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In this issue:

STEM CELL RESEARCH

STADIUM PROPOSAL HEARD, BIOFIBER, AND MORE

HF3106-HF3141

Session Weekly

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

Director

Barry LaGrave

Editor/Assistant Director

Michelle Kibiger

Assistant Editor

Mike Cook

Art & Production Coordinator

Paul Battaglia

Writers

Miranda Bryant, Patty Janovec,
Tom Lonergan, Mary Kay Watson,
Nicole Wood

Chief Photographer

Tom Olmscheid

Photographers

Andrew VonBank, Lisa Marie Sanders

Staff Assistants

Christy Novak, Aaron Hoffman

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On the cover: Visitors to the State Capitol enjoyed the bright spring weather March 22. The week was a busy one at the Capitol with thousands of visitors rallying for or against a number of issues.

—Photo by Lisa Marie Sanders

Bane or breakthrough?

Embryonic stem cell research creates optimism among scientists, skepticism and caution among others

By MIKE COOK

Scientists at the University of Minnesota are performing research that some say could be a scientific breakthrough to combat disease, while others have expressed legal, ethical, and moral issues over the work.

"The possibilities are only limited by our imagination and the amount of scientific work we are willing and able to perform," said Dr. Frank Cerra, senior vice president for health sciences at the university. He and Dr. John Wagner, scientific director of clinical research at the university's Stem Cell Institute, presented an overview of the university's research with adult stem cells and its plans for embryonic stem cell research to the House Higher Education Finance Committee March 22.

Proponents say research is necessary to discover ways to alleviate chronic problems such as heart disease, Parkinson's disease, and diabetes. The university opposes using this type of science for human cloning.

However, opponents caution that the university should stay within the bounds of federally approved stem-cell research and otherwise proceed with caution in using the human tissue for experimentation.

Bills reflecting both sides of the issue have been introduced this year, but only one has received a formal hearing.

Cerra said the university is a leader in cellular biology research, and that it has recently hired many top stem cell researchers. A May 2003 publication said the school has invested approximately \$15 million in the Stem Cell Institute, but Cerra indicated the investment has exceeded that number.

In February the university finalized policies to allow researchers to use private dollars to explore human embryo research beyond those stem cell lines approved by the federal government in 2001.

Fewer than 10 narrow lines of embryonic stem cells are eligible for federal dollars, although none are optimal for clinical use, in part, because they have a limited shelf life, Cerra said, and they were developed on mouse cells so you can't put them in humans.

According to a university fact sheet, stem cells, generally derived from bone marrow, exist primarily to maintain and repair areas of the cells where they are found, but embryonic cells have the potential to become any cell type in the body.

Embryonic stem cells come from 4- and 5-day-old embryos that have never been and never will be implanted in anyone, Cerra said. "These are not fetuses. They are not babies.

They come from a cluster of 50-100 cells that are undifferentiated and are no larger than the cross-section of a human hair."

Those used at the university come from people using the services of a fertility clinic who chose to donate, rather than discard or save the embryos.

Research needs to be conducted in both adult and embryonic areas, witnesses said, because scientists do not know which cell will be best for clinical use and whether lessons learned from one system could be applied to the other.

Wagner said that ultimately a combination of embryonic stem cells and knowledge of the human genome could offer a preemptive strike against many diseases.

"Right now, the embryonic stem cell remains the gold standard by which we compare everything and it is for this reason we must explore both," he said. "Over time there is hope we will be able to figure out the right culture

conditions that will allow us to do it with adult stem cells. As of today this can only be done with embryonic stem cells."

Recent scientific discoveries also assist in this area, Wagner said.

"What we've learned over the past five years is how to better understand the genetics of individuals and how we might be able to use that information not only to help patients with a variety of diseases, but also to predict their future. Now we have information that will tell me what's going to happen to each individual in this room that will predict their lifespan and what kind of diseases they might come across."

Wagner said the university has already developed the methodology for running a pre-

emptive strike against a genetic predisposition to disease. The institution is now performing validation runs "so that we can begin to do this for patients by the end of 2004, early-2005. We believe that 2005 will be a big moment not only in the University of Minnesota's history, but also the history of medicine in general."

He said that he has spoken with the Food and Drug Administration about adult and embryonic stem cell research and they are "remarkably behind what we are doing because there is such public pressure to move this forward."

Rep. Gene

Pelowski, Jr. (DFL-Winona) noted that the financial gains to the university by its findings have enormous potential.

Cerra said it is hard to give actual numbers, but a \$1.5 million investment was made in gene technology three years ago. "Within three years we recovered \$20 million of new National Institutes of Health grants we would not have had

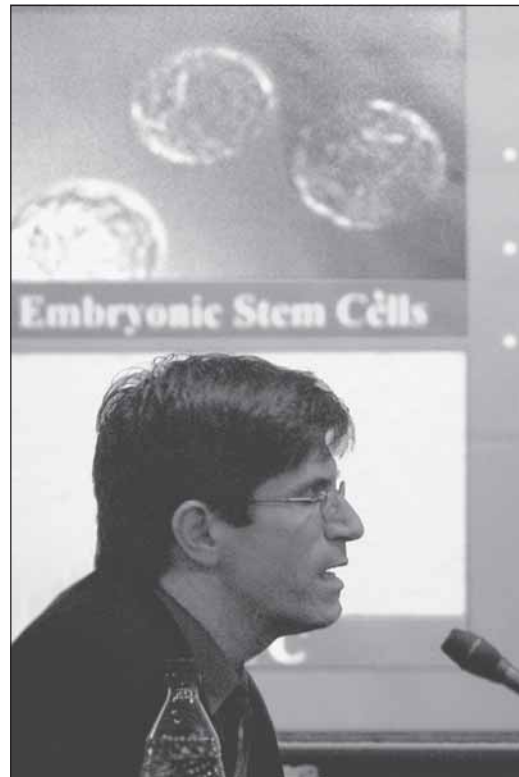


PHOTO BY ANDREW VONBANK

Dr. John Wagner, scientific director of clinical research at the University of Minnesota's Stem Cell Institute, presents an overview on the university's research to the House Higher Education Finance Committee March 22.

without that investment.” Other potential income would come from patent receipts. He said a number of private companies are willing to fund research at the institution.

Added Rep. Ron Latz (DFL-St. Louis Park), “If the university does not pursue this, others will and we will fall behind very quickly as other institutions leap ahead of us.”

However, not everyone supports funding for the research.

The committee took no testimony following the overview, but a bill (HF2026/SF2129), sponsored by Rep. Tim Wilkin (R-Eagan) and Sen. Thomas Neuville (R-Northfield), would provide no state funding for a person or organization doing human embryonic stem cell research, other than on federally approved lines. Both await committee action.

Wilkin said he has not pursued the bill because of an existing state law that forbids the use of a living “human conceptus” for scientific research, which includes any human organism, conceived either in the human body or produced in an artificial environment other than the human body, from fertilization through the first 265 days thereafter.

However, Cerra said that the university’s general counsel has been working with the law since its passage in 1973 and has the opinion that the institution is well within its bounds.

Others against the research are groups and people who decry the use of embryos in research and who purport that life begins at conception.

To aid the research, a bill (HF2049/SF2077), sponsored by Rep. Phyllis Kahn (DFL-Mpls) and Sen. Steve Kelley (DFL-Hopkins), would establish a state policy for stem cell research and provide for informed consent of patients undergoing treatment for infertility. It awaits committee action in the House and awaits action by a second Senate committee.

“Treatment and lost productivity costs this country billions of dollars every year and we are reaching almost epidemic proportions of diabetes diagnoses, especially in children,” Kelley said. “There is hope if we make the commitment to encourage stem cell research that also offers options to people undergoing infertility treatments. A specific state policy heads us in the right direction.”

Clarification

A story in the March 19 issue of *Session Weekly* suggested a bill regarding credit cards may be included in the House Commerce, Jobs, and Economic Development Policy’s omnibus bill. The committee has no plan for an omnibus policy bill this year, and the hearing on the bill was intended to be informational. We apologize for any inconvenience.



Separation of powers

Legislature questions its role and that of courts in deciding election contests

The Minnesota House appointed a special subcommittee to examine fair campaign practices and procedures for contesting elections following the 1969 session. Two particularly bitter contests resulted in investigations by the House Elections and Reapportionment Committee, and a resolution passed by the House requested that the committee appoint a subcommittee to study election practices and legal regulations in other states.

At the heart of members’ concerns was the separation of powers between the legislative and judicial branches, with regard to who should determine the legality of campaign practices. Up to that point, according to the subcommittee’s report, the state relied on a constitutional provision giving the House and the Senate jurisdiction over their respective contests.

There was also concern that when individuals would contest an election, it could take months to resolve the dispute, long after the election was certified and the legislative session began.

“Legislative election contests present some of the most difficult questions for analysis of government,” said the report. “At once, delicate questions of constitutional law, legislative procedure, and political fact must be considered; and furthermore, it will not be clear in any individual case what considerations ought to prevail.”

The subcommittee’s report noted that the federal corrupt practices law, which served as an impetus for individual states to develop their own laws regarding campaign practices and elections, was notably ambiguous with regard to who should oversee contested elections.

“It is unclear under the separation of powers doctrine as to what extent elements of this determination can be delegated to the courts,” the report said of the federal law.

A few proceedings were delegated to the courts, such as appointing election officers and conducting recounts. In addition, an individual who wished to contest a particular election would file the appropriate petition with the court, and then the court

would determine who had received more votes. The court could take evidence and submit a transcript to the Legislature. The judge was forbidden from making a finding or conclusion.

The actual certificate of election could not be granted until enough time had been allowed for appeal or that appeal had been waived. However, in one of the contested 1969 cases, the subject of contest was issued his election certificate prior to the court proceeding.

The subcommittee suggested the Legislature had two choices with regard to the role of the courts: further limit the courts’ role and remove existing jurisdiction or give the court the responsibility for factfinding and recommending

legislative action.

A bill largely to that effect was introduced during the 1969 session but did not pass. And the subcommittee report had quite a bit to say about the potential problems with the proposal.

“The foremost problem lies with the provision for a report with recommendation from the court. First, to determine qualifications of members of the Legislature is clearly unconstitutional under separation of powers. If the report is intended to only be in substance suggestive, then it must be borne in mind that our supreme court has consistently refused to issue advisory opinions. Secondly, the recommendations are to be submitted by a panel of three district court judges who hold elective positions in the same district, which voted upon the candidates involved in the contest. ... The district court judges would surely avoid any possibility of sustaining unnecessary public antagonism.”

In 1971, courts were given authority to decide contested races and invalidate election certificates, with the caveat that the power should in no way be construed as a limit on the Legislature’s constitutional power to judge election returns and the eligibility of members.

(M. KIBIGER)



The state canvassing board reviews election returns in 1970.

Photo courtesy of the Minnesota Historical Society

★ AGRICULTURE

Ethanol plant ownership

Disclosure of a Minnesota farmers' share in ethanol plant ownership would no longer be required under a proposal that was included in the House Agriculture and Rural Development Finance Committee's omnibus bill (HF2755).

Under HF1766, sponsored by Rep. Gregory Davids (R-Preston) and heard by the committee March 18, ownership disclosure reports, required by the 2003 Legislature, would continue to be filed with the state Department of Agriculture but would not be linked to the quarterly payment of state ethanol production credits.

The Legislature enacted the requirement into law last session in response to the sale of a Marshall ethanol plant to a majority of non-state interests.

Ethanol producers, some of whom refused to submit ownership disclosure to the state, wanted the requirement repealed.

"This is a reasonable compromise," said Davids.

The bill would provide for payment of the 13 cents per gallon state credit to producers denied payment for not meeting the ownership and reporting requirements. The quarterly payment to a producer is capped at \$750,000.

Paul Strandberg, a department project manager, said the bill was a compromise between the state, corn growers, and ethanol plants. He said one plant of the approximately dozen plants that receive the state production credit missed payments for not complying with the law, which was effective with the first quarterly payment in fiscal year 2004.

The plants would continue to provide ownership information on an annual basis.

A number of ethanol plant representatives testified in support of the bill.

"Yes, we all like local ownership," said Brad Nelson, a board member of the Exol plant in Glenville. "But economic factors and decisions force us to do things we don't like to do. The Marshall plant is still here. So is its tax base and employment."

A state requirement, which the bill would repeal, links payment of the producer credit to ethanol plants with "greater than 40 percent farmer ownership."

David Kolsrud, manager of Agri-Energy in Luverne, said his plant had no problem with the state law. "It was not an issue in our situation," he said, since the plant is "100 percent farmer owned. I hope the bill is not a beginning of a path away from local ownership of plants."

A companion bill (SF1766), sponsored by Sen. Jim Vickerman (DFL-Tracy), awaits committee action.

Dairy farmer assistance

A new loan program to help dairy farmers purchase breeding stock, make environmental improvements, or upgrade facilities is included in the House Agriculture and Rural Development Finance Committee's omnibus bill (HF2755).

HF2894, sponsored by Rep. Greg Blaine (R-Little Falls), would establish the pilot loan program in the Department of Agriculture's Rural Finance Authority.

"The bill is not size-oriented," Blaine told the committee March 23. "It does not favor large farmers over small."

The bill proposes to merge unused funds in two authority loan programs to provide \$1.2 million for a revolving loan account for dairy improvement and upgrades. The loan pool is financed by the state general fund.

Value-added agricultural product and methane digester loans would continue to be funded by the same account as the proposed dairy upgrade loans.

Wayne Marzolf, interim agricultural finance director, said authority financed shares of the 10-year loans would be limited to a \$50,000 maximum. The state share would represent no more than 45 percent of total loan principal up to \$110,000.

Marzolf said a private lender would initiate the loans. Interest on loans made before July 1, 2006 must not exceed 4 percent, according to the bill.

Unlike other authority loan programs, applicants for dairy upgrade loans would not have to meet a net worth requirement. The loan would be secured by a borrower's personal note. The initial application fee would be \$50.

"This fund should have \$10 million in cash," said Rep. Al Juhnke (DFL-Willmar). "But there's not enough money this year."

Bob Lefebvre, executive director of the Minnesota Milk Producers Association, testified in support of the bill. "This will not necessarily cure the industry," he said. "We need a dairy investment fund."

A companion bill (SF2730), sponsored by Sen. Jim Vickerman (DFL-Tracy), awaits committee action.

Funding farmers

Several lending programs for farmers would receive more state money, under a bill heard March 23 by the House Capital Investment Committee.

Sponsored by Rep. Jeff Anderson (R-Austin), HF2267 would increase the maximum dollar amount of state bonds for most of the loan programs offered by the Minnesota Rural Finance Authority.

Anderson said the authority has helped more than 2,000 small and beginning farmers since its inception in 1986. Loan programs include those for beginning farmers, and those addressing agricultural improvement, livestock expansion, agricultural product stock, as well as restructuring loans.

State general obligation bonds support the programs. The state participates with local lenders when making the loans to eligible farmers.

In recent years, the maximum state participation amount has been 45 percent of the principal amount, or \$125,000, whichever is less. The bill would increase the state cap to \$200,000.

Increasing the state participation level would make the program available to more farmers, Anderson said.

Wayne Marzolf, interim finance director for the Department of Agriculture, said the agency is requesting \$18 million in bonds for the next two years. Applications are granted on a first-come, first-served basis. Officials expect farmers, through the proposed increase in state participation, would request an additional \$2.7 million in loans, he said.

If loan requests surpass projections, the department will ask for an additional appropriation next year, Marzolf said. A larger amount is not being sought now, he said, because there is a four-year limitation on the money.

Default rates among program participants are low, Anderson said in response to a question from Rep. Rob Eastlund (R-Isanti). The banks, which are responsible for lending 55 percent of the loan, do credit checks prior to lending money.

When a default does occur, the bank handles the paperwork and any subsequent sale of real estate to cover the outstanding debt, Marzolf said. In such cases, the state is not forgiving the loans; rather, it is being paid in full.

The bill will be considered for inclusion in the committee's omnibus bill. A Senate companion (SF2323), sponsored by Sen. David Hann (R-Eden Prairie), awaits committee action.

★ ARTS

Theater ownership, no bond payoff

A transfer of the historic Paramount Theater in St. Cloud to the city would be facilitated, under a bill heard March 23 by the House Capital Investment Committee.

The St. Cloud Housing and Redevelopment Authority currently owns the theater. However, the city desires to take over its ownership, but in doing so wants the state to waive \$750,000 in outstanding bond proceeds given to the theater by the 1998 Legislature.

HF3105, sponsored by Rep. Jim Knoblach (R-St. Cloud), would do just that.

The city determined that, due to the subsidies it provides to the theater, it would be more economical for it to own the Paramount outright, Knoblach said. However, state law requires that state bonds be paid off when a bond-financed property is transferred.

Knoblach said he wants the amount to be forgiven entirely because the nature of the theater's operations would not change under the transfer, and because the transfer is occurring between two civil entities.

"It's a beautiful, wonderful theater," he said, adding that \$750,000 was a fraction of the \$5 million renovation cost.

City Administrator Michael Williams said the city has been paying the improvement debt, as well as annual operating costs for the theater. The motive for taking over the theater's ownership is to "get our arms around" those subsidies, he added.

The housing and redevelopment authority has operated the theater since its renovation in 1997. The Paramount Art Resource Trust is contracted by the city to handle the functions and events at the Paramount, Williams said.

The bill will be considered for inclusion in the committee's omnibus bill. It has no Senate companion.

★ BONDING

Historical site funding

The House Jobs and Economic Development Finance Committee considered a bill March 23 that would appropriate more than half a million dollars for the Minnesota Historical Society to keep open several historical sites statewide through fiscal year 2005.

Sponsored by Rep. Marty Seifert (R-Marshall), HF2945 would allocate \$588,000 for the operation of the Kelley Farm, James J. Hill House, Lower Sioux Agency, Fort Ridgely, Historic Forestville, the Forest History Center, and the Comstock House.

The committee included the request in its

omnibus bill March 25. The funds are not in the governor's bonding recommendations.

With "only so many pancake feeds," to raise local funds, Seifert said, donations can't continue to keep funneling in for support of the sites.

The one-time funds would be a "Band-Aid" during these challenging budget cut times, said Nina Archabal, director of the Minnesota Historical Society. Last year's budget reductions affected 240 society employees, said Archabal, and without the funding additional cuts could mean the reduction of historical sites.

Rep. Tony Sertich (DFL-Chisholm) asked the committee chair, Rep. Bob Gunther (R-Fairmont), how the request would be considered by the committee when the governor has recommended a 3 percent cut to all state agencies as a way to alleviate the state's budget shortfall.

The governor has recommended a 3 percent cut for the historical society, which gets about two-thirds of its budget from the general fund. It is a quasi-state agency, governed by a separate board.

Gunther said, "We're going to try to make it work."

A Senate companion (SF2922), sponsored by Sen. John Hottinger (DFL-St. Peter), awaits committee action.

LADY IN WAITING



PHOTO BY ANDREW VONBANK

Helen Derechin, 7, of Minneapolis patiently waits in the audience as her mother Beatrice Rothweiler testifies before the House Governmental Operations and Veterans Affairs Policy Committee March 24.

★ CONSUMERS

Foreclosure consultant penalties

Scam artists convicted for preying on people threatened with home foreclosure would continue to face fines and a prison sentence following the March 19 failure of an amendment.

Offered by Rep. Eric Lipman (R-Lake Elmo) to the House Civil Law Committee, the amendment would have removed from HF2095 provisions stating that violators could be fined up to \$10,000 and sentenced to prison for up to one year.

"I think the criminal penalties go a step too far," Lipman said, adding that the high fine is disproportionate to other consumer protection laws.

Sponsored by Rep. Andrew Westerberg (R-Blaine), the bill would regulate foreclosure consultants and equity purchasers and provide remedies for homeowners. It has been the subject of considerable discussion before several House committees. Lipman himself offered 10 amendments to the bill, five successfully, and three were ultimately withdrawn.

In a practice known as "equity stripping," disreputable foreclosure consultants and equity purchasers target people whose homes are in mortgage foreclosure. They promise to find financing to help people stay in their homes. In practice, they keep people waiting until they have no other option, thereby increasing the likelihood that the homeowner will sign over their home and its equity.

Ultimately, the scammer owns the home, evicts the previous homeowner, and sells the house at a profit, keeping the equity. Committee members and testifiers noted, however, that not all foreclosure consultants and equity purchasers are disreputable. Some do indeed help homeowners keep their homes.

In disputed cases, homeowners are allowed to sue in civil court. The process, however, is very difficult.

In a second approved amendment, language in the bill was changed regarding how much a homeowner could be awarded in a successful civil suit against a foreclosure consultant. The original bill would have allowed exemplary damages (beyond those for actual damages, reasonable attorney fees and costs, and appropriate equitable relief) that were at least one-and-a-half times the amount the foreclosure consultant charged the homeowner. The committee made that amount the maximum award.

The bill now moves to the House floor. Its Senate companion (SF2412), sponsored by Sen. Ellen Anderson (DFL-St. Paul), awaits action on the Senate floor.

★ CRIME

Sex offender registration, notification

Two bills requiring the registration and community notification of two groups of elusive, high-risk sex offenders are being included in the House Judiciary and Policy Finance Committee's omnibus bill.

HF2231, sponsored by Rep. Morrie Lanning (R-Moorhead), aims to ensure that high-risk sex offenders moving to Minnesota are subject to risk assessment and community notification under the Interstate Compact for Adult Offender Supervision, an agreement for tracking sex offenders between states.

Lanning said 106 registered sex offenders have moved to Minnesota from North Dakota, while only 72 have moved in the opposite direction. He suspected the reason was that Minnesota often doesn't assess the risk status of sex offenders moving here and offenders can evade community notification procedures.

The bill requires the Bureau of Criminal Apprehension to notify the Department of Corrections when it learns from a local law enforcement agency that an out-of-state sex offender has registered; when another state informs the bureau that a sex offender is moving to Minnesota; and when the bureau learns that a sex offender from out of state is in Minnesota but has failed to register.

The notification must contain a finding on whether the sex offender is subject to community notification in another state, and the person's risk level for re-offending.

Its Senate companion (SF2951), sponsored by Sen. Thomas Neuville (R-Northfield), awaits committee action.

A separate bill, HF2104, would clarify how homeless sex offenders must register their whereabouts with law enforcement. It is in response to a 2003 Minnesota Supreme Court case that found a homeless sex offender is not required to register unless the individual resides at a place where mail can be received.

Sponsored by Rep. Steve Strachan (R-Farmington), the bill would require that sex offenders register with a law enforcement agency within 24 hours of becoming homeless, and continue to make in-person, weekly reports. A description of the location where the person is staying must be provided, with as much specificity as possible.

A Senate companion (SF1911), sponsored by Sen. Mike McGinn (R-Eagan), has been incorporated into an omnibus bill (SF1863) and awaits further action.

Selling seized property

Revenues earned from the sale of property seized by law enforcement during drug busts and other arrests would be shared with one more agency, under a bill approved March 18 by the House Judiciary Policy and Finance Committee.

HF2976, sponsored by Rep. Steve Strachan (R-Farmington), would allow the Department of Corrections Fugitive Apprehension Unit to sell property it seizes during the course of arrest. Many other law enforcement agencies are currently allowed to seize property used in a crime, and to later sell that property.

However, the bill is very narrowly written, said Cari Gerlicher, corrections investigations manager with the department. It would not allow the unit to seize real or rental properties; motor vehicles used in prostitution crimes, in the fleeing of police officers, or in drive-by shootings; or any transportation conveyances (motor vehicles, trailers, snowmobiles, airplanes, and vessels, as well as attached equipment) used in drug crimes.

The unit investigates those who have escaped incarceration or have violated the terms of their release from prison.

Gerlicher said the bill is written narrowly because the special unit only pursues Department of Corrections fugitives. The unit cannot execute search warrants or proactively investigate crimes outside of its jurisdiction.

Asset seizure revenues benefit other law enforcement agencies, and the fugitive unit would also like to receive a portion of the proceeds, she added.

Current law describes the units allowed to participate in seizure and forfeiture laws as the Bureau of Criminal Apprehension, the Minnesota State Patrol, county sheriff's office, the Suburban Hennepin Regional Park District park rangers, the Department of Natural Resources Division of Enforcement, the University of Minnesota Police Department, and city and airport police departments.

The bill now goes to the House Rules and Legislative Administration Committee. A Senate companion (SF2790), sponsored by Sen. Leo Foley (DFL-Coon Rapids), awaits committee action.

Drug possession penalty

Those sentenced for first-time possession of methamphetamine with the intent to manufacture would no longer possibly be sent to prison for a minimum of two years, under an amendment approved March 23.

The House Judiciary Policy and Finance Committee approved the amendment, sponsored by Rep. Michael Paymar (DFL-St. Paul),

removing the mandatory minimum sentencing provision from HF1989. The bill itself is sponsored by Rep. Doug Fuller (R-Bemidji).

Paymar said no other drug crimes require a mandatory minimum sentence for a first offense. He indicated that such a provision does not allow offenders to make amends and turn their lives around.

"I grew up in the '60s and people do stupid things when they're young, and I don't want to see some 18- (or) 19-year-old whose done some stupid thing end up in prison for two years because Doug Fuller wants to have some message going out that he's tough on crime," Paymar said. "Excuse me. I mean, let's have a little common sense here."

Fuller said a methamphetamine task force recommended the mandatory minimum provision. He added that he supports a mandatory minimum prison sentence for those accused of manufacturing, and that he recognizes a difference between possession and manufacturing. However, the Paymar amendment doesn't address the differences, he said.

A separate amendment, introduced by Fuller and approved by the committee, removes criminal penalties for individuals and business owners who exceed retail sales limits. The bill, if approved, would prohibit any person from selling, in a single transaction, more than three packages or nine grams of methamphetamine precursors. Most substances used to "cook" methamphetamine — such as acetone, drain cleaners, batteries, salt, and cold medications containing Ephedrine — can be purchased at any retail store.

The bill originally would have made a violation of the retail sales limit a misdemeanor, subject to 90 days in jail and a maximum \$1,000 fine. Fuller said there are many "ma and pa" and convenience stores that would be better served through a methamphetamine education program than through jail terms.

HF1989 as amended will be considered for inclusion in the committee's omnibus bill. The bill's Senate companion (SF1580), sponsored by Sen. Julie Rosen (R-Fairmont), has been included in an omnibus bill (SF1863) and awaits further action.

★ EDUCATION

Budgetary adjustments

Providing \$4.5 million for improved Internet and telecommunications access in rural school districts leads proposed general fund supplemental budget adjustments for fiscal year 2005 in the House Education Finance Committee's omnibus finance bill.

The bill (HF3016), sponsored by

Rep. Alice Seagren (R-Bloomington), and approved by the committee March 24, now moves to the House Taxes Committee. It has no Senate companion.

Proposed increases in education programs, effective July 1, 2004, include \$1.5 million for online learning, \$1 million in school readiness funds for children between 3- and 5-years old, and \$1 million to fund other pre-kindergarten programs, including those existing in the Minneapolis and St. Paul school districts.

Development of value-added performance assessments to better measure student academic growth between grades would receive \$250,000, under the bill.

Local levy increases proposed in the bill allow for a funding shift savings of \$11.1 million. Combined with proposed cuts of \$2.9 million in various education accounts that leaves a general fund increase of \$8.2 million for 2005.

The 2004-05 biennial appropriation for K-12 education, approved by the 2003 Legislature, was \$11.8 billion.

Approximately \$710,000 was included in the bill for several of Gov. Tim Pawlenty's education pilot projects, including school cooperative planning grants and a scholars of distinction program for high achieving students.

A governor's proposal to link increased teacher compensation to student academic progress at three underperforming schools could receive a projected \$1 million in the 2006-07 biennium. Legislators will set the 2006-07 budget in the 2005 session.

Operating budget cuts to the state Department of Education, other state education agencies, and two academies for deaf and blind students, proposed by the governor and included in the bill, would total \$612,000.

The bill would retain a state-funded best practices grant of \$250,000 for the New Visions charter school in Minneapolis, which assists children with brain injuries and developmental delays. The governor's proposal eliminates \$1 million in best practices grants.

Several DFL committee members objected to the bill's inclusion of a proposal (HF1109) by Rep. Philip Krinkie (R-Shoreview) that would make it easier for school districts to contract for non-instructional services with private sector companies.

"This forces (union-represented school employees) to enter bargaining with a gun to their head," said Rep. Jim Davnie (DFL-Mpls). "This will have a very negative effect on the school climate." Krinkie previously refuted assertions that the proposal would encourage "union busting."

The proposal was approved by the House in the 2003 omnibus education finance bill, but removed in conference committee.

Pay based on student performance

An experiment that would tie teacher pay to increased student achievement is part of the House Education Finance committee's omnibus bill (HF3016) approved March 24.

HF2416, sponsored by Rep. Jeff Johnson (R-Plymouth), was heard March 18 and 19 by the committee. It would establish a five-year high performance teacher reward pilot project in three state selected underperforming charter or elementary schools to address the learning achievement gap between students from minority and low-income populations, and white students.

Also known as Gov. Tim Pawlenty's "super teacher" initiative, the bill would allow performance pay to increase a school teacher's annual salary up to \$100,000.

"I'm not super fond of the super teacher name," said Johnson, who called the bill "bold, very controversial, and pretty exciting."

Only public and charter grade schools whose students have had a recent history of low achievement results, and have a high concentration of poverty-level students would be eligible for the program.

Using those criteria, the Department of Education would select the lowest ranked school from three different geographic areas in the state. Eligible schools would have to be approved or designated by a school district.

The bill would require a selected school to adopt a "site-based management" approach that could include teachers forming a cooperative to run the school. The bill would also allow a school district or charter school board of directors to select the school's chief administrator.

"This is more like a super charter school bill," said Jan Alswager, director of government relations for Education Minnesota, the state teachers' union. She said public school teacher response to the initiative, announced by the governor in September 2003, has been "very negative."

Jim Bartholomew, government relations director for the Minnesota Business Partnership, testified in support of the bill. "It could attract quality teachers to schools that have struggled," he said. "The shift in decision making to the school level can lead to improved student achievement."

The bill would exempt a participating school from many state education statutes and rules, except those covering academic standards, confidentiality, discrimination, financial audits, appeals of student discipline, and the requirement to recite the Pledge of Allegiance.

A companion bill (SF2135), sponsored by Sen. David Gaither (R-Plymouth), awaits committee action.

COMMUNITY REQUEST



PHOTO BY TOM OLMSCHIED

Xang Vang, executive director of the Minneapolis Hmong American Mutual Assistance Association, told the House Jobs and Economic Development Finance Committee March 24 that funds are necessary this year to make improvements to their community center because of the expected number of Hmong refugees that may arrive in the state from camps in Thailand.

Teacher track professionals

A new state licensing program that would allow up to 300 qualified professionals per year to teach in public schools was included in the omnibus education finance bill, which now moves to the House Taxes Committee.

Sponsored by Rep. Sondra Erickson (R-Princeton), HF1814 was heard March 22 before the House Education Finance Committee. The bill would create an alternative licensing path for persons with a bachelor's degree and five years of experience to teach in a subject area related to their profession.

"I believe this will set a standard higher than the (post-secondary) educational institutions now set for teachers," Erickson said. "Education Minnesota and the colleges of education do not support this, but that doesn't bother me."

The bill, one of Gov. Tim Pawlenty's education initiatives for 2004, would create a teacher training program for qualified professionals in the Department of Education, rather than the Board of Teaching.

An advisory group that would include board

representatives and representatives from state colleges and universities would develop criteria for the alternative licensing program. The bill would require the state education commissioner to report to the Legislature's higher education committees by Jan. 15, 2005 on the training criteria established for the new program.

Rep. Bud Heidgerken (R-Freeport), a former teacher, opposed the bill. "This is an attempt to pretty much dismantle what we have in place right now," he said. "We do very well. I don't see a lot of support for this among teachers."

Prospective new teachers would be trained to teach in special education, as well as science, math, reading, English as a second language, communication arts and literature, business, world languages, and as a media specialist.

A companion bill (SF2109), sponsored by Sen. David Hann (R-Eden Prairie), awaits action before a Senate committee.

Teaching excellence

While 96 percent of the state's public school teachers are "highly qualified," according to a federal definition, approximately 900 need to meet that standard within the next two years for the state to comply with the No Child Left Behind Act.

HF3062, sponsored by Rep. Barb Sykora (R-Excelsior), would amend state law to accommodate teacher evaluations to allow those teaching outside of their college degree subject area to meet the federal "highly qualified" definition.

The bill was heard March 18 by the House Education Policy Committee. The committee, which Sykora chairs, took no action, but the proposal is part of the education omnibus finance bill (HF3016).

The process the bill would establish is called High Objective Uniform State Standard of Evaluation.

It would become an option for teachers to demonstrate their content knowledge, and comply with the law, said Education Commissioner Cheri Pierson Yecke.

"Teachers are running out of time," Yecke said. "There's an expedited need for (this) process to be out there."

The federal education law will require all teachers, other than those newly hired, to meet the "highly qualified" definition by the end of the 2005-06 school year.

Teachers in rural districts — who are more likely to be teaching core subjects other than those in their college degree field — have until the end of the 2006-07 school year to comply.

Those now teaching outside of their licensed subject area have been issued variances by the state Board of Teaching. State law provides for the board to develop and administer teacher licensing programs.

Yecke said the evaluation process proposed in the bill is not teacher licensing and would be administered by the Education Department.

George Maurer, board director, questioned the need for putting the proposed evaluation process into state statute. He described the federal requirements covering teacher qualifications as "very fluid." A new licensing option the board is developing, but has yet to adopt as a rule, "will meet the (federal) definition," he said.

The bill has no Senate companion.

Trust land aggregate

Gravel on state-owned school trust land could mean more dollars for schools.

A bill approved March 22 by the House Education Finance Committee would appropriate \$50,000 for several trust land site surveys to determine their potential for revenue producing construction aggregate leases.

Sponsored by Rep. Tony Cornish (R-Good Thunder), HF2467 was referred to the House Environment and Natural Resources Finance Committee.

The bill would help the Department of Natural Resources, which manages 2.5 million acres of school trust land, "find out more about aggregates," Cornish said.

The department also manages 1 million acres of mineral rights on previously sold school trust land. The trust lands, located primarily in north central and northeastern Minnesota, have been government-owned since statehood.

The \$50,000 would come from one of the trust lands revenue accounts that finances the Permanent School Fund. Future proceeds from the sale of aggregate would be added to the fund.

About \$20 million per year for schools is provided through trust land timber sales, lakeshore leases, mineral rights, and interest earnings.

Expected loss of interest would cost the state \$2,000 to provide the \$50,000 for the site surveys, said Rep. Alice Seagren (R-Bloomington), the committee chair. Seagren said future site surveys for aggregate leases could be considered for the 2006-07 biennium.

Department representatives testified before the House Education Policy Committee in February that additional aggregate leases could generate more school revenue, because of growing demand from Twin Cities metropolitan area road and building construction projects.

Aggregate leases from lands that are part of the Hill Annex Mine State Park in Itasca County could mean an additional \$1 million a year in revenue, according to department officials.

The \$50,000 would be available for the site surveys until Oct. 30, 2005.

A companion bill (SF2250), sponsored by

Sen. LeRoy Stumpf (DFL-Thief River Falls), awaits action in the Senate Finance Committee.

★ EMPLOYMENT

Budget reductions

The House Jobs and Economic Development Finance Committee approved its omnibus finance bill March 25.

Sponsored by Rep. Bob Gunther (R-Fairmont), HF3090 cuts \$1.1 million from the budgets of the agencies and departments within the committee's jurisdiction. The 2003 Legislature appropriated \$321.5 million for those departments.

Along with across the board 3 percent cuts to state agencies, as recommended by the governor in his supplemental budget, the bill also transfers \$14.7 million from specific funds, such as the 21st Century Minerals Fund, into the general fund to help balance the state's budget.

Rep. Bob Gunther (R-Fairmont), chair of the committee, said the transfer of \$11.4 million, the total monies in the minerals fund, is because they are "being unused." The governor's recommendation included a \$5.7 million transfer.

Rep. Tony Sertich (DFL-Chisholm) failed to amend the omnibus bill with a provision that would have used the fund for value-added iron ore or steel making facilities. Gunther said "with reluctance" he would have to oppose the amendment because he didn't "have the authority" to change the allocation of the funds from the account. Gunther said he is working closely with House leaders to restore half of the funds in the account.

The bill also transfers \$800,000 from the real estate housing program and \$400,000 from the state investment fund, both non-general fund sources, to the general fund.

Cuts for the Department of Employment and Economic Development total \$599,000 from the operating budget with funding cuts to programs including the Minnesota Film Board, WomenVenture, and the Metropolitan Economic Development Association.

Conversely, the Minnesota Historical Society would receive a one-time \$589,000 appropriation for the continued operation of the Kelley Farm, Hill House, Lower Sioux Agency, Fort Ridgely, Historic Forestville, the Forest History Center, and the Comstock House through fiscal year 2005.

The bill's Senate companion (SF2591), sponsored by Sen. Dallas Sams (DFL-Staples), awaits action in the Senate Finance Committee.

The committee discussed a number of amendments while this issue was going to press. Check next week's issue for an update.

Health care benefits

Employees of the Minnesota Humanities Commission would be eligible for state health care benefits for two years, under a bill passed 130-0 by the House March 22.

Sponsored by Rep. Lynne Osterman (R-New Hope), HF1710 allows for "state paid life insurance and hospital, medical, and dental benefits" for qualifying employees. Others already eligible for benefits include legislators, legislative employees, an appellate court judge or an officer or employee of the court, a salaried employee of the Public Employees Retirement Association, and a full-time military or civilian officer.

Osterman said the benefits, would be "at no cost to taxpayers" because associated costs would be paid for by the commission. It would fall in line with those given to Minnesota Technology, Inc. employees as well as Minnesota Historical Society employees.

The bill now moves to the Senate where Sen. Ellen Anderson (DFL-St. Paul) is the sponsor.

Reference information disclosure

A new law signed by Gov. Tim Pawlenty March 19 will provide disclosure protection to employers that share certain reference information with prospective employers about current and former employees.

Effective Aug. 1, 2004, the law will allow companies, without the employee's consent, to pass along basic employment information such as wages and job description, as well as written disclosures of any instances of theft, harassment, violence, or other illegal conduct documented in the employee's record.

The law will establish a higher burden of proof for employees who legally challenge a current or former employer's information disclosure. Employees bringing suit must show clear and convincing evidence that the information was both knowingly wrong and harmful to them.

Business representatives expressed support for the new law, sponsored by Rep. Jim Knoblach (R-St. Cloud) and Sen. David Knutson (R-Burnsville), while labor union representatives opposed it.

The law will also require school districts to share documented information about employee sexual misconduct or violence toward a student.

Such information is already public if an employee was fired based on the misconduct. Under the new law, the information must be shared even if the school district employee resigned.

Similar legislation passed both houses of the Legislature in 2001, but did not make it past a conference committee.

HF480*/SF837/CH137

ENERGY



Biomass facility tax exemption

A developing biomass plant planned for south Minneapolis is seeking an exemption from personal property taxes, typically given facilities that generate certain levels of electricity.

The request is contained in a bill (HF2839), sponsored by Rep. Karen Clark (DFL-Mpls). The bill was heard by the House Taxes Committee March 23 and will be considered for inclusion in the committee's omnibus bill.

The facility, located near the intersection of Lake Street and Hiawatha Avenue, would use urban waste wood biomass to create about 30 megawatts of electricity, plus excess heat used for heating and cooling the adjacent building, the facility in development on the former Sears site.

According to Carl Nelson, project manager for the Green Institute, which is developing the project in cooperation with the Phillips Community Energy Co-op, the facility would be located on a former incinerator site contaminated with asbestos. The project involves cleaning up the contamination and developing the project, which will operate in a similar fashion to the District Energy plant in St. Paul, he said.

Each new electric energy generating facility developed in the state since 1994 has received an exemption on personal property taxes. Such items considered personal property include transformers and turbines.

The exemption does not include other taxes, such as commercial income or sales taxes.

Clark noted that this is the first power plant using biomass material in an urban area. In addition, the committee chair, Rep. Ron Abrams (R-Minnetonka), noted that other biomass facilities elsewhere in the state have received similar exemptions in the past.

According to nonpartisan House Research documents, four specific biomass projects have been granted this exemption.

The bill's Senate companion (SF2676), sponsored by Sen. Linda Berglin (DFL-Mpls), awaits action in the Senate Taxes Committee.

Electric energy facility taxes

The House Taxes Committee heard four bills March 23 that provide exemptions for personal property taxes to new facilities that generate electricity.

The bills will all be considered for inclusion in the committee's omnibus bill. Said committee chair, Rep. Ron Abrams (R-Minnetonka), his intention is to include the provisions, as well as an overriding exemption allowance for all new electric generation facilities, provided the affected local governments approve the

exemption. He suggested such an allowance should be accompanied by a sunset date to test its effectiveness.

Each new electric energy generating facility developed in the state since 1994 has received an exemption on personal property taxes. Such items considered personal property include transformers and turbines. The exemption does not include other taxes, such as commercial income or sales taxes.

Among the proposals heard are the following bills:

- HF2001, sponsored by Rep. Michael Beard (R-Shakopee), would exempt a simple-cycle, combustion-turbine facility in Shakopee set to produce about 320 megawatts of energy by the summer of 2005.
- HF2481, sponsored by Rep. John Dorn (DFL-Mankato), would extend an exemption for a proposed simple-cycle, combustion-turbine facility in Mankato granted in 2003 as a contingency had the nuclear energy concerns at Prairie Island not been resolved. The bill would specifically reduce the capacity allowed for the facility to more than 300 megawatts and would allow for expansion, with approval, down the road.
- HF2701, sponsored by Rep. Jerry Dempsey (R-Red Wing), would provide an exemption for a simple-cycle, combustion-turbine facility in Cannon Falls to produce about 290 megawatts of energy.
- HF2707, sponsored by Rep. Lynda Boudreau (R-Faribault), would provide for a simple-cycle, combustion-turbine facility in Faribault, set to exceed 150 megawatts of electricity.

Each of the bills also requires a local government approval for the exemption. None has any cost to the state associated with the exemption.

HF2001 has no Senate companion. The other bills companions – SF1919, sponsored by Sen. John Hottinger (DFL-St. Peter); SF2532, sponsored by Sen. Steve Murphy (DFL-Red Wing); and SF2564, sponsored by Sen. Dick Day (R-Owatonna) – all await action in the Senate Taxes Committee.

ENVIRONMENT



Environment finance changes

The House Environment and Natural Resources Finance Committee released its supplemental budget recommendations March 24, which reflects several agencies budget reductions proposed by Gov. Tim Pawlenty, and then some.

Approved March 25, the bill (HF1867), sponsored by Rep. Dennis Ozment (R-Rosemount) would cut \$3.6 million from the 2004-05

environment finance budget. It now moves to the House Ways and Means Committee.

Pawlenty recommended reductions of just over \$3 million from those agencies to help achieve fiscal balance, including a general fund reduction of approximately \$2.3 million for the Department of Natural Resources.

The House-proposed changes for the department total just over \$2.6 million. The committee recommendation also differs in that some money from the natural resources fund would pay for off-highway vehicle (HF2678) and snowmobile gas tax study (HF3002) initiatives and some department expenditures relating to Metropolitan regional parks grants would be reduced.

The committee's recommendation for Pollution Control Agency general fund reductions matches that of the governor at \$281,000. The House, however, would direct \$70,000 from the environmental fund toward coordinating work on the state's impaired waters (HF1166).

The House plan is in line with the governor's budget cuts for the following agencies: \$132,000 from the Environmental Assistance Office, \$127,000 from the Board of Water and Soil Resources, and \$197,000 from the Minnesota Zoological Garden.

The omnibus measure also contains portions of the following bills:

- HF2353, sponsored by Rep. Kathy Tingelstad (R-Andover), would make technical changes for the department facilities management efforts;
- HF2660, sponsored by Rep. Larry Howes (R-Walker), would create a forest management fund in the state treasury for depositing timber sale receipts from certain lands administered by the department's forestry division and spending on forestry efforts;
- HF2855, another Howes bill, would grant the department management discretion in dealing with situations where several lakes with functioning outlets drain into a body of water without an outlet, and it would extend the life of a Board of Water and Soil Resources shoreland protection program;
- HF2678, sponsored by Rep. Tom Hackbarth (R-Cedar), would reverse some restrictions on off-highway vehicle use on certain types of wetlands, give the department the option to leave a state forest classified as managed, and create a vehicle safety and conservation grant program;
- HF2467, sponsored by Rep. Tony Cornish (R-Good Thunder), would direct the department to study construction aggregates on school trust fund lands;
- HF2040, sponsored by Rep. Mark Olson (R-Big Lake), would create a certification process under the Pollution Control Agency for emerging technologies in wastewater treatment;

- HF2405, another Tingelstad initiative, would extend the appropriation for certain Legislative Commission on Minnesota Resources initiatives; and
- HF1852, sponsored by Rep. Jim Knoblach (R-St. Cloud), would direct the commission to examine funding inequities between regional parks in the Twin Cities metropolitan area and those in Greater Minnesota.

Paying for mercury pollution

About 95 percent of vehicles in the United States are recycled, and more than 75 percent of the materials in a vehicle, when measured by the weight, are actually recycled in some way, according to a 2003 report prepared for the Office of Environmental Assistance.

But certain switches in those recycled vehicles are one of the most mercury-laden products in the recycling process, according to the office.

Lawmakers, recyclers, and the auto industry are now debating who should pay to remove the mercury switches from vehicles before crushing or shredding.

Current law says that a person may not crush a motor vehicle unless the person has first made a good faith effort to remove the switches.



Peder Larson, a lobbyist for Partnership for Mercury Free Vehicles, testifies before the House Environment and Natural Resources Policy Committee March 18 in support of a bill that would establish a mercury switch collection program by motor vehicle manufacturers.

As first proposed, HF2602, sponsored by Rep. Ray Cox (R-Northfield), would have established a collection program funded by manufacturers who have sold vehicles with such devices in Minnesota since 1980. Recyclers would have been paid a \$1 incentive fee per switch for proper disposal.

The House Environment and Natural Resources Policy Committee approved an amended version of the measure March 18 and sent it to the House Environment and Natural Resources Finance Committee. That committee amended the provision to also require that the office report back to the Legislature in 2005 and 2006 regarding collection rates for retrieving switches.

The key components to successful switch collection programs are education, enforcement, and incentives, Cox said.

The switches look tiny, but the mercury adds up, he added.

When part of a vehicle is crushed, mercury in the switches can mix with the metal. During the recycling process, that residual mercury may be emitted from the smokestack and released into the environment. In other cases, the mercury remains on items sent to a landfill and can leach into the groundwater.

Representatives from the Alliance for Auto Manufacturers, which includes Ford Motor Company and eight other companies, opposed the plan, saying they had already voluntarily phased out mercury switch use in 2003 and committed financial resources to switch removal.

But auto dismantlers said they should not be the ones to pick up the tab for the labor involved in switch removal.

As amended by Rep. Tom Hackbarth (R-Cedar), the bill would require recyclers to remove all mercury switches from vehicles before they are crushed, rather than merely make a good faith effort.

The amendment also removed the program and incentives from the legislation.

Hackbarth said he was concerned about placing any burdens on the industry that might contribute to a closure of the St. Paul Ford plant.

A Senate companion bill (SF1934), sponsored by Sen. D. Scott Dibble (DFL-Mpls), awaits action by a second committee.

Cathode ray tube disposal

Most older televisions, computer monitors, and video display devices contain cathode ray tubes that convert electronic signals into visual images. From a waste management perspective, cathode ray tube recycling is problematic because the phosphorescent coating around the tube contains lead that can be released into the environment when the components are crushed.

Among the many known health hazards of lead are brain, kidney, and reproductive problems.

Cathode ray tubes will be banned from solid waste facilities in 2005, under current law.

A bill (HF882), sponsored by Rep. Ray Cox (R-Northfield), aims to create a statewide disposal system for the devices. The bill would require all manufacturers of video display devices sold in Minnesota to register with the Office of Environmental Assistance and assume responsibility for a collection system by July 1, 2005.

The House Environment and Natural Resources Policy Committee heard testimony on the measure March 18, but the committee chair, Rep. Tom Hackbarth (R-Cedar), deferred action until more discussions could be held.

The bill proposes a safe and responsible manufacturer-operated disposal method without creating a government program, Cox said. He said in developing the legislation he wanted to avoid a system that would charge consumers an advance recovery fee.

"Electronics are a growing problem that have been handled at the end of the pipe," said Ted Troolin, St. Louis County Solid Waste Department director. "The bill would be an effective opportunity to keep them out of landfills."

Proponents said product stewardship by manufacturers is an important component of a successful video display device recycling program, as is comprehensive statewide access for all citizens.

Jim Kordiak, a Solid Waste Management Coordinating Board member, presented an overview of the state's growing electronic waste management problem.

Televisions and monitors can contain between 3 pounds and 7 pounds of lead, he said.

With analog television signals scheduled to end in 2006, digital signals will need converters or new televisions. This and other technological advances will make many components obsolete.

The presentation suggested Minnesota's waste stream could be hit by an "e-waste tsunami" as these new technologies emerge and gain popularity.

Hackbarth said he does not yet agree with the approach in the bill, particularly out of concerns over placing burdens on IBM, a large Minnesota manufacturer of computer hardware. The industry should work on an acceptable plan, he said, because the issue will be back next year.

A Senate companion (SF838), sponsored by Sen. Linda Higgins (DFL-Mpls), awaits committee action.

Disposing of mineral byproducts

Taconite companies are required by state law to obtain permits from the Pollution Control Agency to dispose of tailings, the byproducts of taconite production.

The tailings are environmentally problematic in several ways: the lack of vegetation to anchor the soil on which the tailings are deposited can increase soil erosion, speed contaminated runoff into ground and surface water, and decrease air quality with excessive dust during dry seasons.

Current law is very specific that the tailings may be disposed of in mine pits provided the company "demonstrates through an environmental impact statement and risk assessment that the deposition will not pose an unreasonable risk of pollution or degradation of groundwater."

HF1836, sponsored by Rep. Tom Rukavina (DFL-Virginia), would expand the agency's permit authority beyond taconite tailings to allow for the deposition of any mineral tailings, provided the same environmental standards are met.

The House passed the bill March 22 by a vote of 127-1. It now moves to the Senate where Sen. David Tomassoni (DFL-Chisholm) is the sponsor.



For more information regarding testimony for and against the environment and natural resources omnibus finance bill, go to the Session Weekly EXTRA Page at: <http://www.house.mn/hinfo/swx.asp>.

FAMILY



Banning gay marriage

A proposal to ask Minnesota voters whether the constitution should specifically prohibit gay marriage in the state was approved by the House 88-42 March 24.

Sponsored by Rep. Mary Liz Holberg (R-Lakeville), HF2798 proposes that voters be asked this question: "Shall the Minnesota Constitution be amended to provide that marriage or its legal equivalent is limited to only the union of one man and one woman?" The bill would preclude civil unions in Minnesota without an additional constitutional amendment.

Holberg said that if there were any more important issue in today's society than defining marriage, she can't think of what it might be.

Noting that Minnesota already prohibits gay marriage through a 1997 law, Holberg explained why she's sponsoring the marriage definition bill. In November the Massachusetts Supreme Court



Thousands of people in support of a potential amendment to the Minnesota Constitution that would define marriage as a union between a man and a woman filled the steps of the State Capitol March 22. Attendees heard from Gov. Tim Pawlenty, legislators, congressional members, and members of the clergy who support the constitutional amendment.

directed that state's legislature to provide for same-sex marriages within 180 days. Therefore, it's expected, she said, that valid marriage licenses would be issued there beginning May 17.

Several cities subsequently began issuing marriage licenses to same-sex couples. San Francisco alone issued about 4,000 licenses earlier this year before a court injunction was imposed.

Bill supporters say it's only a matter of time before a Minnesota same-sex couple marries in another state and files a lawsuit demanding recognition of that license here. That would bring the case before the Minnesota Supreme Court, which Holberg believes is the improper venue for such an issue.

"The people of Minnesota want to vote on this issue," Holberg said.

House Minority Leader Matt Entenza (DFL-St. Paul) said the real motive behind efforts throughout the country to ban gay marriage is to divert attention from problems with health care, education, and unemployment. Using the constitution, as opposed to legislation, for an issue of such magnitude is unprecedented, he said.

"We should never use the constitution as a means to advance a political agenda," Entenza said.

Rep. Keith Ellison (DFL-Mpls) cited a 1958 case in which a black man and his white wife were arrested and sentenced to jail for being



About 3,000 people rallied in front of the State Capitol March 25 against a proposed amendment to the Minnesota Constitution that would define marriage as a union between a man and woman.

married to one another. The U.S. Supreme Court later issued a ruling, declaring interference with a person's right to choose his or her own partner to be unconstitutional.

"In 1958 it was about race; today it's about sex," Ellison said.

Rep. Karen Clark (DFL-Mpls), the House's only openly gay member, said civil marriage should be kept separate from religious marriages. One is about rights and responsibilities and the other is about a sacred contract, she explained.

"We need to keep what is sacred, sacred and what is civil, civil," Clark said.

The bill now goes to the Senate, where Sen. Michele Bachmann (R-Stillwater) is the sponsor.

Parenting classes

Divorcing couples in dispute over custody and visitation provisions would be required to attend at least eight hours of parenting classes, under a bill approved March 19 by the House Civil Law Committee.

Under current practice, divorcing parents contesting custody matters are required to attend classes for a minimum of four hours and a maximum of eight.

As introduced, HF2642, sponsored by Rep. Elaine Harder (R-Jackson), would have required all divorcing parents to attend parenting classes for a minimum of 10 hours, even when custody and visitation issues are not contested.

Such provisions drew objection from testifiers at the bill's first presentation to the committee March 16. Action on the bill was deferred for fine-tuning, and Harder brought it back with the eight-hour, contested-only provisions that were ultimately adopted by the committee.

Nevertheless, members still expressed concern.

Rep. Len Biernat (DFL-Mpls) unsuccessfully introduced an amendment in keeping with current practice: that of four- to eight-hour classes.

Marilyn McKnight, owner of Erickson Mediation Institute, said it often takes parenting class participants several hours of classes to overcome their anger at being ordered to attend. Many, however, subsequently appreciate the chance to learn about the emotional nature of divorce, legal proceedings, and methods for parenting with a divorce.

Anita Miller, with the non-profit Storefront Group in Richfield, a human services organization offering education for parents and children transitioning through divorce, said she

was pleased that the bill no longer contained provisions mandating parenting classes for all divorces. The group, and others that offer such education, could not accommodate high participation volumes that would have resulted, she explained.

"Without funding behind this, this could sink us," she said.

The committee modified language to state that parents must begin taking the classes within 30 days after the first filing of any plea in the divorce. The previous language would not have allowed enough time for either the husband or wife to respond to the divorce, therefore not allowing the courts to know whether the matter was being contested and parenting classes required.

The bill now moves to the House floor. Its Senate companion (SF1846), sponsored by Sen. Steve Dille (R-Dassel), awaits action on the Senate floor.

Taxing in-home daycare facilities

A bill heard by the House Taxes Committee March 23 aims to clarify how in-home child-care facilities should be taxed. The bill (HF2200), sponsored by Rep. Doug Magnus (R-Slayton), will be considered for inclusion in the committee's omnibus bill.

The bill would specifically provide that single-family homes otherwise classified as residential and agricultural homestead but also used to provide licensed child-care must be classified as homestead property.

Magnus said the need for the bill arose from a situation in Pipestone County where the county assessor classified in-home child-care providers as commercial enterprises. As a result, taxes for in-home child-care providers were increasing exponentially, particularly if they had made any home improvements that also specifically benefited the care they provided.

There is one caveat, under the bill, with regard to in-home business activities. Portions of the property used for business purposes, such as a beauty shop or machine repair, would be classified as commercial property.

According to Michelle Thole, president of the Minnesota Licensed Family Child-Care Association, the policy discourages individuals from making improvements that both increase their home's value and improve the quality of child-care services they provide. She specifically cited safety improvements.

She also expressed concern that placing additional financial burdens on in-home providers in Greater Minnesota would reduce the options for parents, as providers decide to close their operations.

"This reminds me of my first day in law school," said Rep. Ron Abrams (R-Minnetonka), the committee chair. "Don't leave your common sense outside of law school."

Gary Grossinger, Stearns County assessor, testified that in his experience, other counties are not designating in-home daycare facilities as commercial enterprises for tax purposes. He suggested Pipestone County is not a typical example of the application of the law statewide.

"We tend to use our own common sense," he said.

The Senate companion (SF2117), sponsored by Sen. Becky Lourey (DFL-Kerrick), awaits action in the Senate Taxes Committee.

★ GAME & FISH

Fort Ripley game refuge

Under current law, the Department of Natural Resources makes annual payments to counties in lieu of taxes for natural resources property, specifically public hunting areas and game refuges, acquired by the state.

State trust fund lands and other state lands not purchased for natural resources purposes do not qualify.

Rep. Greg Blaine (R-Little Falls) is sponsoring a bill (HF2928) that would direct payments in lieu of taxes to Morrison County for 51,000 acres at Fort Ripley that are used as a game refuge.

The House Environment and Natural Resources Finance Committee approved the measure March 18 and sent it to the House Taxes Committee.

"The environmental attention paid to this state land is as great or greater than almost any other game refuge in the state," Blaine said.

Department attention is vital, Blaine said, because the land hosts a number of threatened species.

Morrison County does not receive any payments for the property because the land was acquired by the state for military purposes, but it quickly became evident it was extremely valuable for conservation, Blaine said. That altered the state's commitment to the county in terms of financial support, he said.

Rep. Dennis Ozment (R-Rosemount) asked about public access for hunting, as is required for other lands in the payment program.

Camp Ripley has opened its boundaries for many deer hunts, including a well-known archery hunt, Blaine said.

A Senate companion bill (SF2725), sponsored by Sen. Paul Koering (R-Fort Ripley), awaits committee action.

★ GOVERNMENT

Spending reductions, income additions

The House State Government Finance Committee approved its omnibus bill March 25, incorporating supplemental budget actions.

Sponsored by Rep. Bill Haas (R-Champlin), HF2684 would reduce several state agencies budgets by 3 percent, as recommended by the governor as well as raise general fund revenue by \$7.8 million. In the bill, expenditures for the biennium are cut \$4.9 million, which in combination with the additional revenue, is a net savings to the general fund of about \$12.8 million.

Constitutional offices will receive the across the board 3 percent cut under the bill. Also forced to trim would be the Departments of Administration, Finance, Employee Relations, Military Affairs, and Veterans Affairs.

Under the bill, the Legislature would have \$4 million of its carry forward funds transferred for other general fund purposes. The governor recommended a \$7 million transfer.

HF2684 would appropriate \$4.4 million to the Department of Military Affairs for three programs — a re-enlistment bonus program, a National Guard Youth Camp, and tuition and textbook reimbursement program. The youth camp and tuition reimbursement funds are not among the governor's recommendations.

In addition to a transfer of \$2.1 million in unclaimed prize money from the Minnesota State Lottery going to the general fund, sale of state land is expected to boost state revenue.

The commissioner of administration is directed to sell at least \$6.1 million of state land before June 30, 2005, with an additional \$6.1 million by June 30, 2007. The commissioner may only provide notice of the sale of public lands to state departments or agencies, the University of Minnesota, cities, counties, towns, school districts, or other public entities as designated in the bill.

Other provisions in the bill include requiring state employees to reimburse the state for using state vehicles in situations that could be considered a "taxable fringe benefit" and establishing that the administration commissioner may lease a state-owned building in the Capitol Complex to operate a daycare and after-school activity center.

The bill now goes to the House Ways and Means Committee. Its Senate companion (SF2687), sponsored by Sen. Steve Kelley (DFL-Hopkins), awaits committee action.

Land ownership

A bill born out of the frustrations of one legislator to determine how much land the state owns was heard, but not acted upon, by

the House Capital Investment Committee March 23.

Rep. Maxine Penas (R-Badger) said she introduced HF2822 after receiving no satisfactory answers to her questions of how much land the state owns, its locations, and designations.

Paul Pojar, an engineer with the Department of Natural Resources lands and minerals section, presented two maps to the committee showing state-owned lands by land type, as well as land ownership by government entity. The latter included lands owned by the federal government, tribal governments, the state, and counties.

In total, 8.3 million acres is labeled as state-owned.

However, Penas said she wants more detail, including a specific inventory of land owned by the University of Minnesota, the Minnesota State Colleges and Universities system, and the Departments of Corrections, Military Affairs, Administration, Human Services, Transportation, and Natural Resources.

"I think it's pathetic in the days of (global positioning systems) and satellite photography and satellite imaging that we do not have a better handle on our lands," Penas said.

The state should be good stewards of its land, in particular because evasive species can "get loose" in vast tracts of land, she added.

However, Rep. Philip Krinkie (R-Shoreview), the committee chair, pointed out that the bill does not request an inventory outright. Instead it would prohibit the state from obtaining more land unless the acquisition represented a zero net gain of state-owned land. Furthermore, any state-owned land to be disposed of must be placed back on the tax rolls, under the bill.

To achieve a zero net-gain in state land, an inventory must be performed, Penas said.

Committee discussion revealed that while it may be easy to identify state-owned lands, it is difficult to pinpoint boundaries without costly and time-consuming surveys.

"This is a very expensive proposition," said Rep. Alice Hausman (DFL-St. Paul).

The bill was not officially referred to the committee, but Krinkie requested it for an informational hearing.

It lacks a Senate companion.

Saving money on purchases

The House Governmental Operations and Veterans Affairs Policy Committee approved a bill March 24 that would authorize state agencies to contract with national purchasing organizations for a better price on goods.

Rep. Laura Brod (R-New Prague), the

sponsor of HF2905, said agencies would have "efficiency, cooperation, and the best bang for the buck" under the bill, which now moves to the House State Government Finance Committee.

Agency heads who use such contracts must report annual expenditures for goods acquired to the commissioner of administration, under the bill.

Gary Nytes, executive director of Minnesota Cooperative Services, said the organization works to "help agencies save money" through large volume contacts allowing for goods to be purchased at lower prices. The bill would allow the co-op to work more closely with the Department of Administration, Nytes said.

Rep. Bill Hilty (DFL-Finlayson) said special priority in contracts should be given to Minnesota businesses, and he inquired as to how many contracts involve offshore companies.

Hilty sponsors HF914 that would prohibit corporations or their subsidiaries from doing work with state agencies if the entity is incorporated in a tax haven country and the United States is the principal market for public trading of the corporation's stock. That bill awaits action in the House Taxes Committee.

Mike Hajek, director of cooperative purchasing with the National Joint Powers Alliance, said the vast majority of contracts are given to local businesses.

A companion bill (SF1859), sponsored by Sen. Dallas Sams (DFL-Staples), awaits action on the Senate floor.

★ HEALTH

Health care funds

Although it spares health care and social service providers from more cuts proposed by Gov. Tim Pawlenty, the House Health and Human Services Finance Committee's supplemental budget omnibus bill for fiscal year 2005 is not without its critics.

Sponsored by Rep. Fran Bradley (R-Rochester), the committee chair, HF1681 was reviewed for two days by committee members and the public prior to its March 25 approval. The bill now moves to the House Ways and Means Committee.

"We spend \$37 million to prevent reductions to pharmacies, hospitals, nursing homes," and other care providers, Bradley said. He said the bill would direct approximately \$17.6 million for "fixing priority needs" identified by health care agencies and provider groups that have cut staff and services as a result of cuts enacted by the 2003 Legislature.

The bill would not implement a 1.5 percent cut in aid to hospitals, nursing homes, and other health care agencies, as proposed by the



Jeff Spartz, representing the Minnesota Hospital Association, speaks to the House Health and Human Services Finance Committee March 24 during public testimony on the committee's omnibus finance bill.

governor. But it does include a number of cost containment measures, discussed previously in several committees, and specific program cuts.

"Cost containment is a reality," Bradley said. "We cannot sustain the rate of growth," particularly in health care costs, he added.

The bill's Senate companion (SF1915), sponsored by Sen. Michelle Fischbach (R-Paynesville), awaits committee action.

DFL committee members said the bill represents a net cut of \$64.7 million. They opposed a proposed transfer of \$70 million from the Health Care Access Fund to the state general fund. That is the largest of a number of funding shifts the bill proposes to restore some program and assistance cuts that took effect July 1, 2003.

The access fund supports MinnesotaCare, which assists low-income residents in obtaining health insurance.

Citing prior cuts in non-physician provided treatment, Rep. Thomas Huntley (DFL-Duluth) said, "MinnesotaCare is only good for those who are healthy."

A number of health care providers and human service agency representatives applauded the committee's decision to not further cut programs and assistance, but added that the budget enacted last year would continue to harm a disproportionate share of those who rely on state supported health care and social services.

The bill includes an amendment by Rep. Brad Finstad (R-New Ulm) that would deny federally funded family planning grants to "groups who provide abortion services." The amendment contains the language of HF436, sponsored by Rep. Mary Liz Holberg (R-Lakeville).

Rep. Joe Opatz (DFL-St. Cloud), who opposed the amendment, said it would "lead to unplanned pregnancies and more abortions. This is a pro-abortion amendment."

Reducing costs for care

A bill aimed at reducing health care costs is now the primary omnibus bill for the House Health and Human Services Finance Committee.

Rep. Fran Bradley (R-Rochester), who chairs the committee and sponsors HF1681, successfully offered several amendments March 18, including one striking language that would have placed limits on awards in medical malpractice suits. In earlier hearings the proposed cap on damages for non-economic losses was the focus of intense discussion.

Bradley said he could not get the provision past the House Civil Law Committee. "I made a promise to you and all involved that I would abide by the decision of civil law," he said.

Sections of the bill relating to best practices were also "skinnied down," Bradley said. Removed was a provision that would have given the commissioner of health the power to "identify" best-practice guidelines and "monitor" the extent to which health care providers followed them.

In its place is language that would empower the commissioner to "facilitate access to best practice guidelines and quality of care measurement information."

Among its provisions, the revised bill would ask that the commissioners of human services and employee relations use best-practice guidelines to develop "contracting strategies" and report their experiences to the Legislature in 2006.

"The best thing government can do is to use our purchasing power," said Rep. Thomas Huntley (DFL-Duluth). "We need to encourage best practices."

The bill, as revised, would also establish a priority for developing criteria for best practices and quality of care for people with diabetes and congestive heart failure.

Not everyone thinks the state should be involved in establishing best practice guidelines.

"We are very, very concerned on the part of patients we represent that the government would get into the practice of medicine," said Dr. William Wenmark, president of NOW Care Medical

Centers. He said it is the job of medical specialists to establish standards and offer continuing medical education and accreditation.

"This is not the Betty Crocker cookbook of Minnesota medicine," he said.

Bradley said it was a "misrepresentation" to say the state is practicing medicine. "All we're doing is recognizing a partnership. All we're saying is 'Let's be at the table as a purchaser.'"

"I would never welcome the government at the table when I practice medicine," Wenmark said.

A companion bill (SF1915), sponsored by Sen. Michelle Fischbach (R-Paynesville), awaits committee action.

Savings accounts

The House Taxes Committee heard several bills March 18 that would provide conformity to federal income tax changes, which allow health savings accounts, a tool that will allow individuals to set aside funds for health-care costs.

The committee primarily discussed HF3058, sponsored by Rep. Ron Abrams (R-Minnetonka), which contains multiple federal conformity issues, and will be considered for inclusion in the committee's omnibus bill.

However, discussion at the hearing centered around the accounts provided in the 2003 federal Medicare act, which proponents say provide tax benefits and may help reduce health-care costs. Other bills discussed at the hearing that deal specifically with health savings accounts were HF1742, sponsored by Rep. Jim Knoblach (R-St. Cloud) and HF1976, sponsored by Rep. Tim Wilkin (R-Eagan).

Under Abrams' bill, individuals could deduct, for contributions to a health savings account, up to \$2,250 per year for covering themselves, and up to \$4,500 for family coverage from their federal income for tax purposes.

The rationale behind health savings accounts is that they would be combined with a high-deductible insurance plan, which typically carries lower premium costs. When coupled with a high-deductible plan, the accounts would allow individuals to cover costs that do not meet their deductible with proceeds in the accounts. And if people don't expend all the funds in their accounts, those funds may roll over, gain interest, and be used for future expenditures.

Under the bill, high-deductible plans are defined as having deductibles of \$1,000 for individual coverage and \$2,000 for family coverage.

Previously, said Wilkin, individuals could use medical savings accounts in some cases, but they were much more restrictive and could not be carried over for future expenses.

Funds contributed to the accounts are

completely tax free, meaning they're pre-tax going in, not taxed when expended, and the funds rolled from year to year incur no tax, Wilkin said.

Witnesses said the accounts will allow health care consumers better choice, because they can use the accounts to purchase services both inside and outside their provider network.

Said Rep. Fran Bradley (R-Rochester), chair of the House Health and Human Services Finance Committee, even with high-deductible plans, amounts individuals will pay out of their own pockets will still be capped.

The Abrams bill has no Senate companion. The health savings account provision is estimated to cost \$3.2 million in 2005 and 2006 and \$3.7 million thereafter.

Companion bills to the Knoblach and Wilkin bills await action in Senate committees.

HIGHER EDUCATION



Supplemental budget decisions

The bill approved by the House Higher Education Finance Committee March 24 would require the Higher Education Services Office to renegotiate the tuition reciprocity agreement with South Dakota and provide for interstate payments by Dec. 1, 2004.

Sponsored by Rep. Doug Stang (R-Cold Spring), HF2663, in part, reduces the administrative and tuition reciprocity appropriations for the current biennium to the office and makes a number of other technical changes to agency programs. It now goes to the House Ways and Means Committee. In total, it trims slightly more than \$7.2 million from the budget.

Members were previously told that there has been no interstate payment between Minnesota and South Dakota for a number of years. The agreement calls for students to pay the higher resident tuition rate of the school they are attending or that of a comparable school in their home state. Interstate payments are a way for one state to reimburse another if instructional costs borne by taxpayers are unequal.

Payments related to agreements with North Dakota and Wisconsin are being made.

A September 2003 report by the Office of the Legislative Auditor said that because "Minnesota serves more students and bears a disproportionate share of the costs under this agreement, it would gain financially from a reinstatement of interstate payments."

"I'm troubled that they can't send the money they owe us," said Rep. Denny McNamara (R-Hastings). "A deal is a deal."

Jack Rayburn, senior researcher for the office, said five times in the past 10 years more Minnesota students have attended South Dakota schools and five times it has been the

other way around. "If we presume they owe us money, it's wrong," he said.

Another concern is that North Dakota and South Dakota want to increase their economies and they could simply say they'll charge resident tuition rates to Minnesotans and end the agreement with hopes that Minnesota students will remain in that state once they graduate.

Stang expressed a willingness to work with the services office if officials were to bring forward some other kind of proposal before the bill gets to the House floor.

The bill calls for a \$7.2 million biennial reduction from the tuition reciprocity program, money that officials said is a program surplus that they expect for the biennium. An annual report is also required of the office with information on student participation, tuition rates, and interstate payments and obligations.

Additionally, \$84,000 is taken from the office as part of Gov. Tim Pawlenty's budget-balancing proposal that calls for a 3 percent state agency operating reduction. No reduction implementation plans were offered.

Included in the bill is HF2337, sponsored by Rep. Marty Seifert (R-Marshall), which would authorize the Minnesota State Colleges and Universities system to plan the development of applied doctoral programs and degrees and report to the Legislature by Jan. 15, 2007.

Pawlenty had initially recommended transferring a \$15 million surplus from the state grant program to the general fund to balance the budget. That recommendation was not included in the bill.

The Senate version (SF2695), sponsored by Sen. Sandra Pappas (DFL-St. Paul), awaits committee action.



For more information regarding Dr. Norman E. Borlaug World Food Prize Day, go to the Session Weekly EXTRA Page at: <http://www.house.mn/hinfo/swx.asp>.

INSURANCE



Maintaining coverage

The House Commerce, Jobs, and Economic Development Policy Committee approved a bill March 18 that would help people maintain continuous health care coverage.

The bill will go next to the House floor.

"This is a straightforward, common sense bill," said Rep. Thomas Pugh (DFL-South St. Paul), the sponsor of HF2214.

The bill would protect people whose continuous health coverage, for example under the Consolidated Omnibus Budget Reconciliation Act (COBRA), is about to expire. It would

require health insurers to inform people that their coverage under new policies the company is offering might not be the same as it was under their group health plan and that they may be eligible for coverage from other private sources or from the Minnesota Comprehensive Health Association (MCHA), which has no limitations on pre-existing conditions.

Cynthia Hart, a board member of the Minnesota State Advisory Council on Mental Health, said people are not necessarily aware their coverage may change when their continuation policy ends.

Hart said her daughter was on a COBRA policy for several years, but the new policies offered by the insurer would not have given her the same coverage because of pre-existing conditions. Hart said if she had not already known about the association, she would not have realized it was an option for her daughter.

During the March 10 meeting of the House Health and Human Services Policy Committee, questions were raised about the potential costs of this bill if more people were to get coverage under the state's association. No fiscal note was presented.

"This is a good bill that will help people continue their health care coverage," said Bill Conley, a lobbyist for the Mental Health Association of Minnesota.

A companion bill (SF2138), sponsored by Sen. Linda Scheid (DFL-Brooklyn Park), awaits action by the full Senate.

Transit study proposed

The House Jobs and Economic Development Finance Committee approved a bill March 25 that would require the commissioner of commerce to conduct a study to reduce motor vehicle insurance premiums for public transit companies and taxi services.

Sponsored by Rep. Mark Buesgens (R-Jordan), HF2649 would require a task force, which must include representatives from the insurance industry, taxi services, private transit companies, and others, as appropriate, to consider:

- measures to increase competition in that insurance market,
- the formulation of purchasing pools for that type of insurance,
- requiring the state to insure or self-insure those vehicles at cost in the same manner in which it insures or self-insures state-owned vehicles,
- granting private transit companies and taxi services the right to join existing insurance pools or arrangements available to political subdivisions,
- providing coverage through the state auto plan, and

- legislation to control costs by providing liability damage limits in civil lawsuits.

The bill now goes to the House floor.

Buesgens amended the bill in committee to include in the study that the task force model itself after a Wisconsin program, the Transit Mutual Insurance Corporation of Wisconsin. Created in 1986, the program combines the buying power of its members into one umbrella policy, resulting in a reduced cost for transit agencies.

Rep. John Dorn (DFL-Mankato) asked if the Commerce Department could do the insurance project without specific bill language, or without cost.

Buesgens said that while the department could handle the responsibility, it is important to indicate the legislative intent.

A Senate companion, SF2423, sponsored by Sen. Satveer Chaudhary (DFL-Fridley), awaits action in the Senate Commerce Committee.

★ LOCAL GOVERNMENT

Conflict of interest

A new law signed by Gov. Tim Pawlenty March 19 provides conflict of interest exceptions for officers of watershed districts and soil and water conservation districts.

**Signed
by
the
governor
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Effective March 20, 2004, a state statute that clarifies conflict of interest issues is amended to include the two political subdivisions.

The law now provides that a governing body of any port authority, seaway port authority, economic development authority, watershed district, soil and water conservation district, town, school district, hospital district, county or city "may contract for goods and services with an interested officer of the governmental unit." The vote must be unanimous.

Rep. Michael Beard (R-Shakopee) and Sen. Claire Robling (R-Jordan) sponsored the new law.

Beard said the change was needed so a watershed district manager in his district could be reappointed to the watershed board. The manager had resigned due to a personal conflict of interest. The manager's spouse was a partner in a law firm that had a contract with the watershed district.

HF1980/SF1799*/CH139

Stillwater flood project extension

Sometimes the timeline for completing projects under the Department of Natural Resources flood hazard mitigation grant

program gets a little tight when state, federal, and local bureaucracies and matching dollars are involved.

HF2350, sponsored by Rep. Eric Lipman (R-Lake Elmo), would extend the timeline for a Stillwater flood project approved by the Legislature in 1998. The initial state investment was \$750,000, and the bill does not ask for more money.

The House Environment and Natural Resources Finance Committee approved the measure March 18 and sent it to the House Capital Investment Committee.

The original grant agreement expired June 30, 2002. The bill would extend that agreement until June 30, 2006.

The department commonly holds the last 10 percent of the funding until proof of completion is provided, Lipman said.

The city would like to finish the project but it ran into some glitches along the way, including being held up on the federal side of the funding equation, Lipman said.

A Senate companion (SF2283), sponsored by Sen. Michele Bachmann (R-Stillwater), awaits committee action.

★ METRO AFFAIRS

Paying electronically

The Metropolitan Council can now make payments by electronic funds transfer, under a new law signed by Gov. Tim Pawlenty March 19.

**Signed
by
the
governor
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Effective March 20, 2004, state law is amended to allow disbursement of council money by electronic funds transfer in addition to checks.

"This will provide (the council) a cost savings which each state agency has," said Rep. Mark Buesgens (R-Jordan), prior to House approval of the bill.

He and Sen. Chuck Wiger (DFL-North St. Paul) sponsored the law.

The council, a regional planning and service agency, covers the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

HF1822/SF1814*/CH140

★ RECREATION

More snowmobiling lanes

Two-way snowmobiling in ditches along certain major state highways would be allowed, under a bill that passed the House 131-0 March 24.

The bill now moves to the Senate, where Sen. Steve Murphy (DFL-Red Wing) is the sponsor.

HF532 is not a blanket approval of two-way snowmobile traffic in all ditches, said the bill's sponsor, Rep. Larry Howes (R-Walker). Designation is subject to approval by the state transportation commissioner.

Current law restricts snowmobile travel along highways and roads to the same direction as road traffic.

However, Howes said, there are cases where it's safer to allow two-way snowmobile traffic. He cited a portion of trail along a Pine County highway that varies between private and public land and contains steep ditches. In such a case, he implied, it would be safer to move all snowmobile traffic to the opposite ditch.

Rep. David Dill (DFL-Crane Lake) spoke in favor of the bill, stating that it's important to rural Minnesotan areas dependent on snowmobiling tourism. Presented with many obstacles, some snowmobilers are frustrating enforcement officials by illegally using ditches for two-way traffic.

A similar bill was approved at the committee level in the House in 2003, but was stripped from an omnibus bill during the special session, Howes said.

All-terrain ambassadors

A bill that would roll back some restrictions on off-highway vehicle use on certain types of wetlands has progressed to a fourth House committee.

The bill (HF2678), sponsored by Rep. Tom Hackbarth (R-Cedar), would remove type 8 wetlands from any restrictions and allow for riding on frozen type 3, 4, and 5 wetlands. These new rules would apply on public lands and private lands where the rider has permission from the landowner.

The House Environment and Natural Resources Finance Committee amended the bill March 18 to include \$100,000 for an off-highway vehicle safety and conservation grant program and a one-time appropriation of \$50,000 to pay for a study of the amount of unrefunded gasoline tax attributable to all-terrain vehicle use.

The bill, which has no Senate companion, was sent to the House Ways and Means Committee. Its provisions are also included in the omnibus environment and natural resources finance bill (HF1867).

The sum for the program includes \$75,000 from the all-terrain vehicle account, \$20,000 from the off-road vehicle account, and \$5,000 from the off-highway motorcycle account.

Under the bill, only statewide organizations in existence for at least five years would qualify for grant program dollars.

The infrastructure isn't in place to

administer the grant program, said Gene Larimore, a member of a citizen advocacy group known as the Jackpine Coalition.

And, he said, only the All-Terrain Vehicle Association of Minnesota would qualify for funds, even though all users pay into the accounts. The program would result in taxing 190,000 all-terrain vehicle users and giving the money to only 10,000, he said.

Another provision of the bill would give the Department of Natural Resources the option to leave a state forest classified as managed.

Legislation in 2003 required the department to take an inventory of all state forests and by 2007 change their designation from managed, meaning trails are open unless posted closed, to limited, meaning trails are closed unless posted open.

"The users are headed for a very steep learning curve," DNR Deputy Commissioner Mark Holsten said of the pending trail changes.

The return to where the department has a system of managed forests is a direct undoing of last year's legislation and of the compromise between motor sports enthusiasts and conservation groups, said Matt Norton, Minnesota Center for Environmental Advocacy forestry and wildlife advocate.

Several off-highway vehicle bills (SF1673, SF1711, SF1776) await action in the Senate Environment and Natural Resources Committee.

★ SAFETY

Lab cleanup costs

Counties would receive funds to help cleanup abandoned methamphetamine lab sites under a bill heard by the House Jobs and Economic Development Finance Committee March 23.

Sponsored by Rep. Bob Gunther (R-Fairmont), HF2923 would establish a \$250,000 revolving loan for the cleanup of clandestine lab sites that contain toxic chemicals known to contaminate ground water. Currently counties are responsible for the costs, said Gunther, and the price tag averages \$3,000 to \$5,000 per site. Loans would be awarded on a first-come, first-served basis.

The state contains approximately 800 to 900 labs, Gunther said, and on average five pounds of toxic residue is left behind. Many property owners who rent their property for living quarters or storage are unaware of the presence of a methamphetamine lab until after their property has been destroyed and the renters are gone. The property owners then face the cleanup costs. For some it is easier to abandon the property to the county, though the

owners then lose the benefit of the property's potential value.

The bill would permit the county to sell property once it has been repaired and place the proceeds back into the loan fund established by the bill.

While HF2923 would help with the "unfunded burden on counties," Gunther said, the measure only covers one-sixth of the costs currently being asked of counties and cities.

Other types of drug labs leave property owners in similar situations, said Rep. Karen Clark (DFL-Mpls). She asked Gunther if he would consider including covering the costs of "coke" or "crack" lab clean up.

Gunther said he would consider the addition upon receiving more information on the cost the problem is currently causing counties.

The committee will consider the measure for possible inclusion in an omnibus finance bill. Funding for the loan is included in the governor's bonding recommendations.

A Senate companion, SF2860, sponsored by Sen. Dallas Sams (DFL-Staples), has been included in an omnibus bill (SF1863).

Railroad crossings

A bill, intended to enhance vehicle safety around railroad crossings, particularly where there may be a tendency for traffic to back up, was approved by the House Judiciary Policy and Finance Committee.

Sponsored by Rep. Doug Meslow (R-White Bear Lake), the bill (HF2217) would prohibit a vehicle stopped at a railroad track due to an oncoming train from proceeding until traffic flow allows clearance of the track on the other side by at least 10 feet. The bill would apply to all classes of vehicles, including buses. Current law requires a 10-foot clearance only when a vehicle is approaching a railroad crossing.

Meslow cited a case in White Bear Lake where a car was hit when it straddled the tracks as traffic was backed up. And John Apitz, a lawyer representing the Minnesota Regional Railroad Association, cited a similar situation in Elk River. The drivers were not killed in the subsequent accidents in either case.

Members of the House Judiciary Policy and Finance Committee on March 18 expressed concern about enforcement and the need for the law.

Asked Rep. Rob Eastlund (R-Isanti), "Does it accomplish anything to make it against the law?"

The fact that many drivers have inadvertently broken traffic laws, such as running a red light, does not negate the need for such a law, Meslow said. "I think it's important that there are laws that set out what it is we're supposed to do."

Rep. Mary Murphy (DFL-Hermantown) noted that a driver whose vehicle is stuck straddling the track due to backed up traffic would risk physical injury, a totaled car, and under the bill, a ticket.

Rep. Cy Thao (DFL-St. Paul) questioned whether signage at railroad tracks should be required to enhance compliance.

Vague language in the bill, said Rep. Eric Lipman (R-Lake Elmo), represents an invitation to legal experts on both sides to fight and serves as a method for railroad companies to kick personal injury claims out of court.

The committee initially voted to reject the bill. Later, a motion by Rep. John Lesch (DFL-St. Paul) to revisit the matter was approved. Following testimony by Apitz, a second vote resulted in approval.

The bill now moves to the House floor. A Senate companion (SF1852), sponsored by Sen. Mady Reiter (R-Shoreview), awaits action by the full Senate.

Honoring fallen Minnesotans

The House passed a bill March 22 that would require the Minnesota and U.S. flags in the State Capitol area to be flown at half-staff upon the death of public safety personnel killed in the line of duty. The vote was 130-0.

Sponsored by Rep. Ray Vandever (R-Forrest Lake), HF2930 would require the flags to be flown at half-staff for a period of time determined by the governor. "The bill is a way to honor our police, firefighter, and emergency service personnel across the state," he said.

Rep. Rebecca Otto (DFL-Marine on St. Croix) successfully offered an amendment that added Minnesota military personnel killed in the line of duty to those being honored. "They are serving our country and working towards our safety, as well," she said.

The flag "represents American workers and American people," said Rep. Tom Rukavina (DFL-Virginia) in support of the bill. He asked for Vandever's support in legislation that would require the flags to be made in the United States. "I hope to be working with you in the future to solve that problem," Rukavina said.

Vandever said he wouldn't be opposed to an amendment that would add that requirement to the bill, but none was offered.

The bill now moves to the Senate where Sen. Mady Reiter (R-Shoreview) is the sponsor.

Officers moving vehicles

A bill that would essentially allow law enforcement officers to move any vehicle at the scene of an accident or incident in which public safety is a concern passed the House

March 22. The vote was 131-0.

HF2296, sponsored by Rep. Ron Erhardt (R-Edina), expands the use of Class D driver's licenses to licensed, on-duty peace officers for operation of any vehicle or combination of vehicles.

Erhardt cited a problem he was trying to solve in which police officers were dispatched to a case involving the potential for explosion of old dynamite in storage. The officers had to move vehicles at the scene. He did not give specifics on the location or date of the incident.

The bill would limit liability for police officers in operating or clearing vehicles during the course of their duties, Erhardt added.

The bill now goes to the Senate, where Sen. Steve Murphy (DFL-Red Wing) is the sponsor.

Victim protection

The House passed a bill 129-0 on March 22 that would streamline the issuance of orders for protection and restraining orders for domestic violence victims.

The bill now goes to the governor.

HF2491/SF2498* would make *ex parte* orders for protection and temporary restraining orders effective upon the signature of a court referee.

Rep. Michael Paymar (DFL-St. Paul), the House sponsor, said a problem exists in some counties where orders must be forwarded to a judge for a counter signature following the referee's signature. This delays the process for victims seeking protection from their abusers, he said.

The bill received support, Paymar added, from the chief judges of Hennepin and Ramsey counties, as well as from domestic violence programs.

It passed the Senate 64-0 March 15. Its sponsor there was Sen. Wesley Skoglund (DFL-Mpls).



For more information regarding a bill about teenage drivers, go to the Session Weekly EXTRA Page at: <http://www.house.mn/hinfo/swx.asp>.

TAXES



For more information regarding bills about filing paper tax returns and sales tax at swap meets, go to the Session Weekly EXTRA Page at: <http://www.house.mn/hinfo/swx.asp>.

TRANSPORTATION



Funding provisions

Transportation and transit operations would be cut 3 percent, and sales tax appropriations for transit operations would be frozen at current levels, under an omnibus bill approved March 24.

The bill (HF3141), sponsored by Rep. William Kuisle (R-Rochester) and approved by the House Transportation Finance Committee, is in keeping with funding cuts proposed by Gov. Tim Pawlenty.

Proposed general fund cuts to transportation budgets for the current 2004-05 fiscal biennium are as follows: Metropolitan Council transit, \$1.7 million; Department of Public Safety, \$118,000; and Department of Transportation, \$15,000.

In addition, the amount appropriated from motor vehicle sales taxes to transit operations would be frozen at the projected 2004 collection levels. This would be accomplished through changing the current practice of appropriating a prescribed percentage of motor vehicle sales taxes to transit to that of a set dollar amount.



Chip Welling of St. Paul tells the House Transportation Finance Committee March 24 about the need for continued transit funding. The committee was taking public testimony on its omnibus finance bill.

The freeze would result in a loss of \$4 million to Metro Transit and \$264,000 to Greater Minnesota transit over the current biennium.

The freeze on motor vehicle sales tax appropriations would be "the kiss of death" on transit operations, said Nacho Diaz, Metropolitan Council director of metropolitan transportation services. He added that other budget cuts combined with inflationary increases have already created problems for transit operations.

The committee voted down two amendments from Rep. Alice Hausman (DFL-St. Paul) that would have left the current practice of appropriating a percentage of motor vehicle sales tax appropriations in place.

However, the committee did approve other amendments.

One, offered by Rep. Mary Liz Holberg (R-Lakeville), would allow the Metropolitan Council to spend on bus transit the money appropriated in 2004 for operation of the new Hiawatha light rail transit system. The system's opening has been stalled by the ongoing Metro Transit driver strike.

A second Holberg amendment would allow the Metropolitan Council to spend on bus transit any appropriations dedicated to the livable communities programs through June 30, 2007. Some members opposed the amendment, stating it was a policy change best taken up by the House Transportation Policy Committee. Livable communities programs are aimed at creating affordable housing in the Twin Cities metropolitan area.

Diaz said he appreciated the flexibility the Holberg amendments would provide, but said such measures would not solve the larger transit budget crisis.

Most funding for transportation in the state comes from the trunk highway fund, which is supported by gas tax revenues. The committee proposed no adjustments to trunk highway fund expenditures.

The bill now moves to the House Taxes Committee. It has no Senate companion.

Policy provisions

Planning for a second metropolitan beltway in the Twin Cities metropolitan area, rumble strips on rural roads, and a pilot taxi project for disabled riders are moving ahead after approval March 24 of what became the House Transportation Finance Committee policy omnibus bill.

A plan for a possible second beltway would begin under HF2247, sponsored by Rep. Andrew Westerberg (R-Blaine), which has changed considerably since the bill's introduction. It now calls for studying the possible alignment of main highways to serve as a second beltway outside of the current

Interstates 494 and 694 beltway.

The Transportation Department would be given \$100,000 from the trunk highway fund in fiscal year 2005 to make the evaluation in concert with the Metropolitan Council. A report detailing the feasibility of conducting a comprehensive study — including timetables and right-of-way needs — would be due to the Legislature by Jan. 15, 2005.

The committee essentially turned the bill into a larger policy omnibus bill by approving several amendments. The bill's chief sponsor is now Rep. William Kuisle (R-Rochester), the committee chair.

Of note was a provision requiring the installation of rumble strips on the centerline of all two-lane highways during construction and reconstruction in both urban and rural areas. The amendment, sponsored by Rep. Al Juhnke (DFL-Willmar), would apply to all highway construction contracts authorized after Aug. 1, 2004.

Juhnke said rumble strips are inexpensive and can save lives by alerting drivers who inadvertently cross centerlines. Seventy-five percent of Minnesota's traffic fatalities occur on two-lane roads in rural areas, he said.

A separate amendment, originally introduced as HF1744, would create a nine-month pilot taxi subsidy project for Metro Mobility patrons. Disabled patrons denied Metro Mobility bus service due to customer backlog would be given subsidies to use taxis for transportation.

The amendment was sponsored by Rep. Torrey Westrom (R-Elbow Lake), who said earlier that his efforts to get Metro Mobility to make improvements have been refused. The service is available to people with disabilities in the Twin Cities metropolitan area.

The amendment requires the Metropolitan Council, which operates Metro Mobility, to report to the Legislature on results of the pilot project by Jan. 15, 2005. It also prohibits the renewal of any Metro Mobility provider contracts for 2006 and 2007 until the report is submitted.

A final amendment by Westrom directs the Transportation Department to develop a plan for a statewide 10-ton county and county state-aid highway system. The plan is designed to bolster the strength of highways to aid the trucking of forestry, agricultural, and industrial products.

The bill now moves to the House Ways and Means Committee.

A companion to the original bill (SF2335), sponsored by Sen. Steve Murphy (DFL-Red Wing), awaits committee action.

School bus inspections

Mechanics, vehicle dealers, or school district employees could perform state required annual inspections of school buses and vehicles used in Head Start programs, under a bill heard March 22 by the House Education Finance Committee.

Sponsored by Rep. Randy Demmer (R-Hayfield), HF1620 would allow designated persons trained and certified by the Department of Public Safety to inspect school buses and Head Start vehicles. The proposal is included in the education omnibus finance bill (HF3016).

Under current law, only members of the State Patrol may inspect and certify school buses. A State Patrol representative said there are 13 inspectors to annually inspect 13,000 school buses statewide.

"We need to look at drivers more than buses," said Capt. Ken Urquhart, commander of commercial vehicle enforcement.

Urquhart referred to two incidents this school year in suburban districts where children had been run over by a school bus. One kindergarten student was killed.

"There are some folks slipping through the cracks on us," he said.

Urquhart said the bill would allow the state to certify certain persons for school bus inspections after completion of an eight-hour training course. A similar program for commercial truck fleets has trained 7,000 state-certified inspectors, he said.

People that may be certified under the bill would include a school bus owner; an employee of the owner, school district, or nonpublic school that owns buses; a school bus or Head Start vehicle dealer; or a mechanic.

Demmer said school districts could continue to require that State Patrol personnel inspect buses.

Rep. Nora Slawik (DFL-Maplewood) questioned whether businesses owning buses and contracting with school districts would perform stringent inspections. "Aren't there any issues with a bus owner inspecting its own," she asked.

"Preventive maintenance is the key to safety," Demmer said. "The one time a year, 10- to 15-minute inspection is not."

Urquhart said the bill would still allow the state to conduct unannounced inspections of school bus fleets.

The bill's Senate companion (SF1550), sponsored by Sen. Steve Dille (R-Dassel), awaits committee action.



Renewing a rivalry

Kansas bill would require intrastate universities to meet on the basketball court

Minnesota politicians may have a stadium debate before this session is over, but Kansas legislators are addressing an athletic issue of their own.

There, a bill has been introduced that would force the University of Kansas and Wichita State University to play a men's basketball game in both the 2005-06 and 2006-07 seasons, once on each team's home court. The Division I schools have not played one another since 1993. Kansas has won 12 of the previous 14 meetings.

Rep. Todd Novascone (R-Wichita), who attended neither school, is the sponsor of HF2755, a three-paragraph bill that he admits has little chance of passage. Novascone considers himself a Wichita State fan, but admits to also cheering for Kansas.

"I'm sick of them not playing each other," he told *The Wichita Eagle*. "Hopefully this will stir up talk, and if we have a hearing I will certainly make my case. It might turn into something."

Or not.

Documents presented at a Feb. 18 committee hearing indicate that Wichita State officials believe the game could generate an additional \$5,000 for its home game and the road game would have no measurable effect on school finances. However, University of Kansas officials indicate the proposal could cost them several hundred thousand dollars in lost revenue. They cite the loss of revenue from a home game, and say that if they played a

more prominent opponent there could be greater interest, and possibly national television revenue. This season, two of the Jayhawks non-conference games were on ESPN or ESPN2.

Novascone admits this is not the most pressing issue in the state when compared to things like education financing or the state deficit. "But why shouldn't they play each other? This would increase tourism in Wichita and create a lot of excitement. It would just be a cool game."

However, he said this bill has generated the most reaction to something during his four years in the Legislature. "I just wish everybody was this interested in school finance and taxes."

(M. Cook)

A future for biofiber

Lawmakers examine interdisciplinary, inter-agency research into using agricultural fiber in paper and engineered wood products

By NICOLE WOOD

Minnesota is teeming with biomass that could be used in the production of everything from fiber to fuels, lawmakers have been told this session by scientists, agricultural producers, and economic development experts alike.

The term biomass can be applied to any organic matter available on a renewable basis, whether it's dedicated energy crops, agricultural residues, wood and wood wastes, grasses, or other materials.

The House Agriculture Policy and Jobs and Economic Development Finance committees met jointly March 24 to examine the promise and potential for agricultural bioscience projects, including a practical and immediate use for biomass in the paper industry.

A panel of University of Minnesota professors and a state economic development specialist shared some background on a current research project under the umbrella of a newly formed Minnesota Biofiber Consortium that grew out of two recent initiatives in the governor's office: a biosciences council and a task force to examine forestry industry competitiveness.

The group consists of representatives from state agencies, agricultural growers and processors, the university and other research organizations, manufacturers, forestry industry representatives, and economic development organizations who have come together to "conceive and research ways to use agricultural wastes, byproducts, and crops as feedstock for industrial materials and products."

"The future of biotechnology will bring forth projects to use plant materials in ways that we cannot even imagine," according to Dentley Haugesag, Department of Employment and Economic Development economic development specialist.

But his next statement was an attempt to rein in expectations for the first phase of consortium research: "This is not one of those projects – at least not at the outset." Instead, he said, the initial purpose will be to meet an immediate need for resource material in the state's existing paper and engineered wood industries.

The consortium is not suggesting that the Minnesota forest industry is over-harvesting, said Jim Bowyer, a professor at the university's Department of Wood and Paper Science. He cited Department of Natural Resources figures from 1998 that reflect net growth exceeding the harvest rate by 41 percent.

However, Bowyer said, the forest industry is facing some unfavorable realities: the cost of wood raw materials is among the highest in the world, emerging global competitors are producing fast-growth low-cost wood, the amount of forest land per capita is decreasing, and an age class imbalance in the aspen population will limit timber availability to mills within five years.

The availability of biofiber could alleviate this short-term problem, Bowyer said, and looking to nontraditional sources of raw material could



PHOTO BY TOM OLMSCHIED

Shri Ramaswamy, right, and Jim Bowyer, professors at the University of Minnesota's Department of Wood and Paper Science, discuss developments in biotechnology during a joint hearing of the House Agriculture Policy and Jobs and Economic Development Finance committees March 24.

be a potential win-win situation for Minnesota's wood products industry and farmers.

Rep. Gregory Davids (R-Preston) asked whether a conflict between the agricultural and forest industries could develop if forestry prices drop.

Minnesota's forest industry is actively supportive of the initiative, Bowyer said. The Sappi paper mill in Cloquet has offered the use of their plant to perform the research.

"This is a very conservative industry and nobody likes to let you play with their equipment," Haugesag said. "But that's exactly what they are going to do."

Potential benefits to augmenting non-wood fiber in paper, structural, and non-structural products beyond alleviating the short-term wood fiber pressures include developing new markets for growers, substituting imported pulp for locally grown pulp, and even exporting those materials outside of the state, panel members explained.

The chemical and material demand for renewable resources will increase fivefold by 2020 and fivefold again by 2050, said Shri Ramaswamy, a professor at the university's Department of Wood and Paper Science.

Pilot papermaking projects have already shown that a successful product can be made with 20 percent to 25 percent biofiber, Ramaswamy said, as he passed around a sheet of paper containing 25 percent barley fiber and 75 percent wood fiber.


Even University of Minnesota Regents have caught on to the oncoming tide of biomass research.

Effective fall 2004, the Department of Wood and Paper Science at the university will be renamed the Department of Bio-based Products.

The change will reflect research that includes the entire spectrum of biomass beyond wood, said Ramaswamy.

"What's to keep this industry in the state?" asked Rep. Tim Mahoney (DFL-St. Paul). Mahoney said he would be concerned about investing a good deal of state money in future biofiber initiatives only to lose the manufacturing to a different state or region.

"We have the trees and agricultural resources," Ramaswamy said matter-of-factly.

"There are very few areas of the country with excess biomass," said Bowyer. "Minnesota is simply an ideal place to try this." 

First pitch

Like baseball players in spring training, the latest stadium debate is just warming up

By **TOM LONERGAN**

Much like a familiar spring storm, the stadium issue returned to the House Local Government and Metropolitan Affairs Committee March 23 with sharply contrasting arguments, conflicting winds of opinion, and ultimately no recommendation.

Following nearly eight hours of debate, the committee referred HF3089, sponsored by Rep. Doug Stang (R-Cold Spring), without recommendation to the House Governmental Operations and Veterans Affairs Policy Committee.

Stang said the stadium issue “has been around longer than many legislators.” This session marks the third time since 1997 funding for a baseball stadium has been considered. The Legislature passed a stadium bill in 2002, but it failed to result in a new baseball park for a handful of reasons.

The current bill would create a Minnesota Stadium Authority with responsibility for site selection, lease negotiation, financing, ownership, and operation of stadiums for professional baseball and football in the Twin Cities metropolitan area.

Minneapolis, assisted by Hennepin County, and St. Paul are offering potential sites for the proposed baseball stadium. Anoka County and Blaine are potential partners for a new football stadium.

The estimated cost of building two retractable roofed stadiums could top \$1 billion.

“(The bill) is going to change,” Stang said, while predicting it would eventually be “in shape for the House to vote and pass on (to the Senate).” A companion bill (SF2536), sponsored by Sen. Steve Kelley (DFL-Hopkins), awaits committee action.

The stadium authority would consist of six members and a chair, all appointed by the governor. It would determine the “location, construction, financing, and long-term use of two new stadiums primarily for the use of the Minnesota Twins and the Minnesota Vikings.”

The authority would choose sites for the two stadiums from proposals submitted by franchise owners and their proposed host communities, obtain title to “all land and air rights needed for

construction and operation” of the stadiums, and, once the second stadium was completed, recommend to the governor and the Legislature a reorganized authority to oversee maintenance, operation, and improvements of the stadiums.

Much of the debate was on the bill’s proposal that the teams pay at least one-third of its stadium project costs, proposed local taxes — especially a general sales tax on goods and services toward stadium operations in the host counties and cities — and creation of “stadium tax increments” as a potential funding mechanism.

The committee approved an amendment by



PHOTO BY TOM OLMSCHIED

Minnesota Twins President Dave St. Peter, left, listens to the committee debate as Sports Inc. President Jerry Bell, right, reads a portion of the proposed stadium bill during a March 23 meeting of the House Local Government and Metropolitan Affairs Committee.

Rep. Karen Klinzing (R-Woodbury) that requires a local government’s proposal for a sales tax increase be subject to legislative approval.

Dan McElroy, Gov. Tim Pawlenty’s chief of staff, said the stadium issue was “not as important as education, health care, and the environment,” but added that professional sports brought an “amenity value” to the state and Twin Cities region. “We need things that people like to do to get them to live here.”

He said the state and the region was unlikely to keep professional baseball and football franchises if the Twins and Vikings “have to stay in the Metrodome.”

The teams have played in that publicly owned and financed stadium since 1982. Both teams said they need greater revenue streams than can be provided in the stadium.

Reps. Ron Abrams (R-Minnetonka) and Ann Lenczewski (DFL-Bloomington) objected to stadium backers’ economic impact projections and the proposed authority’s ability to impose local taxes.

“You don’t do it for economic development,” Abrams said. “(Stadiums) are not a net economic positive for any city in the country.” He said when the bill reaches the tax committee, which he chairs, “I will bring an economist to counter the hyped-up projections.”

Lenczewski said a proposed tax on lodging is opposed by hotel owners in Bloomington, which she said has more hotel rooms than Minneapolis and St. Paul combined.

A Hennepin County sales tax to finance the stadium, if proposed, would fall “disproportionately” on

Bloomington, Lenczewski added.


“Twenty-two percent of the state’s population lives in Hennepin County and the bill says those people should pay for the stadium,” she said.

Tom Goldstein, publisher of a baseball literary journal in St. Paul, suggested if the state has “\$300 million to go to the Twins,” it should acquire the team.

“If it’s a public asset, take the necessary action to preserve it.”

The Rev. Ricky Rask of Minneapolis, founder of Fund Kids First, who opposes public funding of stadiums, reminded legislators that recent polls and past local referendums have shown little support for the proposal.

“The people you are elected to represent have said no time and time again,” she said. “At least give them the option of a referendum.”

Testifiers in favor of the bill included Twin Cities business and labor representatives, St. Paul Mayor Randy Kelly, Hennepin County Board Chair Randy Johnson, and Steve Novak, manager of governmental services for Anoka County. 

Monday, March 22

HF3106—Seifert (R)

Transportation Finance

Motor vehicle sales tax revenue dedicated to the highway user tax distribution fund in specified increments.

HF3107—Urdahl (R)

Health & Human Services Finance

Dassel nursing facilities placed in geographic group II.

HF3108—Westrom (R)

Taxes

Lakes Area Economic Development Authority authorized to levy a property tax.

HF3109—Eken (DFL)

Health & Human Services Finance

Alternative care program client premiums and income tax rates modified.

HF3110—Lanning (R)

Taxes

Geothermal equipment sales tax exemption provided.

HF3111—Otremba (DFL)

Governmental Operations & Veterans Affairs Policy

Public Employees Retirement Association retirement annuity conversion to a disability benefit authorized for a specified member.

HF3112—Pugh (DFL)

Taxes

Additional sales tax on alcoholic beverages replaced with an equivalent gross earnings tax.

HF3113—Kahn (DFL)

Governmental Operations & Veterans Affairs Policy

Minneapolis police, fire, and municipal employees retirement plan funding modifications provided.

HF3114—Magnus (R)

Transportation Policy

Town road sign replacement program established, and money appropriated.

HF3115—Westrom (R)

Taxes

Biomass electric generation facility property tax exemption construction date requirement extended, and sales tax exemption extended.

HF3116—Nornes (R)

Taxes

Population size increased for cities permitted to hold land for economic development purposes for 15 years.

HF3117—Kahn (DFL)

Commerce, Jobs & Economic Development Policy

Urban riverfronts model ordinance required.

HF3118—Simpson (R)

Education Policy

School start date modified, valuation and deferment of taxes provided for certain homestead resorts, tax payment date delayed, purchases from resorts exempted from sales tax, and money appropriated.

HF3119—Wilkin (R)

Taxes

Caponi Art Park property tax deferment provisions modified.

HF3120—Dorman (R)

Taxes

Local sales tax authority granted to cities meeting specified criteria.

HF3121—Mullery (DFL)

Judiciary Policy & Finance

Cities authorized to seek reimbursement from persons booked for pre-trial detention in a county jail when the county charges the city for those costs.

HF3122—Carlson (DFL)

Taxes

Structurally substandard building definition modified relating to tax increment financing.

HF3123—Sertich (DFL)

Commerce, Jobs & Economic Development Policy

Unemployment wage credits earned exception extended relating to work in school food services.

HF3124—Hornstein (DFL)

Taxes

Motor vehicle sales tax revenue deposits specified.

HF3125—Eken (DFL)

Health & Human Services Finance

Children's services parental costs contributions provided, and income tax rates modified.

Wednesday, March 24

HF3126—Dempsey (R)

Taxes

Electric utility system pollution control equipment property tax exemption eliminated.

HF3127—Dempsey (R)

Taxes

Electric utilities real and personal property tax class rates increased.

HF3128—Nelson, C. (R)

Taxes

Tax increment financing revenue uses authorized from certain pre-1979 districts.

HF3129—Magnus (R)

Taxes

Wind production energy reports due date modified, wind production tax distribution based on previous year's local tax rates, and township levy adjustments authorized for production tax in 2004.

HF3130—Hackbarth (R)

Environment & Natural Resources Policy

Turtle seller's license restrictions modified.

HF3131—Opatz (DFL)

Governmental Operations & Veterans Affairs Policy

Age of eligibility to hold elective office lowered to 18 through proposed constitutional amendment.

HF3132—Kahn (DFL)

Health & Human Services Policy

Stem cell research state policy established, and criminal penalties imposed.

HF3133—Gunther (R)

Jobs & Economic Development Finance

Youth job skills development statewide demonstration project funding provided, and money appropriated.

HF3134—Kahn (DFL)

Environment & Natural Resources Policy

Public water works sale to private entity prohibited.

Thursday, March 25

HF3135—Krinkie (R)

Taxes

Taxation and spending increase limits provided for state and local government through proposed constitutional amendment.

HF3136—Thao (DFL)

Commerce, Jobs & Economic Development Policy

Council on Asian-Pacific Minnesotans membership appointment additional standards provided.

HF3137—Kuisle (R)

Transportation Finance

State general levy increase provided to fund transit services, and public transit fund established.

HF3138—Huntley (DFL)

Higher Education Finance

Low-income nursing student scholarship program established, and money appropriated.

HF3139—Westerberg (R)

Governmental Operations & Veterans Affairs Policy

Gambling establishments required to acknowledge that the statewide toll-free compulsive gambling telephone number is paid for with state funds.

HF3140—Abeler (R)

Transportation Finance

Northstar rail corridor final design and project management funding provided, bonds issued, and money appropriated.

HF3141—Kuisle (R)

Taxes

Department of Transportation, Department of Public Safety, and Metropolitan Council appropriations reduced, motor vehicle tax revenue deposits limited, and temporary bus transit expenditures authorized.

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MINNESOTA INDEX

Great Minnesota Get-Together

First year of the Minnesota State Fair	1859
Number of years since then the fair was not held	5
Year fair was first held in its current location	1885
Size of fairgrounds, in acres	320
Attendance in 2003	1,741,825
Record attendance (2001)	1,762,976
Last year the fair received state money	1949
Year the fair received legislative permission to create a foundation	2001
Percent of financing improvements, grounds maintenance, and fair production provided through revenue from year-round operation of the fair	100
Fair's operating income in 2003, in millions	\$27.5
Millions spent on expenses, including maintenance of the grounds	\$26.8
Estimated cost for fair officials to complete identified renovations in millions	\$100
Millions allocated toward grandstand renovation prior to the 2003 State Fair	\$5.5
Amount that was public money	0
Year current grandstand was built	1909
Millions needed to upgrade auto racing facilities, which fair board of managers chose not to spend in 2002	\$4.5
First year of auto racing at the fair	1904
Last year	2002
Last year of horse racing at the fair	1949
Year the first "big-name" entertainers performed in the Grandstand	1962
Estimated tons of trash and barn waste handled by the sanitation crew in 2003	200
Approximate amount, in millions, that fair guests bought in food and beverages at the 2003 fair	\$21
Mini-donuts consumed during the 2003 fair	4,056,000
Chocolate chip cookies	3,195,480
Ounces of French fries	3,244,200
Individual cheese curds	2,600,000
Corn dogs	515,900
Ears of corn on the cob	180,967
Foot-long hot dogs	183,764
Mileage equivalent if the hot dogs were lined up end-to-end	35

Sources: Minnesota State Fair Web site (www.mnstatefair.org), Minnesota State Fair Foundation (www.msffoundation.org), news accounts

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