuals under guardianship or who are felons whose right to vote has been restored; and • instruct an absentee voter how to use the privacy envelope into which the absentee ballot return envelope is to be placed. 	129

(This page intentionally left blank)

ELECTIONS BILL**S.F. 2743 (Chapter 242)**Sec. 39. **ELECTIONS RULES.**

(a) The rules adopted by the Office of the Secretary of State on August 9, 2004, pursuant to the authority granted in Laws 2004, chapter 293, article 1, section 39, are made permanent as if they had been adopted pursuant to Minnesota Statutes, sections 14.05 to 14.28, with only the following express exceptions:

(b) The secretary of state shall amend the rules pursuant to the good cause provision in section 14.88, subdivision 1, clause (3), as follows:

(1) The secretary of state shall amend Minnesota Rules, parts 8200.1100, 8200.1200, subparts 1a and 1b, 8200.1700, 8200.3700, and 8200.9310, subpart 4 so that effective August 10, 2006, these rules are identical to the language contained in them on August 8, 2004.

(2) The secretary of state shall amend Minnesota Rules, part 8200.5100, subpart 1, effective August 10, 2006, to add a new clause (4) to paragraph A that adds a tribal identification card as provided by Minnesota Statutes, section 201.061, subdivision 3, paragraph (d), clause (1).

(3) The secretary of state shall amend Minnesota Rules, part 8200.5100, subpart 2, effective August 10, 2006, to:

(i) add a new clause (5) to paragraph A that adds a tribal identification card as provided by Minnesota Statutes, section 201.061, subdivision 3, paragraph (d), clause (2); and

(ii) add cellular telephone to the list in paragraph B.

(4) The secretary of state shall amend Minnesota Rules, part 8200.9115, subpart 1, effective August 10, 2006, so that the certification at the top of each page of the polling place roster includes the statement that the individual is not under a guardianship of the person in which the court order revokes the individual's right to vote; and that the individual has the right to vote because, if convicted of a felony, the individual's felony sentence has expired (been completed) or the individual has been discharged from the individual's sentence.

(5) The secretary of state shall amend Minnesota Rules, part 8210.0100, subpart 2, effective August 10, 2006, so that the form of the affidavit of eligibility includes certification by the individual that the individual is not under a guardianship of the person in which the court order revokes the individual's right to vote, and that the individual has the right to vote because, if convicted of a felony, the individual's felony sentence has expired (been completed) or the individual has been discharged from the individual's sentence.

(6) The secretary of state shall amend Minnesota Rules, part 8210.0500, subpart 2, effective August 10, 2006, to:

(i) add a tribal identification card as provided in Minnesota Statutes, section 201.061, subdivision 3, paragraph (d), clause (1) to the list in Step 3, item a;

(ii) add cellular telephone to the list in Step 3, item b, subitem (i);

(iii) add a tribal identification card as provided in Minnesota Statutes, section 201.061, subdivision 3, paragraph (d), clause (2), to the list in Step 3, item b, subitem (ii);

(iv) repeal Step 3, item f; and

(v) add a new Step to be numbered Step 10 and placed between the current Step 9 and Step 10 that directs the voter, if the voter has been provided with an additional envelope to conceal the signature, identification, and other information, to place the white ballot return envelope into the additional envelope; and directs the voter, if the voter has been provided a white ballot envelope with an additional flap that when sealed, conceals the signature, identification, and other information, to make sure that the flap is properly in place to conceal that information.

(7) The secretary of state shall amend Minnesota Rules, part 8200.5100, subpart 2, item B, to add cellular telephone to the list in that item.
EFFECTIVE DATE. This section is effective the day following final enactment.

DATA PRACTICES
S.F. 3132 (Chapter 253)

SUMMARY: This is the annual bill that regulates public access to government information. Included below are those changes that affect the Minnesota State Colleges and Universities system.

Section	<i>Data Practices Bill</i>	Language Page
6	Classification of Data. This section amends the data classification statute governing financial aid programs administered by the Higher Education Services Office. Makes private the names and addresses of financial aid recipients.	133
7	Records Management. This section strikes a requirement that the Commissioner of Administration administer a records management program but retains the requirements that state agencies and local governments have programs in place.	133
13	Required Statement of Earnings by Employee. This section provides the option for an employer to provide each employee an earnings statement, either in writing or by electronic means. If a statement is provided by electronic means, the employer must provide employee access to an employer-owned computer during an employee's regular working hours to review and print earnings statements	134

This section also requires an employer to provide earnings statements in writing, rather than by electronic means, if requested by an employee.

(This page intentionally left blank)

DATA PRACTICES**S.F. 3132 (Chapter 253)**

Sec. 6. Minnesota Statutes 2004, section 136A.162, is amended to read:

136A.162 CLASSIFICATION OF DATA.

~~All (a) Except as provided in paragraphs (b) and (c), data on applicants for financial assistance collected and used by the Higher Education Services Office for student financial aid programs administered by that office shall be classified as are private data on individuals under as defined in section 13.02, subdivision 12. Exceptions to this classification are that:~~

- ~~a) the names and addresses of program recipients or participants are public data;~~
- (b) Data on applicants may be disclosed to the commissioner of human services to the extent necessary to determine eligibility under section 136A.121, subdivision 2, clause (5); ~~and.~~
- (c) The following data collected in the Minnesota supplemental loan program under section 136A.1701 may be disclosed to a consumer credit reporting agency only if the borrower and the cosigner give informed consent, according to section 13.05, subdivision 4, at the time of application for a loan:
- (1) the lender-assigned borrower identification number;
 - (2) the name and address of borrower;
 - (3) the name and address of cosigner;
 - (4) the date the account is opened;
 - (5) the outstanding account balance;
 - (6) the dollar amount past due;
 - (7) the number of payments past due;
 - (8) the number of late payments in previous 12 months;
 - (9) the type of account;
 - (10) the responsibility for the account; and
 - (11) the status or remarks code.

Sec. 7. Minnesota Statutes 2004, section 138.17, subdivision 7, is amended to read:

Subd. 7. **Records management program.** ~~A records management program for the application of efficient and economical management methods to the creation, utilization, maintenance, retention, preservation, and disposal of official records shall be administered by the commissioner of administration with assistance from the director of the historical society. The State Records Center which stores and services state records not in state archives shall be administered by the commissioner of administration. The commissioner of administration is empowered to (1) establish standards, procedures, and techniques for effective management of government records (2) make continuing surveys of paper work operations, and (3) recommend improvements in current records management practices including the use of space, equipment, and supplies employed in creating, maintaining, preserving and disposing of government records. It shall be the duty of the head of each state agency and the governing body of each county, municipality, and other subdivision of government to cooperate with the commissioner in conducting surveys and to establish and maintain an active, continuing program for the economical and efficient management of the records of each agency, county, municipality, or other subdivision of government.~~

~~When requested by the commissioner Public officials shall assist in the preparation of~~ prepare an inclusive inventory of records in their custody, to which shall be attached a schedule, approved by the head of the governmental unit or agency having custody of the records ~~and the~~

~~commissioner~~, establishing a time period for the retention or disposal of each series of records. When the schedule is unanimously approved by the records disposition panel, the head of the governmental unit or agency having custody of the records may dispose of the type of records listed in the schedule at a time and in a manner prescribed in the schedule for particular records which were created after the approval. A list of records disposed of pursuant to this subdivision shall be maintained by the governmental unit or agency.

Sec. 13. Minnesota Statutes 2004, section 181.032, is amended to read:

181.032 REQUIRED STATEMENT OF EARNINGS BY EMPLOYER.

At the end of each pay period, the employer shall ~~give~~ provide each employee an earnings statement, either in writing or by electronic means, covering that pay period. An employer who chooses to provide an earnings statement by electronic means must provide employee access to an employer-owned computer during an employee's regular working hours to review and print earnings statements. The earnings statement may be in any form determined by the employer but must include:

- (a) the name of the employee;
- (b) the hourly rate of pay (if applicable);
- (c) the total number of hours worked by the employee unless exempt from chapter 177;
- (d) the total amount of gross pay earned by the employee during that period;
- (e) a list of deductions made from the employee's pay;
- (f) the net amount of pay after all deductions are made;
- (g) the date on which the pay period ends; and
- (h) the legal name of the employer and the operating name of the employer if different from the legal name.

An employer must provide earnings statements to an employee in writing, rather than by electronic means, if the employer has received at least 24 hours notice from an employee that the employee would like to receive earnings statements in written form.

Once an employer has received notice from an employee that the employee would like to receive earnings statements in written form, the employer must comply with that request on an ongoing basis.

BIOTECHNOLOGY AND HEALTH SCIENCES AND INDUSTRY ZONES
S.F. 3260 (Chapter 276)

SUMMARY: This bill permits the commissioner of employment and economic development to designate additional biotechnology and health sciences industry zones. Current law authorizes only one such zone.

Section	<i>Biotechnology and Health Sciences and Industry Zones Bill</i>	Language Page
1	Commissioner to Designate. This section permits the commissioner of employment and economic development, in consultation with the commissioner of revenue and the director of the Office of Strategic and Long-Range Planning, to designate one or more biotechnology and health sciences industry zone. Priority must be given to applicants with a development plan that links a higher education/research institution with a biotechnology and health sciences industry facility.	137
2	Designation Schedule. Allows additional zones to be designated in later years.	137
3	Effective Date. This act is effective the day following final enactment.	137

(This page intentionally left blank)

BIOTECHNOLOGY AND HEALTH SCIENCES AND INDUSTRY ZONES
S.F. 3260 (Chapter 276)

Section 1. Minnesota Statutes 2004, section 469.334, subdivision 1, is amended to read:

Subdivision 1. **Commissioner to designate.** (a) The commissioner, in consultation with the commissioner of revenue and the director of the Office of Strategic and Long-Range Planning, shall designate ~~not more than one or more~~ biotechnology and health sciences industry zone. Priority must be given to applicants with a development plan that links a higher education/research institution with a biotechnology and health sciences industry facility.

(b) The commissioner may consult with the applicant prior to the designation of the zone. The commissioner may modify the development plan, including the boundaries of the zone or subzones, if in the commissioner's opinion a modified plan would better meet the objectives of the biotechnology and health sciences industry zone program. The commissioner shall notify the applicant of the modifications and provide a statement of the reasons for the modifications.

Sec. 2. Minnesota Statutes 2004, section 469.334, subdivision 4, is amended to read:

Subd. 4. **Designation schedule.** (a) The schedule in paragraphs (b) to (e) applies to the designation of the first biotechnology and health sciences industry zone.

(b) The commissioner shall publish the form for applications and any procedural, form, or content requirements for applications by no later than August 1, 2003. The commissioner may publish these requirements on the Internet, in the State Register, or by any other means the commissioner determines appropriate to disseminate the information to potential applicants for designation.

(c) Applications must be submitted by October 15, 2003.

(d) The commissioner shall designate the zones by no later than December 31, 2003.

(e) The designation of the zones takes effect January 1, 2004.

(f) Additional zones may be designated in later years, following substantially the same application and designation process as provided in paragraphs (b) to (e).

Sec. 3. **EFFECTIVE DATE.**

This act is effective the day following final enactment.

(This page intentionally left blank)

**EMERGENCY MEDICAL TECHNICIAN PROGRAM REQUIREMENT
S.F. 2621 (Chapter 177)**

SUMMARY: All training programs for an Emergency Medical Technician (EMT) must be approved by the Emergency Medical Services Regulatory Board. This bill sets an additional requirement to the EMT program in order to be approved by the board.

Section	<i>Emergency Medical Technician Program Requirement Bill</i>	Language Page
----------------	---	--------------------------

- | | | |
|----------|---|------------|
| 1 | <p>Approval Required. This section requires all EMT training programs to maintain a minimum average yearly pass rate on the state EMT certification exam that is equal to the national average pass rate on the exam, as determined by the percentage of candidates who pass on the first try.</p> | 141 |
|----------|---|------------|

A program not meeting the standard shall be placed on probation with a performance improvement plan approved by the Emergency Medical Services Regulatory Board, which regulates these training programs. If a training program fails to meet the pass rate standard after two years in which an EMT initial course has been taught, the board may take further disciplinary action.

(This page intentionally left blank)

***EMERGENCY MEDICAL TECHNICIAN PROGRAM REQUIREMENT
S.F. 2621 (Chapter 177)***

Section 1. Minnesota Statutes 2004, section 144E.285, subdivision 1, is amended to read:

Subdivision 1. **Approval required.** (a) All training programs for an EMT, EMT-I, or EMT-P must be approved by the board.

(b) To be approved by the board, a training program must:

(1) submit an application prescribed by the board that includes:

(i) type and length of course to be offered;

(ii) names, addresses, and qualifications of the program medical director, program training coordinator, and instructors;

(iii) names and addresses of clinical sites, including a contact person and telephone number;

(iv) admission criteria for students; and

(v) materials and equipment to be used;

(2) for each course, implement the most current version of the United States Department of Transportation curriculum or its equivalent as determined by the board applicable to EMT, EMT-I, or EMT-P training;

(3) have a program medical director and a program coordinator;

(4) utilize instructors who meet the requirements of section 144E.283 for teaching at least 50 percent of the course content. The remaining 50 percent of the course may be taught by guest lecturers approved by the training program coordinator or medical director;

(5) have at least one instructor for every ten students at the practical skill stations;

(6) maintain a written agreement with a licensed hospital or licensed ambulance service designating a clinical training site;

(7) retain documentation of program approval by the board, course outline, and student information;

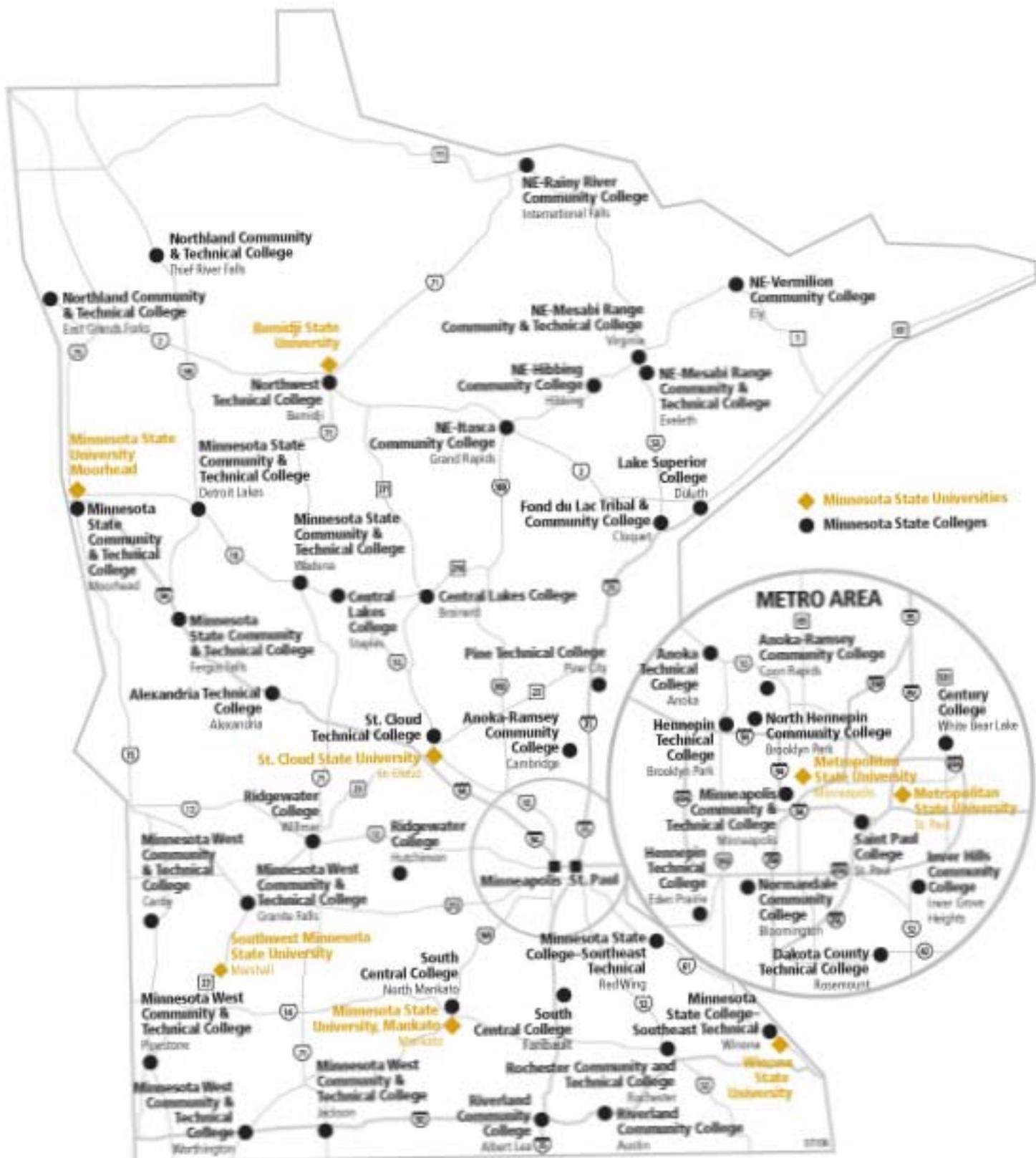
(8) notify the board of the starting date of a course prior to the beginning of a course; ~~and~~

(9) submit the appropriate fee as required under section 144E.29-; and

(10) maintain a minimum average yearly pass rate on the state EMT certification exam that is equal to the national average pass rate on the certification exam. The pass rate will be determined by the percent of candidates who pass the exam on the first attempt. A training program not meeting this yearly standard shall be placed on probation and shall be on a performance improvement plan approved by the board until meeting the pass rate standard. While on probation, the training program may continue providing classes if meeting the terms of the performance improvement plan as determined by the board. If a training program having probation status fails to meet the pass rate standard after two years in which an EMT initial course has been taught, the board may take disciplinary action under subdivision 5.

(This page intentionally left blank)

Minnesota State Colleges & Universities





Minnesota
STATE COLLEGES
& UNIVERSITIES

WELLS FARGO PLACE
30 7TH ST. E., SUITE 150
ST. PAUL, MN 55101-7804

ph 612.296.8012
fx 612.297.2110
www.mnsc.edu

toll free 888.667.2848
toll 612.297.2660

The Minnesota State Colleges and Universities system is an Equal Opportunity employer and educator.