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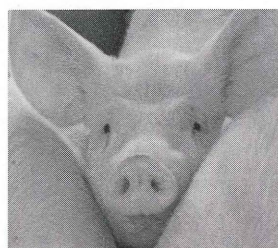
Perspectives

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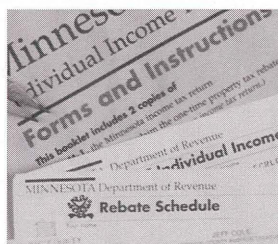


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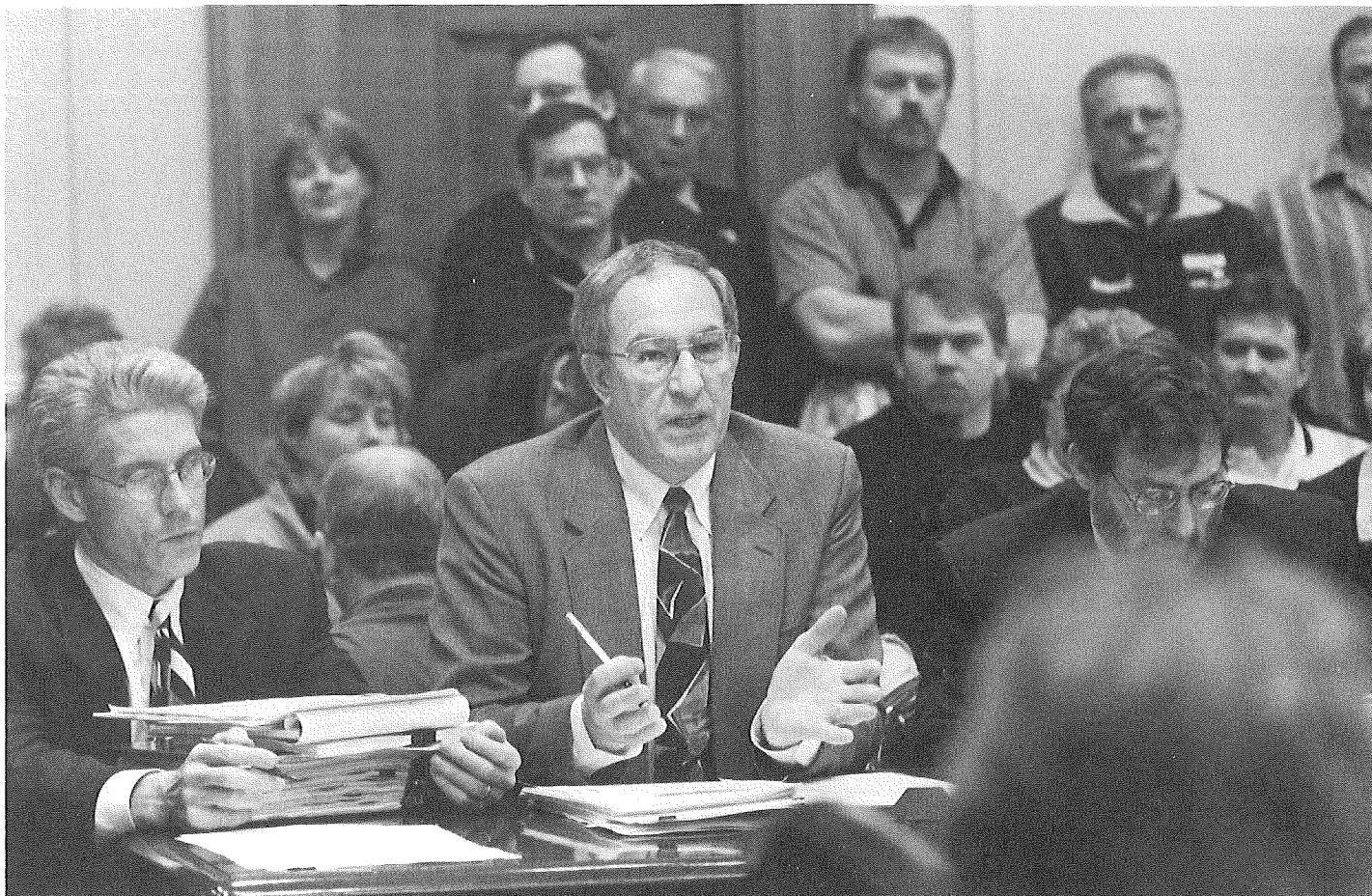
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On the cover: A detail photograph of one of the many architectural elements of Cass Gilbert's Minnesota State Capitol. Photo by David Rae Morris.



Sen. LeRoy Stumpf testifies before the Judiciary Committee on his bill clarifying the Uniform Commercial Code.

Special Session

Within hours of the final gavel of the 80th Legislative Session there was talk of the governor calling a Special Session of the Legislature. At issue was a bill clarifying a provision of the Uniform Commercial Code. The Senate had passed the bill, however the House of Representatives had not taken action on the measure. The bill was seen, by the administration and the leadership in the Senate and House, as a crucial piece of legislation to assist a major Northwestern Minnesota business--Marvin Windows. Representatives of the company had come to the Legislature late in the regular session to request the clarification in order to continue a law suit against a supplier, PPG Industries, Inc. According to committee testimony, PPG Industries, Inc. had supplied Marvin Windows with a defective preservative. As a result, windows manufactured by Marvin Windows had rotted prematurely. Marvin Windows sued PPG Industries under the fraud section of the Uniform Commercial

Code (UCC). However, PPG Industries contended that a 1991 change in the law prevented the law suit. Marvin Windows requested a clarification stating that the 1991 law was not intended to stop such lawsuits.

In the closing hours of the regular session, Sen. LeRoy Stumpf (DFL-Thief River Falls) successfully guided a bill through the Senate that made the clarification. The measure, though, was not acted upon by the other body.

After it became clear that the governor intended to call a special session, legislative leadership negotiated a package that, in addition to making the change in the UCC, restores some appropriations from two major supplemental budget bills that had been vetoed earlier by the governor. The two bills, the omnibus early childhood and family education supplemental budget bill and the omnibus economic development supplemental budget bill contained funding for programs for low income

housing and for early childhood. The agreement worked out in advance of the special session provided for restoring \$12 million in funding for specific programs. The bill, carried by Sen. Tracy Beckman (DFL-Bricelyn), provides \$4.2 million for economic development, \$4.3 million for housing and \$3.5 million for early childhood programs.

Both the UCC clarification bill, S.F. 1 and the supplemental funding bill, S.F. 2, along with a revisor's bill, S.F. 8, passed the Senate handily on the first day of the Special Session Mon., Apr. 20. However, members of the House of Representatives failed to muster enough votes to suspend the rules and complete action on the bills in one day. As a result, the other body did not conclude action on the bills until Weds., Apr. 22.

The Senate, with its work completed, adjourned Mon., Apr. 20. The House followed suit Weds., Apr. 22 and the governor signed all three bills late that same day.

Senate brokers compromise on feedlot dilemma

by Michael Such

Solving concerns regarding the odor and the environmental impact of animal feedlots across Minnesota was an issue of heated debate during the 1998 Legislative session.

The final compromise between the House and Senate includes increased permit issuance and licensing requirements, a two year moratorium on some swine lagoons, a generic environmental impact study (GEIS), and \$18.1 million in new spending on the livestock industry designed to benefit Minnesota farmers. The Environment and Agriculture Conference Committee omnibus supplemental budget report that contained many of the feedlot policy provisions received final passage in the Senate on a 44-16 role call vote.

Sen. Dallas Sams (DFL-Staples), chair of the Agriculture and Rural Development Committee said that the final conference committee report was a reflection of a bipartisan effort in the Senate, in which debate centered around just a few areas of disagreement. He said

that the committee members wanted to ensure open public debate of all the issues. "The House had a partisan bill while the Senate legislation had both Democratic and Republican provisions," Sams said.

Sen. Becky Lourey (DFL-Kerrick) said the driving force behind the Legislature's action was to take the correct steps up front. She said legislators recognize the odor of the lagoons and the concern about environmental effects are terribly important and will not go away. She said North Carolina just passed a moratorium years after they had huge factory farms for hogs because they had not done anything proactive up front regarding the environmental impact and the odor. The Senate knew it had to be proactive, protect the environment and reduce odor effects or Minnesota might end up in the same spot as North Carolina, Lourey said.

The conference report contains a two-year ban on open-air swine waste lagoons, but not a moratorium based on animal units as the House proposed. The legislation prohibits the Minnesota Pollution Control Agency (MPCA) from issuing permits for the construction of open air clay, earthen, or flexible membrane lined swine waste lagoons until Jan. 1, 2000.

Sams said that a total moratorium was not the answer. "Why would we want a moratorium on the total livestock industry when all feedlots were clearly not causing the problem," Sams said. He said that the problem is not with the lagoons but rather the odor and that is why the legislature took action regarding the open air swine lagoons that can cause hydrogen sulfate odor problems and respiratory concerns. "We wanted to put a hold on those until we can establish criteria and develop technology to solve the problem.

Sen. Steven Morse (DFL-Dakota) said the impact of the moratorium on open air clay membrane swine lagoons is targeted at the livestock that is creating the greatest controversy and generating

the most complaints. Morse added that the impact will be marginal because only a small number of the permits are issued. He said farmers now are constructing either cement storage lagoons, indoor lagoons or other types of covered lagoons, that are not prohibited. Lourey said the moratorium on swine lagoons is very important because they could cause serious problems from odor and environmental impact. "I am glad we were able to move forward on the moratorium issue while we take care of the rest of the concerns," Lourey said.

Sen. Steve Dille (R-Dassel), ranking minority member of the Agriculture and Rural Development Committee, said there are hardly any of the open-air lagoons being built today in the hog industry and that the ban does not really mean a full blown moratorium. Dille said farmers have moved to "under the box" storage (a deep concrete pit under the barn) and the result is that much less odor is produced. He added that the reason the moratorium was adopted for swine and not other classes of livestock is because lagoons that hold cattle and dairy manure are not as offensive because of the high component of hay in the manure that forms a crust over the top of the lagoon. "Other livestock lagoons just do not smell like a hog lagoon does," Dille said.

The agreement provides enhanced permitting requirements for feedlots and phases in a requirement for farmers to obtain an individual National Pollution Discharge Elimination System (NPDES) permit under the federal Clean Water Act for new or expanded existing facilities. The new legislation states that for all applications received beginning the day after final enactment, the MPCA must issue individual NPDES permits for newly constructed or expanded feedlot facilities with 2,000 or more animal units. For all applications received after January 1, 1999, the MPCA must issue individual NPDES permits for newly constructed or expanded feedlot facilities with between



Sen. Dallas Sams



New open air swine waste lagoons, such as the one pictured above, are banned until Jan. 1, 2000, while the Pollution Control Agency develops regulations. Waste lagoons for other livestock are not subject to the ban.

1,000 and 2,000 animal units that are identified as a priority by the MPCA. The commissioner, in consultation with the feedlot and manure management advisory committee and other interested parties, must develop criteria for identifying priority feedlots with between 1,000 and 2,000 animal units that are not identified as a priority.

The final agreement goes on to stipulate that by October 1, 1999, the MPCA must issue a general NPDES permit for feedlot facilities with between 1,000 and 2,000 animal units that are not identified as a priority and by January 1, 2001, all existing feedlots with 1,000 animal units or more must be issued an individual or general NPDES permit. The legislation further stipulates that by January 1, 2000 the commissioner, in consultation with the feedlot and manure management advisory committee and other interested parties, must develop criteria for determining whether an individual NPDES permit is required for an existing feedlot with 1,000 animal

units or more.

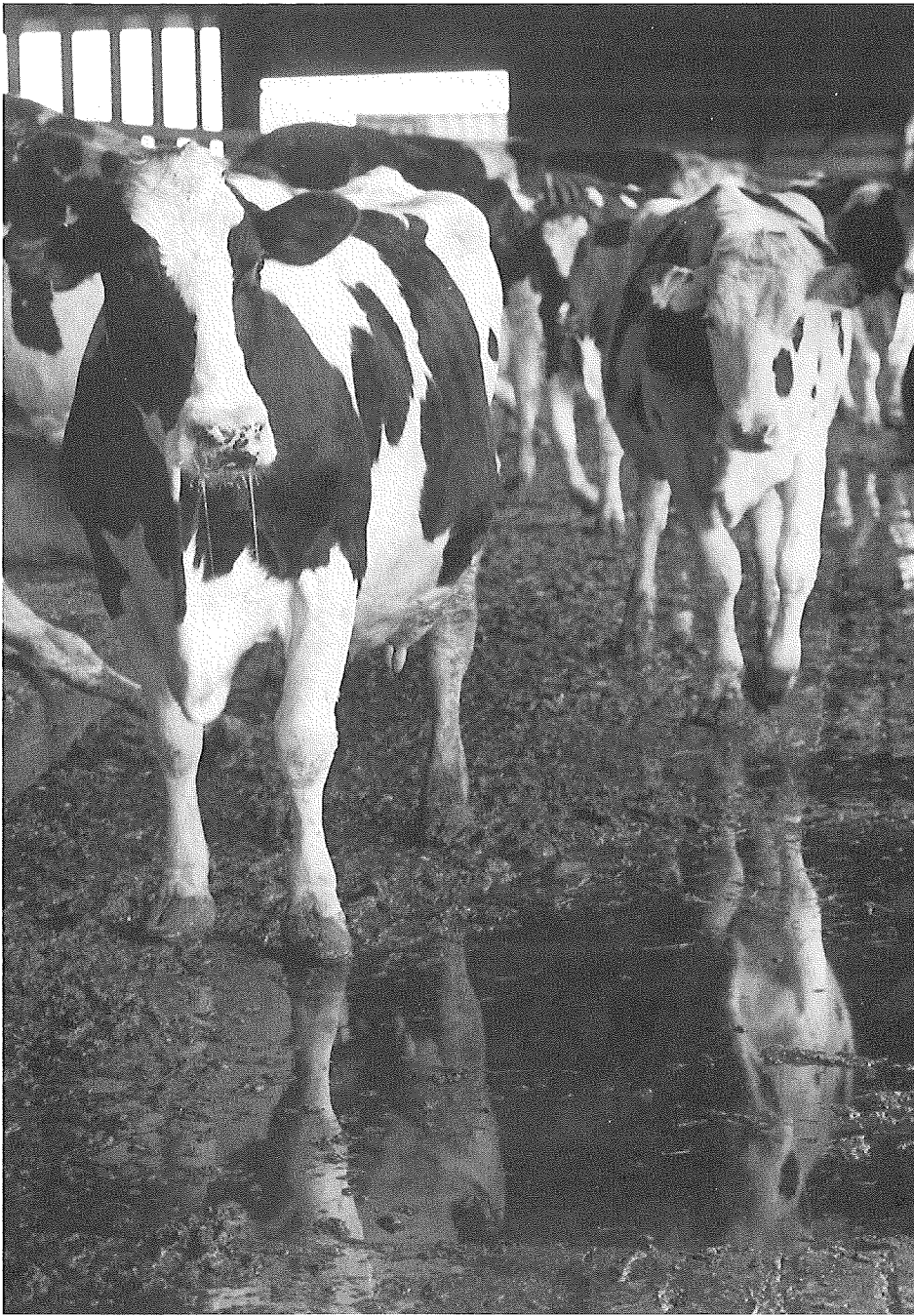
Sams said if the state is concerned about helping animal agriculture in Minnesota and hitting the issue head on, keeping ahead of federal standards with respect to permitting is important. "I don't like more regulation, but the industry realizes that if we don't stay ahead of regulation this issue will come back again," Sams said. "The MPCA can make this work and we can say the state has the toughest feedlot regulations in the country."

Morse said new operations with over 2,000 animals will be required for the first time to get an individual federal permit. He said other facilities over the next couple years will be phased in to getting a general permit or an individual permit. "This means the very big ones will get individual permits and then those with 1,000 to 2,000 animal units that meet special criteria will also go through the individual permitting process," Morse said. He added that this is a big step forward because it ensures a public

process for every individual permit so citizens can be heard and that permits can be enforced under federal law. "This



Sen. Steve Dille



Feedlot operations for other types of animals will be gradually brought under permit regulations. Under new state law, the largest operations are required to undergo the permitting process first, then smaller operations.

is one area where we can point to a big change for the state," Morse said.

Dille disagreed with Morse saying the NPDES provisions are bad for two reasons. One, Minnesota standards are more stringent than federal standards. Dille said that this means an extra hurdle to jump through for farmers and an additional annual fee for less environmental protection. Second, Dille said the federal government is proposing that by the year 2005 water systems in sensitive areas must have a clean water permit, but

the state legislation requires that all feedlots over 1,000 animal units be permitted by Jan. 1, 2001. "Being four years ahead of the proposed Federal schedule is over doing it," Dille said.

The legislation requires the Dept. of Agriculture to establish and implement a training and licensing program for commercial animal waste technicians. The legislation states that after March 1, 2000, a person who manages or applies animal waste for hire must have a commercial animal waste technician

license. Persons managing waste on land owned by the person's employer or persons managing or applying animal waste under the supervision of a licensed animal waste technician are exempt from the licensing requirements. A commercial animal waste technician license is valid for three years and may be renewed after paying the \$50 application fee and fulfilling requirements imposed by the commissioner of agriculture. An applicant for a commercial animal waste technician license must demonstrate financial responsibility through proof of assets greater than \$50,000 or a performance bond in an amount determined by the commissioner of agriculture.

Morse said the commercial license requirement mimics what the state does for pesticide applicators and is a step in the right direction. "So much of the environmental concern comes with the application of the manure," Morse said, "If done properly it makes the manure into an environmental benefit." He added that if companies are contracting commercially with multiple producers, all technicians should be licensed. "It is an important issue because when manure spreading is done in a responsible manner it is good, but like so much else, moderation is the key," Morse said. Lourey also said changing oversight of who spreads waste is very important as is making sure farmers have the space to apply manure in a safe way.

Dille agreed on the value of manure technician education and said that applicators should understand what the rules are and follow them. "If they are out there spreading the manure they need to know how far away from the streams and roads they should be before applying it," he said. Dille differed with Morse and argued that in order for companies to have flexibility, it is adequate to require that just one supervisor obtain a license. People have a very short period of time during the spring and fall to do the work, he said. Dille added, it is more in line with our septic system law where only one license per business is required, not one license for every employee.

Dille said that effective use of manure is important to Minnesota. He said the state only produces about 20 percent of the manure needed to till agricultural land in the state. The remaining 80 percent, he said, comes from synthetic commercial fertilizer, almost all of which comes from outside

Minnesota and costs farmers \$500 million a year. "We have more than enough space to use this resource. Even in the counties that have a lot of livestock there is more than enough room," Dille said. "The largest counties are only producing 50 percent of the manure they need."

Morse said one problem the Legislature did not address in the bill that hopefully will be identified in the GEIS, is a comprehensive system that maps where the manure will be spread. When you get a permit you have to identify adequate acreage to distribute the manure based on the nitrogen the crop can use. He said the problem is that no one keeps a master map. The state does not know if different producers are using the same fields. "At this point there is not a problem with having enough land to spread the manure, but we don't have a tracking system to ensure distribution on a farm by farm basis," Morse said.

A "bad actor" provision was included in the final agreement authorizing the MPCA to deny a permit application if the agency determines that the applicant does not possess sufficient expertise and competence to operate the feedlot facility in conformance with state requirements. Lourey said little action in the conference committee centered around the provision because it was clear from the beginning that the "bad actor" provision had a lot support in both houses.

The new law requires that plans for manure storage structures of any capacity be prepared or approved by a professional engineer or a Natural Resources Conservation Service employee. Lagoon permits are measured in animal units. Currently 750 animal units equals 533 dairy cows, 750 head of cattle, or 1875 sows.

Morse said before the new provisions were adopted, 500 animal units was the permitting threshold and the state was seeing lagoon permit applications coming in at 475 or 490 animal units just to save farmers from going through the process. With the concern about risk to environment, Legislators felt it made sense to get an engineer's approval on all feedlot lagoons.

Dille said the large feedlots are approved already. He said the Legislature just lowered the criteria to include all lagoon sizes and that is only until the new rules come out in a year or so. "There is the argument that the concrete will crack someday and that material will be released into the soil," he said, "I don't

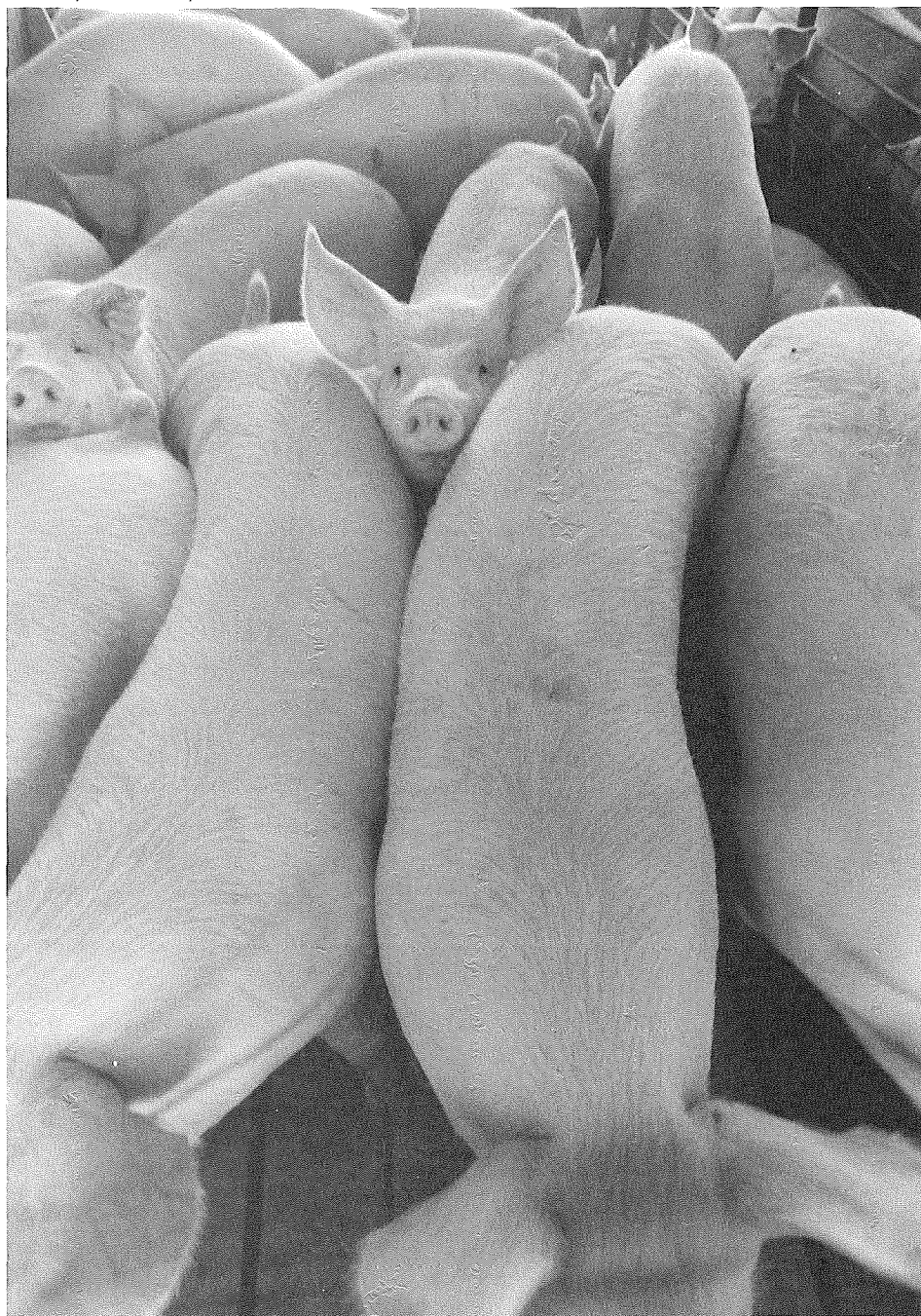


Sen. Becky Lourey

buy that because the cracks seal up with organic matter from the manure." Dille said that for an earthen lagoon with a two foot clay liner, minimum standards require a time of at least 3.8 years for the first molecule to make it through the liner. He said most lagoons undergo a percolation test that is 10 times more sensitive than the minimum standard. He added that with the more stringent test, it takes 38 years before material reaches sub-soil because the manure creates a seal of organic matter similar to seals created by wetlands and lakes. "The organic matter seal forms a barrier and

does not allow water to escape into the sub-soil," Dille said.

Dille said counties and townships already have the authority to impose a moratorium or to develop a feedlot ordinance and many have done so. He added that for the state to come in on top of that and impose a moratorium is an example of the state taking away local control. "We put language in the bill to clarify existing law to ensure that counties can be more restrictive," Morse said. He added that it was very important for counties to have the authority to go beyond the state standards and to respond



One guiding principle recognized by Senate conferees is that animal agriculture is good for the state and the farming community.

to their local citizens and local environmental conditions. The final compromise provides that a county may adopt feedlot ordinances that are stricter than state standards.

Morse said that as the conferees worked to balance the House and Senate positions, there were three guiding principles. One, he said, was the recognition that livestock agriculture is good for the state and that Minnesota should encourage animal agricultural because it is good for our farming community, and our econ-

omy. Two, he said, the state has had the most success in fostering a good working relationship with farmers and protecting the environment when a significant role is played by the counties. Even though the state has jurisdiction and programs, most of the areas that are doing the best permitting have a good county program that does away with many of the problems of deciding who is responsible. "We want to encourage counties to adopt the program and do a good job of it," Morse said. Third, he added, the state needs to

give a helping hand to many of the farmers, especially the small operators, to come into compliance.

Dille said the best thing in the feedlot legislation is the new funding for the livestock industry. He said the higher education bill, the state government finance bill, the capital budget bill, and the agriculture and environment bill together appropriate more than \$18 million for agriculture research and for the GEIS. Dille said \$9 million goes to the Department of Agriculture for low interest loans to assist livestock producers with less than 500 animal units for upgrading their feedlots to meet new environmental standards, and \$2 million to the Board of Soil and Water Resources for grants to assist small to mid sized farmers in upgrading their feedlots. The University of Minnesota's experiment stations in Waseca and Morris received \$2.6 million for new hog research facilities. In addition, the bill appropriates \$375,000 for three research and extension positions in manure and odor management and alternative swine production, and \$292,000 to the University for low capital cost hog production research.

Dille said the new law includes \$350,000 for grants to counties to assist with administering local feedlot ordinances and \$60,000 for the Department of Agriculture and Office of the Attorney General for the cost of assisting local units of government to adopt, review, or modify feedlot ordinances. The MPCA receives, under the legislation, \$300,000 to assist with issuing Federal Clean Water Permits to feedlots over 2,000 animal units and \$200,000 for manure digester pilot projects to develop new odor control and manure management technology. Dille said other funding provisions in the environment and agriculture bill are \$350,000 for a state meat inspection program to make it easier for small farmers and processors to market directly to the public, \$25,000 to pay livestock producers for predator losses, \$100,000 to continue litigation that reforms the Federal milk marketing orders, \$125,000 for a program to help small to mid size hog producers improve profitability, \$107,000 for the Commercial Animal Waste Technician licensing program, \$190,000 for the Board of Animal Health for a disease control program in cattle, and \$500,000 for Dairy Diagnostic Teams to help small to mid-size producers improve profitability. Dille added that

\$1.3 million goes to the Environmental Quality Board for the GEIS.

Lourey said the funding provided by the legislature is vital. She said that one of her big concerns is that when the GEIS is completed the people that may be hurt will be on farms that were established before permitting. Lourey asked, "When the GEIS is done and it says 'here are some of the pollution problems,' how are small operators going to afford redoing their feedlot?" "It could be the final blow for them, so we had to put money into that," Lourey said.

Morse said that the money was appropriated to support animal agriculture and local communities through education and other programs. Morse said the House came to the conference committee with only the moratorium so the Senate can take almost full credit for the funding. He said the House, in both the capital bonding bill and the supplemental budget bills came to the table with zero money. Morse said that the Senate also deserves the credit for increasing the base budget allocations to counties by \$350,000 per year if they complete their full feedlot inventory. "It reflects our approach to try to be proactive to improve the environmental protection across the board while providing a helping hand to farmers," Morse added.

Sams said that as the conference committee concluded negotiations everyone was happy with the agreement, including the House conferees, but the Senate had the proactive ideas and the money to back them up.

Senate provisions that were not included in the final legislation include changes to the animal unit conversion criteria used by the MPCA to determine permitting requirements.

Another Senate provision required that any petition requesting an environmental assessment worksheet on a proposed feedlot facility contain at least 25 signatures of individuals living or owning land within ten miles of the proposed facility. The Senate version of the bill also had a provision to delete the current "phased and connected" environmental review requirement involving facilities on separate sites that coordinate feedlot operations.

A good portion of debate in the Senate Agriculture and Rural Development Committee during the session centered around whether feedlot concerns were an old versus new issue or a

big versus small issue, with regard to the environmental impact of livestock producers. Dille said all of the new systems are engineered and permitted to meet standards that are necessary to protect the environment. However, old systems, many of which are not permitted, were constructed on lakes, streams and rivers because of easy access to water for livestock and are the ones most likely to be out of compliance. He said Blue Earth County has completed an inventory and study of more than 400 feedlots in the county to determine which are in compliance. Dille said that ten percent--or about 40 feedlots--are out of compliance. He said that of the lagoons not in compliance, all but one hold less than 300 gallons. He added that other counties are doing similar studies and are seeing the same results. "The big new ones are making the standards and the small, older ones are not," he said. Morse said there are small operators that are doing a great job, but some are not doing as good a job as one could wish and need some improvements in their operations. He added that is why the Legislature put so much funding into the bill. He said as a general rule the larger operations go through more scrutiny so they have greater compliance, but one must remember the risks are much higher. "If a small producer makes a mistake the impact is much less than if you are dealing with million of gallons of manure," Morse said. "I just don't buy the argument that all the problems are with the smaller feedlots."

Lourey said the GEIS will tell the state which feedlots are in compliance. "I am not sure we as a population agree that big is the best way," Lourey said. "There is plenty of proof out there that small farms can be more gentle on the environment." Sams agreed with Lourey that small livestock producers are key to preserving genetic diversity and added that the more small and medium size farmers in an area, the more economic activity is generated. "The Senate is committed to ensuring the success of farms that follow the environmental and agricultural standards," Sams said. Dille said, "There are family farms out there that are getting bigger so that the farmers can continue to survive, feed their families, and pay debt. Dille said that except in the poultry industry, where some big corporate operations have entered the market, the expansion in

larger feedlots is almost entirely family farmers pooling resources so they can remain competitive. He said standards for cooperative farming were changed early in this decade and have been an issue at the Legislature almost every year since 1990. He said the significant change allowed people to come together to produce any class of livestock except dairy. "We added a rule that 75 percent of the people involved in the operation must be farmers and 50 percent of those must be livestock farmers who have livestock on their farms," Dille said, "Some people blame some of the cooperative agriculture we see now on that change."

Sams said in the current agricultural climate farmers can't compete on the same level and expect to stay viable. "Farmers will continue to grow, not necessarily because they want to, but because they need to meet the new economic demands of the market place," Sams said, "People need to realize that as this happens prices will change in the stores." He added that changes in the agricultural industry should concern all consumers. "The lowest food prices in the world are here and people need to be concerned that as we put more regulation and rules on the farm economy the price to consumers will rise as those costs are passed on," Sams said.

Concerning the need for more legislation in the future regarding the feedlot issue the Senators agreed that the state will need to do some fine tuning of the legislation passed this session, but further major action won't come until after the two year GEIS and county feedlot inventories are concluded. Lourey said that most action on the issue next year will be within counties and townships. "We will continue to watch the odor problem and the effect of legislation on the economy of rural communities," Lourey said. "We all need be alert and prepared to respond to concerns that reach the Legislature in the future," she said.

Lourey said that in the long run the Legislature needs to weigh what is best for communities and the environment. "Those of us that don't want to see the family farm leave can't just say that big farms are terrible, and big farms can't say that they are the only answer," Lourey said. "We did a lot of good things in this bill but the problem will still be with us until we are able to find the correct balance," she said.

Fetal alcohol syndrome:

Funding for prevention, intervention and education

by Christine Sarkes Sasseeville

In a session filled with competing demands for multi-million dollar projects and rebates, several Legislators worked hard to gain limited state funding for programs designed to educate expectant mothers about the risks associated with Fetal Alcohol Syndrome and Fetal Alcohol Effect (FAS/FAE).

In the last biennial budget session, \$1.75 million was appropriated to the Departments of Health and Human Services for FAS after-care services and training programs. The governor's request to the 80th Legislative Session was an additional \$5 million to fund a sustained public awareness campaign, improve statewide networks, increase training to health care professionals and others, and expand maternal assistance programs.

First Lady Susan Carlson provided compelling testimony to several Senate

committees early in the session about the harmful effects of FAS on children and the significant health care costs to the state. The governor formed a task force last year, co-chaired by the first lady and Hennepin County Juvenile Court Judge Joan Lancaster, to prepare detailed recommendations on the implementation of an FAS/FAE prevention program. The 44-member task force also included Legislators, lawyers, media representatives, education and human services professionals, community advocates, and interested citizens.

"Minnesota has the fourth highest rate in the United States of [heavy and binge] drinking of alcohol among women of childbearing age," said the first lady quoting Center for Disease Control statistics. According to Minnesota Department of Health (MDH) statistics, nearly 800 children every year in Minnesota are born with FAS or FAE. MDH officials estimate that approximately

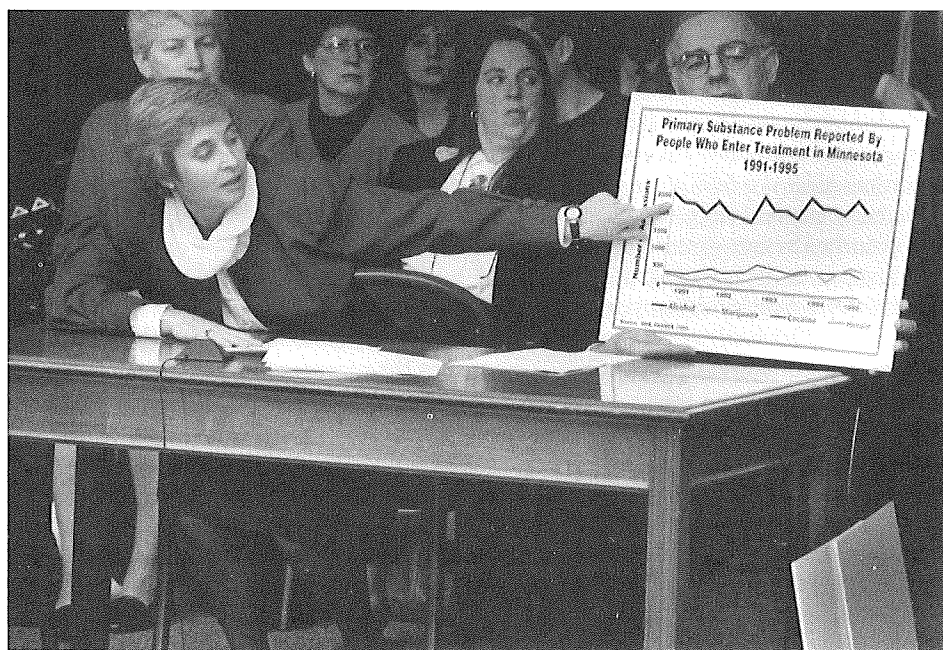
16,000 Minnesota children and youth up to the age of 21 may currently suffer from FAS or its related effects. The cost for FAS neonatal intensive care and long-term residential support services for adults with FAS is estimated at \$45 million annually.

Moreover, costs related to the syndrome for remedial education, foster care, and juvenile criminal proceedings significantly add to the state's burden. Lancaster said children are unable to live up to their full potential because of brain damage and, in many cases, end up as "problems of the system." For example, she said that of the 140 child protection families in the Hennepin County Court System, 90 percent involve alcohol abuse in some way. In one detention center, two-thirds of the patients suffer from FAS-related attention deficit disorder and 57 percent had below average intelligence, said Lancaster.

A mother recovering from chemical



Sen. David Knutson



First Lady Susan Carlson testifies before a Senate Committee on the effects of Fetal Alcohol Syndrome.

Photo by David J. Oakes



The omnibus health and human services bill contained an appropriation to raise awareness of the risk of fetal alcohol syndrome in women who consume alcohol while pregnant.

dependency also testified before several committees during the session about her attempts to overcome alcoholism and its effects on her children. Kelly Gaines said she struggled with chemical abuse through three pregnancies before she was referred to Project Child in 1993. She said her oldest child now suffers from FAE-related behavioral problems but is receiving help from a variety of state agencies and the University of Minnesota. According to medical testimony, the neurological and behavioral signs of FAS include organic brain damage, central nervous system dysfunction, impulsiveness, hyperactivity, poor judgment, and learning disabilities.

Several physicians who testified said FAS is completely preventable and can be successfully treated if caught early, preferably prenatally. Dr. Dianne Pittman, PHS Indian Hospital, told Legislators, "You have an opportunity to make ground-breaking efforts to relieve a devastating problem."

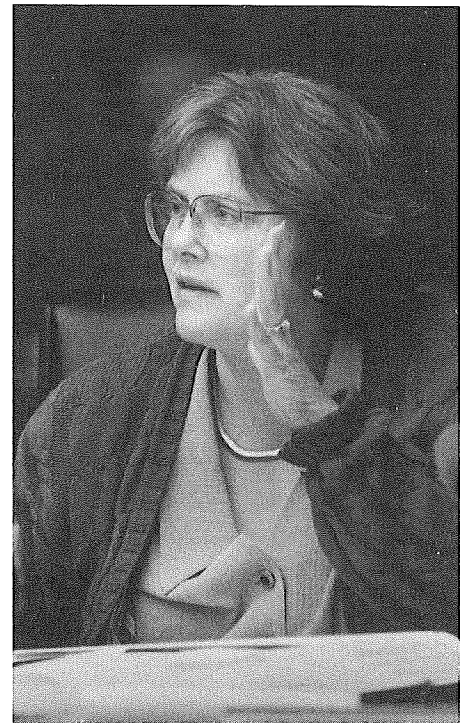
Sen. Linda Berglin (DFL-Mpls.) and Sen. David Knutson (R-Burnsville) authored two bills that establish funding for FAS/FAE prevention programs and provide for prenatal alcohol abuse voluntary reporting requirements, respectively.

Knutson said, "This is a first step in preventing the lifelong burdens placed on

families and state agencies dealing with the effects of FAS." Knutson's bill, providing for the voluntary reporting of alcohol abuse by a pregnant woman, underwent several changes during the committee process. The bill defines an abuser of alcohol as someone who has required detoxification treatment, and is determined to be an alcoholic through a validated chemical use assessment.

Knutson said he deleted, in response to criticism leveled during committee hearings, a provision that allows for a civil commitment proceeding if a pregnant woman who abuses alcohol refuses treatment. The bill instead provides that mandated reporters, such as physicians and social workers, may arrange for a chemical use assessment, or file a report with the local welfare agency or maternal child substance abuse project, if the mandated reporter believes that a pregnant woman has knowingly abused alcohol during the pregnancy. The bill passed and was signed by the governor on April 6, 1998.

Berglin, who served on the task force, sponsored an FAS prevention and early intervention bill that was eventually included in the final omnibus Health and Family Security supplemental budget bill. The bill directs the commissioner of health to implement a statewide campaign, including a toll-free resource and



Sen. Linda Berglin

referral line, to raise awareness about fetal alcohol syndrome and the effects of prenatal alcohol exposure. The University of Minnesota is given the responsibility of developing a statewide network of regional fetal alcohol syndrome diagnostics clinics, with a plan for the networks to be developed by December 1998 and sites established in 1999. The bill also specifies that the commissioner of health, in collaboration with relevant state agencies and licensing boards, formulate FAS materials to be used for professional training of health care providers, social service providers, educators, and persons in the judicial and corrections systems. The bill also directs the commissioner of children, families and learning to award up to four grants to schools to develop education strategies pilot projects for persons with FAS or other alcohol-related birth defects. Finally, the provision creates a fetal alcohol coordinating board to review and coordinate existing state programs and integrate local and state FAS prevention and intervention programs.

Senate and House conferees granted the program its full request of \$5 million. The omnibus health bill, which included the Fetal Alcohol Syndrome provision, was passed by the Legislature during the last night of the session and signed into law by the governor.

Constitutional questions:

Minnesota citizens decide the issues

by Scott Nichols

Should hunting and fishing be constitutionally protected activities?

Minnesota voters going to the election booths in November for the 1998 general election will be asked this and two other questions proposing changes to Minnesota's Constitution. The other questions are whether to extend the dedication of lottery proceeds to the environment and natural resources trust fund and whether to abolish the Office of State Treasurer.

Unlike statutory bills passed by the Legislature and signed by the governor, proposed Constitutional amendments must be put through a more rigorous approval process. Minnesota's Constitution can only be changed through a popular vote. To reach that point, any proposals to amend the Constitution must be passed by both bodies of the Legislature and signed by the governor. For a Constitutional amendment to be

successful in Minnesota, votes for the measure must be greater than the combination of blank ballots and votes against the amendment.

Compared to the number of bills that are passed yearly, the number of successful amendments to the Constitution are rare. Although no central record is kept of every Constitutional amendment offered by Legislators, the Constitution has been successfully amended 114 times in 208 tries since 1858.

Are hunting and fishing a valued part of Minnesotans' heritage?

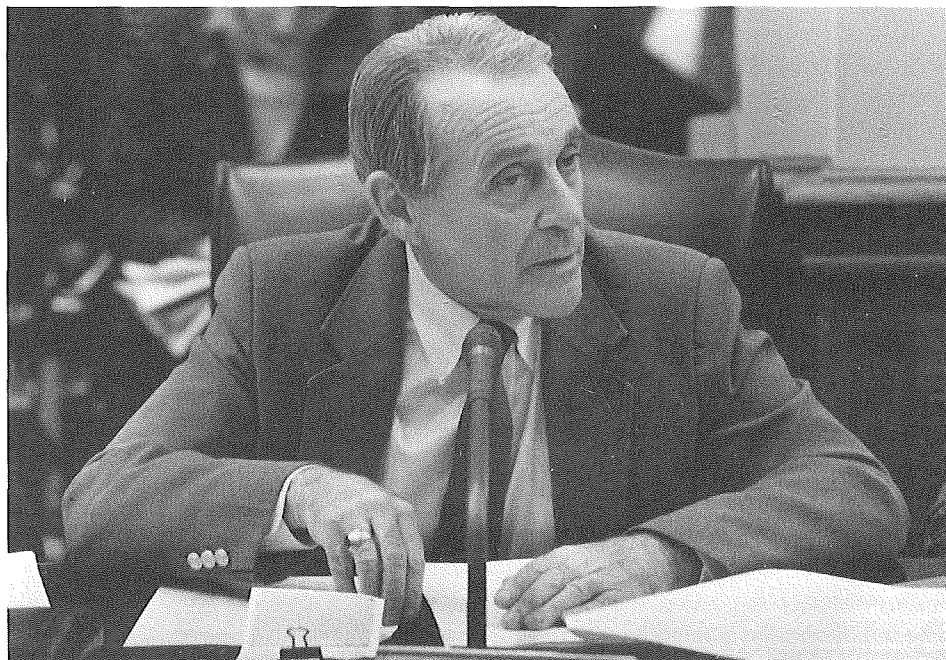
Talk to some of the proponents of the hunting and fishing amendment, and you'll be told that the hunting and fishing rights of Minnesotans are in jeopardy. "There have been attacks on hunting all over the United States," said Sen. Bob Lessard (DFL-Int'l. Falls), author of the amendment. "All you have to do is look here in Minnesota, and look at the court cases that we've had. I can give you a

litany of initiatives all over the country," said Lessard.

Chap. 392 proposes to add an amendment to the Minnesota Constitution, affirming that hunting and fishing and the taking of game and fish are a valued part of our heritage. The proposed amendment, to be submitted to the electorate at the 1998 general election, reads as follows: "Shall the Minnesota Constitution be amended to affirm that hunting and fishing and the taking of game and fish are a valued part of our heritage that shall be forever preserved for the people and shall be managed by law and regulation for the public good?" Lessard, a fishing and hunting outfitter, said that he has been working on the issues of hunting and fishing rights ever since he first came to the Senate in 1976. "Minnesota has a tradition second to none in the country. Per capita we have more fishing licenses than any other state, and I think it's the same for hunting. What I want to do is to give people the Constitutional right to hunt and fish, a right that won't be taken away from us through the Legislative process," he said.

Although the original Senate bill referred to the "right" to hunt and fish, the House version of the bill referred to the activities as a "privilege." The conference committee that dealt with the two versions of the bill reworded the compromise version so that neither word is used. Lessard said that the language agreed upon in the conference committee doesn't dilute the power of the amendment at all, and may in fact be an improvement. "There's been a lot of discussion over the use of the words 'right' or 'privilege.' If you look at the amendment as it is now, it's stronger than it ever was, because it says that hunting and fishing have been a tradition which shall forever be preserved, so the implied meaning is that we've always had the tradition," said Lessard.

Sen. Ellen Anderson (DFL-St. Paul)



Sen. Bob Lessard



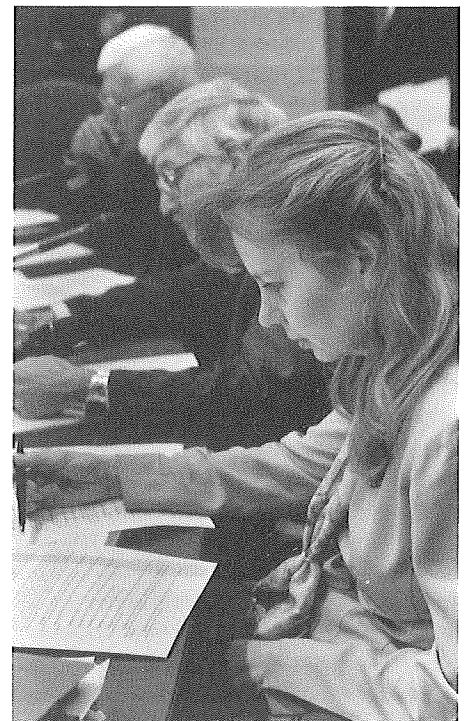
Voters will have the opportunity in November to amend the Minnesota Constitution to affirm that hunting and fishing are a valued part of Minnesota's heritage and shall be forever preserved.

agrees that Minnesotans should have the right to hunt and fish, but sees a clear distinction between supporting such rights statutorily and offering a Constitutional amendment. "I support the right of people in Minnesota to hunt and fish, but I don't support putting it in the Constitution. The Constitution is a pretty unique document, and should be reserved for enduring parts of our democratic life," said Anderson, an attorney and college instructor.

"I think the amendment sets a dangerous precedent," she said. "Who knows what other interest group will come forward and say 'we want our pastime to be put in the Constitution.' I use some silly examples, like the right to play croquet, or to collect stamps, but there are other things that could come along that people could argue need protection," Anderson said. When the proposed amendment was being debated on the Senate floor, Anderson did offer an amendment to add

the right to clean air and water to the Constitutional amendment. "Those rights are really more significant to every person in the state of Minnesota, and are worthy of permanent protection. They really sort of underlie hunting and fishing. If you really want to care about our natural resources, then you have to protect them, and it seemed to me that the first step is to make sure you have clean air and water," Anderson said. She noted that if the rights to clean air and water would have passed, she could have supported the Constitutional amendment. Clean air and water, she said, might be worthy of Constitutional protection, because they are so critical to life.

Lessard notes that a distinction should be drawn between clean air and water, which everybody pays to protect, and hunting and fishing, largely paid for by those involved. "No one in Minnesota is going to say they don't want clean air or water, as opposed to these anti-



Sen. Ellen Anderson

hunting groups, that say 'we don't believe you should hunt,'" he said. "All the taxes that we pay for fishing tackle, for shotgun shells, and the like goes back into habitat, and to protect the very resource that we're hunting. We're talking about billions of dollars at the national level. If it hadn't been for the sportsmen and women of this state, our wildlife habitat just wouldn't be what it is. We're the ones who are paying the bill. I'm saying that we want to pay the bill, but in order to do that, to hunt, we have to have the Constitutional amendment," said Lessard.

Sen. Pat Pariseau (R-Farmington), another proponent of the proposed amendment, sees it as a more effective means to pursue hunting and fishing protections than through ongoing statutory channels. "It bothers me that even though laws have been changed or strengthened, assuring people that they can continue to legally hunt, fish, trap or gather, we still have people who want to break the law and say that people don't have the right," she said.

"I think the proposed amendment is something that the bulk of our citizens believe in and I see it as something to ensure that they have a chance to express their opinions on it," said Pariseau. "I don't think there is any other way to allow a total expression of their opinions, except through a vote on the amendment," she said.

Whereas Lessard and Pariseau said they still strongly supported the wording of the Constitutional amendment as it came back from conference committee, Anderson said that she worries about some of the implications of the revised wording. "I don't think anyone really knows what the amendment's implications are. The final language that was agreed to was so vague, and kind of unusual for Constitutional language. I don't think anyone knows what the Constitutional significance really is, or whether it could be used to throw out existing laws," said Anderson.

Anderson said the amendment might even have the opposite effect of what was intended. "Say in the future that certain species of game are endangered. Are we going to say by the Constitutional amendment that you cannot limit hunting? And perhaps the reverse could be true. Based on the language that actually passed I think it could suggest that you could really limit hunting and fishing in order to preserve it," she said.



Sen. Pat Pariseau

"In the end it comes down to the possibility of endless litigation. Regardless of how the agencies interpret it, it's likely to be fought out in court in the end, and so I think that's another downside to it," said Anderson.

Should lottery proceeds continue to be dedicated to the environment and natural resources trust fund?

Originally established in 1988, the environment and natural resources trust fund was created as a permanent source of

revenue for long-term environment and natural resources protection and restoration projects. Minnesotans voted in 1988--by a margin greater than three to one--to allow the Constitutional dedication of 40 percent of Minnesota's net lottery proceeds to the fund to provide, for the first time, a constant source of funding for such projects.

Because the fund is set to expire Dec. 31, 2000, efforts were taken to renew the dedication of the fund. Chap. 342, authored by Sen. Steven Morse (DFL-Dakota), proposes extending the dedication of the fund until the year 2025.

"The idea with the environmental trust fund is to spend money on projects, research and education that will, over time, pay back and produce dividends for the state of Minnesota. We do a lot of long-term research, a lot of monitoring, projects that are very important to the long-term viability of Minnesota and protect different resources," said Morse. "Otherwise we think those projects would often get overlooked. The fund sets up a source of money for just this purpose," he said.

Morse said that the reason for dedicating the funds, rather than appropriating funds on a yearly basis is that it is the type of investment the Legislature has a hard time doing, "because the payoffs are not always very visible." "What happens so many times when budgets get tight, and there are a lot of competing demands on the table, is that there tend to be cycles in which we consider



Sen. Steven Morse



Chap. 342 proposes an amendment to the Minnesota Constitution extending the dedication of a portion of net proceeds from the state lottery to the Environmental Trust Fund until the year 2025.

different issues. This year we looked at feedlots, a few years ago we looked at wetlands, and nine years ago we looked at

groundwater. We then develop major initiatives. In between, other than those major initiatives, it becomes very difficult

to focus resources on some of the long-term issues. We tend to respond to emergencies--the Legislature is a very reactive organization," said Morse. If the Constitutional amendment does not pass, the fund will stop receiving lottery receipts in the year 2001. Any growth of the fund would result from appreciation in the fund's value, under the direction of the State Board of Investment, through appropriations made by the Legislature, or any donations received.

Projects undertaken with trust fund monies are recommended by the Legislative Commission on Minnesota Resources (LCMR), after statewide meetings are held biennially in order to solicit initial proposals. First created in 1963, the LCMR exists to make funding recommendations to the Legislature for special natural resource projects. Membership in the LCMR consists of 16 Legislators recommended by their peers, 8 appointed from each body of the Legislature.



Sen. Dan Stevens

The trust fund was created in 1988, the same year as the Minnesota State Lottery, and receives 40 percent of the lottery's net proceeds, after prizes, taxes, and administrative fees are taken out. The other 60 percent of lottery net proceeds are put directly into the general fund. The net proceeds of the lottery currently average 18 cents on every dollar the lottery receives. Most of the lottery proceeds--58 cents of every dollar, is paid out as prizes; the balance goes for sales tax, retailer expenses, and administrative costs.

The market value of the fund in March of 1998 was \$226.9 million, and since 1992 the fund has been receiving roughly \$24 million a year from the lottery. Total appreciation in the value of the fund, through the direction of the State Board of Investment, has been \$69.4 million since inception.

If Minnesotans going to the election booth in November vote to accept the second half of the Constitutional amendment, which proposes to maximize the earnings of the fund by changing investment allocations, some of the investments in which the board can invest may change.

"The basic idea is to separate the investment decisions from the spending decisions," said Morse, "because now our investment policy is driven at least in part by the Legislators and the interest groups interested in getting money to spend now. This adopts an approach that allows the State Board of Investment to invest the money as they see fit for the long-term total rate of return. However, it will not unduly restrict the amount of money that can be spent on an annual basis," he said. Essentially, said Morse, the board will most likely invest more in stocks and less in cash accounts.

Morse said that he introduced the bill changing the investment strategies last year, but the Legislative Auditor recommended the same changes just this year. "The Legislative Auditor's Office looked at my bill and said that this is the direction that endowments are going to across the country," said Morse. "Legislative or state trust funds are just starting to move in this direction, but in the investment community it's uniformly accepted as wise. The Legislative Auditor came out and backed the changes this year so it was really a slam dunk with their support," he said.

Although Chap. 342 received almost

unanimous support from Senate members, dissenting votes were cast. One of those votes belonged to Sen. Dan Stevens (R-Mora). "I wanted to lodge this protest vote against the continuation of the dedication of the dollars from gambling to the trust fund," said Stevens, noting that he was only one of four in either body to vote against the measure. "The reason is that quite honestly the LCMR has become nothing more than a way for members of that commission to distribute goodies to their favored districts in the state of Minnesota," said Stevens.

"I sincerely believe that the utmost concern that people have in the environment in Minnesota today is clean water... our surface water and our groundwater," said Stevens. "I don't think the majority of Minnesotans realize that the dollars expended from the fund through the LCMR are actually going to the areas of recreation. That's not what my constituents understood that the fund was to be used for. They thought it was to be used for things so that our children and grandchildren could also experience a better environment and a safer and cleaner environment," he said.

Currently, 12 percent of the fund's distributions have been allocated to water resources projects, for pollution prevention, and research and restoration of aquatic resources. Distributions for recreation total 41 percent, and have been used for park and trail acquisition or improvement. Other distributions are used for fish and wildlife habitat, environmental education, natural resources information gathering, and agricultural projects.

"I don't want to go too far and say that we should use this money in the area of infrastructure and wastewater treatment, knowing full well that we have \$1.2 billion worth of needs in the next five years in that area," said Stevens. "If we spent the entire fund it wouldn't get us that far, but I think we can look at some of the design and predesign assessments as being good expenditures for the LCMR. I'm going to ride hard on the fact that the greatest expenditure is recreation, and that is not an appropriate expenditure for an environmental trust fund," he said.

A co-author of Chap. 342 and LCMR member, Sen. Dennis Frederickson (R-New Ulm) is satisfied with the allocation of fund monies. "I think we have a good balance of programs now, and I don't want to see it expanded

to areas like wastewater treatment, because I think it would jeopardize so many other environmental programs that we accomplish with the fund," said Frederickson.

"Using the funds for wastewater treatment would be counterproductive. There is this perception that lotteries generate a huge amount of money, and while it is a fair amount of money, it's not the huge amount that people envision. If you dedicate that money to a specific purpose then the public perception grows that you don't have to worry about the program anymore because it's getting all the lottery funds," he said. "If we started spending environmental trust fund monies for wastewater projects the money would not go very far in meeting the need, and the money would just be consumed by that one purpose," said Frederickson.

LCMR fund documents state that statutory guidelines existing for the fund prevent monies being spent as a substitute for traditional sources of funding for environment and natural resources projects, but allow the support of those sources. Projects specifically prohibited include environmental liability and response compensation, municipal water pollution control, or hazardous or solid waste disposal.

"There's nothing in the Constitution that says the money cannot be used for municipal wastewater," said Morse. "However, I think that the present law makes sense, because the fund is designed not to take care of problems of the past,



Sen. Dennis Frederickson

or not to take care of our basic responsibilities in dealing with our own waste and the environment, but to try to step ahead and look more long-term, and spend in a way that there's a long-term payback the results of which will become evident over a long period of time. I look at the wastewater treatment as something that we as state and local governments ought to be providing as an ongoing responsibility.

Should the Office of State Treasurer be abolished?

Chap. 387 proposes to amend Minnesota's Constitution to abolish the treasurer's office in January 2003.

Author of the proposed amendment, Sen. Deanna Wiener (DFL-Eagan), said that the idea for removing the office has been circulating since the 1940's. "It's not a new idea," said Wiener. "Over the years the duties of the Office of the Treasurer have pretty much disappeared, or been reassigned to other appropriate agencies such as the Dept. of Finance," said Wiener.

If the proposal is accepted by those voting in November, the new law requires the treasurer, in consultation with the Dept. of Finance, to study the issue of transferring the remaining powers, duties, and responsibilities of the treasurer, and recommend to the Legislature the appropriate agency or constitutional office to receive them. The treasurer may also recommend, by Jan. 15, 2000, any conditions that should govern the transfer.

"It's been a recommendation of various studies to either abolish the office or combine it with another," said Wiener. "I believe that the treasurer's office is obsolete and unnecessary, and the remaining functions can be done elsewhere," she said.

The treasurer is one of Minnesota's six constitutionally established offices, the others being the governor, lieutenant governor, secretary of state, state auditor, and attorney general. As chief financial officer for the state, the treasurer's duties include providing a system of checks and balances in the state's financial affairs, maintaining sound cash management, and formulating policy for cash control, pension investment, and public lands. Since the early 1970's however, many of the office's duties have been transferred to other departments.

Wiener said there is no danger



Sen. Deanna Wiener

involved, in this case, in removing a constitutionally protected office. Although having a treasurer who is directly elected by the citizens provides a direct form of accountability to the voters, eliminating the office would increase the accountability overall within the executive branch, if responsibility for the treasury functions are placed directly under the control of the governor.

"It's an opportunity for us to reform and streamline, in a small way, the size of government," said Wiener. Opposition to the proposed amendment was voiced by Sen. Steve Novak (DFL-New Brighton), who voted against the measure when it was heard on the floor. Novak admits that the abolishment of the treasurer's office isn't of overriding concern. He does say that the issues underlying the abolishment, including the cost savings and the consolidation of executive power, are worthy of consideration.

"People are arguing for the abolition of the office on the basis of saving money, but if we look at this three to five years from now and watch what happens, it will cost the same or more," Novak said. "In some small incremental way, this is just another example of the consolidation of power through the executive branch of the governor," said Novak. "That's one of the things that bothers me, everyone sort of jumping on the theme of streamlining and reducing government. We've been attempting that for about six or

eight years, and a lot of what we've done hasn't created that result," he said. Novak admits that the chances for the Constitutional amendment's passage are good. "Since a lot of people running for the office are running on the platform of abolishing it, hopefully that will enhance the discussion of what the office shouldn't do. I think it would be interesting if someone raised the opposite question, which is, under a redesigned office, what duties might be appropriate for the office," said Novak. He said that he would prefer to see a re-examination of the treasurer position, in the context of what might be an appropriate expanded role.

"I don't see great additional value in enhancing the power of the governor's office, which is already in this modern era the most powerful branch of government," said Novak.

History of recommendations on the Office of the State Treasurer:

- Constitutional study commission (1948): Recommended that the Legislature appoint the state treasurer.
- Efficiency in government commission (1950): Recommended abolishing the state treasurer and transferring duties to the Dept. of Administration.
- Governor's council on executive reorganization (1968): Recommended abolishing the state treasurer and transferring the duties to the Dept. of Administration.
- Constitutional study commission (1972): Recommended abolishing the state treasurer, and transferring duties elsewhere.
- Governor's task force on constitutional officers (1984): Recommended abolishing the state treasurer, and transferring the functions to the Dept. of Finance.
- Commission on Reform and Efficiency (CORE-1992): Noted that it might be possible to fold the treasurer's duties into those of the proposed Secretary for Finance, but did not make specific recommendations.



Light rail transit gets the go-ahead

by Amy Snow Landa

The Twin Cities will face a dramatic increase in traffic congestion over the next twenty years, as the population continues to grow and the Metro Area road system hits its limit of expansion. As a result, state legislators and transportation officials have felt growing pressure to provide better transit alternatives to Twin Cities commuters. With the number of bus riders in the Twin Cities remaining consistently low, light rail transit (LRT) has been promoted for several years as the solution to getting commuters out of their cars and on to public transportation. But the high cost of constructing a light rail system, and disagreement over its implementation, stood in the way of a state investment in light rail. And so while two-thirds of the

country's major urban areas, including Dallas, Portland and Denver, have built LRT systems, buses continue to be the Twin Cities' only mode of public transportation.

This year the impasse over building a light rail system came to an end, however, when the Legislature passed a capital improvements bill appropriating funds for construction of the Twin Cities' first light rail line. The bill appropriates \$40 million to the Minnesota Department of Transportation to begin building a light rail line in the Hiawatha Corridor in Minneapolis, and \$6.5 million to study expansion of the rail system into St. Paul and other corridors.

Light rail transit, a street-level train system powered by overhead electrical wires, serves urban-suburban commuter markets with short distances between

stations. Running along a dedicated transitway, light rail trains travel quickly, having the right-of-way at traffic crossings where signals are coordinated to let them pass through without stopping. The LRT line in the Hiawatha Corridor will run about 11 miles, from the old Milwaukee Depot in downtown Minneapolis along Hiawatha Avenue to the Veterans' Administration Hospital, then to the Minneapolis-St. Paul International Airport in Bloomington, on to the Mall of America, and ending south of the Mall in southern Hennepin or northern Dakota County. Along the Hiawatha Corridor route there will be about fifteen stations, with adjacent park-and-ride facilities. The line will be built by the Minnesota Department of Transportation, but will be owned and operated by the Metropolitan Council. The Met

Council estimates the line will attract 21,300 riders a day and cost between \$6 million and \$9 million per year to operate.

Design and construction of the Hiawatha Corridor line is expected to cost about \$400 million, with the state appropriating \$40 million this year in anticipation of \$200 million in federal matching funds. Another \$100 million will come from local sources, including Hennepin County and the city of Minneapolis. Hennepin County has already spent \$30 million on corridor preparation. An additional appropriation of \$60 million is expected from the Legislature in a future bonding year. For more than two decades, light rail transit in the Twin Cities has been the subject of repeated study, debate and proposals. This year, several Senators expressed their determination to get beyond the study of light rail to its actual construction, including Sen. Dean Johnson (R-Willmar). Johnson, a member of the Transportation Committee, said "I thought, if we have one more study of light rail, I can't stand it."

Despite the contentiousness and disagreement over light rail in the past, this year funding for LRT construction rode a fast track through the Legislature. Approved by the Senate Transportation Committee, the LRT appropriation was included in the bonding bills of both bodies, survived conference committee, avoided a line-item veto by the governor -- all with little debate of the pros and cons of light rail.

At the beginning of the 1998 legislative session, the chances that the Legislature would provide funds for LRT construction didn't look promising. The governor's bonding proposal did not include funds for light rail. Instead, the governor had expressed his support for a joint Metropolitan Council and Department of Transportation proposal to build a dedicated bus way in the Hiawatha Corridor. The proposed bus way, with a projected cost of \$44 million, was designed so it could later evolve into a light rail line.

But despite a lack of support for light rail transit from the administration, Sen. Carol Flynn (DFL-Mpls.), chair of the Transportation Committee, authored a bill appropriating \$100 million to the Department of Transportation for construction of an LRT line in the Hiawatha Corridor, and \$6 million for grants to



Sen. Carol Flynn

county regional rail authorities to match federal funds for the study of light rail and commuter rail lines in other corridors.

Among members of the Transportation Committee, there was strong support for the light rail proposal, with several factors coinciding this year in its favor. The most significant factors that weighed on the side of light rail funding this year were the unprecedented availability of cash at the state level, the likelihood of receiving matching funds from the federal government, and significant agreement

on the need for the light rail line among the Metropolitan Council, Hennepin County, and the Minnesota Department of Transportation. It also didn't hurt that after many years of studying and discussing the benefits and drawbacks of light rail, many legislators were eager to finally go ahead with the project this year, especially given the opportunity presented by the state budget surplus and the likelihood of federal matching funds. The state's projected \$1.9 billion budget surplus, the largest budget surplus in the

history of the state, certainly made it easier to provide the funds for an expensive project such as light rail. But the budget surplus also happens to coincide this year with an offer from the federal government of \$200 million in matching funds for the light rail line, on the condition that the state contributes \$100 million.

The Hiawatha Corridor project is expected to be authorized by this year's federal transportation authorization bill, recently passed by Congress. The six-year

authorization act, known as the Transportation Equity Act for the 21st Century (TEA-21) authorizes mass transit, road maintenance and highway projects to receive federal funds. The Hiawatha Corridor project is named in the bill to receive authorization.

If the bill is passed and signed by the president, the matching funds then have to be approved by the appropriations committees of each body. Several members of Minnesota's congressional delegation are in key positions to affect

federal transportation spending, including Rep. Jim Oberstar, the ranking Democrat on the House Transportation and Infrastructure Committee, and Rep. Martin Sabo, the ranking Democrat on the House Appropriations Committee. Flynn said members of the Minnesota Congressional Delegation were "practically guaranteeing" \$200 million in federal matching funds for the Hiawatha Corridor project. "And why wouldn't you put together \$100 million to leverage \$200 million?" asked Flynn.

In addition to the availability of cash at the state and federal level for light rail transit there was strong support for the light rail initiative among local officials, transportation planners, and business and labor leaders. There was heavy lobbying of state legislators by Hennepin County Commissioner Peter McLaughlin and other county officials on behalf of funding for the light rail line. Hennepin County also led the lobbying effort in Congress for this year's federal transportation spending bill to include matching funds the Hiawatha Corridor line.

The line also had the support of Curt Johnson, the chair of the Metropolitan Council. Johnson, once a leading voice of light-rail opponents when he led the Citizen's League, is now a light rail advocate, and lobbied legislators this year to support LRT funding.

This year, for the first time there was also significant agreement at the local level about where the first LRT line should be constructed. Regional rail authorities at the county level reached an agreement that the Hiawatha Corridor should be the first light rail line in the Twin Cities, with the understanding that light rail would later expand to other lines.

Added to the cooperative push by local government entities on the light rail line's behalf, was the strong support of the Twin Cities business community. Representatives of the Minneapolis Downtown Council, the Capital Cities Partnership in downtown St. Paul, the Mall of America, as well as the Minnesota AFL-CIO, testified to the Transportation Committee on behalf of spending for the light rail line. They told the committee that keeping the Cities positioned as business and employment centers requires a dramatically improved public transportation system and that a



Sen. Dave Johnson

light rail system is a key component. While there was general agreement on the need to go forward with light rail among members of the Senate Transportation Committee, the two Senators from Bloomington who serve on the committee expressed concerns about how the light rail line will impact the city of Bloomington and its residents. The southern end of the line will thread through Bloomington from the airport to the Mall of America. The Department of Transportation's initial plan for the line set the terminus of the line at the Mall of America, which Sen. Dave Johnson (DFL-Bloomington) and Sen. William Belanger (R-Bloomington) said they opposed. The two Senators said they were concerned that the terminus would turn the Mall into a big park-and-ride facility for commuters from the southern suburbs going to downtown Minneapolis. They said the Mall parking lot doesn't have the capacity to handle additional use by commuters and that if it became a park-and-ride there would be even more traffic congestion in nearby neighborhoods which already endure heavy congestion from traffic to the Mall. Johnson, who represents East Bloomington, said it made more sense to extend the line past the Mall of America. "Why not continue the light rail line over the Cedar Avenue Bridge and into Eagan so that people can truly use it for daily commuting?" he asked.

Because of the major impact the light rail line will have on Bloomington, Johnson said the residents and business owners near the line should have input in the decision-making process about how light rail construction will be implemented. A project management committee will direct the design and construction of the Hiawatha Corridor, with members from the Transportation, the Met Council, Hennepin County, Minneapolis, Bloomington, the University of Minnesota, and the Metropolitan Airports Commission. As a result of Johnson's and Belanger's concerns that Bloomington residents' input be included in the decision-making process, the Senate Transportation Committee included with the appropriation for light rail a provision that directs the project management committee to establish an advisory committee consisting of residents and business owners in the area around the planned corridor, and the elected officials who represent them.

Johnson said "Sen. Belanger and I were given assurances that we would be part of the process, that our citizens would have some input on this, and that the city of Bloomington's taxpayers would not have to bear an additional tax burden to make this happen. And it was on that basis that we did not object to it."

The appropriation in Flynn's bill of \$106 million for Metro Area transitways, including \$100 million for the light rail line along the Hiawatha Corridor, was approved by the Transportation Committee. However, the Transportation Budget Division, chaired by Sen. Janet Johnson (DFL-North Branch), reduced the appropriation to \$56 million, with \$50 million for light rail. The \$56 million for transitways in the Twin Cities was included in the division's capital budget recommendations that were sent to the State Government Finance Committee, where it was approved for inclusion in the Senate capital improvements bill.

On the House side, Rep. Alice Hausman (DFL-St. Paul) sponsored the companion bill appropriating \$106 million to Metro Area transit ways. The appropriation was approved by the House Transit and Infrastructure Committee and the amount was similarly reduced to \$56 million, with \$49 million for the Hiawatha Corridor line, when it was included in the House version of the capital improvements bill. On the House floor there was an attempt to strip the light rail appropriation from the capital improvements bill, on the grounds that the \$49 million is just an initial down payment for a total investment that is likely to grow much larger, but the motion was defeated.

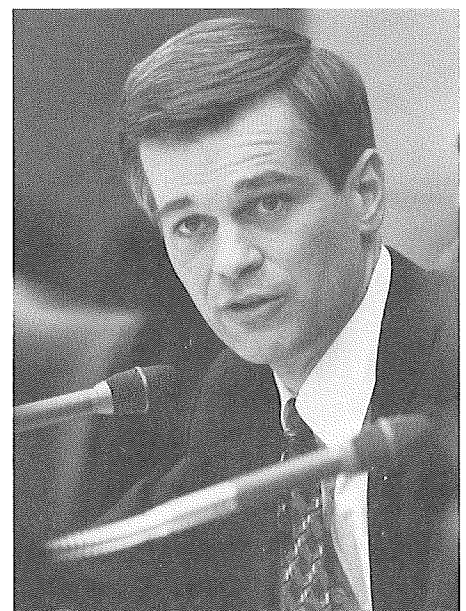
The only Senator to raise objections on the Senate floor to light rail funding was Sen. John Marty (DFL-Roseville). Marty offered an amendment to a separate bill sponsored by Flynn dedicating 25 percent of the revenue from the sales tax on vehicles to a special transit fund that could be used for transit purposes, including operation of the light rail system. Marty's amendment would have delayed spending on light rail construction until the Met Council could present official findings that building a light rail line in the Hiawatha Corridor is the most efficient means of increasing transit ridership, and reducing traffic congestion and urban sprawl. The amendment was defeated on a voice vote.

Marty said he questioned whether

putting \$400 million into one light rail line is actually the best investment that can be made in the Twin Cities transit system. "We're putting all our eggs in this one basket, for this one line. And I think that could be a big mistake," he said. For less than \$400 million a lot of improvements could be made to the Metro Transit bus system to increase ridership, according to Marty. For example, he said, reducing bus fares to just a quarter in the entire Metro Area would double bus ridership at a cost of only \$33.2 million a year. According to Marty, for the kind of money that will go toward light rail, there could be a substantial investment in making the bus system more convenient, clean and reliable, and therefore more attractive to commuters, and expanding the number of bus routes to provide service to more riders. He said people who don't live along the Hiawatha Corridor will see little benefit from the light rail line.

Light rail proponents said that while the cost of building a light rail line is high, operating light rail is actually cheaper than bus operations on a per-passenger basis. Also, the Hiawatha Corridor and any other light rail lines that are built, will be designed to augment the existing bus system. The line will connect to bus feeder lines, thus serving as the spine of an integrated transit system.

The governor has long been skeptical of the feasibility of light rail transit in the Twin Cities. His concern has been that the operating cost of light rail could



Sen. John Marty

skyrocket in the future and that if the number of daily riders isn't sufficient to cover the operating cost, the burden could fall on local property taxpayers. Currently, property taxes pay 45 percent of the cost of operating the transit system. But in April the governor announced that he will sign the legislation providing funds for light rail construction if he had assurances that local governments will assume any extraordinary costs of operating the light rail line. At that point, the Senate had passed Flynn's

proposal for a constitutional amendment to dedicate 25 percent of the vehicle sales tax revenues to transit, including light rail, in an effort to replace the property tax as a transit funding source, but its companion bill died in the House.

In the bonding conference committee, the appropriation for the Hiawatha Corridor line and other transit ways in the Twin Cities survived but was slightly reduced, from \$56 million in Senate and House versions of the capital improvements bill to \$46.5 million in the final

bill. The appropriation includes \$40 million for the planning, design, engineering, and construction of light rail in the Hiawatha Avenue Corridor, and \$6.5 million to study its expansion into other corridors.

The conference committee included language in the bill's description of the Hiawatha Corridor which does not mention the Mall of America as a stop on the line, in response to Belanger and Johnson's concerns that the Mall would become a park-and-ride for commuters. Instead of the Mall of America, the bill says there will be a stop at the site of the former Met Center or surrounding area, and the terminus of the light rail line will be in southern Hennepin or northern Dakota County. The committee also included the Senate provision requiring the establishment of an advisory committee of Bloomington residents, homeowners and elected officials to give input on light rail implementation to the Hiawatha Avenue corridor management committee. Belanger said he and Johnson both signed off on the bill and that they are satisfied the language addresses their concerns.

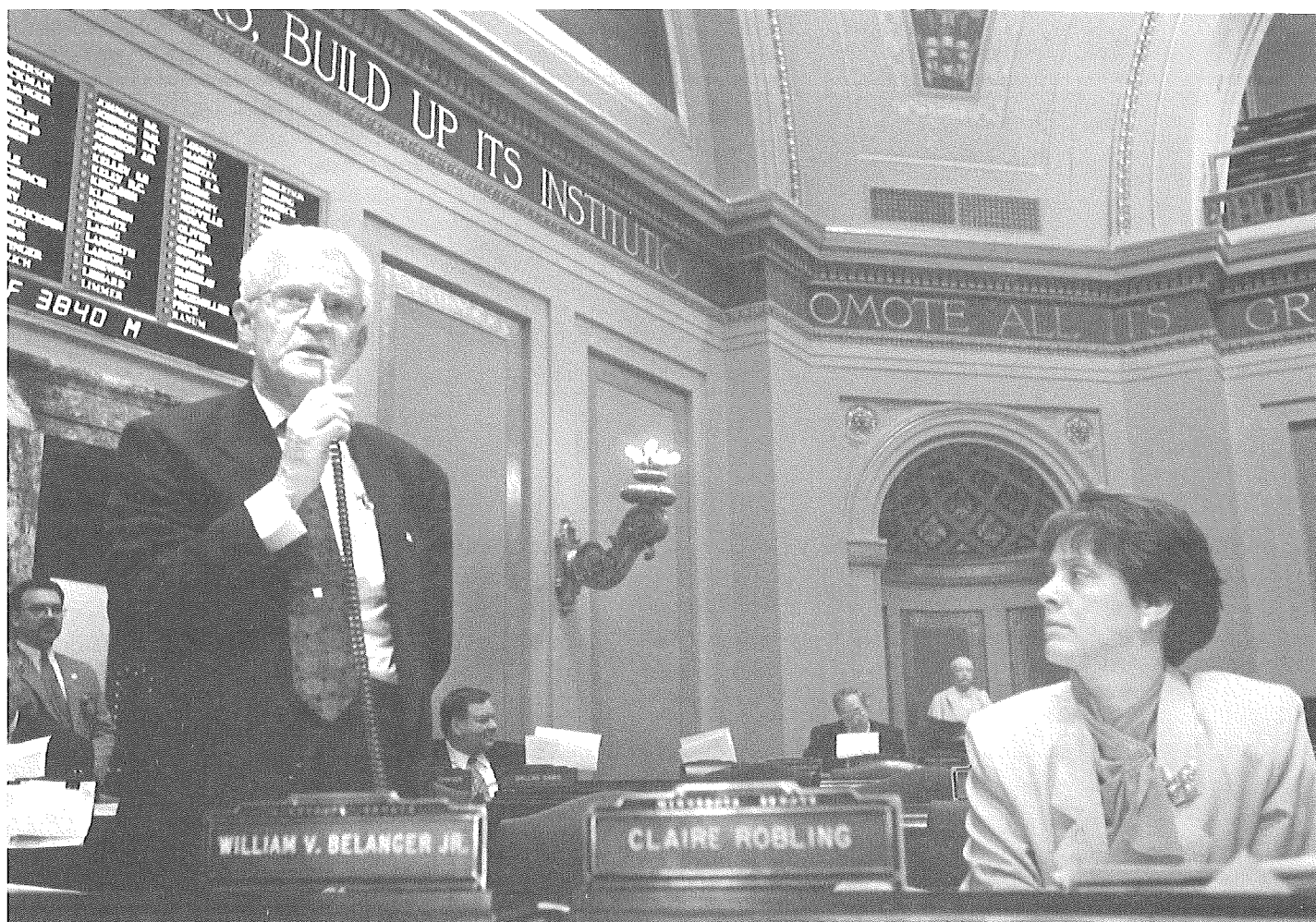
In addition to appropriating \$40 million for the Hiawatha Corridor, the bill distributes \$6 million in grants to county regional rail authorities to study the feasibility of light rail and commuter rail lines in various corridors, such as the Riverview corridor between East St. Paul and the airport, the Northstar corridor between downtown Minneapolis and St. Cloud, and others.

The capital improvements conference committee report was approved by the Legislature and signed by the governor in April. Approval of state funds is only the first step in moving toward a new era of light rail transit in the Twin Cities. The Minnesota Department of Transportation will now proceed with the planning and design of the light rail line in the Hiawatha Corridor. Construction of the line is expected to take at least five years. The next corridor to be developed will be the River View Corridor from downtown St. Paul and the airport.

Although there is still a long way to go before the vision of a light-rail system is realized, the Legislature took the first step this year. Reflecting on the long years of effort that led to this year's successful passage of light rail funding, Flynn said, "After all these years of trying, it's just a delight to be able to say we did it."



Sen. Janet Johnson



Sen. William Belanger describes some of the provisions in the omnibus tax bill, H.F. 3840, to colleagues.

The \$1.9 billion question:

Give it back or invest in the future?

by Ron Hebensperger

Can things get any better? The Dow-Jones Industrial Average passed the 9,000 mark and appears to be heading nowhere but up. Consumer confidence is at an all time high and inflation is nearly nonexistent. Jobs are plentiful -- so plentiful that many businesses are having difficulty finding people to fill them. As if all this good news isn't enough, Minnesota received great news on its budgetary health late last Fall: the November 1997 revenue forecast projected a \$1.3 billion dollar surplus. A subsequent forecast in March of 1998 predicted another \$600 million addition to the state's balance sheet. So what's

the source of revenue above and beyond the budgetary needs of the state?

"It's wholly centered around the economy," said Sen. William Belanger (R-Bloomington), the ranking Republican on the Senate Committee on Taxes. Belanger explained that in Minnesota, "We've got people working who haven't been working, and that's generating more income. The surplus mainly comes through the income tax." He added that the situation is not unique to Minnesota, but is happening nationally. "Most states are running surpluses," he said.

Belanger explained how there can be such a disparity between the most recent revenue projection and the budget as originally set during the 1997 Legislative

Session. He said that the state uses data collected by Standard & Poors DRI, an economic forecasting firm, to predict future cash flow. He said that the firm looks at what's happening and makes a conservative estimate of future economic activity. In turn, the Legislature uses that information and makes a conservative estimate of state revenues when setting the state budget. However, Belanger added, "if people feel good, and the economy takes off, and businesses are expanding, the feds aren't doing any kneejerk reactions like increasing the interest rates, or anything like that and inflation doesn't seem to be going up, then the economy performs better than expected and we become a beneficiary."



Sen. Keith Langseth

News of the surplus played prominently in the media before the Legislature convened for the 1998 session, prompting myriad suggestions on what to do with the money. Some members of the public claimed that the surplus resulted from overtaxation and called for the entire amount to be rebated to the taxpayers. While the Legislature did pass a \$500 million property tax rebate as part of the omnibus tax bill, H.F. 3840, the Legislature saw the surplus as an opportunity to invest in the growing infrastructural needs of Minnesota.

Sen. Keith Langseth (DFL-Glyndon) agreed that the surplus is a result of the healthy economy. "It's the economy that's bringing in the extra

money," Langseth said. He said that the same tax rates were in effect in previous years when the state's budget was coming out even.

Langseth said that spending the money on projects is a way of giving the money back to Minnesotans. "Call it spending -- and it is -- but it is giving it back to the communities," Langseth said. He cited the local bridge fund, an annual appropriation that goes to counties and townships, as an example of the kind of spending that benefits taxpayers. Langseth said that in recent years, the Legislature appropriated between \$8 and \$12 million to the fund. However, in 1998, the Legislature tripled the amount to \$34 million. "That's giving it back to the people who need

bridges -- and that will be all over the state of Minnesota," Langseth said. "I think a lot of people would say 'yeah, I would rather that we upgrade our infrastructure, upgrade our sewer systems, upgrade our bridges, that type of thing,' rather than the one-time cash back," Langseth added.

Langseth believes that by pooling the money that could have been given back to individuals as rebates, a community can help itself grow. He cites a sewer treatment plant for the town of Hawley as an example. Langseth said that Hawley has an opportunity to grow because of its proximity to the Fargo-Moorhead area, but the Pollution Control Agency prohibited a new housing development in Hawley because their current wastewater treatment system is inadequate. Langseth said that if the town would have gone through the normal process to get funding for a new wastewater treatment plant, it could have taken about six years. "They would have just stood still," he said. Instead, Langseth was instrumental in obtaining a \$1.3 million appropriation for a sewer system for Hawley. "What's most important to the citizens of Hawley," Langseth asked, "a one-time give back, or something that will allow their town to grow?" He said that to the citizens of Hawley, the sewer system appropriation was giving the surplus back.

Sen. Gary Laidig (R-Stillwater) agreed that despite a perception to the contrary, the surplus is not a result of overtaxation, but conceded that the Legislature did not do a very good job of explaining the origin of the surplus. Laidig raised the issue of the difficulty in deciding how to rebate the surplus. He said that the rebate could be based on property taxes because it's the most onerous or regressive tax. The problem with a property tax-based rebate though, Laidig said, is that a disproportionate share goes to people with high incomes. Laidig doesn't accept the argument that the surplus resulted from overtaxation and should all be rebated directly to taxpayers. "If you argue that we're overtaxed, then when we have a deficit, shall we automatically invoice every taxpayer an amount of money?" he asked.

Instead, Laidig said, the Legislature attempted to figure out what proportion of the surplus to return through a rebate, and then looked at what kind of opportunities for investment the extra money presented. He said that during the lean

years, many things that the state should have been investing in were neglected. But suddenly, the surplus set up a conflict between taxpayers who wanted it back and others who demanded improvements to the state's infrastructure. Laidig described the competing interests as a "collision of the Titans."

Indeed the Legislature did make a substantial investment in such areas as higher education and transportation through the capital budget, or "bonding" bill, H.F. 3843. Laidig, a Senate member of the conference committee on the bill, explained that part of the purpose of the capital budget bill is to maintain state assets with a project such as repairing a roof. "We have a fiduciary responsibility to insure that Minnesota taxpayers' property is maintained, and we get our fair share out of it," Laidig said. He said that if the state spends \$20 million on a new building but doesn't maintain it, thereby shortening the building's useful life, "then we've cheated the taxpayers."

Laidig was particularly pleased that among the items included in the capital budget for the University of Minnesota was a new building for the School of Architecture. He described the school's current facilities as "outrageous" and said that the Senate tried for 15 years to fund a new building for the school but couldn't get the House to support the construction project. He said that the school is important to the state's economy because of the presence of building material



Sen. Gary Laidig



The 1998 omnibus tax bill contained a \$500 million rebate that is based on property taxes.

manufacturers such as Anderson Windows and Marvin Windows. In addition, Laidig said, because Minnesota is a cold weather state, a great deal of research is conducted on cold weather building materials, and the School of Architecture can be instrumental in developing applications of those materials.

Laidig also expressed disappointment at the bill the other body brought to the conference committee. He said that the Senate worked very hard to put together a list of priority items for higher education, corrections and health care. On the other hand, Laidig said, the House "wanted to build community centers in some of the wealthiest communities in this state."

Beside deciding on what projects to fund through the capital budget bill, a larger issue faced by the conference committee was whether or not to finance the projects with state bonds, or pay with the available surplus money. Going into the conference process, the Senate position was to pay cash for the entire package. The House position, on the other hand, was to pay for all the capital projects with bond sales.

Langseth, the chief Senate conferee on the capital budget bill, likened the Senate position to the way he operates his farm. He said that in the past he borrowed for buildings and machinery, but paid cash when he had it available. Langseth said that the suggestion is often made that the state should be operated

more like a business. Likewise, he said, when businesses have the cash available, they pay for improvements up front. If they don't have the cash, but the opportunity is a good investment, Langseth said, businesses borrow for it. "Some people say this is the time to borrow because the state only has to pay four and half percent interest. But, in the future, you have to pay back every dollar of principal plus the interest, and you've got to do that through tough times as well as good times. On a twenty-year bond,



Sen. Douglas Johnson



Sen. Sandra Pappas

there are going to be some tough times," Langseth said.

The belief that cash should be used for investments when available wasn't universally held by all Senate members. Sen. Douglas Johnson (DFL-Tower), chair of the Committee on Taxes, conceded that by paying cash, future taxpayers are saved from having to pay interest on the bonds. But, he said, when the state pays for a capital improvement project such as a higher education facility at the University of Minnesota that will be used for 50 years, future students and taxpayers should contribute to the payment for that as well.

Laidig agreed with Johnson and said that's why the state sells bonds for those

sorts of things. He said that in the years to come, new Minnesota taxpayers will use state buildings to get their drivers' license or to receive a higher education. Laidig said that those people receiving the benefit of a building thirty years from now should share in paying the cost. The way they share the cost, Laidig said, is through bonding because it spreads the cost over a thirty year period. "If we pay all cash, then the taxpayers who provided revenue today pay for a building that they may never see if they don't live another twenty or thirty years," Laidig said.

Ultimately, the bonding conference committee decided to split the \$999 million package roughly in half between cash payment and bond financing for the

approved projects. However, conferees added a provision in the final agreement stipulating that if the November 1998 revenue forecast predicts a further addition to the cash surplus, up to \$400 million of it will be used instead of bond sale proceeds to finance the balance of the capital improvements. Langseth said that Minnesota may not have to sell any bonds at all for the capital projects because cash already on hand will be used for projects initiated this summer, and any project started later can use cash that becomes available after the November forecast.

The cash versus bonding division of the capital budget bill appropriations wasn't an arbitrary compromise between the House and Senate positions. The process used to determine those two amounts, according to Laidig, is to first total up all the major spending bills and the rebate and tax reduction included in the tax bill. That amount is then subtracted from the surplus which results in the amount of cash available for the capital budget bill. The difference between the total cost of the capital budget bill and the available cash is the amount that is financed with bonds. "We really were captive until the decision was made on how the tax bill was going to unfold -- how much in rebate, how much for property tax rate compression, and how it was going to be done." The remainder was how much we had for cash in the bonding bill Laidig said.

While lawmakers wrestled with how to divide the projected \$1.9 billion surplus, it must be remembered that the surplus is still just a prediction based on current tax law. The final amount won't be known until the end of the budget cycle in June of 1999. Not only will cash expenditures and the \$500 million property tax rebate from the surplus cause a reduction in the amount, so will changes in the tax rates -- and those changes must be taken into account. One such change contained in the omnibus tax bill is a compression of property tax rates. Sen. Sandra Pappas (DFL-St. Paul), chair of the Property Taxes and Local Government Budget Division, explained that tax rate compression means the leveling of the different property tax rates paid by homeowners, renters, and commercial and industrial businesses. "The people in the business community believe that (the tax rates) should be closer -- there shouldn't be such a large discrepancy

between what homeowners, renters, and commercial and industrial businesses pay," Pappas said. She said that in Wisconsin, all three categories pay the same rate of two percent while Minnesota varies the rates on those categories. Pappas said that the compression resulted in lower rates on rental and commercial and industrial property.

Under the compromise agreement on the omnibus tax bill, the tax rate on commercial / industrial property was reduced from 2.7 percent to 2.45 percent for property valued up to \$150,000, and reduced from 4.0 percent to 3.5 percent for property valued over \$150,000. Additionally, the bill reduced property tax rates on single unit residential rental property from 1.9 percent to 1.25 percent for properties valued below \$75,000, and from 2.1 percent to 1.7 percent for properties valued over that amount. Duplexes and triplexes saw a reduction from 2.1 percent to 1.7 percent, and apartment complexes with more than four units had their rate reduced from 2.9 percent to 2.5 percent in most cases. All classes of property received some reduction in tax rates.

Laidig underscored the impact of the rate compression on the surplus and said that it counts against the surplus just like an appropriation. He said that although many people called for the surplus to be given back instead of being spent by the state, he said that part of the "spending" was to reduce the commercial / industrial property tax on businesses. "We certainly could reduce spending by not doing the compression. But, when you suggest that to (business owners), they say 'well, maybe that's not a good idea.' However, spending is spending. Everyone would like someone else to sacrifice so that they get the surplus back," Laidig said.

Belanger tallied up the cost of the tax reductions at \$1.03 billion. Of that amount, the property tax rate compression cost \$427 million and the property tax rebate cost \$500 million, according to Belanger. In addition, he said, the state picked up a bigger share of K-12 education funding thereby reducing local school property taxes, reduced sales taxes and made the state income tax code fully conform to changes in the federal tax code. "For example, everyone's Roth IRAs will not be taxed," he said. "I think with the initial (November 1997) budget surplus, prior to the March addition of \$600 million, that we have returned practically all of it," Belanger said.



Commercial / industrial property tax rates were reduced by the property tax rate compression included in the 1998 omnibus tax bill.

Belanger said he doesn't believe that any reductions in the tax rates enacted in 1998 will have to be raised if the economy takes a downturn. Belanger said he constantly asked Dept. of Finance Commissioner Wayne Simoneau how much of the surplus is sustainable. Belanger said that Simoneau's answer was always \$1.1 billion. "We should not have to go back and revisit anything," Belanger said.

Johnson commented that he was particularly happy that the taxpayers got at least a billion-dollar tax cut. Looking to the future, Johnson added, "We set aside the first \$200 million of the November 1998 forecast to a tax reduction account. I'm assuming the economy is going to remain strong, that the Asian crisis won't be a severe blow, and that \$200 million will be the first part of an income tax cut in the 1999 session." Johnson suggested that the Legislature should first look at cutting the six percent income tax rate applied to everyone's income. "That tends to give equal tax relief to all taxpayers. It would be the fairest, most progressive, for middle and low income families," Johnson said. Pappas said that although the tax reductions were passed in the name of 'reform,' she questioned whether if merely cutting rates really is reform of the tax system. "So what is tax reform?" Pappas asked rhetorically. "I'd like for us to take a broader look at this whole thing," she said. Pappas said that she has put a lot of thought into property tax reform and believes that the key to success is increasing the local property tax base. She said that even though the state handles the money generated by the property tax, it really is a local tax. "It goes to local units of government, it goes to the schools, it goes to the counties, it

goes to the cities," Pappas said. She added that local governments are predominantly dependent on property taxes.

To increase the local tax base, Pappas recommends that the state use money to clean up polluted land to make it productive again and placed back on the tax roll. Another way to increase the tax base is through housing subsidies, she said. "We now have statewide housing shortages in all categories except for \$200,000 plus," Pappas said. She said that the market can't keep up with the demand and the state should intervene monetarily to make housing more available for both rental and ownership. "To have people able to buy more housing or have apartments available in your city to increase the density, builds up the tax base because there is more property paying taxes in the city," she said.

Pappas also recommended that the tax increment financing laws be examined. She said the state should look at whether tax increment financing really does build up the tax base, or is just corporate welfare for businesses that would have located or expanded into an area anyway. Pappas said that businesses apply for the assistance because it's available, not because they need it.

With the combination of spending to improve the state's infrastructure and tax reductions, Legislators used the projected surplus to keep Minnesota economically strong into the future. "It gives us the best of both worlds," said Langseth. "We can give some back in rebates and can upgrade our services and infrastructure -- put it in better shape -- which saves money in the long run. Obviously you've got to try to keep a balance, and I think we did very well," he added.

1998 Session Laws

All the bills passed by the Legislature in the 1998 regular legislative session

Agriculture and Rural Development

Chap. 373, S.F. 2414-Frederickson, H.F. 2708*-Juhnke: Provides for associations of agricultural producers; sets dispute resolution procedures; and establishes an advisory committee. Signed by governor: 4/09/98. Effective date: 8/01/98.

Chap. 394, S.F. 1181*-Moe, R.D., H.F. 349-Kahn: Provides for an industrial hemp study. Vetoed.

Chap. 395, S.F. 3409-Stumpf, H.F. 3853*-Tunheim: Provides emergency crop insurance emergency assistance; provides for neighborhood insect infestation mitigation; extends farmer-lender mediation; and modifies timber permit extensions. Signed by governor: 4/21/98. Effective date: Various dates.

Chap. 402, S.F. 816*-Dille, H.F. 2065-Winter: Provides exceptions to cruelty in transportation provisions for carrying certain animals; changes certain animal shelter requirements; and provides for alternative dispute resolution for certain matters. Signed by governor: 4/21/98. Effective date: 8/01/98.

Children, Families and Learning

Chap. 365, S.F. 2532*-Piper, H.F. 2803-Kinkel: Omnibus family and early childhood education programs supplemental appropriations. Vetoed.

Chap. 384, S.F. 3297*-Stumpf, H.F. 3569-Pelowski: Omnibus higher education supplemental appropriations. Signed by governor: 4/09/98. Effective date: Various dates.

Chap. 397, S.F. 2082*-Pogemiller, H.F. 2174-Kelso: Recodifies K-12 education statutes. Signed by governor: 4/21/98. Effective date: Various dates.

Chap. 398, S.F. 3378-Pogemiller, H.F. 2874*-Kelso: Omnibus K-12 education supplemental budget bill. Signed by governor: 4/21/98. Effective date: Various dates.

Commerce

Chap. 260, S.F. 2478*-Samuelson, H.F. 2890-Tunheim: Maintains the Savings Association Act by specifying that the act remains in effect after June 30, 1998. Signed by governor: 2/27/98. Effective date: 2/28/98.

Chap. 280, S.F. 2047*-Novak, H.F. 3148-Kubly: Regulates sales of manufactured homes and authorizes limited dealer's licenses in certain circumstances. Signed by governor: 3/16/98. Effective date: 3/17/98.

Chap. 282, S.F. 2402*-Stevens, H.F. 2696-Munger: Prohibits the unauthorized possession of, or damage to, plastic merchandise pallets and provides remedies. Signed by governor: 3/16/98. Effective date: 8/01/98.

Chap. 287, S.F. 2245-Johnson, D.J., H.F. 2846*-Mahon: Provides for automobile insurance premium reduction for completion of an accident prevention course. Vetoed.

Chap. 289, S.F. 2677-Wiener, H.F. 2601*-Mullery: Regulates lien or claim waivers and subcontractor payments in building and construction contracts and modifies the redemption period for property sold at a mechanic's lien foreclosure sale. Signed by governor: 3/18/98. Effective date: Various dates.

Chap. 293, S.F. 2608*-Wiener, H.F. 3065-Dorn: Provides basic Medicare supplement plan coverage for diabetes equipment and supplies and increases the maximum lifetime benefit for policies of the Comprehensive Health Insurance Plan. Signed by governor: 3/18/98. Effective date: Various dates.

Chap. 295, S.F. 2540-Oliver, H.F. 2500*-Rest: Limits customer liability for loss or theft of a debit card. Signed by governor: 3/18/98. Effective date: 8/01/98.

Chap. 297, S.F. 2293-Solon, H.F. 2895*-Tomassoni: Modifies permitted investments for township mutual insurance companies and includes secondary property covered by a township mutual fire insurance company. Signed by governor: 3/18/98. Effective date: 3/19/98.

Chap. 315, S.F. 2344-Oliver, H.F. 2315*-Leppik: Regulates trademarks and service marks; defines terms; and provides remedies. Signed by governor: 3/23/98. Effective date: 8/01/98.

Chap. 319, S.F. 3032*-Wiener, H.F. 3355-Rest: Adopts the Investments of Insurers Act. Signed by governor: 3/23/98. Effective date: 8/1/98.

Chap. 321, S.F. 2068*-Kelly, S.P., H.F. 2706-Kahn: Provides for the reliability of electronic messages; provides for certification authorities; provides licensing and enforcement powers; defines terms and provides for rulemaking. Signed by governor: 3/23/98. Effective date: 8/1/98.

Chap. 323, S.F. 2262*-Novak, H.F. 2750-Wenzel: Regulates reinsurance intermediary-brokers and provides for the investment of funds held or collected. Signed by governor: 3/23/98. Effective date: 8/1/98.

Chap. 324, S.F. 1814*-Scheid, H.F. 1116-Sekhon: Modifies provisions relating to the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design. Signed by governor: 3/23/98. Effective date: 8/1/98.

Chap. 327, S.F. 2136-Wiener, H.F. 2309*-Leppik: Regulates use of spousal credit history; requires that creditors consider a credit history in the name of the applicant's spouse and requires that creditors report a credit history in the names of both spouses. Signed by governor: 3/23/98. Effective date: 1/1/99.

Chap. 328, S.F. 2659*-Wiener, H.F. 3432-Wenzel: Regulates life insurance company investments and financial transactions; regulates qualified long-term care policies; and modifies the definition of chronically ill. Signed by governor: 3/23/98. Effective date: 3/24/98.

Chap. 331, S.F. 908*-Oliver, H.F. 3748-Anderson, I.: Provides for the organizations, powers, and duties of trust companies; provides fiduciary provisions for trust companies and banks exercising trust powers; regulates interstate trust offices; and regulates filings in connection with securities. Signed by governor: 3/25/98. Effective date: 8/01/98.

Chap. 335, S.F. 2550*-Fischbach, H.F. 2016-Haas: Regulates solicitation of loans by mailing a check payable to the addressee. Signed by governor: 3/25/98. Effective date: 1/01/99.

Chap. 340, S.F. 2014-Oliver, H.F. 2308*-Slawik: Modifies provisions relating to the licensing of accountants and provides for firm licensure. Signed by governor: 3/31/98. Effective date: 8/01/98.

Chap. 343, S.F. 2966*-Scheid, H.F. 2983-Tunheim: Minnesota Residential Mortgage Originator and Servicer Licensing Act; establishes licensing and enforcement mechanisms. Signed by governor: 3/31/98. Effective date: 8/01/98.

Chap. 344, S.F. 2489*-Solon, H.F. 2971-Entenza: Regulates residential mortgage loans and establishes table funding requirements. Signed by governor: 3/31/98. Effective date: 8/01/98.

Chap. 353, S.F. 3397*-Spear, H.F. 3841-Entenza: Eliminates the retroactive application of an air carrier franchise exemption to pending litigation. Signed by governor: 4/2/98. Effective date: 5/31/97.

Chap. 364, S.F. 2274*-Solon, H.F. 2695-Tunheim: Omnibus liquor bill. Regulates beer brewers and wholesalers; provides for the obligations of successors; allows the commissioner of public safety to issue on-sale licenses to Giants Ridge and to Ironworld Discovery Center; modifies restrictions for temporary on-sale licenses; authorizes issuance of temporary on-sale licenses to state universities; regulates malt liquor sampling; and authorizes specific cities to issue additional on-sale licenses. Signed by governor: 4/06/98. Effective date: Various dates.

Chap. 375, S.F. 2928*-Hottinger, H.F. 3402-Davids: Prohibits affiliates of insurance companies from engaging in rebating that is illegal for insurance companies. Signed by governor: 4/09/98. Effective date: 8/01/98.

Crime Prevention

Chap. 332, S.F. 2252*-Wiener, H.F. 2615-Pugh: Modifies criminal penalties for DWI and authorizes sentences to programs of intensive supervision. Signed by governor: 3/25/98. Effective date: 3/26/98.

Chap. 336, S.F. 330*-Spear, H.F. 1207-Paymar: Provides limits on the liability of private corrections treatment facilities that receive patients under court or administrative order. Signed by governor: 3/25/98. Effective date: 8/01/98.

Chap. 367, S.F. 3345*-Kelly, R.C.: Omnibus crime prevention and judiciary supplemental appropriations. Signed by governor: 4/06/98. Effective date: Various dates.

Chap. 377, S.F. 2586*-Kelly, R.C., H.F. 2326-Bishop: Requires sex offender treatment facilities to provide certain information regarding sex offenders; clarifies which law enforcement agency may request the end-of-confinement

review committee to reassess the risk level to which an offender has been assigned; adjusts the time within which certain requirements of the community notification law must be met; provides immunity; and eliminates duplicative efforts on notifying victims of certain information. Recalled by author.

Chap. 396, S.F. 2498*-Kelly, R.C., H.F. 2734-Bishop: Requires sex offender treatment facilities to provide certain information regarding sex offenders; clarifies which law enforcement agency may request the end-of-confinement review committee to reassess the risk level to which an offender has been assigned; adjusts the time within which certain requirements of the community notification law must be met; provides certain immunity; eliminates duplicative efforts on notifying victims; and requires a study of the confidentiality of offender statements. Signed by governor: 4/20/98. Effective date: Various dates.

Election Laws

Chap. 346, S.F. 2149*-Scheid, H.F. 2387-Folliard: Provides for updated voter records. Vetoed.

Chap. 347, S.F. 2221*-Wiger, H.F. 2567-McCollum: Authorizes the extension of a pilot program in Ramsey County to test open absentee balloting. Vetoed.

Chap. 352, S.F. 2148*-Scheid, H.F. 2526-Osthoff: Changes absentee ballot provisions by expanding eligibility. Vetoed.

Chap. 370, S.F. 2118*-Higgins, H.F. 2293-Jefferson: Authorizes experimental balloting procedures for voters in the city of Minneapolis. Vetoed.

Chap. 376, S.F. 2256*-Marty, H.F. 2486-Greiling: Modifies elections provisions that have been ruled unconstitutional. Signed by governor: 4/09/98. Effective date: 4/10/98.

Environment and Natural Resources

Chap. 252, S.F. 2111*-Samuelson, H.F. 2492-Anderson, I.: Modifies restrictions on fish houses; modifies the license period for fish house licenses; and extends specific angling seasons in 1998 until Mar. 1. Signed by governor: 2/12/98. Effective date: 2/13/98.

Chap. 267, S.F. 2170*-Lessard, H.F. 2425-Anderson, I.: Exempts licensed sellers of motorized bicycle, boat and snowmobile trailers from the requirement of having a contract or franchise with a manufacturer or distributor of new boat trailers, utility trailers or new snowmobile trailers and exempts dealers of those trailers from the prohibition against the sale of motor vehicles on Sunday. Signed by governor: 3/5/98. Effective date: 3/6/98.

Chap. 306, S.F. 3016*-Johnson, D.J., H.F. 3524-Bakk: Authorizes qualified landfills to accept materials from closed dumps. Signed by governor: 3/23/98. Effective date: 3/24/98.

Chap. 312, S.F. 2269*-Stumpf, H.F. 2686-Munger: Clarifies provisions relating to hearings of the Board of Water and Soil Resources; increases the level of exempted bids for watershed districts; modifies the public review period for wetland

replacement plans; provides for notice of local wetland plan development to the commissioner of agriculture, requires approval of certain wetland replacements; and requires a report on wetland law consolidation. Signed by governor: 3/23/98. Effective date: 8/1/98.

Chap. 318, S.F. 2381-Krentz, H.F. 2489*-Holsten: Modifies the description of a state trail in Ramsey, Chisago and Washington Counties. Signed by governor: 3/23/98. Effective date: 8/1/98.

Chap. 341, S.F. 2296-Morse, H.F. 3297*-Long: Clarifies the liability of contractors performing response and development actions under MERLA; clarifies the time for filing an action under MERLA; requires public notice of proposed response actions; and requires a study. Signed by governor: 3/21/98. Effective date: Various dates.

Chap. 342, S.F. 76-Morse, H.F. 113*-Munger: Proposes an amendment to the constitution to extend state lottery proceeds dedication to the environment and natural resources trust fund until 2025 and maximizes the long-term total return to the fund. Signed by governor: 3/31/98.

Chap. 391, S.F. 2351*-Vickerman, H.F. 3140-Kalis: Adds to and deletes from state parks; creates a new recreation area; and provides for a state park permit exemption. Signed by governor: 4/20/98. Effective date: 8/01/98.

Chap. 392, S.F. 41*-Lessard, H.F. 3808-Holsten: Proposes an amendment to the constitution affirming that hunting and fishing and the taking of game and fish are a valued part of our heritage. Signed by governor: 4/20/98.

Chap. 400, S.F. 1169*-Stumpf, H.F. 1351-Hasskamp: Modifies provisions for the operation of personal watercraft and increases restrictions. Signed by governor: 4/20/98. Effective date: Various dates.

Chap. 401, S.F. 3353*-Morse, H.F. 3799-Osthoff: Omnibus environment and agriculture supplemental budget bill. Signed by governor: 4/21/98. Effective date: Various dates.

Res. 8, S.F. 3406-Stumpf, H.F. 3854*-Anderson, I.: U.S. government memorialized to resolve differences between Province of Ontario and the State of Minnesota regarding Canadian waters and the taking of fish. Filed without signature.

Governmental Operations and Veterans

Chap. 258, S.F. 2167-Metzen, H.F. 2338*-Folliard: Amends the Gulf War veterans bonus program to facilitate eligibility verification. Signed by governor: 2/25/98. Effective date: 2/26/98.

Chap. 270, S.F. 2315*-Robertson, H.F. 2811-Kahn: Makes technical changes to show the director of the Office of Technology as a member of various organizations. Signed by governor: 3/5/98. Effective date: 8/1/98.

Chap. 271, S.F. 2354*-Kiscaden, H.F. 3734-Mares: Modifies provisions governing the public employees insurance program. Signed by governor: 3/6/98. Effective date: 3/7/98.

Chap. 272, S.F. 2688-Terwilliger, H.F. 3095*-Rhodes: Designates February 3 as Four Chaplains Day in honor of the

four U.S. Army chaplains who sacrificed their lives to save the lives of other service personnel while serving on the U.S.S. Dorchester in 1943. Signed by governor: 3/6/98. Effective date: 3/7/98.

Chap. 273, S.F. 2477*-Stumpf, H.F. 2866-Kinkel: Codifies Reorganization Order Number 179 with respect to the Dept. of Children, Families and Learning and the Dept. of Economic Security. Signed by governor: 3/9/98. Effective date: 8/1/98.

Chap. 286, S.F. 2516*-Stevens, H.F. 2777-Jefferson: Modifies provisions on experimental or research projects in the Dept. of Employee Relations. Signed by governor: 3/18/98. Effective date: 3/19/98.

Chap. 298, S.F. 2945*-Stumpf, H.F. 3442-Wenzel: Enters into the Interstate Emergency Management Assistance Compact. Signed by governor: 3/18/98. Effective date: 8/01/98.

Chap. 303, S.F. 1583*-Hottinger, H.F. 2043-Greiling: Sets state policy for regulatory rules and programs of agencies, regulates obsolete, unnecessary, or duplicative rules and provides notice of rulemaking action to the Legislature. Signed by governor: 3/18/98. Effective date: 8/01/98.

Chap. 325, S.F. 2429*-Wiener, H.F. 2667-Rest: Adds a member to the Local Government Services Advisory Council and clarifies the appointment of council members. Signed by governor: 3/23/98. Effective date: 3/24/98.

Chap. 351, S.F. 2520-Flynn, H.F. 3068*-Solberg: Modifies salary provisions of specific officials; sets conditions for advancing employees within a compensation plan or to exceed the salary of an agency head; provides an early retirement incentive for certain employees of the Bureau of Criminal Apprehension; ratifies certain labor agreements; and ratifies certain plans and proposals. Signed by governor: 4/2/98. Effective date: Various dates.

Chap. 355, S.F. 1074*-Kelly, R.C., H.F. 1693-Pugh: Provides that public safety dispatchers are essential employees under PERA. Signed by governor: 4/03/98. Effective date: 8/01/98.

Chap. 356, S.F. 1946-Stumpf, H.F. 2673*-Rest: Increases compensation for state employees on leave to serve as certified disaster service volunteers of the American Red Cross. Filed without signature.

Chap. 359, S.F. 2730*-Robertson, H.F. 2947-Hilty: Makes technical corrections relating to Dept. of Administration information systems and technology, data practices, and appropriations oversight; clarifies departmental authority over building operations and maintenance; extends the expiration date of the Governor's Residence Council; changes terminology; provides for the disposition of revenue; and clarifies referenda authority with respect to the state building code. Signed by governor: 4/03/98. Effective date: Various dates.

Chap. 366, S.F. 3354*-Price: Omnibus state departments supplemental appropriations. Signed by governor: 4/06/98. Effective date: Various dates.

Chap. 386, S.F. 726*-Knutson, H.F. 384-Kahn: Modifies state agency procurement procedures. Signed by governor: 4/20/98. Effective date: 7/01/98.

Chap. 387, S.F. 161*-Wiener, H.F. 103-Greiling: Proposes an

amendment to the Minnesota Constitution to abolish the office of state treasurer. Signed by governor: 4/09/98.
Chap. 390, S.F. 2555-Morse, H.F. 2970*-Kahn: Omnibus pension bill. Signed by governor: 4/20/98. Effective date: Various dates.
Res. 5, S.F. 2055-Pogemiller, H.F. 2417*-Jaros: Congress memorialized to support the admission of Poland, Czech Republic and Republic of Hungary to NATO. Filed without signature.

Health and Family Security

Chap. 257, S.F. 2261-Sams, H.F. 2550*-Otremba: Provides for rural critical access hospitals. Signed by governor: 2/25/98. Effective date: 2/26/98.
Chap. 261, S.F. 2345-Morse, H.F. 2828*-Tingelstad: Modifies the authority of the commissioner of health to approve public water supplies and provides for administrative fines against large public water suppliers. Signed by governor: 3/4/98. Effective date: 8/01/98.
Chap. 274, S.F. 2355-Lourey, H.F. 3040*-Lourey: Modifies requirements for documentation of long-term care facility payrolls. Signed by governor: 3/16/98. Effective date: 8/1/98.
Chap. 284, S.F. 2669*-Hottinger, H.F. 2992-Greenfield: Allows greater use of arrangements with businesses when providing day training and habilitation services and directs the commissioner of human services to develop a more flexible rate variance mechanism for day training and habilitation services vendors. Signed by governor: 3/16/98. Effective date: 8/01/98.
Chap. 288, S.F. 668-Kiscaden, H.F. 668*-Seagren: Enacts the Industrial Hygienist and Safety Professional Title Protections Act and provides title protection to the professions of industrial hygiene and safety. Signed by governor: 3/18/98. Effective date: 8/01/98.
Chap. 301, S.F. 1076*-Sams, H.F. 1306-Hausman: Requires health plan coverage for off-label use of drugs. Signed by governor: 3/18/98. Effective date: 1/01/99.
Chap. 305, S.F. 2372*-Lourey, H.F. 2681-Slawik: Requires Hepatitis B immunization for children. Signed by governor: 3/23/98. Effective date: 8/1/98.
Chap. 316, S.F. 2207*-Hottinger, H.F. 2401-Huntley: Exempts certain prescriptions from bearing a federal drug enforcement administration registration number and restricts the use and the release of the federal drug enforcement administration registration number. Signed by governor: 3/23/98. Effective date: See section 4.
Chap. 317, S.F. 2447*-Sams, H.F. 2786-Wejcman: Modifies provisions relating to speech-language pathologists, unlicensed mental health practitioners, alcohol and drug counselors, physical therapists, and hearing instrument dispensers. Signed by governor: 3/23/98. Effective date: Various dates.
Chap. 329, S.F. 2861*-Hottinger, H.F. 3138-Evans: Provides for the use of automatic external defibrillators and provides immunity from civil liability. Signed by governor: 3/23/98.

Effective date: 8/1/98.

Chap. 330, S.F. 695*-Berglin, H.F. 381-Greenfield: Regulates certain nonprofit and charitable organizations; defines a nonprofit health care trust; establishes requirements for agreements and transactions between nonprofit health care trusts and noncharitable entities; and specifies information included in financial statements of charitable organizations. Vetoed.

Chap. 334, S.F. 2130-Foley, H.F. 2814*-Tomassoni: Establishes a minimum definition of durable medical equipment and requires disclosure of covered medical equipment and supplies. Signed by governor: 3/25/98. Effective date: 1/01/99.

Chap. 361, S.F. 3207-Knutson, H.F. 3184*-Skoglund: Provides for voluntary reporting of alcohol abuse by a pregnant woman and provides for assessments and services. Signed by governor: 4/06/98. Effective date: 8/01/99.

Chap. 368, S.F. 2205-Lourey, H.F. 2736*-Hilty: Authorizes counties to provide grants to nonprofit community food shelves. Signed by governor: 4/09/98. Effective date: 4/10/98.

Chap. 407, S.F. 3346*-Samuelson, H.F. 2868-Greenfield: Omnibus health and family security supplemental budget bill. Signed by governor: 4/21/98. Effective date: Various dates.

Res. 7, S.F. 2699*-Lourey, H.F. 3258-Greenfield: Resolution to remove Medicaid policy barriers to employment for people with disabilities. Filed without signature.

Jobs, Energy and Community Development

Chap. 253, S.F. 663-Higgins, H.F. 661*-Biernat: Recodifies, clarifies and relocates landlord tenant law. Signed by governor: 2/18/98. Effective date: 7/1/98.

Chap. 265, S.F. 2621*-Scheevel, H.F. 2646-Jefferson: Makes technical changes in laws relating to the Dept. of Economic Security. Signed by governor: 3/4/98. Effective date: Various dates.

Chap. 266, S.F. 2122-Metzen, H.F. 2590*-Jennings: Provides that rent deposit money held by a landlord shall bear simple noncompounded interest at the rate of three percent per year until May 1, 2001 and four percent per year thereafter and corrects a reference relating to civil penalties. Signed by governor: 3/4/98. Effective date: 8/01/98.

Chap. 275, S.F. 2280-Higgins, H.F. 2642*-Jefferson: Exempts overpaid reemployment insurance benefits from the standard collection procedure. Signed by governor: 3/16/98. Effective date: 8/1/98.

Chap. 278, S.F. 2849-Ourada, H.F. 3071*-Wolf: Updates petroleum product specifications. Signed by governor: 3/16/98. Effective date: 8/1/98.

Chap. 292, S.F. 2574*-Ten Eyck, H.F. 2635-Skare: Authorizes the Headwaters Regional Development Commission to establish a non-profit housing corporation. Signed by governor: 3/18/98. Effective date: 8/01/98.

Chap. 294, S.F. 3068*-Runbeck, H.F. 3532-Betterman: Corrects an appropriation error relating to workers' compensation, modifies reporting requirements and eliminates

certain reimbursement requirements. Signed by governor: 3/18/98. Effective date: 8/01/98.

Chap. 326, S.F. 3170-Moe, H.F. 3644*-Sviggum: Modifies voting requirements for extended area service within combined school districts. Signed by governor: 3/23/98. Effective date: 3/24/98.

Chap. 339, S.F. 2267*-Novak, H.F. 2625-Tomassoni: Regulates terminations of workers' compensation self-insurance authority and commercial workers' compensation self-insurance groups; provides investment, funding, reporting, and transfer requirements; and provides for permanent health plan coverage for prostate cancer screenings. Signed by governor: 3/31/98. Effective date: Various dates.

Chap. 345, S.F. 2797-Novak, H.F. 3042*-Jennings: Modifies provisions of power purchase contracts and biomass fuel exemptions; lengthens exemption period for large telephone company to change rates; modifies provisions for PUC to assess costs of certain proceedings; provides additional anti-slamming and disclosure requirements on long-distance service providers; clarifies requirements relating to notification of price increases; and requires provision of international toll blocking. Signed by governor: 3/31/98. Effective date: Various dates.

Chap. 348, S.F. 2445*-Novak, H.F. 3324-Ozment: Regulates the excavation notice system; authorizes the commissioner of public safety to appoint pipeline safety committee; and increases the civil penalty. Signed by governor: 4/2/98. Effective date: Various dates.

Chap. 350, S.F. 2847-Ourada, H.F. 3070*-Wolf: Transfers proceeds of certain energy conservation accounts to the commissioner of children, families and learning; replaces public utility capital structure approval with security issuance approval and provides for variances for decorative gas lamps. Signed by governor: 4/2/98. Effective date: 8/01/98.

Chap. 358, S.F. 3084*-Janezich, H.F. 3465-Tomassoni: Provides additional reemployment insurance benefits to Hibbing Taconite Company employees. Filed without signature.

Chap. 369, S.F. 2751*-Anderson, H.F. 3459-Greiling: Requires employers to make a reasonable accommodation to nursing mothers and provides that breast feeding is excepted from the crime of indecent exposure. Signed by governor: 4/09/98. Effective date: 8/01/98.

Chap. 374, S.F. 3367*-Beckman: Omnibus jobs, housing and economic development supplemental appropriations. Vetoed.

Chap. 378, S.F. 2718*-Kelley, S.P., H.F. 3064-Clark, K.: Modifies the state telephone assistance program to match federal requirements; modifies TAP eligibility and enrollment provisions; and regulates the TAP surcharge. Vetoed.

Chap. 379, S.F. 2756-Novak, H.F. 2722*-McCollum: Provides penalties for violations of underground storage tank statutes and rules; modifies provisions relating to the placement of motor vehicle antifreeze in wastewater systems; and provides for a study. Signed by governor: 4/09/98. Effective date: Various dates.

Chap. 380, S.F. 3189-Novak, H.F. 3654*-Jennings: Modifies the membership of the Legislative Electric Energy Task Force;

requires a comprehensive study of electric industry restructuring; requires establishment of technical advisory work groups; and authorizes the task force to use its assessment authority to fund work group activities. Signed by governor: 4/09/98. Effective date: 4/10/98.

Chap. 383, S.F. 3411-Hottinger, H.F. 3862*-Johnson, R.: Provides for tornado and other natural disaster relief and appropriates money. Signed by governor: 4/09/98. Effective date: 4/10/98.

Judiciary

Chap. 254, S.F. 2134-Betzold, H.F. 2524*-Chaudhary: Corrects erroneous, ambiguous, and omitted text and obsolete references in the statutes. Signed by governor: 2/18/98. Effective date: 8/1/98.

Chap. 255, S.F. 1440*-Ranum, H.F. 1554-Dawkins: Provides for questions of law certified between the appellate courts of this state and other states and nations and enacts the 1997 Uniform Certification of Questions of Law Act. Signed by governor: 2/19/98. Effective date: 8/1/98.

Chap. 262, S.F. 2031*-Betzold, H.F. 2390-Pugh: Regulates conveyances and other transactions relating to real and personal property and makes corrective and conforming changes to the Uniform Partnership Act of 1994. Signed by governor: 3/4/98. Effective date: Various dates.

Chap. 281, S.F. 1151*-Piper, H.F. 1414-Leighton: Changes provisions relating to the appointment of guardians and conservators. Signed by governor: 3/16/98. Effective date: 8/01/98.

Chap. 291, S.F. 2230*-Wiener, H.F. 2779-Chaudhary: Modifies the definition of housing for the elderly for discrimination prohibition exemption purposes. Signed by governor: 3/18/98. Effective date: 3/19/98.

Chap. 309, S.F. 2378*-Junge, H.F. 2641-Rest: Defines the terms "professional" and "professional services" as they relate to professional corporations and professional firms and regulates professional health services. Signed by governor: 3/23/98. Effective date: 3/24/98.

Chap. 311, S.F. 1654*-Ten Eyck, H.F. 1882-Murphy: Provides for fee changes for filing and recording real estate documents. Vetoed.

Chap. 313, S.F. 2373*-Betzold, H.F. 2785-Entenza: Modifies provisions governing release on pass for persons committed as mentally ill and dangerous; allows temporary jail confinement of persons subject to commitment as sexual psychopathic personalities or sexually dangerous persons; and clarifies various provisions. Signed by governor: 3/23/98. Effective date: 8/1/98.

Chap. 314, S.F. 2725*-Betzold, H.F. 3254-Kahn: Authorizes additional methods for recorder and registrar functions. Signed by governor: 3/23/98. Effective date: 8/1/98.

Chap. 320, S.F. 3036*-Betzold, H.F. 2507-Macklin: Regulates withdrawals by limited partners and changes state law to provide favorable federal estate tax valuation treatment in certain circumstances. Signed by governor: 3/23/98. Effective

date: 8/01/98.

Chap. 333, S.F. 154*-Frederickson, H.F. 176-Harder: Limits liability for injury related to certain food donations to the state and to political subdivisions. Signed by governor: 3/25/98. Effective date: 8/01/98.

Chap. 337, S.F. 2493*-Junge, H.F. 3389-McGuire: Limits liability of financial institutions providing data for the criminal alert network. Signed by governor: 3/25/98. Effective date: 8/01/98.

Chap. 338, S.F. 2040*-Foley, H.F. 2861-Entenza: Modifies provisions dealing with the procedure for proceeding directly to hearing in the administrative process in matters relating to child support and medical support and modifies terminology to comport with the rules of Court. Signed by governor: 3/31/98. Effective date: 8/01/98.

Chap. 354, S.F. 2949-Ranum, H.F. 3332*-Skoglund: Changes provisions in the fathers' adoption registry and modifies conditions for open adoption agreements. Signed by governor: 4/03/98. Effective date: Various dates.

Chap. 357, S.F. 1480*-Cohen, H.F. 1668-Entenza: Fixes the conditions for the disclosure of information subject to the Minnesota Free Flow of Information Act. Filed without signature.

Chap. 371, S.F. 1378*-Betzold, H.F. 1626-McGuire: Provides for the classification of and access to government data; provides for data privacy for certain audit information; classifies certain law enforcement data and provides that certain documents may be classified as nonpublic data until negotiations with vendors are concluded and best and final offers are received. Filed without signature.

Chap. 382, S.F. 2276*-Knutson, H.F. 2784-Dawkins: Modifies parentage and child support enforcement provisions and changes terminology. Signed by governor: 4/20/98. Effective date: Various dates.

Chap. 385, S.F. 2645*-Wiger, H.F. 3268-Dawkins: Modifies requirements for affirmative action plans by contractors doing business with the state. Signed by governor: 4/20/98. Effective date: 4/21/98.

Chap. 399, S.F. 2050*-Junge, H.F. 2521-Bishop: Modifies provisions governing advance health care directives and combines laws governing living wills and durable power of attorney for health care. Signed by governor: 4/21/98. Effective date: 8/01/98.

Chap. 406, S.F. 2682-Ranum, H.F. 2985*-Entenza: Provides for child welfare reform; changes requirements and procedures; restricts release of certain information; establishes citizen review panels; clarifies jurisdiction; establishes programs for child abuse and neglect assessments and investigations; provides for concurrent planning for permanent placement; and provides for protection of children. Signed by governor: 4/20/98. Effective date: 8/01/98.

Chap. 408, S.F. 3396*-Ranum, H.F. 3839-Skoglund: Revisor's bill that corrects miscellaneous noncontroversial oversights, inconsistencies, ambiguities, unintended results and technical errors. Signed by governor: 4/20/98. Effective date: Various dates.

Local and Metropolitan Government

Chap. 256, S.F. 2017-Moe, R.D., H.F. 2372*-Lieder: Exempts the reconstruction of the Bridges Medical Center in Norman County from competitive bid requirements. Signed by governor: 2/25/98. Effective date: 2/26/98.

Chap. 259, S.F. 2156-Higgins, H.F. 2499*-Stanek: Removes the dollar limitation for small purchases that may be authorized by the Hennepin County Board. Signed by governor: 2/27/98. Effective date: 2/28/98.

Chap. 264, S.F. 2379*-Metzen: Clarifies the distribution of cooperation and combination aid in circumstances when an entire township is annexed by two or more contiguous cities. Signed by governor: 3/4/98. Effective date: 3/05/98.

Chap. 268, S.F. 2525*-Wiger, H.F. 2927-McCollum: Authorizes Ramsey County to make purchases from or through a health care cooperative. Signed by governor: 3/5/98. Effective date: 3/6/98.

Chap. 269, S.F. 2685*-Vickerman, H.F. 3119-Olson, E.: Allows an officer of a local governmental unit to contract with the unit when the sealed bid process is used and the unit has a population of 1,000 or less. Signed by governor: 3/5/98. Effective date: 3/6/98.

Chap. 276, S.F. 2791-Wiener, H.F. 2809*-McElroy: Requires copies of audited financial statements to be provided to members of the city council and mayor, or to the town board members and presented at a regularly scheduled meeting of the city or town's governing body. Signed by governor: 3/16/98. Effective date: 8/1/98.

Chap. 277, S.F. 2255-Metzen, H.F. 2616*-McElroy: Provides that home rule charter or statutory cities in Dakota County are responsible for dangerous dog registration. Signed by governor: 3/16/98. Effective date: Local approval.

Chap. 279, S.F. 2457*-Flynn, H.F. 3593-Larsen: Makes permanent the Rural Finance Authority and Housing Finance Agency electronic meetings authority. Signed by governor: 3/16/98. Effective date: 6/30/98.

Chap. 296, S.F. 1973-Johnson, D.E., H.F. 2222*-Juhnke: Provides for the establishment of cartways by town boards upon owner petition. Filed without signature.

Chap. 302, S.F. 2384*-Johnson, J.B., H.F. 2790-Jennings: Permits the appointment of the Chisago County recorder and permits the granting of certain easements to Rush City. Signed by governor: 3/18/98. Effective date: Various dates.

Chap. 307, S.F. 2581*-Kiscaden, H.F. 2508-Bishop: Permits the appointment of the Olmsted County auditor/treasurer. Signed by governor: 3/23/98. Effective date: Local Approval.

Chap. 308, S.F. 2281*-Pariseau, H.F. 2824-Pugh: Authorizes the appointment of a treasurer/auditor in Dakota County and clarifies the employment status of certain employees. Signed by governor: 3/23/98. Effective date: Local Approval.

Chap. 322, S.F. 2911*-Vickerman, H.F. 2920-Delmont: Modifies lawful gambling provisions; allows expenditures as lawful purposes of compliance with the Americans with Disabilities Act; authorizes organizations to make expenditures and contributions through electronic fund

transfers; allows an employee to participate in lawful gambling under certain circumstances and allows locally administered funds receiving contributions from gambling profits to be spent for public safety purposes. Signed by governor: 3/23/98. Effective date: 3/24/98.

Chap. 349, S.F. 2302*-Scheevel, H.F. 2774-Kuisle: Clarifies county optional forms of government referendum adoption procedure. Signed by governor: 4/2/98. Effective date: 4/03/98.

Chap. 360, S.F. 2192*-Frederickson, H.F. 2700-Harder: Clarifies the application of statutory requirements for corporations created by political subdivisions and authorizes the ratification of a nonprofit corporation by Brown County. Filed without signature.

Chap. 381, S.F. 535*-Wiger, H.F. 680-McElroy: Provides for service improvement and employee compensation for demonstrable reduction in the cost of service; establishes a pilot project for greater efficiency in the provision of Met Council services; and modifies the scope of the council's review of Metropolitan Airports Commission capital projects. Signed by governor: 4/20/98. Effective date: 4/21/98.

Chap. 393, S.F. 2346*-Flynn, H.F. 2357-Wejcman: Add a Minneapolis employee position to a list for certain purposes and removes an age ceiling for new firefighters in Minneapolis. Signed by governor: 4/20/98. Effective date: Various dates.

State Government Finance

Chap. 362, S.F. 3393-Kelly, R.C., H.F. 3830*-Olson, E.: Provides for payment of claims against the state and authorizes reimbursement of certain costs and fees. Signed by governor: 4/06/98. Effective date: 4/07/98.

Chap. 404, S.F. -Langseth, H.F. 3843*-Kalis: Omnibus capital budget bill. Signed by governor: 4/21/98. Effective date: Various dates.

Taxes

Chap. 299, S.F. 2266*-Belanger, H.F. 2523-Johnson, A.: Recodifies and clarifies the provisions relating to gasoline and special fuels and provides civil and criminal penalties. Signed by governor: 3/18/98. Effective date: Various dates.

Chap. 300, S.F. 2570*-Belanger, H.F. 2659-Olson, E.: Makes technical changes to income, franchise, sales, excise, property, healthcare provider and gambling taxes, makes technical changes to tax administrative provisions and requires mandate explanations be attached to legislative bills before committee hearings. Signed by governor: 3/18/98. Effective date: Various dates.

Chap. 304, S.F. 2041*-Johnson, D.J., H.F. 2294-Long: Allows the 1997 property tax rebate for prepayments of tax. Signed by governor: 3/18/98. Effective date: 3/19/98.

Chap. 363, S.F. 2719-Novak, H.F. 3145*-Rest: Provides for low income housing tax credit allocation and provides for

compliance monitoring review. Signed by governor: 4/06/98. Effective date: 8/01/98.

Chap. 389, S.F. 2985-Johnson, D.J., H.F. 3840*-Long: Omnibus tax bill. Signed by governor: 4/21/98. Effective date: Various dates.

Transportation

Chap. 263, S.F. 2028*-Sams, H.F. 2576-Juhnke: Requires medical emergency vehicles to sound both an audible signal and display a lighted red light when responding to an emergency. Signed by governor: 3/4/98. Effective date: 8/01/98.

Chap. 283, S.F. 2729*-Spear, H.F. 3296-Long: Allows advertisements, public art, and informational signs to be placed on bicycle racks and bicycle storage facilities on a highway right-of-way. Signed by governor: 3/16/98. Effective date: 3/17/98.

Chap. 285, S.F. 2163*-Knutson, H.F. 3028-Pawlenty: Exempts charitable organizations from motor vehicle dealers licensing requirements under certain circumstances. Signed by governor: 3/18/98. Effective date: 3/19/98.

Chap. 290, S.F. 2335-Johnson, J.B., H.F. 2612*-Jennings: Designates Trunk Highway #95 as the State Trooper Timothy Bowe Memorial Highway. Signed by governor: 3/18/98. Effective date: 8/01/98.

Chap. 310, S.F. 2316*-Murphy, H.F. 2665-Juhnke: Continues the uniform program for registration and permitting of intrastate carriers of hazardous materials, eliminates the requirement for a criminal background check and imposes a fee. Signed by governor: 3/23/98. Effective date: 3/24/98.

Chap. 372, S.F. 3298*-Johnson, J.B.: Omnibus transportation supplemental appropriations. Signed by governor: 4/07/98. Effective date: Various dates.

Chap. 388, S.F. 2407*-Junge, H.F. 2532-Chaudhary: Establishes youth-oriented driver improvement clinics; establishes a graduated licensing system with a provisional license phase; and makes technical changes. Signed by governor: 4/21/98. Effective date: Various dates.

Chap. 403, S.F. 2592*-Johnson, J.B., H.F. 2589-Wagenius: Department of Transportation housekeeping bill. Signed by governor: 4/20/98. Effective date: Various dates.

Chap. 405, S.F. 2318-Sams, H.F. 2654*-Mahon: Allows personalized license plates to be issued for certain trucks; authorizes special license plates for retired fire fighters; provides for separate form for assignment of vehicle title; clarifies age determination for juvenile DWI; provides reasonable time to petition for driver's license reinstatement; and ensures uniformity of amount of handling charge allowed for license reinstatements. Signed by governor: 4/20/98. Effective date: Various dates.

Res. 6, S.F. 2786-Pappas, H.F. 3250*-Garcia: President and Congress memorialized to enact the aircraft repair station safety act of 1997. Filed without signature.

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