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# SESSION Weekly

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In this issue:

MEDICAL PRIVACY DEBATE

ETHANOL PAYMENTS, MORE NEW MEMBERS, AND MORE

HF109-HF182

# Session Weekly

**Session Weekly** is a nonpartisan publication of the Minnesota House of Representatives Public Information Office. During the 2003-2004 Legislative Session, each issue reports daily House action between Thursdays of each week, lists bill introductions and upcoming committee meeting schedules, and provides other information. The publication is a service of the Minnesota House. No fee.

To subscribe, contact:  
Minnesota House of Representatives  
Public Information Office  
175 State Office Building  
St. Paul, MN 55155-1298  
(651) 296-2146 or  
1-800-657-3550  
TTY (651) 296-9896

## Director

Barry LaGrave

## Assistant Director

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## Editor/Assistant Director

Michelle Kibiger

## Assistant Editor

Mike Cook

## Art & Production Coordinator

Paul Battaglia

## Writers

Miranda Bryant,  
Jeff Jones, Tom Lonergan

## Chief Photographer

Tom Olmscheid

## Photographers

Andrew Von Bank, Kristine Larsen

## Office Manager

Nicole Wood

## Staff Assistants

Christy Novak, Joseph Rude

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On the cover: The grand stairs to the old Supreme Court Chamber are illuminated as sunshine pours through the skylight on the eastern side of the State Capitol.

—Photo by Tom Olmscheid

# Privacy versus progress

Battle is just beginning over Health Department plan to collect medical information from patients

By JEFF JONES

Saying that proposed state Health Department rules governing patient information equate to Big Brother watching over the shoulder of health professionals, many people criticized them before a House committee.

A proposed set of rules from the department would allow the state to begin collecting detailed patient medical information — including patient names, addresses, and ethnicities — from hospitals, insurers, and Health Maintenance Organizations. The information would primarily be used in an effort to measure the quality of care being offered in the state.

“It requires citizens to choose between health care and privacy. They can have one, but they can’t have both,” said Twila Brase, president of the Citizen’s Council on Health Care, in testimony before the House Health and Human Services Policy Committee Jan. 22. Her organization advocates for free-market principles in medical care and has organized strong opposition to the proposed rules since their introduction last August.

The Department of Health wrote the rules in accordance with a 10-year-old state law that directs the commissioner to collect data necessary to assess the quality of health care in Minnesota. The rules would create a database of administrative billing data that would allow the department to track a wide range of health care trends.

Dick Wexler, assistant commissioner with the department, touted the success of other states in collecting and using the medical information.

Wexler, who oversees the department’s Health Quality and Access Bureau, said the state of New York, which has a database similar to what the department has proposed, was able to decrease the mortality rate at hospitals performing heart-bypass surgery by 41 percent after publishing data comparing hospitals.

He also stressed that administrative billing data only contains codes and prices for a patient’s diagnoses and treatments. “It is not the medical chart or the medical record. There are no doctor’s notes,” he said.

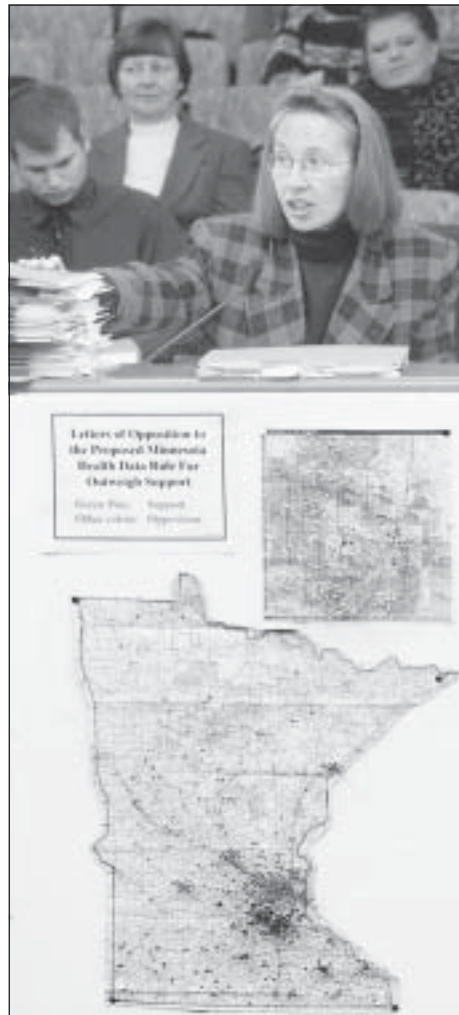


PHOTO BY ANDREW VON BANK

Twila Brase, president of the Citizens’ Council on Health Care, shows members of the House Health and Human Services Policy Committee letters in opposition to the medical collection plans of the Minnesota Department of Health.

Among the many proposed uses of the database in Minnesota are:

- Tracking changes in health care costs;
- Detecting emerging diseases or conditions;
- Comparing illness rates among geographic areas, ethnic groups, and ages; and
- Comparing the quality and efficiency of health care providers.

There was little disagreement at the hearing about the value of making such research available to the public, but testifiers were concerned about the type and volume of information the department says it will require. Especially divisive is the collection of some personally identifying data — including a person’s name, address, race, and ethnicity.

That information would be used to determine which patient corresponds to each piece of medical data, which Wexler said is necessary to track medical cases over time. “If you have five cases of diabetes, for example, you need to know if you’re dealing with one individual who went to five different providers or with five different people,” he said. “When you’re looking at the prevalence of disease around the state, that becomes important in knowing whether or not there’s an increase or an outbreak in a given area.”

It is the collection of this personally identifying data that has privacy advocates worried.

Brase said she fears it will allow the state, or anyone else who gets access to the database, to view a person’s entire medical history. “The quest for research dollars and results should not usurp the rights of individuals to have a private self outside the observation of the government, and outside the interpretation of researchers,” she said.

Health Department officials have tried to calm those fears by implementing high-tech security standards.

Under the rules, personally identifying data would be encrypted and submitted separately from billing records. The data would then be put onto a secure computer, where each person’s information would be assigned a random code number and then deleted, leaving only the code to connect with billing data in the database. Furthermore, he said, only two people can access the secure computer, and both must be present in order to access it.

Wexler said nobody would be able to see a patient’s name anywhere in the process.

Jim Rea, an information technology specialist, said he doubted the department would be able to completely ensure anonymity, even by replacing personal information with a random code. He pointed to the case of Social Security numbers, which were originally meant to be private pieces of information but have become the most widely used identification number in the United States.

Several testifiers said they fear people will not



seek needed treatment if they are afraid that sensitive information will be viewed by the state. Brase told the story of a woman who has cancelled her annual physicals "because she didn't want to be a part of a government record."

Brase said she foresees a situation where the treatment "best practices" the department would like to determine from gathered data would result in the state refusing to reimburse insurers for treatments that deviate from those practices. The result, she said, would be "government-directed medical practice."

"The entire process would inhibit the autonomy of individuals and diminish the physician's ability to treat patients as unique individuals," she added.

Margaret Brunner, a medical researcher and clinical educator at Hennepin County Medical Center, said what the state is proposing is essentially a giant research project and, like any other research, it should allow voluntary participation and the written consent of the participants.

"Without this process I feel this information gathering is an invasion of privacy, a violation of patient rights, and a breach of the medical provider/client confidentiality. I foresee a potential of some patients delaying seeking treatment if they thought every cough, sneeze, or hangnail was going to be reported."


While the Legislature is not an official part of the process for developing or implementing the rules, it has the authority to modify or repeal the rules that allow medical data collection. And that statute may become the central focus of the debate.

Legislators passed a law in 1992 to curb state health care spending by collecting and studying medical data. Three years later that law was modified to clarify that patient consent is not needed for the state to collect the information.

As recently as 2001, the House held hearings trying to determine the correct balance between public health and personal privacy. At that meeting, Attorney General Mike Hatch's office said the release of medical records should be up to the patient.

Advocates of the research said that restricting the pool of data available to the state would make it impossible for consumers to get useful information about their health care choices.

None of those advocates was on hand at the Jan. 22 meeting, but Rep. Lynda Boudreau (R-Faribault), committee chair, said more hearings will be held on the issue. Boudreau also said she expects legislation will be introduced to amend or repeal the law that allows for data collection.

Until such a law passes, the department may issue the rules any time based on a ruling by an administrative law judge. Gov. Tim Pawlenty has asked the department to delay implementation until he can review the policy. 



## Simpler times

Early legislators approved everything from name changes to church meetings

Imagine filing for divorce, but rather than hiring an attorney and going before a judge to have the case decided, you appeared before a legislative committee with the power to recommend granting or denying your application. At that committee, you testified regarding the situation, and the committee would forward your case on to the full Legislature for a final disposition.

Such was the case for some Minnesotans while the state's legal system was still in its infancy.

To understand the changes that state governance has undergone over time, one need only peruse the index of "special laws" book from any given legislative session.

In the late 19th century, it was common practice for the Minnesota Legislature to act on adoptions, restoration of citizenship, and name changes for individuals, as well as organizations. Even divorces could be granted by the Legislature in some circumstances. In this regard, the Legislature performed many of the duties now handled by courts of law.

For instance, in 1871 the Legislature allowed Ole Erikson to change his name to William Erikson. Samuel Godfrey Hubberstick's last name became Luscher, as did the last names of Henry Rudolph and Charles Adolph Hubberstick.

Some of the name changes appear to be a result of marriage and others perhaps related to an immigrant's desire to "Americanize" one's name.

In the same year, the Legislature approved changing the name of First Scandinavian Evangelical Lutheran Church of St. Paul to First Swedish Evangelical Lutheran Church.

Names weren't the only church business before the state Congress. In 1875 the Legislature passed a law allowing First Presbyterian Church of Hastings to change its annual meeting and trustees election from the fourth Monday in February to the third Monday in December.

An apparent adoption in 1881 was

approved when the Legislature declared that Amina Sybil Powers' last name could be changed to Dufty. The law stated that Amina be deemed the heir-at-law of Frederick M. and Levantia Jannette Dufty of Mower County, entitling her to all the rights and privileges as well as subjecting her to all the duties she would be subject to if "she were the child" of the Duftys.

It appears that the Legislature stopped acting on individual name changes around 1882, while its realm remained over the names of lakes, academies, churches, and streets.

This did not, however, remove from the Legislature's jurisdiction business that today might be addressed by lower bodies.



The First Swedish Evangelical Lutheran Church, about 1890.

For instance, in 1883 senators and representatives acted to prevent cattle from running at large in portions of Waterville in Le Sueur County, and to regulate the same activity in certain towns and villages in Pope County.

Prohibited by law in 1889 was nude bathing in McCarrons Lake in Ramsey County, in modern-day Roseville, and legalized were the acts of certain officers for the Academy of Our Lady of Lourdes, a Catholic school in Rochester that actually predates the state.

Authority to erect telephone poles and wires over streets and alleys was granted to the City of Duluth in 1881. The law simultaneously declared it a misdemeanor, subject to a \$100 fine and up to three months in jail, for deliberate damage to telephone poles, wires or instruments.

And the width and direction of Summit Avenue in St. Paul were set in 1871. The width? One hundred feet.

In 2003 with significant budget shortfalls forcing the cutting hand of state elected officials, the Legislature would likely relish a return to simpler times when events were straight forward, simple, and seemingly innocuous.

(M. BRYANT)

Photo courtesy of the Minnesota Historical Society

**Editor's Note:** A number of stories in this week's issue, particularly in the following Highlights section, explain individual committee proposals to address the state's projected budget deficit of \$356 million for the 2003 fiscal year. Those proposals were initially not introduced as bills, but were offered as amendments to HF74, sponsored by Rep. Jim Knoblach (R-St. Cloud).

The House Ways and Means Committee will compile the contents of that bill, which will then be forwarded to the House floor. The specific bills were introduced late Thursday, with the finance committee chairs as individual sponsors.

As this issue of *Session Weekly* was going to press, the Ways and Means Committee was meeting to discuss the budget bill. Please refer to the Session Daily Web site (<http://www.house.mn/hinfo/sdaily/sdaily.htm>) for updates and upcoming issues of *Session Weekly* for more in-depth coverage of the Legislature's budget-balancing proposals.

## ★ BONDING

### Funding gets frozen

Funding approved in 1998, but not yet used, would be frozen and then disappear, as part of a bill approved Jan. 22 by the House Capital Investment Committee.

The Department of Finance is set to issue a report on Feb. 1 showing state and local government capital appropriations projects that were authorized more than four years prior. According to state law, those project funds will be canceled unless they are re-authorized by the Legislature.

However, as a way to help with the state's \$356 million budget deficit, the bill (HF136) calls for those unspent funds to be frozen Feb. 1. The estimated amount to the general fund is about \$9 million.

Included among those projects are the following:

- Nearly \$2.13 million for the Riverview Corridor in St. Paul,
- Almost \$2.02 million for local initiative grants for Department of Natural Resources trails,
- \$2 million for a school-to-work technology center in Itasca County, and
- \$1 million for a Hermantown community indoor sports complex.



PHOTO BY TOM OLMSCHIED

Peter Sausen, assistant commissioner with the Department of Finance, testifies before the House Capital Investment Committee Jan. 22 about project funding that would be canceled in an effort to help with the state's budget shortfall.

"The projects on this list are virtually dead unless the Legislature takes action to appropriate money," said Peter Sausen, an assistant commissioner with the Department of Finance.

However, Rep. Phil Krinkie (R-Shoreview), the committee chair and bill sponsor, noted that the bill's grand total is a somewhat moving target because the money could still be used if the groups in question finalize items to meet bonding requirements prior to the Feb. 1 deadline.

In addition, the committee bill calls for the cancellation of another approximately \$5.43 million in unencumbered general fund dollars from appropriations in 2000 or 2002 with those funds redirected to help with the state's projected 2003 deficit.

Included in that group is \$2 million for the

Guthrie Theater land acquisition, nearly \$1.5 million to the Department of Administration for agency relocation, and \$591,614 to the Capitol Area Architectural and Planning Board to be used for preservation work on the State Capitol in preparation of its centennial in 2005.

The committee also approved the cancellation of \$130 million in general fund appropriations for transportation from 2000 and authorizes the sale of \$130 million in trunk highway bonds to replace the general fund money. The provision is both in the capital investment proposal and the transportation finance proposal, both of which will be combined into the larger budget-balancing measure in the House Ways and Means Committee. Monies for bond sale expenses (\$130,000) are also included.

## ★ CRIME

### On the chopping block

Citing public safety as a "core function of government," Rep. Rich Stanek (R-Maple Grove) praised the work of the House Judiciary Policy and Finance Committee Jan. 22 as the committee approved \$13.2 million in recommended budget cuts for fiscal year 2003.

"We did this without gimmicks," Stanek said, comparing the committee bill to one in the Senate that would transfer some state prison inmates to county jails. "We are not going to shift the burden to local units of government," he said.

The bill (HF135), which moves on to the House Ways and Means Committee for inclusion in an omnibus budget-balancing bill, included most of the cuts Gov. Tim Pawlenty recommended for departments under the committee's jurisdiction. Those include \$3.84 million from district courts, \$1.73 million from the state Supreme Court and Civil Legal Services, and \$1.54 million from the Public Defense Board.

There were also some deviations from the governor's proposal. The committee bill cuts the Department of Public Safety by \$1 million less than Pawlenty's recommendations. That burden was shifted primarily to the state Department of Corrections, which the bill cuts by \$900,000 more than recommended by the governor.

The extra money would allow Department of Public Safety programs such as grants to battered women and the Minnesota Gang Strike Task Force to receive full funding.

The bill encourages the corrections

commissioner to make most of the \$2 million in total cuts to that department in non-prison areas, specifically juvenile services and community services. Rep. Mary Murphy (DFL-Hermantown) and Rep. Keith Ellison (DFL-Mpls) objected to that provision saying juvenile programs are essential to keeping young people out of prison later in life. "There's still hope with the young people," Murphy said. "I don't like that we cut so much from one agency to give to another agency."

Stanek responded that the only alternative to cutting juvenile programs was to cut the number of guards and security personnel on the various shifts at prisons. Deputy Corrections Commissioner Dennis Benson said that core prison services have been cut as far as they can, given the recent dramatic increase in prison populations.

Stanek also included language in the bill that would eliminate the corrections ombudsman, who oversees investigations into complaints about prison conditions. Stanek said the function of that office is duplicated elsewhere in state government.

Many committee members were also surprised to see a \$24,000 cut from the state Tax Court budget. Murphy criticized Stanek for not notifying court representatives so they could be present for the hearing, which was well attended by officials from many different state agencies.

## ★ EDUCATION

### Recalling funds

The House Education Finance Committee Jan. 22 recommended state aid cuts totaling \$7.5 million that would primarily affect K-12 school districts' adult education and community education budgets for the current fiscal year, but would not likely cause immediate program reductions.

The committee's bill (HF142) would also cut the Department of Children, Families and Learning budget by \$1 million, and reduce previously budgeted funds for early childhood family education programs by \$769,000.

The committee approved the bill, sponsored on behalf of the committee by Chair Rep. Alice Seagren (R-Bloomington) and sent it to the House Taxes committee. The cuts to the K-12 education aids budget were proposed by the Pawlenty administration to help eliminate the state's \$356 million anticipated shortfall for fiscal year 2003.

The governor's proposal would require school districts to return excess fund balances in "school readiness" assistance and early childhood education. The state requires school

districts to keep 25 percent of revenues (from state aid and local tax levies) in each of these two accounts for the state to reallocate to other school districts. The governor's proposal would eliminate the reallocation and recover the remaining state aid for the state general fund.

The committee's bill would also endorse the administration's proposal to require school districts for the first time to freeze 25 percent of state aid and local tax levy revenue for community education programs. The state aid portion would be returned to the state. Districts can apply to the department for waiver consideration if the funds have been allocated.

The proposed state recapture of these education aid funds is considered a one-time measure to help achieve a balanced state budget for fiscal 2003.

The committee's bill also added a \$1.6 million cut to adult basic education programs that was not proposed by the governor. The bill would reduce a budgeted growth factor allowed by the state to help adult education programs meet increasing demand for classes. That growth factor had set aside 8 percent of the state's adult education aid for supplemental service grants. The proposal would cut the growth factor to 2 percent. The difference in revenue produced by the formula would be returned to the state general fund.

Barry Lane, director of adult education for Bloomington-based South Hennepin Adult Programs in Education, said a cut in state aid would have a "dire impact on our operating for the rest of the fiscal year." The district might have to cut seven hourly teaching positions and perhaps 100 adult learners won't have classes available, Lane said.

Because the bill also affects an estimated \$6.2 million in tax levy revenue school districts won't be able to spend on community education and other programs, it will first be considered by the House Taxes committee and then the Ways and Means committee.

## ★ ELECTIONS

### Public spending on ballot questions

The state and other local governments, including school districts, would be prohibited from using public funds to promote or defeat a ballot question, under a bill approved Jan. 22 by the House Governmental Operations and Veterans Affairs Policy Committee.

The bill (HF42), sponsored by Rep. Eric Lipman (R-Lake Elmo), now moves before the full House for consideration.

Lipman said the bill would not specifically change procedures already in place, it would

merely formalize them in the statutes. He said two state attorney general's opinions already dictate that government entities should not directly spend public funds to promote or defeat a ballot question, such as a constitutional amendment. The bill was amended to include school district levy referenda during the committee meeting.

Statewide, 91 school districts had levy referenda questions on the local general election ballot in November 2002.

Rep. Keith Ellison (DFL-Mpls) questioned whether the bill would affect the dissemination of information about ballot questions. He said that it seems many people don't realize what they are voting for when it comes to ballot issues and government entities should be able to provide general information.

Rep. Bill Hilty (DFL-Finlayson) wondered what would be considered promotion of an issue. He said it is conceivable that school districts will be required to explain why extra funding is needed, and he was curious whether that could be considered promotion.

Lipman said there are a number of laws governing a municipality's responsibility to provide justification for various ballot issues already on the books that would clarify those issues.

Members also pointed out that what typically happens when there is a local ballot question or referendum, a group of citizens or other interested parties will form a committee, raise money, and spend money advocating their cause that way, rather than formally using public funds to advocate for or against an issue.

There is currently no Senate companion to the legislation.

### Campaign finance board members

Two potential members of the Minnesota Campaign Finance and Public Disclosure Board received committee approval Jan. 21.

Appointed by Gov. Tim Pawlenty, Terri Ashmore and former state Rep. Bob Milbert received the endorsement of the House Governmental Operations and Veterans Affairs Policy Committee. If confirmed by the full House and the Senate, their terms would expire in January 2007. A three-fifths vote is required from each body for confirmation – meaning 81 votes in the House and 41 votes in the Senate.

Ashmore is the managing director of the Basilica of St. Mary in Minneapolis. She has previous experience with the Republican Party, serving as campaign director for the Senate Republican caucus for the 1992 campaign, and was executive director of the House



Republican caucus from 1988-1990.

"I believe participation in campaigns is very important, and the laws in place are important to live by," she said.

After 16 years in the House, with sponsorship of the "Mighty Ducks" program that helped get many new ice arenas built around the state on his list of accomplishments, Milbert chose not to seek re-election in 2002. The DFLer from South St. Paul is the CEO of Milbert Company, a Culligan Water dealership. He also is a board member of the Minnesota Amateur Sports Commission and the USA Hockey Foundation.

The board focuses on four programs, including the following: campaign finance registration and disclosure, economic interest disclosure by public officials, lobbyist registration and disclosure, and public subsidy administration.

Following the confirmation of Ashmore and Milbert, the makeup of the board will be three Republicans, two DFLers, and one Independence Party member. State law prescribes that the members of the board must represent different political parties. It also dictates that some may be former legislators, while others should not be public officials. For example, no more than three of the members of the board may support the same political party, and no member of the board may serve as a lobbyist.

## ★ EMPLOYMENT

### Development funding cuts proposed

Despite concern about the funding for an Iron Range development program, the House Jobs and Economic Development Finance Committee approved \$73.5 million in budget cuts Jan. 22.

The reductions address a portion the \$356 million budget shortfall for the remainder of fiscal year 2003. The committee's bill (HF141), sponsored by Chair Rep. Bob Gunther (R-Fairmont), will be forwarded to the House Ways and Means Committee for incorporation into one overall budget deficit bill. The larger budget bill will likely be considered by the full House before the end of January.

If ultimately passed, the committee bill would transfer \$49 million from the Minnesota 21st Century Minerals Fund to the state general fund. Gov. Tim Pawlenty proposed transferring only \$39 million from the fund that provides loans and investments to iron production facilities.

The transfer leaves \$10 million in the fund, said Gunther. He said the fund is a "pile of money" that the state needs to create jobs on the Iron Range, but not right now.

## DAIRY OVERVIEW



PHOTO BY ANDREW VON BANK

Dairy producers Larry Amundson from Thief River Falls, *right*, and Jerry Jennissen from Brooten, give an overview of the state's dairy industry before the House Agriculture and Rural Development Finance Committee Jan. 21.

"At this time there is no apparent project they can use that for," he said.

Rep. Tony Sertich (DFL-Chisholm) disagreed, stating he has three projects in the works in his district – projects potentially creating 4,000 jobs on the Iron Range — that could benefit from the minerals fund.

Rep. Tim Mahoney (DFL-St. Paul) presented an amendment that was rejected along a party line vote. Offered on behalf of DFL members, it called for reducing the jobs committee's overall budget by \$17.5 million, far less than proposed by the approved bill. Mahoney's amendment left untouched the minerals fund, as well as Minnesota Technology Inc. funding. And it reduced the amounts of proposed budget cuts to the Minnesota Historical Society and the Housing Finance Agency.

Minnesota Technology Inc., a technology based economic development organization, helped 1,474 companies in the past two years create high-wage jobs in rural Minnesota. President Jacques Koppel previously told the committee that the state receives \$26.4 million in new sales and income tax revenues from its \$11.4 million biennium appropriation to his firm.

The committee "probably could go away seeing as we're destroying all the economic development tools rural Minnesota has," said Mahoney.

For fiscal year 2003, the committee bill

would also:

- Reduce funding by \$700,000 to the Minnesota Investment Fund, which promotes industrial, manufacturing and technology jobs;
- Cut \$1 million from the Job Skills and Pathways Program, a reduction not included in Pawlenty's proposal; and
- Transfer \$265 million to the state general fund from a special compensation fund for workers' compensation claims.

Services for the blind would have funding restored by \$124,000 in fiscal year 2003 and by \$196,000 in fiscal years 2004-05, under the bill. A motion by Rep. Karen Clark (DFL-Mpls) to eliminate \$60,000 in proposed budget cuts to four minorities councils was rejected by the committee, however.

## ★ ENVIRONMENT

### Project green light

While the state's budget woes have pushed legislative appointments to the back burner, the Legislative Commission on Natural Resources awaits the addition of several House members and senators to round out the 20-member body.

The commission makes funding recommendations to the Legislature on special environmental projects funded by the Environment and Natural Resources Trust

Fund, Minnesota Future Resources Fund, and other designated natural resources accounts.

Commission Director John Velin presented an overview of their approval process to the House Environment and Natural Resources Finance Committee Jan. 22.

The commission prioritizes environmental funding needs through a combination of site visits, public meetings, and interviews with experts, local government officials, and project coordinators. The commission seeks innovation and acceleration, Velin said. Trust fund dollars must supplement, not supplant, traditional sources of money.

The funding levels start at zero every two years, he explained. "Nothing is a given."

Velin cited the development of a biological control for purple loosestrife as an example of a highly successful commission-approved program.

Purple loosestrife is an attractive yet noxious plant that will choke a wetland if left to propagate. When the application of traditional pesticides proved to kill everything but the hearty loosestrife, trust fund dollars aided researchers in the 1990s with the introduction of a leaf-eating beetle.

Other recently completed projects include assisting landowners with prairie and forest stewardship plans, brownfield redevelopment, and Wilderness Inquiry, an accessible outdoor recreation initiative.

The commission recently completed a two-year approval cycle, but supplemental budget cuts and a proposed transfer of \$2.4 million from the future resources fund likely will force it back to the drawing board before it moves forward with funding recommendations for fiscal years 2004 and 2005.

### PCA priorities

The next four years will bring three "P's" into focus at the Pollution Control Agency (PCA): Partnerships, Policies, and Priorities, according to newly minted commissioner Sheryl Corrigan.

Just a few weeks into her new job, Corrigan made her first appearance before the House Environment and Natural Resources Policy Committee Jan. 21.

The biggest challenge now facing the agency, Corrigan said, is that the sources of pollution tend to be less obvious. The causes of contaminants have changed over the years from easily identifiable industrial smokestacks to non-point sources such as polluted runoff from agricultural and urban areas, poorly constructed septic systems, and exhaust from cars and other mobile sources, she said.

"We have the right folks, we have a lot of energy out there, and now we need the right

policy focus," Corrigan told the committee. "I'm hoping you can help us with that."

Corrigan touted the success of the agency's Voluntary Investigation and Cleanup and Superfund programs in bringing contaminated land back into productive use.

Many of those sites will be switching from an identification and cleanup mode to a less costly "maintenance mode" in the next few years, she said, and funding priorities will shift to tackle non-point pollution problems.

Another change to expect under Corrigan's direction will include a review of the timeliness of the agency's water permitting process.

"We've come under scrutiny in the past for our ability to get the permits in and out of the agency in a reasonable amount of time," she said.

Citing both the expense and the unsettling effects on citizens and staff, Corrigan pledged there would be no major reorganizations of the agency's structure under her watch. She also said there would be no increase in the commissioner's office budget.

Rep. Tony Cornish (R-Good Thunder), a former farmer and retired conservation officer, urged Corrigan to be mindful of farmers' reputations and the financial repercussions of agriculture regulation. He told of an incident where algae foam floating down the Blue Earth River was misidentified in the community as a manure spill.

Rep. Howard Swenson (R-Nicollet) echoed Cornish's sentiments. "If a spill happens, it sometimes seems like the media and some of these groups... assume it's the fault of agriculture."

Corrigan replied that she would like to see the focus on the state's impaired waters go beyond feedlots to achieve more of a partnership with the agricultural community.

### Lottery-to-land link

"When Minnesota plays, everybody wins," declares the Minnesota State Lottery Web site, and Minnesotans played to the tune of \$377 million in fiscal year 2002.

In comparison, charitable gambling drew \$1.4 billion and horse racing collected another \$77 million. Estimates place illegal wagering expenditures at \$2 billion over that same time span.

George Andersen, Minnesota State Lottery director, explained the link between lottery proceeds and environmental funding to the House Environment and Natural Resources Finance Committee Jan. 22.

The Minnesota State Lottery sells scratch tickets and online games such as Powerball and Gopher 5 at approximately 3,100 retailers statewide. Lottery sales at Minneapolis-St. Paul International Airport are strong, however the most successful outlets are major convenience

stores. "We love them to death," Andersen said of the big retailers where customers are drawn to purchase lottery tickets along with gasoline and milk.

Andersen wryly said he rues "the invention of those evil things like pay at the pump — I prefer for them to go into the store."

The lottery does not oversee charitable gambling such as pull tabs and bingo, card clubs, casinos, or racetracks.

"The spending that we are after and the spending we in fact do get is entertainment dollars," Andersen told the committee.

For every dollar spent on lottery tickets in fiscal year 2002, 58.9 cents was earmarked for prizes, 13.2 cents satisfied operating costs, 6.3 cents was paid to retailers, and 21.6 cents went to the state.

Forty percent of net lottery proceeds are constitutionally dedicated through 2024 to the Environment and Natural Resources Trust Fund for preservation and enhancement projects. The Legislative Commission on Minnesota Resources administers the trust fund and the lottery has no say in how or where those dollars are spent.

The commission is restricted by law to approve only those projects that supplement, but do not supplant, traditional environmental funding sources. Commission recommendations must meet legislative approval.

Lottery proceeds are added to the environment trust fund's principal and lawmakers are authorized to appropriate 5.5 percent of the fund's market value each year.

In addition, environmental endeavors including trail upgrades and wildlife conservation receive funding from a 6.5 percent "in lieu of" sales tax that is paid annually by the lottery to the state's game and fish fund and natural resources fund.

Since the start of lottery sales in 1990, the overall contribution to state coffers has been more than \$1 billion, Andersen said. The Environment and Natural Resources Trust Fund has received \$301.4 million and the game and fish and natural resources funds have collected \$27.5 million, respectively.

## ★ GOVERNMENT

### State operations cuts

The Legislature would take a nearly \$3.1 million hit if the supplemental budget bill (HF138) approved Jan. 21 by the State Government Finance Committee becomes law.

On its way to the Ways and Means Committee, where committee bills are to be merged into one House proposal, the \$11.4 million bill is part of a plan to reduce the state's \$356 million shortfall for this fiscal year. The total



package is likely to be considered by the full House next week.

Of the proposed permanent legislative cuts, the Senate would lose \$1.7 million, the Legislative Coordinating Commission \$755,000, and the House \$640,000.

The bill provides for no reduction in money used by House Television Services to buy air-time on stations across the state. The budget reduction proposal offered by Gov. Tim Pawlenty calls for a \$418,100 grant reduction for this service.

Rep. Bill Haas (R-Champlin), committee chair and sponsor of the proposed cuts, said that it is important to keep programming on the air so that everybody has the opportunity to watch what is happening in St. Paul. "I want the public to be able to see the proceedings that go on in this body," he said. "I want them to be fully informed."

Other areas that would take big hits in the bill include \$1.8 million at the Department of Revenue, nearly \$1.17 million from the Office of the Attorney General, and \$1 million from the Facilities Repair Account. The smallest proposed cut is \$300 from the State Band.

The bill makes it easier to contract with private companies for state services valued in excess of \$5,000 by eliminating a provision that would require agencies to certify that a state employee is not available nor able to perform such services.

One of the more contentious parts of the bill is a mechanism for salary savings among state employees.

The bill gives department heads the ability to require unpaid leave for their employees before the fiscal year ends on June 30. Employees on unpaid leave would continue to accrue vacation and sick leave, seniority, service credit towards their retirement plans, and would retain their insurance benefits as if they were working during the unpaid leave.

"This says that if we all do our part we can get through this instead of having to lay people off," Haas said, noting that salary savings is occurring at many places in corporate America.

Julie Bleyhl, legislative director for AFSCME Council 6, said she believed the salary savings requirement would impair existing agreements.

When the Legislature adjourned last May no contracts were signed, but the commissioner of employee relations and the two unions representing state employees signed contracts that the Legislature failed to approve in 2002. As a result, they are in effect on an interim basis pending Legislative approval. However, the Legislature can reject the contracts making the salary savings not violate the contract. If the Legislature does not give its approval, the contracts cease to be effective as of the day the Legislature adjourns.

Bleyhl said she still expects a significant salary savings from union members if the plan is voluntary.

### Disclosing total impact

Governmental units, businesses, and individuals that may experience increased costs as a result of administrative rules would receive more information about the full extent of that monetary impact, under a bill approved Jan. 21 by the House Governmental Operations and Veterans Affairs Committee.

Sponsored by Rep. Marty Seifert (R-Marshall), HF64 is now headed to the House State Government Finance Committee.

Current law states that agencies preparing a rule change must present a Statement of Need and Reasonableness (SONAR) "to the extent the agency, through reasonable effort, can ascertain this information." Included in that information is probable costs associated with the change and who will bear those costs.

The bill would require that more specific information be included in the statement.

"Agencies now outline probable costs but are not as detailed as one would like," Seifert said, encouraging the more detailed cost breakdowns. "This may not get the perfect product, but it is better than we have now."

Administrative rules are enacted by state agencies and have the full force of law. In many cases, agencies are allowed flexibility in establishing rules, though a public hearing process is often required. Legislative approval is also required in some cases.

Noting that agency rules can sometimes mean large mandates on communities, Rep. Tony Kielkucki (R-Lester Prairie) successfully offered an amendment that would require legislative approval if aggregate costs are estimated to exceed \$100 million in the first 10 years. "I'm trying to get the Legislature involved, especially with big ticket items."

A second successful Kielkucki amendment would allow a local elected governing body to request that the finance commissioner prepare a local impact note on a proposed rule. This applies to cities, townships, counties, school districts, and sanitary districts. The request must be made prior to a public hearing on a proposed rule, or before the deadline for requesting a public hearing if an agency plans to adopt the rule without a public hearing.

The bill's Senate companion, SF61, sponsored by Sen. Don Betzold (DFL-Fridley), awaits action in the Senate State and Local Government Operations Committee.

## ★ HEALTH

### Scaling back programs

The House Health and Human Services Finance Committee approved a recommendation Jan. 21 for \$45.3 million in revenue enhancements and funding cuts to state departments and programs – in excess of Gov. Tim Pawlenty's budget-reduction recommendations by more than \$6 million.

House members voted to send the committee bill (HF140), sponsored on behalf of the committee by Chair Rep. Fran Bradley (R-Rochester), to the House Ways and Means Committee for inclusion in the omnibus budget balancing package for the current fiscal year.

The additional cuts above the governor's recommendation would make up, in part, for an expected reduction in cuts to ethanol subsidies, Bradley said.

The money comes from a wide variety of sources within the departments of Health and Human Services, including \$7.8 million from department operating budgets. About \$9 million would come from one-time sources, and would primarily include funds not yet allocated this year by grant programs, such as those designated for eliminating health disparities and those for investigations to prevent fraud.

Another \$19.7 million would come from structural changes to the departments, including a reduction in state reimbursements to pharmacies that provide low-cost drugs, and \$3.5 million from a Women, Infants, and Children (WIC) program that provides certain clinical services and nutritional advice to low-income women and families. The so-called "Cover All Kids" legislation that passed during the 2001 Special Session and would gradually expand state health care coverage for children — a priority of former-Gov. Jesse Ventura's administration — would also be repealed.

The bill would lower the income limit of some assistance programs such as child-care assistance through the Minnesota Family Investment Program (MFIP). Previous law allowed the commissioner to establish income limits, but the bill would dictate that assistance would be available for those with incomes up to 250 percent of federal poverty guidelines. The 2002 poverty guideline for a family of four was \$18,100.

In addition, the bill would make non-citizens ineligible for most state-funded aid programs, including prenatal services.

The bill would raise \$12.5 million by increasing the surcharge paid to the state by non-state-operated nursing homes. That surcharge had been raised last year in budget-balancing efforts.

Though most of the bill deals with the Health and the Human Services departments, the Department of Children, Families and Learning also receives \$667,000 in grant cuts and child-care fee increases and eligibility adjustments.

## HIGHER EDUCATION



### Trimming college budgets

In many business and economics classes, college students are taught about having to do more with less. The same could be said for institutions of higher learning.

As part of the budget reduction plans (HF137), the House Higher Education Finance Committee approved a supplemental budget bill Jan. 22 that calls for \$81.5 million in cuts. The University of Minnesota and the Minnesota State Colleges and Universities (MnSCU) would each absorb a \$25 million general fund hit, while the Higher Education Services Office (HESO) would face a \$1.5 million cut.

Combined, the total represents about 17 percent of Gov. Tim Pawlenty's targeted \$468 million budget reduction for fiscal year 2003.

The proposed cuts are now headed to the House Ways and Means Committee.

Pawlenty recommended cuts of nearly \$107,000 each year for HESO, but Rep. Doug Stang (R-Cold Spring), the committee chair, said that fund balances indicate there was additional money that could be used to help with the budget situation.

"This means we will have to look at other program reductions outside the student grant program," said HESO Director Robert Poch.

Additionally, HESO would lose \$30 million from its Student Education Loan Fund (SELF) program, which provides long-term, low interest loans to Minnesota residents for post-secondary schooling and non-Minnesota residents attending Minnesota schools. This is a one-time reduction.

Without knowing specifics at this time, Christine Maziar, executive vice president and provost at the University of Minnesota, said the cuts "will be felt by every campus, every college, and every support service." She said midyear tuition hikes are not part of the solution.

MnSCU Chancellor James McCormick said the system's institutions are already serving more students with less money. He said he expects a combination of cuts and "spending all or almost all of our reserves," noting he will not take the reserves from one campus to help another. He said administrators have no intention of raising tuition this spring.

"We all need to think about this and think about the record enrollments plus the loss of

base increase," said Rep. Gene Pelowski, Jr. (DFL-Winona).

Laura King, MnSCU vice-chancellor for finance, said when the \$25 million base cut this year and in each year of the next biennium is added to the \$105 million they planned to propose in additional funding for the next biennium, and likely won't receive, that could equate to upwards of a cumulative 40 percent tuition increase by 2005. However, she is quick to point out that is not the direction the system is looking toward as a solution.

Rep. Ron Latz (DFL-St. Louis Park) questioned the wisdom of rushing this through without a significant grasp of what the cuts may mean to people, such as having to stay in school longer. Conversely, Rep. Doug Meslow (R-White Bear Lake) said he thinks now is the time to make the cuts because it gives the systems more choices on where to make the cuts. "We don't do them any favors by delaying the process," he said.

## TAXES



### Equipment refunds

The House Taxes Committee approved a bill Jan. 21 that would allow the state to delay interest payments on sales tax refunds for business capital equipment purchases.

The bill now moves to the House Ways and Means Committee, where it may be incorporated into a larger bill for consideration by the full House. The measures are designed to address the state's \$356 million deficit for fiscal year 2003.

Current law allows businesses to receive a

refund on sales tax paid on capital equipment purchases, and to receive interest on that refund. At 5 percent this year, the interest is calculated from the date the refund claim is submitted.

Under the proposed bill, the state could delay for 90 days the commencement of sales tax accrual. The bill doesn't require that the state delay payment for 90 days, however.

According to nonpartisan House researchers, the state refunded \$172.6 million in capital equipment sales taxes in 2002. Forty-five percent of refunds were paid within 12 days while the remainder was paid in an average of 40 days.

Rep. Ann Lenczewski (DFL-Bloomington) equated delaying sales tax refunds to a tax increase for businesses. In the past, when a fee wasn't collected the Legislature viewed it as a tax cut, she said. Conversely, when a sum isn't reimbursed it should be viewed as a tax increase.

"From a rhetorical standpoint I think it's a debate we'll continue to have throughout this whole session," Lenczewski said.

Rep. Tom Rukavina (DFL-Virginia) said the bill simply shifts the state's obligations into the next biennium.

"I hope people realize when you increase a citizen's or business' obligation to the state or a local unit of government that it's a tax increase," Rukavina said.

But Rep. Pete Nelson (R-Lindstrom), a small business owner, disagreed. Businesses make capital equipment purchases, he said, to effect business improvements, not to make money on sales tax refunds.

"I do not see this as being a negative," he said.

## EAGLE CENTER FLAP



PHOTO BY KRISTINE LARSEN

Sandy Runnigen from the National Eagle Center in Wabasha holds Angel, a 4-year-old bald eagle, during a Jan. 21 protest of the governor's budget proposal to cut a \$500,000 matching grant to the center.

## All for one

Governor's plan to cut ethanol payments prompts rural Minnesotans to join together to protect their livelihood

By TOM LONERGAN

Ethanol supporters rallied around the cause of saving producer subsidies from budget cuts, after the House began considering Gov. Tim Pawlenty's proposed cut to the state's ethanol program.

On Jan. 16, two days after the governor's announcement that he planned to cut the calendar year's remaining state payments to ethanol producers as part of balancing the fiscal year 2003 budget, several hundred protesting farmers and ethanol plant officials packed the House Agriculture and Rural Development Finance Committee's first meeting of the legislative session.

"We're not against sharing some of the pain," said Joe Johanson, general manager of Minnesota Energy in Buffalo Lake, among the smallest of the state's 14 ethanol plants. "But you've got to understand, let's not go to murder, either. If we don't have that producer's credit, we're in trouble."

The vast majority of the state's ethanol plants are cooperatives of member farmers, who supply corn for the fuel additive.

"This is a country deal. It's a rural deal," said Dale Tolifson, board chairman of Chippewa Valley Ethanol in Benson. "It affects a lot more than the ethanol plants."

Ethanol is an alcohol produced by the fermentation of starches. Since 1988, the state has paid ethanol plants a credit (now 20 cents per gallon produced) for manufacturing the oxygenated fuel additive. The maximum credit payment each plant can receive annually is capped at \$3 million. About 97 percent of the state's gasoline is blended with ethanol.

The proposed ethanol cut put Agriculture Commissioner Gene Hugoson, who was also part of the Ventura administration, on the spot. "I will be the first to admit this was a shock," Hugoson told the committee. "We were moving ahead with the assumption of smaller cuts."

House Speaker Steve Sviggum (R-Kenyon), a farmer and investor in the Al-Corn Clean Fuel ethanol plant in Claremont, told the committee that the governor's cut would not pass in the House.

Following the Speaker's lead, the committee approved a bill Jan. 22 that would reduce the producer payments by about \$5.4 million for the remaining fiscal year. The bill (HF143) now moves to the House Ways and Means Committee.

Pawlenty's proposal would have eliminated the three remaining quarterly ethanol producer payments this calendar year of \$26.8 million. The committee's action would restore the three payments but at a lower rate – 16 cents per gallon. In addition, the committee indicated a hope that future legislatures would restore cuts from the current fiscal year and from 2004-05 when economic conditions are better. Specifically, members suggested extending the 10-year period ethanol plants are eligible for the subsidy.

DFL committee members wanted the current year's ethanol payments fully restored and questioned whether the Republican ma-

Republican members countered that the bill protects the economic viability of the plants and maintains the state's commitment to ethanol production. "This bill treats all plants fairly," said Rep. Elaine Harder (R-Jackson), the committee chair and sponsor of the committee bill. "I believe that the ethanol program was established to encourage the production of ethanol, not to determine the winners and losers among ethanol plants."

According to the state Department of Agriculture's 2002-03 biennial report, ethanol consumption in the state has increased twelve-fold since 1988 to an estimated 260 million gallons per year in 2001, replacing more than 10 percent of the 2.5 billion gallons of gasoline the state consumed. In addition, the report noted, ethanol has created a market for some 122 million bushels of Minnesota grain, has fostered economic development in rural areas, and has created jobs in plant construction, expansion, and operation.

According to the report, ethanol plant profit margins "have been squeezed by periods of high corn prices and low ethanol prices." The state's ethanol producer payment program was developed on a 10-year basis, to allow plants to retire debt, increase efficiency, and develop

new products and markets, "so they can survive the competition and price fluctuations in agricultural and petroleum markets." While some plants have been successful, an extension to the producer payment program may be the boost they need to remain viable, according to officials.

"The infrastructure is there," said Brad Nelson, board member of Agra Resources Co-op in Albert Lea, "so let's keep it strong. We

are part of the solution, so why pull the rug out from under us?"


In its budget-balancing bill, the Senate restores all but \$2 million of the governor's proposed cut in ethanol payments. 



PHOTO BY TOM OLMSCHIED

Producer payments for ethanol plants would be cut by \$5.4 million, under the budget-cutting plan being debated in the House. This plant, in Buffalo Lake, Minn., is one of the state's smallest and most dependent on the state aid.

majority in the House has plans to cut additional rural economic development initiatives.

"Where is the money coming from?," asked Rep. Al Juhnke (DFL-Willmar), the lead DFL member on the committee. "Are we going to start robbing Peter to pay Paul, pitting rural against rural? None of us are going to be ahead in the long run."



# Planes, trains, automobiles

Transportation finance plan would free up nearly \$150 million to help balance \$356 million projected deficit for 2003

By MICHELLE KIBIGER

A transportation finance plan would free up about \$148.6 million in the state's general fund for fiscal year 2003, accounting for nearly 42 percent of the projected budget deficit.

The plan (HF139), approved by the House Transportation Finance Committee Jan. 21, would mainly authorize the conversion of \$130 million in general fund appropriations from the 2000 Legislature to trunk highway bonds. The cash, though unspent, is designated toward projects already underway.

Transportation officials testified that all but about 20 percent of the projects involving the funds have been bid and the contracts authorized.

As part of the package, the committee specifically identified cuts in both the state Transportation and Public Safety departments of

\$11.1 million in trunk highway funds annually to cover the financing costs associated with the sale of trunk highway bonds.

"We could just pass this off on the department and wash our hands of it, go back to the public and say, 'The department did it,'" said Rep. William Kuisle (R-Rochester), committee chair and bill sponsor. "I think it's fair to the public to take the votes and identify the cuts."

Among the annual cuts identified are the following:

- \$1.8 million in Transportation Department design and engineering;
- \$2 million in state road operations;
- \$4 million in technology and general support expenditures;
- Reducing transportation worker training by \$500,000;
- \$1 million through the elimination of the

highway helper program;

- \$500,000 to Public Safety Department administration;
- \$275,000 to transit administration and motor carrier regulation in the Department of Transportation; and
- \$1 million to the Division of Driver and Vehicle Services in the Department of Public Safety.

The latter would equate to doubling the open vacancies in the division and add weeks to the processing times for driver's licenses and vehicle registration, department officials said.

"We understand as part of the team that we have to take a hit just like everybody else," said Sara Schlauderaff, assistant commissioner for the Public Safety Department. "It feels like there's a total loss to the public. It's really a blow to our driver services."

Other testifiers expressed concern regarding general fund cuts of \$2.6 million annually to Metropolitan Council transit operations.

At the Jan. 16 meeting, Nacho Diaz, planning director for Met Council transit operations, explained that service would likely be adjusted by fewer buses running particular routes as a result of the proposed cuts, but most of the cuts could be absorbed short term

## The basics of transportation funding

The vast majority of transportation funding – 95 percent – comes from special funds, such as the trunk highway fund. These funds are specifically dedicated to various purposes under the constitution.

Below is a basic outline of how those funds are allocated and where they come from.

1. Most of the state's highway funding comes through the trunk highway fund, which accounted for \$1.17 billion in fiscal year 2002. The money comes from the following sources:

- 62 percent of the highway user tax distribution fund goes to the trunk highway fund. Highway user taxes include gas taxes, vehicle license fees (i.e. vehicle tabs), and a portion of the motor vehicle sales tax (32 percent). Highway user funds accounted for about 63 percent of all trunk highway funding in fiscal year 2002.
- About 25 percent of trunk highway funds in 2002 came from federal highway aid.
- All proceeds from the sale of trunk highway bonds go into the trunk highway fund.
- Other inputs include state patrol fines, driver's license fees, the transportation loan fund, and other income, including investment income.

• According to the constitution, the trunk highway fund monies can only be used for improvements to the trunk highway system.

2. The highway user tax distribution fund, most of which benefits the trunk highway fund, receives money from three sources: gas taxes, vehicle license taxes, and 32 percent of the motor vehicle sales tax.

- 95 percent of the funds are spent on the state's trunk highway, county state-aid highways and municipal state-aid streets.
- 62 percent of the 95 percent goes to the trunk highway fund for major state highway improvements.
- 29 percent of the 95 percent goes to the county state-aid highways. The funds are distributed in four ways – equal portions to each county, a portion based on the registered vehicles within the counties, a portion based on the number of county state-aid lane miles in the county, and a large portion based on needs within the county to bring designated roads up to acceptable state standards.
- 9 percent of the 95 percent goes to the municipal state-aid streets. Of that money, half is disbursed evenly among cities with populations above 5,000 and half is given to

projects based on the amount a city needs to bring the streets up to state standards.

- The remaining 5 percent in the fund is distributed to town roads and bridges for improvements and is also available in a flexible account for turnback roads, those that are being turned back to a municipality for maintenance.
- The highway user tax distribution fund was established by constitutional amendment in 1956. Funds from it may not be used for any purpose other than road improvements.
- 3. Motor vehicle sales taxes are distributed to three places: 32 percent to support the reduction in motor vehicle license fees from 2000, 24 percent for transit, and about 44 percent to the general fund.
- Transit funding is primarily from the general fund and motor vehicle sales taxes. There is no constitutionally dedicated funding source. Transit encompasses buses, light rail, commuter rail, and other forms of mass transportation.
- 20.5 percent of transit funds go to the Twin Cities metropolitan area, and those funds are appropriated to the Metropolitan Council.
- 1.25 percent of transit funds go to Greater Minnesota transit, and they are disbursed by the state Department of Transportation.



PHOTO BY KRISTINE LARSEN

Members of the House Transportation Policy Committee toured the Minnesota Valley Transit Authority's Burnsville Transit Station Jan. 21 as part of a two-stop tour that also included a transit hub in Eden Prairie.

by the council. Diaz said the council could utilize federal money for some operating expenses, but only temporarily. Raising fares and cutting routes would not be an option, he said, because of the public notice that is involved, which would delay the implementation.

Others expressed concern about the transit cut, and the cancellation of bonds for planning a light-rail transit line between Minneapolis and St. Paul. The project, still in the planning stages, requires a local match to receive federal funding. The bonds, initially issued in 1998, would have been cancelled at the end of the 2003 fiscal year without reappropriation by the Legislature. The cancellation is officially dealt with in the House Capital Investment Committee's proposal.

Business groups testified to the importance of good transit options in the urban area, particularly in the I-94 corridor between downtown Minneapolis and St. Paul, which carries about 38,000 riders per day.


"Let there be no mistake about it – this is a job issue in Minnesota," said Sherry Munyon, representing the Minnesota Public Transit Association.

The bill would also transfer a portion of the airports fund balance – \$15 million – to the general fund. Officials testified that the fund has accumulated money faster than it can be spent on projects, and in fact the taxes collected

and deposited in the fund have been lowered in recent years to slow the fund's growth. However, the funds pay for projects at the smaller airports throughout the state, and a number of members expressed concern about the viability of those projects if the fund is depleted.

Also part of the bill would be the authorization to sell the state jet. The state has a fleet of three planes. The jet in question was purchased by the state from the U.S. Drug Enforcement Administration, which confiscates planes as part of enforcement operations and sells the planes to states and local governments at a low price. The governments then refurbish the planes for their own use and must keep them in their fleet for at least five years before trying to sell them.

The state was planning to sell the plane soon, since it recently reached the five-year mark, said Kevin Gray, chief financial officer for the state Department of Transportation. It is too large to land on most of the runways at the state's airports, making it difficult to use for regional travel. The department estimates a \$750,000 sale price.

The bill, which will be introduced as a committee proposal, will be included in a larger bill that balances the entire projected deficit for 2003. Its next stop is the House Ways and Means Committee. 

## Congress

### Senator

#### Mark Dayton (DFL)

SR-346, Russell Senate Office Building  
Washington, D.C. 20510  
(202) 224-3244  
Fax: (202) 228-2186

### Senator

#### Norm Coleman (R)

B-3 Dirksen Senate Office Building  
Washington, D.C. 20510  
(202) 224-5641  
Fax: (202) 224-1152

### First District

#### Gil Gutknecht (R)

425 Cannon House Office Building  
Washington, D.C. 20515  
(202) 225-2472  
Fax: (202) 225-3246

### Second District

#### John Kline (R)

1429 Longworth House Office Building  
Washington, D.C. 20515  
(202) 225-2271

### Third District

#### Jim Ramstad (R)

103 Cannon House Office Building  
Washington, D.C. 20515  
(202) 225-2871  
Fax: (202) 225-6351

### Fourth District

#### Betty McCollum (DFL)

1029 Longworth House Office Building  
Washington, D.C. 20515  
(202) 225-6631  
Fax: (202) 225-1968

### Fifth District

#### Martin Olav Sabo (DFL)

2336 Rayburn House Office Building  
Washington, D.C. 20515  
(202) 225-4755  
Fax: (202) 225-4886

### Sixth District

#### Mark Kennedy (R)

1415 Longworth House Office Building  
Washington, D.C. 20515  
(202) 225-2331  
Fax: (202) 225-6475

### Seventh District

#### Collin Peterson (DFL)

2159 Rayburn House Office Building  
Washington, D.C. 20515  
(202) 225-2165  
Fax: (202) 225-1593

### Eighth District

#### James L. Oberstar (DFL)

2365 Rayburn House Office Building  
Washington, D.C. 20515  
(202) 225-6211  
Fax: (202) 225-0699

# Up to the challenge

Paulsen ready to fill some big shoes as majority leader by making strides of his own

By MIRANDA BRYANT

The second youngest daughter of Rep. Erik Paulsen (R-Eden Prairie) may only be 4, but she knows her father is equipped to be the House majority leader.

When Paulsen and his wife, Kelly, sat their four daughters down to explain Paulsen's new leadership role, Paulsen mentioned Tim Pawlenty. Now Minnesota's governor, Pawlenty was House majority leader from 1999 to 2002.

"Daddy has some big shoes to fill," Paulsen said, recalling his family announcement. It was then he felt little Taylor pulling on his left shirtsleeve.

"But dad," she said, "you have really big feet."

And those size-13 feet are moving a lot these days as Paulsen tends to his constituents in District 42B and to the other 79 Republican members in the House of Representatives. Elected by colleagues to be House majority leader, the 37-year-old is charged with internally managing the caucus and overseeing debate on the House floor.

"It's certainly more time consuming and more overwhelming," said Paulsen, who said he's now so busy that he can't plan his schedule more than one day in advance and must have his assistant answer his phone.

Part of his mission as majority leader is to ascertain and utilize the talents and strengths of House Republican members. Paulsen described the 30 newcomers to his caucus, many of whom were recruited by House Speaker Steve Sviggum (R-Kenyon), as "top notch."

"They're outstanding individuals," said Paulsen. "They're really excited and they're really hard workers. They really believe in the difference they're going to make."

Paulsen, now serving his fifth term as a representative, admitted he benefits from good relationships with other leaders. Sviggum, a fellow St. Olaf College math graduate, and Paulsen are doing weekly Monday community meetings across the state this session. And Pawlenty, also a Republican, has offered advice to his replacement.

"Knowing we have a friend and former



PHOTO BY ANDREW VON BANK

Rep. Erik Paulsen will serve as House Majority Leader for the 2003-04 Legislative Session.

colleague to turn to (in the governor's office) makes a difference," Paulsen said.

And what can be expected of Paulsen's leadership style?

"I don't talk for the sake of talking," he said of his responsibility to control debate on the House floor. Paulsen added that he is analytical, thoughtful, and not prone to impulsive action.

Rep. Gene Pelowski, Jr. (DFL-Winona), DFL lead on the 2002 redistricting committee, said it was a joy to work with Paulsen, who chaired the committee.

"They couldn't have picked a better person to be majority leader in their caucus," Pelowski said. "If he does the same type of job as majority leader as he did in redistricting, he's

going to serve Minnesota very well."

Rep. Jeff Johnson (R-Plymouth), one of seven assistant House majority leaders, said that only two weeks into the session Paulsen is doing a great job.

"He has an ability to kind of weather the storm and keep people on task and bring people together even when the issues tend to be divided a little bit," Johnson said.

A former investment advisor, Paulsen said he is respected by a lot of different factions within his caucus, as well as by many DFL members.

"I think that sort of speaks to the character of how I'll carry out the position," Paulsen said.


Paulsen was one of 31 representatives to receive the Taxpayers League of Minnesota's "Friend of the Taxpayer" Award for his 2001 voting record. He was also one of nine legislators to be named a 2001 honoree of the Legislative Evaluation Assembly of Minnesota. The group bases its evaluation on constitutionalism, limited government, free enterprise, legal and moral order with justice, and individual liberty and dignity.

And while Paulsen was asked by constituents to consider running for a U.S. Senate seat that opened up following redistricting, he is content to remain with the Minnesota Legislature. Paulsen said he reached his decision not to seek office in Washington, D.C. after considering

which elected position would allow him to do the most good, particularly for the people of Eden Prairie.

"I have never had a planned calculated path to anything I've ever done," Paulsen explained. "A new door opens and you just step into the opportunity."

Paulsen said he anticipates introducing a bill to establish the power of initiative and referendum in Minnesota. Such legislation allows individuals to place qualified items on the ballot for voter consideration. The bill was twice previously passed by the House, but did not gain Senate approval.

Said Paulsen, "I have always been a big advocate of allowing voters to correct the Legislature when it's wrong." 



# Family ties

Cox wins a close one and resumes family presence in St. Paul, at a time when family concerns at home aren't pressing any longer

By MIRANDA BRYANT

Freshman legislator Rep. Ray Cox (R-Northfield) isn't alone in his service to his district. He is surrounded by a large family history related to state government.



Rep. Ray Cox

His mother, Marjorie Cox, ran for the same legislative seat that he now holds. His great grandfather, Edwin Cox, served in the Legislature in the late part of the 19th century. And his grandfather, W.T. Cox, was the first commissioner for what is now the Department of Natural Resources.

"It's nice to know there are people connected to the family that have gone on before you," said Rep. Cox.

Cox himself said he had previously been asked to run for state office, but always declined, citing the young age of his children. "I give credit to all these people who have little kids," Cox said of his colleagues. "I don't know how they manage it."

"Unlike some people, I did not have a hole burning in my heart to be here," said Cox, sitting in his new fourth-floor office.

Cox was already busy with other obligations – owning a construction firm; supporting environmental causes, such as a nature preserve in his district; and serving on the local school board, the chamber of commerce board, as well as on the board of the Northfield Industrial Corporation, a private group that promotes business development.

Children Tristan, Marja, and Diana are all grown now, either having recently completed or currently pursuing college degrees. As such, Cox didn't have as much reason to defer the latest request that he seek a position in the Minnesota House of Representatives.

As Cox recalled, Speaker of the House Steve Sviggum (R-Kenyon), came calling. Cox assumed Sviggum simply wanted a larger-than-usual campaign contribution. He was a bit

surprised when Sviggum, known as a dedicated recruiter of legislative candidates, asked him to run for the District 25B seat vacated by Republican Rep. John Tuma.

"I've always been interested in politics," said Cox, who served on the Northfield School Board for 15 years, five as chair.

But, he explained, the school board position was nonpartisan. "It's one thing to run for the school board; it's another to put a little 'R' behind your name."

For his part, Sviggum had no doubts about Cox's potential.

"Ray Cox brought immediate respect and credibility to the race for the open House of Representatives race," Sviggum said. "Ray had the right background of experience, commu-

finance, regulated industries, and environmental and natural resources policy. He was especially pleased to be named vice chair of the latter, particularly since he's a freshman.

Higher education finance appealed to the 51-year-old due to the presence of Carleton College and St. Olaf College in his district. Cox said he knows the K-12 education system thoroughly, but is reading a lot to learn about higher education. Throughout the day he tosses relevant documents into a box in his office that he takes home at day's end.

Cox says he's a strong advocate for higher education, realizing how important a college degree was to his mother, who raised six children by herself. "Without an education she would have really been in tough shape."

On the House Environment and Natural Resources Policy Committee, Cox hopes to see the House and Senate pass legislation banning phosphorous in dish detergents and fertilizers. With a \$4.2 billion projected budget deficit looming over the upcoming biennium, timing is right for such a no-cost measure.

"I think it can be a wonderful time to do

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*"It's nice to know there are people connected to the family that have gone on before you."*

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— Rep. Ray Cox

nity involvement, and philosophy to represent District 25B well."

While the speaker welcomed Cox, the freshman legislator wasn't the preferred candidate for all voters. In fact, Cox's general election victory of 20 votes was so thin that a recount was ordered. In the end he won by 44 votes, out of nearly 18,000 ballots cast.

"It's not exactly what you would call a mandate, but it pushed me in the door," Cox said.

He attributed the close election results to the political diversity of his district. People living in and directly around Northfield have traditionally supported more liberal candidates, while other towns near Faribault have supported candidates with more conservative viewpoints.

The St. Olaf College graduate received appointments to all the House committees on which he wanted to serve – higher education

things that don't have a lot of cost," Cox said.

Constituents have also let Cox know what issues are important to them: maintenance of the current concealed weapons permit process; traffic congestion relief; preservation of clean air and water measures; and guaranteed use of state lands for recreation, hunting and fishing.

## DISTRICT 25B

2002 population: 36,590

Largest city: Northfield

Counties: Rice, Scott

Location: southern edge of the Twin Cities metropolitan area

Top concern: "I would like to see if some issues related to the environment could get committee hearings and be passed."

— Rep. Ray Cox

# Making the choice

Rather than leaving it to others, Ellison hopes his position in the House can affect issues important to him

By TOM LONERGAN

Rep. Keith Ellison (DFL-Mpls) has a motto he likes to use: "If you want to see change, you have to take personal responsibility for it."



Rep. Keith Ellison

The lawyer and former radio talk show host did just that when he had a choice of running for the Legislature or "sitting at home thinking about safe neighborhoods, community economic development, better schools and not doing anything about it," he said.

"That's the genesis of why I ran," Ellison said. State representative is the first public office the 39-year-old Detroit native has held.

District 58B includes the hub of the African-American community in north Minneapolis and a major portion of downtown, east of the Mississippi River.

The district includes, "people who pay \$300 a month in rent and \$3 million condominiums on the river," Ellison said. "We have a high degree of poverty and unemployment, as well as multi-million dollar deals negotiated in those buildings downtown."

His role in such a culturally and economically diverse district, Ellison said, is to bring people together. "My challenge is how we come to some basic agreement on improving the quality of life for everyone."

Ellison earned his law degree from the University of Minnesota Law School and holds an economics degree from Wayne State University in his hometown of Detroit. He's called Minneapolis home for the past 16 years. Ellison and his wife, Kim, a teacher, have four children between ages 6 and 14.

An attorney by trade, his specialties are in civil rights, employment, and criminal defense law. Prior to entering private practice, Ellison was executive director of the nonprofit Legal Rights Center in Minneapolis. For eight years he was also the unpaid host of a public affairs talk program on KMOJ radio.

"His heart is in the community, without a

shadow of a doubt," said Rev. Al Gallmon, president of the NAACP's Minneapolis chapter. "He is truly an advocate for children." Pastor of Fellowship Missionary Baptist Church in north Minneapolis, Gallmon recently served on the Minneapolis school board. Gallmon said Ellison has "large shoes to fill," referring to former State Rep. Gregory Gray, who ran for State Auditor last year rather than seek reelection to the Legislature.

Ellison said he wants to "make an impact" on the committees he's been appointed to, including the House Judiciary Policy and Finance Committee. "I'm an advocate of public safety with respect for individual rights," he said. "Public safety and individual rights have to walk hand in hand like twins."

He also serves on the Governmental Opera-

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*"My challenge is how we come to some basic agreement on improving the quality of life for everyone."*

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— Rep. Keith Ellison

tions and Veteran Affairs Policy and Local Government and Metropolitan Affairs committees.

Ellison said his goals during his two-year term are "big and broad."

He wants to increase knowledge and awareness of the political process in his district, particularly among young people. He's a volunteer track coach for several organizations, working with youth between the ages of 5 and 18. "It's a great community building device because it's for all ages and all genders," Ellison said. "Everyone can find a way to fit in."

Local government aid is critical in his district for supporting vital services like police, fire, parks, and recreation, Ellison said. "I don't think there is a city with a better parks system. I believe parks play as vital a crime prevention role as the police do."

Minneapolis' cultural attractions draw tourists from across the state and throughout the upper Midwest, he said. "Whether we can

remain a center point for this region of the country depends on support of projects like the Guthrie Theater expansion and a new planetarium." Former Gov. Jesse Ventura vetoed state bond support for the Guthrie expansion in 2000 and 2002 (the Legislature overrode the first veto) and vetoed bonding money last year for the planetarium.

Ellison said the projected \$4.56 billion budget deficit will be difficult to address given Gov. Tim Pawlenty's pledge to not increase taxes and hold the line on K-12 education spending.

"We're saying 60 percent of the current budget is going to bear 100 percent of the cuts," he said. "That's going to be a problem. Any balanced budget needs to be a just budget, a fair budget. Everyone should share a little bit of the pain."

Ellison looks forward to working with the Republican majority in the House. "Republicans are the opposition, not the enemy," he said. "There's a big difference. We all want safe communities. How do we get there? We agree that the economy should be strong for

everyone but we disagree on the methodology."

Ellison doesn't necessarily see issues as city versus suburb. "Brooklyn Center has a lot in common with north Minneapolis," Ellison said. "It's not a matter of the poor cities and the rich suburbs any longer. Not all suburbs are created equal."

## DISTRICT 58B

2002 population: 36,687

Largest city: Minneapolis

County: Hennepin

Location: north Minneapolis

Top concern: "My goal is to approach this term with a sense of hope and optimism. I want to make people in my district feel comfortable coming to the Capitol and having a voice."

— Rep. Keith Ellison

# Youth and understanding

Finstad brings range of experience with agricultural issues, seeks to be a vocal ally for state farmers

By MIRANDA BRYANT

It's true that Rep. Brad Finstad (R-New Ulm) is the youngest male legislator currently in the House of Representatives. But it may also be true that his experience outweighs his 26 years.



Rep. Brad Finstad

The first-time legislator served two years as the agriculture advisor to U.S. Rep. Mark Kennedy (R-Minn.). And he arranged for a group of 20 Minnesota farmers to meet with U.S. Vice President Dick Cheney last year to discuss value-added agriculture and alternative energy sources.

"However old I am doesn't matter," said Finstad. "I have a passion. ... I'm here to learn."

His largest experience with local farming issues, however, was gained as an area director

effective voice for his constituents."

Finstad used his voice to land himself on the House Agriculture Policy and finance committees. There he will likely share his opinion that state regulations and excessive environmental rules are making it increasingly difficult for the farming industry.

Today Minnesota has 6,500 dairy farmers. But 10 years ago it had 13,891, according to the state Department of Agriculture.

When a farm closes, Finstad said, it takes away an opportunity for a future generation to farm.

The son of a farmer, Finstad understood the message he heard repeatedly from farmers while campaigning: "Bring back our kids." Finstad was one of 76 in his high school graduating class. Today, only 10 classmates live within 25 miles of their hometown. The

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*"I saw first-hand how one person can make a difference. I also saw first-hand how common sense and a voice for agriculture are underserved."*

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— Rep. Brad Finstad

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for the Minnesota Farm Bureau Federation. His territory encompassed 13 southwest Minnesota counties.

Finstad was charged with developing policy, communicating with lawmakers, and helping farmers understand the legislative process. He walked many farmers through the system, explaining how to testify at a hearing, what occurs in committee meetings, and what takes place during the legislative session.

"I saw first-hand how one person can make a difference," Finstad said. "I also saw first-hand how common sense and a voice for agriculture are underserved."

Chris Radatz, director of governmental affairs for the federation, says he is confident in Finstad's ability to succeed at the capitol.

"I think that even though he's a freshman he comes in with some really good work experience that should really put him ahead on the learning curve," Radatz said. "I think he can be a real

others left for better job opportunities, lamenting the loss of an excellent quality of life, said Finstad.

Finstad himself originally wanted to farm with his father, Howard, on the family's 300-acre operation. But his father laughed when he heard that, said Finstad.

"He always would tell me, 'There's a better life than farming for you,'" said Finstad, who graduated from the University of Minnesota with an agricultural education degree. "He wouldn't be saying that if we got better prices for crops."

Economic development is key, said Finstad, to rectifying the situation.

One measure Finstad supports toward that goal is HF3, which calls for the creation of tax-free zones. If enacted, the bill would allow businesses in the zones to forgo sales, income, and property taxes for up to 10 years. Individual property owners would be exempt from

property or individual incomes taxes. And investors would not pay business income and capital gains taxes on relative investments.

"It's important for us to stimulate business growth and create an environment where people want to come out" to rural areas, said Finstad.

The freshman legislator was also assigned to the House Health and Human Services Finance and Policy committees. Admitting that he didn't request such assignments, he is preparing himself by reading copious amounts of background information.

"I consider myself a student of this," he said, patting a thick three-ring binder titled "HHS" on his desk. Already he has noted the importance of issues affecting rural ambulance service and an aging population.

When the countless acronyms often used in the health and human services field stymie him, Finstad consults his wife, Jaclyn, who recently became administrator of an assisted living facility.

Finstad said he was proud to have his parents at his swearing-in ceremony Jan. 7. It was an opportunity for him to demonstrate to his parents that their hard work in raising him had paid off. The best part about the ceremony, said Finstad, was seeing his dad "trying out" his son's desk in the House chamber.

Brad and Jaclyn's first child is due to be born May 20, one day after the legislative session must constitutionally draw to a close.

The couple's child will have the benefit of the same overall philosophy that Rep. Finstad said he learned from his father and mother, Sharon.

"Take one day at a time. Remember God gave us an opportunity."

## DISTRICT 21B

2002 population: 36,817

Largest city: New Ulm

Counties: Brown, Redwood, Watonwan

Location: south-central Minnesota

Top concern: "We need to make sure we're not regulating farmers off the farm."

— Rep. Brad Finstad



# Minnesota House of Representatives

## 2003-04 Standing Committee Schedule

	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
8:15 to 10 a.m.		Education Policy Environment & Natural Resources Finance Health & Human Services Finance Jobs & Economic Development Finance Transportation Finance	200 5 10 B 500S	Environment & Natural Resources Finance Health & Human Services Finance Jobs & Economic Development Finance	200 5 10 B
10:15 a.m. to 12 noon		Education Finance Environment & Natural Resources Policy Judiciary Policy & Finance Taxes	10 5 B 200	Education Finance Environment & Natural Resources Policy Judiciary Policy & Finance Taxes	10 5 B 200
12:30 to 2:15 p.m.	Education Finance Governmental Operations & Veterans Affairs Policy Health & Human Services Policy Higher Education Finance Taxes	5 B 10 300S 200	Agriculture & Rural Development Finance Commerce Policy Governmental Operations & Veterans Affairs Policy Higher Education Finance Transportation Policy	5 10 B 300S 200	Agriculture & Rural Development Finance Commerce Policy Higher Education Finance Ways and Means
2:30 to 4:15 p.m.	HOUSE IN SESSION (3 p.m.)	Capital Investment Civil Law Local Government & Metropolitan Affairs Regulated Industries State Government Finance	B 10 200 5 500N	HOUSE IN SESSION (3 p.m.)	

**Rules & Legislative Administration and Ethics meet at the call of the chair.**

1/17/03

B - Basement Hearing Room  
All rooms in State Office Building

## Tuesday, Jan. 21

### HF109—Ruth (R)

#### Education Finance

Career and technical levy programs levy made permanent.

### HF110—Smith (R)

#### Civil Law

Family law reform and recodification including provisions relating to marriage dissolution, child custody, child support, maintenance, and property division.

### HF111—Opatz (DFL)

#### Environment & Natural Resources Policy

Previous land conveyance description corrected.

### HF112—Pugh (DFL)

#### Civil Law

Title, lien, and mortgage technical, clarifying, and conforming changes provided.

### HF113—Hilstrom (DFL)

#### Judiciary Policy & Finance

Seizure of motor vehicle used to flee a peace officer clarified.

### HF114—Stanek (R)

#### Transportation Finance

Trunk Highway 610 project completion funding provided, bonds issued, and money appropriated.

### HF115—Paulsen (R)

#### Governmental Operations & Veterans Affairs Policy

Legislative days references removed from the state constitution by proposed amendment.

### HF116—Goodwin (DFL)

#### Transportation Finance

Northstar commuter rail line funding provided, bonds issued, and money appropriated.

### HF117—Goodwin (DFL)

#### Commerce, Jobs & Economic Development

Elder care leave provided.

### HF118—Greiling (DFL)

#### Governmental Operations & Veterans Affairs Policy

Open meeting law expanded to include caucuses and conference committee negotiations.

### HF119—Thao (DFL)

#### Civil Law

Marriage solemnization alternate forms provided.

### HF120—Olsen, S. (R)

#### Education Policy

Teacher licensing duplicative filing requirement eliminated; and license verification authorized using the Department of Children, Families and Learning Web site.

### HF121—Clark (DFL)

#### Judiciary Policy & Finance

Assaulting a member of a community crime prevention group gross misdemeanor provided.

### HF122—Jaros (DFL)

#### Transportation Policy

Hands-free cell phone use required in motor vehicles.

### HF123—Opatz (DFL)

#### State Government Finance

St. Cloud area joint planning district plan funding provided, and money appropriated.

### HF124—Rukavina (DFL)

#### Environment & Natural Resources Finance

Mesabi Station funding provided and money appropriated.

### HF125—Dempsey (R)

#### Governmental Operations & Veterans Affairs Policy

Mississippi River Parkway Commission sunset extended.

### HF126—Jaros (DFL)

#### Taxes

State convention center tax exemption clarified.

### HF127—Carlson (DFL)

#### Education Finance

Special education; President and Congress memorialized by resolution to carry through on their pledge to fund 40 percent of special education costs.

### HF128—Greiling (DFL)

#### Governmental Operations & Veterans Affairs Policy

Voluntary clean campaign council, pledge, and advertising code established; and campaign expenditures definitions and disclaimers provisions clarified.

### HF129—Kahn (DFL)

#### Governmental Operations & Veterans Affairs Policy

Candidate affidavits required to include address of residence, and affidavits rejected which indicate candidate does not live in the district of election.

### HF130—Clark (DFL)

#### Judiciary Policy & Finance

Community policing efforts pilot project established, competitive grants provided, and money appropriated.

### HF131—Opatz (DFL)

#### Governmental Operations & Veterans Affairs Policy

Executive agency expenditure reporting method specified.

### HF132—Clark (DFL)

#### Judiciary Policy & Finance

Law enforcement agencies in cities of the first class required to notify community crime prevention groups of the outcome of criminal proceedings.

### HF133—Greiling (DFL)

#### Governmental Operations & Veterans Affairs Policy

Campaign finance and reform bill providing for clean money campaigns; campaign finance reporting requirements; contribution, spending, and independent expenditure limits; public subsidies; and appropriating money.

### HF134—Sertich (DFL)

#### Health & Human Services Policy

Health maintenance organizations required to disclose certain costs of highest paid employees.

## Thursday, Jan. 23

### HF135—Stanek (R)

#### Ways & Means

Public safety, criminal justice, and other related agencies appropriations modifications and reductions provided.

### HF136—Krinkie (R)

#### Ways & Means

Capital projects appropriations canceled to the general fund, trunk highway bonds issued, and money appropriated.

### HF137—Stang (R)

#### Ways & Means

Higher education appropriations reduced and balances transferred to the general fund.

### HF138—Haas (R)

#### Ways & Means

State government appropriations reductions, and state government operation procedures modified.

### HF139—Kuisle (R)

#### Ways & Means

Transportation Department and other state agency appropriations modified, trunk highway bonds issued, transportation commissioner directed to sell a state aircraft, and funds transferred from the state airports fund to the general fund.

### HF140—Bradley (R)

#### Ways & Means

Health and human services appropriations reductions bill modifying and establishing certain programs; regulating specified activities and practices; and providing for accounts, assessments, and fees.

### HF141—Gunther (R)

#### Ways & Means

Economic development appropriations reductions provided, workforce services for the blind funding provided, funds transferred, and money appropriated.

### HF142—Seagren (R)

#### Taxes

Education finance appropriations reductions provided, and programs modified.

### HF143—Harder (R)

#### Ways & Means

Agricultural and rural development appropriations transferred and reduced.

### HF144—Abrams (R)

#### Ways & Means

Sales tax refunds on capital equipment and certain building equipment refunds interest payments computed 90 days after filing.

<p><b>HF145—Ozment (R)</b> Taxes Environment and natural resources appropriations transferred and reduced.</p>	<p><b>HF157—Anderson, I. (DFL)</b> Environment &amp; Natural Resources Policy Lake of the Woods County land conveyance authorized.</p>	<p><b>HF170—Kohls (R)</b> Civil Law Uniform conflict of laws-limitations act adopted regulating limitation periods of certain actions.</p>
<p><b>HF146—Strachan (R)</b> Judiciary Policy &amp; Finance Uniform offense codes used by Bureau of Criminal Apprehension and local law enforcement to collect crime data.</p>	<p><b>HF158—Smith (R)</b> Ways &amp; Means State spending prohibited from increasing at a greater rate than the consumer price index by amendment to the constitution.</p>	<p><b>HF171—Lenczewski (DFL)</b> Governmental Operations &amp; Veterans Affairs Policy Casino; state-operated or state-licensed gambling facility prohibited in a city that has adopted a resolution of disapproval.</p>
<p><b>HF147—Paymar (DFL)</b> Local Government &amp; Metropolitan Affairs St. Paul authorized to amortize billboards.</p>	<p><b>HF159—Smith (R)</b> Governmental Operations &amp; Veterans Affairs Policy Fiscal notes required for all bills introduced in the legislature.</p>	<p><b>HF172—Lenczewski (DFL)</b> Taxes Local government aid city aid base reduced as aid appropriations increase.</p>
<p><b>HF148—Greiling (DFL)</b> Governmental Operations &amp; Veterans Affairs Policy Conflict of interest based on campaign contributions defined, and penalty imposed.</p>	<p><b>HF160—Abeler (R)</b> Education Finance Staff development activities portion of a district's basic general education revenue reduced.</p>	<p><b>HF173—Dorn (DFL)</b> Higher Education Finance Minnesota State University, Mankato, athletic facilities project phase 3 funding provided, bonds issued, and money appropriated.</p>
<p><b>HF149—Paymar (DFL)</b> Governmental Operations &amp; Veterans Affairs Policy Public disclosure of campaign finances increased, disclosure of economic interests of independent contractors and consultants required, total costs of lobbying disclosed, and reports required.</p>	<p><b>HF161—Jacobson (R)</b> Transportation Finance Ramsey County; Edgerton Street bridge over I-694 reconstruction funding provided, bonds issued, and money appropriated.</p>	<p><b>HF174—Lipman (R)</b> Civil Law Actions against health care providers and employees regulated, and recovery for non-economic damages limited.</p>
<p><b>HF150—Fuller (R)</b> Taxes Bemidji sales and use tax authorized and funds dedicated to parks and trails.</p>	<p><b>HF162—Seifert (R)</b> Health &amp; Human Services Policy Health commissioner required to obtain legislative approval for specified rules adoption.</p>	<p><b>HF175—Davids (R)</b> Ways &amp; Means Caledonia public safety officer health insurance benefits reimbursed by the Department of Public Safety.</p>
<p><b>HF151—Seifert (R)</b> Health &amp; Human Services Policy Children eligible for adoption assistance exempted from the prepaid medical assistance program.</p>	<p><b>HF163—Kielkucki (R)</b> Governmental Operations &amp; Veterans Affairs Policy English designated as the official language of the state of Minnesota.</p>	<p><b>HF176—Davids (R)</b> Jobs &amp; Economic Development Finance Rushford Institute for Nanotechnology grant provided, and money appropriated.</p>
<p><b>HF152—Greiling (DFL)</b> Governmental Operations &amp; Veterans Affairs Policy Campaign contribution and spending limits imposed on caucuses participating in the political contribution refund program, multi-candidate expenditures limited, and maximum political contribution refund increased.</p>	<p><b>HF164—Haas (R)</b> Health &amp; Human Services Policy Patient consent required to collect health data, and adoption of certain proposed rules prohibited.</p>	<p><b>HF177—Davids (R)</b> Commerce, Jobs &amp; Economic Development Ambulance service liability insurance study required.</p>
<p><b>HF153—Juhnke (DFL)</b> Transportation Policy Metropolitan transit authority established, certain Metropolitan Council and transportation duties transferred, and sales and use tax imposed on member counties.</p>	<p><b>HF165—Otremba (DFL)</b> Health &amp; Human Services Policy Abortion standard for the state constitution defined as identical to that of the United States Constitution by proposed constitutional amendment.</p>	<p><b>HF178—Jaros (DFL)</b> Taxes Property tax valuation exclusion made permanent for certain improvements.</p>
<p><b>HF154—Howes (R)</b> Environment &amp; Natural Resources Policy Recreational vehicle and watercraft license and filing fees increased.</p>	<p><b>HF166—Thissen (DFL)</b> Civil Law Uniform guardianship and protective proceedings act adopted.</p>	<p><b>HF179—Jaros (DFL)</b> Governmental Operations &amp; Veterans Affairs Policy Lawful gambling lawful purpose expenditures modified.</p>
<p><b>HF155—Kohls (R)</b> Commerce, Jobs &amp; Economic Development Uniform commercial code revisions enacted.</p>	<p><b>HF167—Smith (R)</b> Local Government &amp; Metropolitan Affairs Local authority regulation and causes of action against the firearms industry limited.</p>	<p><b>HF180—Hilstrom (DFL)</b> Commerce, Jobs &amp; Economic Development Notice required prior to cancellation of homeowner's insurance for nonpayment of premium by mortgage escrow servicer.</p>
<p><b>HF156—Anderson, I. (DFL)</b> State Government Finance World War II veterans memorial on the capitol grounds funding authorized, bonds issued, and money appropriated.</p>	<p><b>HF168—Sykora (R)</b> Education Policy Nonpublic school student data collected by public schools classified and data access specified.</p>	<p><b>HF181—Lenczewski (DFL)</b> Ways &amp; Means Analysis of budget's effect on the state's bond rating required.</p>
	<p><b>HF169—Lipman (R)</b> Civil Law Animal care and memorial fund trusts provided.</p>	<p><b>HF182—Carlson (DFL)</b> Education Policy Levy authority exception authorized for new construction based on emergency closing of an operating school building.</p>



Schedule is subject to change.  
For information updates, call House Calls at (651) 296-9283.  
All meetings are open to the public.  
Sign language interpreter services: (651) 224-6548 v/tty.  
To have the House committee schedule delivered to your e-mail address, direct your Web browser to <http://ww3.house.leg.state.mn.us/list/join.asp?listname=houseschedule> and fill out the subscription form on the Legislature's Web site.  
House committee schedules are also available on the Web site at <http://ww3.house.leg.state.mn.us/comm/scheduleall.asp>

## MONDAY, January 27

### 8:30 AM

**Regent Candidate Advisory Council**  
Room: 400N State Office Building  
Chair: Rondi Erickson  
**Agenda:** Discuss selection criteria for regents.  
Interview arrangements.  
Other.  
Interviews.

### 12:30 PM

**Higher Education Finance**  
Room: 300S State Office Building  
Chair: Rep. Doug Stang  
**Agenda:** Higher Education Services Office (HESO) overview.  
Witness: Robert Poch, Director, HESO.

**Governmental Operations and Veterans Affairs Policy**  
Room: Basement Hearing Room  
Chair: Rep. Jim Rhodes  
**Agenda:** HF60 (Lipman) Absentee ballot provisions modified.  
Department of Military Affairs overview.

**Health and Human Services Policy**  
Room: 10 State Office Building  
Chair: Rep. Lynda Boudreau  
**Agenda:** Review of Proposal by Minnesota Department of Health to impose new immunization rules.

### 3:00 PM

THE HOUSE MEETS IN SESSION.

## TUESDAY, January 28

### 8:15 AM

**Environment and Natural Resources Finance**  
Room: 5 State Office Building  
Chair: Rep. Dennis Ozment  
**Agenda:** To be announced.

**Health and Human Services Finance**  
Room: 10 State Office Building  
Chair: Rep. Fran Bradley  
**Agenda:** To be announced.

**Transportation Finance**  
Room: 500S State Office Building  
Chair: Rep. William Kuisle  
**Agenda:** Report on funding street construction and maintenance in Minnesota's cities.  
Overview of transit.

**Education Policy**  
Room: 200 State Office Building  
Chair: Rep. Barb Sykora  
**Agenda:** To be determined.

### 8:45 AM

**Regent Candidate Advisory Council**  
Room: 400N State Office Building  
Chair: Rondi Erickson  
**Agenda:** Interview arrangements.  
Other.  
Interviews.

### 10:15 AM

**Environment and Natural Resources Policy**  
Room: 5 State Office Building  
Chair: Rep. Tom Hackbarth  
**Agenda:** Continuation of DNR presentation and overview.

**Education Finance**  
Room: 10 State Office Building  
Chair: Rep. Alice Seagren  
**Agenda:** District cooperative purchasing.

**Judiciary Policy and Finance**  
Room: Basement Hearing Room, State Office Building  
Chair: Rep. Rich Stanek  
**Agenda:** HF1 (Stanek) Anti-terrorism; driver's license information regulation provided including proof of identity and residency, and federal laws and regulations adopted.

### 12:30 PM

**Transportation Policy**  
Room: 200 State Office Building  
Chair: Rep. Ron Erhardt  
**Agenda:** MnDOT Office of Transit.  
Metropolitan Council Metro Mobility.  
Metropolitan Council Transit:  
Overview of Transit Restructuring;  
Sector 5 Study presentation.

**Governmental Operations and Veterans Affairs Policy**  
Room: Basement Hearing Room  
Chair: Rep. Jim Rhodes  
**Agenda:** Minnesota Lottery overview.

**Agriculture and Rural Development Finance**  
Room: 5 State Office Building  
Chair: Rep. Elaine Harder  
**Agenda:** To be announced.

### 1:00 PM

**Legislative Audit Commission**  
Room: 316 State Capitol  
Chair: Sen. Ann H. Rest  
**Agenda:** Review of program evaluation report on the Metropolitan Airports Commission.

### 2:30 PM

**Local Government and Metropolitan Affairs**  
Meeting Time Note: or 15 minutes after possible House Floor Session.  
Room: 200 State Office Building  
Chair: Rep. Jerry Dempsey  
**Agenda:** Review of Legislative Auditor's evaluation of the Metropolitan Airports Commission.

**Civil Law**  
Room: 10 State Office Building  
Chair: Rep. Steve Smith  
**Agenda:** Overview; Joint and Several Liability provided by Prof. Wil Fluegel, William Mitchell College of Law, and Brent Reichert, attorney in private practice.

**State Government Finance**  
Room: 500N State Office Building  
Chair: Rep. Bill Haas  
**Agenda:** No meeting scheduled for today.

## Regulated Industries

Room: 5 State Office Building

Chair: Rep. Torrey Westrom

**Agenda:** Overview of energy issues by the Environmental Quality Board (not heard at Jan. 22 meeting).

Overview of liquor issues by House Research and the Department of Public Safety, Division of Alcohol and Gambling Enforcement.

## WEDNESDAY, January 29

### 7:45 AM

#### Regent Candidate Advisory Council

Room: 400N State Office Building

Chair: Rondi Erickson

**Agenda:** Interview arrangements.

Interviews.

Review of voting procedures.

Reference check reports (executive session).

Voting.

Date for next meeting.

Other.

### 8:15 AM

#### Health and Human Services Policy

Room: 10 State Office Building

Chair: Rep. Lynda Boudreau

**Agenda:** Legislative Auditor's Report on MinnesotaCare.

Report on Bioterrorism Preparation by the Minnesota Department of Health.

#### Jobs and Economic Development Finance

Room: Basement Hearing Room

Chair: Rep. Bob Gunther

**Agenda:** Budget overviews of Minnesota Technology Inc. and Minnesota Project Innovation.

#### Environment and Natural Resources Finance

Room: 5 State Office Building

Chair: Rep. Dennis Ozment

**Agenda:** To be announced.

#### Joint Transportation Finance and Transportation Policy

Room: 200 State Office Building

Chairs: Rep. William Kuisle, Rep. Ron Erhardt

**Agenda:** To be announced.

Note: Transportation Policy will not meet in 12:30 p.m. time slot.

### 10:15 AM

#### Education Finance

Room: 10 State Office Building

Chair: Rep. Alice Seagren

**Agenda:** Academic and financial performance evaluation.

## Judiciary Policy and Finance

Room: Basement Hearing Room

Chair: Rep. Rich Stanek

**Agenda:** To be announced.

### 12:30 PM

#### Governmental Operations and Veterans Affairs Policy

Room: Basement Hearing Room

Chair: Rep. Jim Rhodes

**Agenda:** HF106 (Wilkin) Litigation and settlement proceeds deposited in the general fund.

HF40 (Lipman) Judicial appointment by governor provided, and constitutional amendment provided.

#### Higher Education Finance

Room: 300S State Office Building

Chair: Rep. Doug Stang

**Agenda:** University of Minnesota overview.

Witness: Robert Bruininks, President, University of Minnesota.

#### Agriculture Policy

Room: 5 State Office Building

Chair: Rep. Howard Swenson

**Agenda:** HF94 (Seifert) Circus prohibition around state fair time repealed.

Are the new feedlot rules working?

Introduce the new commissioner of the Minnesota Pollution Control Agency, Sheryl Corrigan.

Representatives of the Minnesota Pollution Control Agency.

Representatives of the Minnesota Milk Producers Association.

Representatives of the Minnesota Pork Producers Association.

### 2:30 PM

#### Regulated Industries

Room: 5 State Office Building

Chair: Rep. Torrey Westrom

**Agenda:** Overview of telecommunication issues to small and rural telecom providers. Presentation by Minnesota Association for Rural Telecommunications.

#### State Government Finance

Room: 500N State Office Building

Chair: Rep. Bill Haas

**Agenda:** Overviews:

Gambling Control Board;

Minnesota State Lottery; and

Minnesota Racing Commission.

#### Civil Law

Room: 10 State Office Building

Chair: Rep. Steve Smith

**Agenda:** HF75 (Johnson, J.) Joint and several liability apportionment regulated.

## Local Government and Metropolitan Affairs

Room: 200 State Office Building

Chair: Rep. Jerry Dempsey

**Agenda:** To be announced.

## THURSDAY, January 30

### 8:00 AM

#### Education Policy

Room: Sheridan Midway

Chair: Rep. Barb Sykora

**Agenda:** No meeting. Members are required to attend the AMSD meeting at the Sheridan Midway Hotel from 8:00 AM to 12:00 PM.

### 8:15 AM

#### Environment and Natural Resources Finance

Room: 5 State Office Building

Chair: Rep. Dennis Ozment

**Agenda:** To be announced.

#### Health and Human Services Finance

Room: 10 State Office Building

Chair: Rep. Fran Bradley

**Agenda:** To be announced.

### 10:15 AM

#### Education Finance

Room: 10 State Office Building

Chair: Rep. Alice Seagren

**Agenda:** No regular meeting today. Committee Members to attend AMSD Alternative Compensation Conference.

#### Environment and Natural Resources Policy

Room: 5 State Office Building

Chair: Rep. Tom Hackbarth

**Agenda:** To be announced.

#### Judiciary Policy and Finance

Room: Basement Hearing Room

Chair: Rep. Rich Stanek

**Agenda:** To be announced.

#### Taxes

Room: 200 State Office Building

Chair: Rep. Ron Abrams

**Agenda:** To be announced.

### 12:30 PM

#### Agriculture and Rural Development Finance

Room: 5 State Office Building

Chair: Rep. Elaine Harder

**Agenda:** To be announced.

## Ways and Means

Room: 200 State Office Building

Chair: Rep. Jim Knoblach

Agenda: To be announced.

## Commerce, Jobs, and Economic Development

Room: 10 State Office Building

Chair: Rep. Greg Davids

Agenda: HFXXXX (Hilstrom) Relating to homeowner's insurance

Other bills to be announced.

**FRIDAY, January 31**

No meetings scheduled.

## Minnesota State Agencies

(Area code 651)

Administration .....	296-6013
Agriculture .....	297-2200
Toll Free .....	1-800-967-2474
Children, Families and Learning .....	582-8200
Commerce .....	296-4026
Corrections .....	642-0200
Economic Security .....	296-3711
Toll Free .....	1-888-GET-JOBS
Employee Relations .....	297-1184
Job Information Hotline .....	296-2616
Finance .....	296-5900
Health .....	215-5800
Human Rights .....	296-5663
Toll Free .....	1-800-657-3704
Human Services .....	297-3933
Labor and Industry .....	284-5000
Toll Free .....	1-800-342-5354
Military Affairs .....	282-4662
Natural Resources .....	296-6157
Toll Free .....	1-888-MINNDNR
Pollution Control Agency .....	296-6300
Toll Free .....	1-800-657-3864
Public Safety .....	282-6565
Driver and Vehicle Services .....	296-6911
Fire Marshal .....	215-0500
Alcohol and Gambling .....	
Enforcement Division .....	296-6979
State Patrol .....	282-6871
Revenue .....	
Taxpayer Assistance .....	296-3781
Trade and Economic Development .....	297-1291
Toll Free .....	1-800-657-3858
Office of Tourism .....	296-5029
Toll Free .....	1-800-657-3700
Transportation .....	296-3000
Toll Free .....	1-800-657-3774
Veterans Affairs .....	296-2562

# Reflections

The State Capitol has a long and rich history. Everything it is today is a result of years of planning and long-range vision that the people of the state should be proud of.

A first Capitol was built in 1853 but burned down during the 1881 legislative session. A second Capitol building was completed two years later, although it was soon found to have cramped quarters with little storage space and very poor ventilation. Many legislators became ill because of the air quality leading the State Board of Health to declare it "utterly unfit for human beings to breathe."

In 1893, legislators passed a bill authorizing the governor to appoint seven planning commissioners to review architectural plans for building a new Capitol. St. Paul architect Cass Gilbert's competition drawings were chosen for a site to be built four blocks up the hill from the old Capitol.

Within walking distance of the old statehouse, the site squelched any agitation by some factions to move the Capitol building to the Midway area of St. Paul, to Minneapolis, or even to Kandiyohi County in the western part of the state.

The general design for a state seat of government was strongly influenced by public sentiment to replicate the U.S. Capitol in Washington D.C. on a prominent piece of land.

Thus it is not too surprising that all the architects who submitted designs suggested a domed statehouse. Today, 32 statehouses across the country are domed, two dozen in the classic style of the Minnesota State Capitol.

The classic style utilized in Gilbert's

design is Italian Renaissance with some minor European trimmings. Gilbert's plan was to create a structure that Minnesotans would be proud of, as well as to improve the state's image across the country. This Gilbert accomplished by fighting to make his vision a reality, oftentimes at the risk of having to disagree with the building commissioners' decisions.

Gilbert also convinced the commissioners to spend more than the \$2 million initially allocated for the site and building. By the time the work was completed in and around the Capitol the price tag was \$4.5 million.

Gilbert and his designers spared very little. They commissioned well-known artisans and artists to construct and decorate the building. They even chose out-of-state building materials that almost caused a local controversy.

Despite all the stone quarries found in the state, Gilbert decided that an elegant white Georgia marble should be chosen to adorn the outer portion of the building because of its beauty and endurance. He did use Minnesota stone by placing it on interior walls and areas in the building.

By the time the Capitol was completed in 1905 it had already attained a reputation for being one of the most impressive statehouses in the country. It also completed Gilbert's vision for the edifice: a stately seat of government that is useful, impressive, dignified, and beautiful.

—LECLAIR GRIER LAMBERT



The first Capitol, at Tenth and Wabasha, in St. Paul, in 1875.



The second Capitol, in 1898.



The present Capitol, in 1905.

Photos courtesy of the Minnesota Historical Society



MINNESOTA HOUSE OF REPRESENTATIVES  
PUBLIC INFORMATION OFFICE  
175 STATE OFFICE BUILDING  
ST. PAUL, MINNESOTA 55155-1298

SPEAKER OF THE HOUSE: STEVE SVIGGUM  
MAJORITY LEADER: ERIK PAULSEN  
MINORITY LEADER: MATT ENTENZA

# MINNESOTA INDEX

## Charitable gambling and lotteries

Charitable gambling gross receipts, fiscal year 2002, in billions .....	\$1.435
Prizes paid, 2002, in billions .....	\$1.176
Percentage of receipts paid out in prizes, 2002, .....	82
Gross receipts, 2000 (highest in past 10 years), in billions .....	\$1.5
Pull-tab income (largest category), 2002, in billions .....	\$1.33
Net receipts to charitable organizations, 2002, in millions .....	\$259
Charitable organizations licensed for lawful gambling .....	1,503
Fraternal groups .....	228
Other general nonprofit groups (athletic and sportsmen groups) .....	925
Bingo halls licensed .....	12
Total fees, penalties, and taxes collected by the state in 2002, in millions .....	\$57.6
License and permit fees, in millions .....	\$1.18
Civil penalties and fines .....	\$44,850
Taxes only, in millions .....	\$56.4
Taxes collected in 1998 (10-year high), in millions .....	\$63
County with highest net charitable gambling receipts in the Twin Cities metropolitan area, 2002, in millions (Hennepin) .....	\$35.8
County in Greater Minnesota, 2002, in millions (Stearns) .....	\$11.3
County with highest percentage gain from 2001 to 2002 (Itasca) .....	173.5
County with highest percentage loss from 2001 to 2002 (Yellow Medicine) .....	42.7
Minnesota's national ranking for charitable gambling revenues, 2000 .....	1
Minnesota's ranking among North American states and provinces with authorized charitable gambling (28 total) for licensing fees and taxes collected .....	3
Ranking for percentage of gross receipts granted to prizes .....	3
Ranking for percentage of gross receipts paid to charities .....	27
Minnesota charitable gambling wagers per capita, 2000 .....	\$308
State with highest wagers per capita (North Dakota) .....	\$402
Minnesota State Lottery proceeds to the state, fiscal year 2002, in millions .....	\$378.6
Money to the general fund, in millions .....	\$36
Prize money, in millions .....	\$223
Money to the environment and natural resources trust fund, in millions .....	\$21.8
To the natural resources fund, in millions .....	\$10.7
To the game and fish fund, in millions .....	\$10.7

Sources: *Annual Report of the Minnesota Gambling Control Board, January 2003; Fiscal Year 2002 Financials*, Minnesota State Lottery; *Charity Gaming in North America*, National Association of Fundraising Manufacturers, September 2001.

## FOR MORE INFORMATION

For general information, call:  
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1-800-657-3550

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