

270A.08, subdivision 2; (3) issues relating to the validity of the claim that have been previously raised at a hearing conducted under rules promulgated by the United States Department of Housing and Urban Development or any public agency that is responsible for the administration of a low-income housing program, or that were not timely raised by the debtor under those rules; or (4) issues relating to the validity of the claim for which a hearing is discretionary under section 270A.09. The notice shall include an explanation of the right of the spouse who does not owe the debt to request the claimant agency to repay the spouse's portion of a joint refund.

EFFECTIVE DATE: This section is effective for notices provided after June 30, 2000.

Sec. 11. Minnesota Statutes 1998, section 289A.35, is amended to read:

289A.35 [ASSESSMENTS; COMMISSIONER FILED RETURNS.]

The commissioner ~~shall~~ has the authority to make determinations, corrections, and assessments with respect to state taxes, including interest, additions to taxes, and assessable penalties. The commissioner may audit and adjust the taxpayer's computation of federal taxable income, items of federal tax preferences, or federal credit amounts to make them conform with the provisions of chapter 290 or section 298.01. If a taxpayer fails to file a required return, the commissioner, from information in the commissioner's possession or obtainable by the commissioner, may make a return for the taxpayer. The return will be prima facie correct and valid. If a return has been filed, the commissioner shall ~~examine~~ enter the liability reported on the return and may make any audit or investigation that is considered necessary. The commissioner may use statistical or other sampling techniques consistent with generally accepted auditing standards in examining returns or records and making assessments.

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

Sec. 12. Minnesota Statutes 1999 Supplement, section 289A.55, subdivision 9, is amended to read:

Subd. 9. [INTEREST ON PENALTIES.] (a) A penalty imposed under section 289A.60, subdivision 1, 2, 3, 4, 5, 6, or 21 bears interest from the date the return or payment was required to be filed or paid, including any extensions, to the date of payment of the penalty.

(b) A penalty not included in paragraph (a) bears interest only if it is not paid within ~~ten~~ 60 days from the date of notice. In that case interest is imposed from the date of notice to the date of payment.

EFFECTIVE DATE: This section is effective for penalties assessed after the date of final enactment.

Sec. 13. Minnesota Statutes 1998, section 296A.03, subdivision 5, is amended to read:

Subd. 5. [FORM OF APPLICATION; BOND.] (a) A written application shall be made in the form and manner prescribed by the commissioner.

(b) The commissioner shall also require the applicant or licensee to deposit with the state treasurer securities of the United States government or the state of Minnesota or to execute and file a bond, with a corporate surety approved by the commissioner, to the state of Minnesota in an amount to be determined by the commissioner and in a form to be fixed by the commissioner and approved by the attorney general, and which shall be conditioned for the payment when due of all excise taxes, ~~inspection~~ fees, penalties, and accrued interest arising in the ordinary course of business or by reason of any delinquent money which may be due the state. The bond shall cover all places of business within the state where petroleum products are received by the licensee. The applicant or licensee shall designate and maintain an agent in this state upon whom service may be made for all purposes of this section.

(c) An initial applicant for a distributor's license shall furnish a bond in a minimum sum of \$3,000 for the first year.

(d) The commissioner, on reaching the opinion that the bond given by a licensee is inadequate in amount to fully protect the state, shall require an additional bond in such amount as the commissioner deems sufficient.

(e) A licensee who desires to be exempt from depositing securities or furnishing such bond shall furnish to the commissioner an itemized financial statement showing the assets and the liabilities of the applicant. If it appears to the commissioner, from the financial statement or otherwise, that the applicant is financially responsible, then the commissioner may exempt the applicant from depositing such securities or furnishing such bond until the commissioner otherwise orders.

(f) When the surety upon any bond issued under the provisions of this chapter have fulfilled the conditions of such bond and compensated the state for any loss occasioned by any act or omission of any licensee under this chapter, such surety shall be subrogated to all the rights of the state in connection with the transaction where such loss occurred.

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

Sec. 14. Minnesota Statutes 1998, section 296A.21, subdivision 2, is amended to read:

Subd. 2. [COLLECTION.] No action shall be brought for the collection of delinquent taxes and ~~inspection~~ fees under section 270.68 unless commenced within five years after the date of assessment of the taxes and fees.

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

Sec. 15. Minnesota Statutes 1998, section 296A.21, subdivision 3, is amended to read:

Subd. 3. [FALSE OR FRAUDULENT REPORT.] In the case of a false or fraudulent report with intent to evade ~~tax~~ taxes or ~~inspection fee~~ fees or of a failure to file a report, the taxes or fees may be assessed at any time, and a proceeding in court for their collection must be begun within five years after the assessment.

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

Sec. 16. Minnesota Statutes 1998, section 296A.22, subdivision 6, is amended to read:

Subd. 6. [SALE PROHIBITED UNDER CERTAIN CONDITIONS.] No petroleum product shall be unloaded or sold by any person or distributor whose tax and ~~inspection~~ fees are the basis for collection action under subdivision 2.

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

Sec. 17. Minnesota Statutes 1999 Supplement, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) For concentrate produced in 1999, there is imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of \$2.141 per gross ton of merchantable iron ore concentrate produced therefrom.

(b) For concentrates produced in 2000 and subsequent years, the tax rate shall be equal to the preceding year's tax rate plus an amount equal to the preceding year's tax rate multiplied by the percentage increase in the implicit price deflator from the fourth quarter of the second preceding year to the fourth quarter of the preceding year. "Implicit price deflator" ~~for the gross national product~~ means the implicit price deflator for the gross domestic product prepared by the bureau of economic analysis of the United States Department of Commerce.

(c) On concentrates produced in 1997 and thereafter, an additional tax is imposed equal to three cents per gross ton of merchantable iron ore concentrate for each one percent that the iron content of the product exceeds 72 percent, when dried at 212 degrees Fahrenheit.

(d) The tax shall be imposed on the average of the production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

(e) If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of \$2.141 per gross ton of merchantable iron ore concentrate produced shall be imposed.

(f) Consistent with the intent of this subdivision to impose a tax based upon the weight of merchantable iron ore concentrate, the commissioner of revenue may indirectly determine the weight of merchantable iron ore concentrate included in fluxed pellets by subtracting the weight of the limestone, dolomite, or olivine derivatives or other basic flux additives included in the pellets from the weight of the pellets. For purposes of this paragraph, "fluxed pellets" are pellets produced in a process in which limestone, dolomite, olivine, or other basic flux additives are combined with merchantable iron ore concentrate. No subtraction from the weight of the pellets shall be allowed for binders, mineral and chemical additives other than basic flux additives, or moisture.

(g)(1) Notwithstanding any other provision of this subdivision, for the first two years of a plant's production of direct reduced ore, no tax is imposed under this section. As used in this paragraph, "direct reduced ore" is ore that results in a product that has an iron content of at least 75 percent. For the third year of a plant's production of direct reduced ore, the rate to be applied to direct reduced ore is 25 percent of the rate otherwise determined under this subdivision. For the fourth such production year, the rate is 50 percent of the rate otherwise determined under this subdivision; for the fifth such production year, the rate is 75 percent of the rate otherwise determined under this subdivision; and for all subsequent production years, the full rate is imposed.

(2) Subject to clause (1), production of direct reduced ore in this state is subject to the tax imposed by this section, but if that production is not produced by a producer of taconite or iron sulfides, the production of taconite or iron sulfides consumed in the production of direct reduced iron in this state is not subject to the tax imposed by this section on taconite or iron sulfides.

EFFECTIVE DATE: This section is effective for concentrates produced in 2000 and thereafter.

Sec. 18. [ITASCA AND CASS COUNTIES; DISTRIBUTION OF CASINO TAX REVENUES.]

Notwithstanding any contrary provision of law, in the case of one tribal government that operates three casinos, two of which are located in Cass county, and one of which is located in Itasca county, the payments to the counties under Minnesota Statutes, section 270.60, subdivision 4, attributable to agreements with that tribe, must be distributed, two-thirds to Cass county, and one-third to Itasca county. This section applies to distributions in 2001, 2002, and 2003.

EFFECTIVE DATE: This section is effective upon approval by the governing bodies of both Itasca county and Cass county, and compliance by both of them with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 19. [MINNESOTA WORKERS' COMPENSATION ASSIGNED RISK PLAN SURPLUS TRANSFER.]

On or before July 15, 2000, the commissioner of finance must transfer \$110,000,000 of assets of the assigned risk plan to the general fund.

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

Sec. 20. [INSTRUCTION TO REVISOR.]

Notwithstanding any law to the contrary, if a section of Minnesota Statutes repealed and recodified by Laws 2000, chapter 394, is amended by this act, the amendment supersedes the provisions of chapter 394, and the revisor shall codify the amendment consistent with the recodification of the affected section by Laws 2000, chapter 394.

Sec. 21. [REPEALER.]

Minnesota Rules, part 8160.0300, subpart 4, is repealed.

EFFECTIVE DATE: This section is effective for assessments made on or after the day following final enactment."

Delete the title and insert:

"A bill for an act relating to financing state and local government; providing a sales tax rebate; providing agricultural assistance; extending the time to qualify for and making certain other changes to the 1999 sales tax rebate and 1999 agricultural assistance; providing agricultural assistance; reducing individual income tax rates; making changes to income, franchise, withholding, sales and use, property, motor vehicle sales and registration, mortgage registry, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, lawful gambling, taconite production, estate, and special taxes; limiting certain maximum motor vehicle registration tax amounts; changing and allowing tax credits, subtractions, and exemptions; conforming with changes in federal income tax provisions; providing for allocation and apportionment of income; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, deferral, review, appeal, abatement, and distribution provisions; changing levy authority; reducing rates on lawful gambling taxes; changing tax increment financing and housing improvement area provisions; providing special authority for certain political subdivisions; transferring money to the Minnesota Minerals 21st Century Fund; providing for a grant to the city of Richfield to be used for acquisition of certain residential property; changing and clarifying tax administration, collection, enforcement, interest, and penalty provisions; authorizing certain special assessments; changing revenue recapture provisions; modifying certain aids to local units of government; changing county reporting requirements; providing certain duties and powers to the commissioner of revenue, the state auditor, and to the attorney general; defining terms; classifying data; requiring studies; transferring certain funds; appropriating money; amending Minnesota Statutes 1998, sections 8.30; 16A.46; 60A.15, subdivision 1; 97A.061, by adding subdivisions; 115A.557, subdivision 3; 168.013, subdivision 1a; 270.063, by adding a subdivision; 270.072, subdivision 2, and by adding a subdivision; 270A.03, subdivision 7; 270A.07, subdivision 1; 272.115, subdivision 1; 273.111, subdivision 3; 273.124, by adding a subdivision; 273.125, subdivision 8; 273.1399, subdivision 1; 273.37, subdivision 3; 275.066; 276.19, subdivision 1; 289A.08, by adding a subdivision; 289A.20, subdivision 2; 289A.26, subdivision 1; 289A.35; 289A.60, subdivisions 1, 14, and 15; 290.01, subdivisions 19c, 19d, and 19e; 290.015, subdivisions 1, 3, and 4; 290.06, subdivision 22, and by adding subdivisions; 290.0671, subdivision 6, and by adding a subdivision; 290.0672, subdivisions 1 and 2; 290.17, subdivision 2; 290.92, subdivisions 3, 19, 28, and 29; 290B.04, by adding a subdivision; 290B.05, subdivision 3; 290B.07; 290B.08, subdivisions 1 and 2; 290B.09, subdivision 2; 295.50, subdivision 9b; 295.58; 296A.03, subdivision 5; 296A.21, subdivisions 2 and 3; 296A.22, subdivision 6; 297A.01, subdivisions 13 and 15; 297A.15, by adding a subdivision; 297A.25, subdivisions 5, 16, 34, and by adding subdivisions; 297B.01, subdivision 7; 297B.03; 297B.09, subdivision 1; 297E.02, by adding a subdivision; 297F.01, subdivisions 7, 14, 17, and by adding subdivisions; 297F.08, subdivisions 2, 5, 8, and 9; 297F.09, subdivisions 1 and 2; 297F.13, subdivision 4; 297F.21, subdivisions 1 and 3; 428A.11, by adding subdivisions; 428A.13, subdivisions 1 and 3; 428A.14, subdivision 1; 428A.15; 428A.16; 428A.17; 428A.19; 428A.21; 429.011, subdivisions 2a and 5; 429.021, subdivision 1; 429.031, subdivision 1; 469.040, by adding a subdivision; 469.115; 469.1734, subdivision 4; 469.174, subdivisions 9, 10, 11, 12, 14, and 22; 469.175, subdivisions 1a, 2, 2a, 3, 5, and 6; 469.176, subdivision 1b, and by adding a subdivision; 469.1761, subdivision 4; 469.1763, subdivision 2; 469.177, subdivision 1; 469.1771, subdivision 2a, and by adding a subdivision; 469.1813, subdivision 4; 477A.06, subdivision 3; 477A.11, subdivision 1; 477A.12; 477A.13; and 477A.14; Minnesota Statutes 1999 Supplement, sections 16D.09, subdivision 2; 168.012, subdivision 1; 270.65; 270A.03, subdivision 2; 270A.07, subdivision 2; 272.02, subdivision 39, and by adding a subdivision; 273.124, subdivisions 1, 8, and 14; 273.13, subdivisions 24 and 25; 273.1382, subdivision 1b; 273.1398, subdivision 4a; 275.70, subdivision 5; 275.71, subdivision 4; 287.01, subdivision 2; 289A.02, subdivision 7; 289A.20, subdivision 4; 289A.55, subdivision 9; 290.01, subdivisions 19, 19b, and 31; 290.06, subdivisions 2c and

2d; 290.0671, subdivision 1; 290.0675, subdivisions 1, 2, and 3; 290.091, subdivisions 1, 2, and 6; 290A.03, subdivision 15; 290B.03, subdivision 1; 290B.05, subdivision 1; 291.005, subdivision 1; 295.53, subdivision 1; 297A.25, subdivisions 9 and 11; 297E.02, subdivisions 1, 4, and 6; 297F.08, subdivision 8a; 298.24, subdivision 1; 383D.74, subdivision 2; 469.1771, subdivision 1; 469.1813, subdivisions 1 and 6; 477A.011, subdivision 36; 477A.03, subdivision 2; and 477A.06, subdivision 1; Laws 1987, chapter 402, section 2, subdivisions 1, 4, and 5; Laws 1988, chapter 645, section 3, as amended; Laws 1997, chapter 231, article 1, section 19; Laws 1999, chapter 112, section 1, subdivisions 1, 2, and 7; Laws 1999, chapter 112, section 2; Laws 1999, chapter 243, article 1, section 2; Laws 1999, chapter 243, article 6, section 18; proposing coding for new law in Minnesota Statutes, chapters 273; 278; and 477A; repealing Minnesota Statutes 1998, sections 270.072, subdivision 5; 270.075, subdivisions 3 and 4; 270.083; 273.127; 273.1316; 297F.09, subdivision 6; 297G.09, subdivision 5; 469.055, subdivision 5; 469.101, subdivision 21; 469.135; 469.136; 469.137; 469.138; 469.139; 469.140; 469.174, subdivision 13; 469.175, subdivision 6a; and 469.176, subdivision 4a; Minnesota Rules, part 8160.0300, subpart 4."

We request adoption of this report and repassage of the bill.

House Conferees: RON ABRAMS, WILLIAM KUISLE, DAN McELROY, ROXANN DAGGETT AND ANN H. REST.

Senate Conferees: DOUGLAS J. JOHNSON, WILLIAM V. BELANGER, JR., JOHN C. HOTTINGER, JIM VICKERMAN AND SANDRA L. PAPPAS.

Abrams moved that the report of the Conference Committee on H. F. No. 4127 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker resumed the Chair.

H. F. No. 4127, A bill for an act relating to financing state and local government; providing a sales tax rebate; extending the time to qualify for and making certain other changes to the 1999 sales tax rebate; providing agricultural assistance; reducing individual income tax rates; making changes to income, franchise, withholding, sales and use, property, motor vehicle sales and registration, mortgage registry, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, lawful gambling, taconite production, solid waste, estate, and special taxes; changing and allowing tax credits, subtractions, and exemptions; conforming with changes in federal income tax provisions; providing for allocation and apportionment of income; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, deferral, review, appeal, abatement, and distribution provisions; extending levy limits and changing levy authority; authorizing certain light rail transit spending if approved by the voters; reducing rates of health care provider taxes; reducing rates on lawful gambling and solid waste management taxes; changing tax increment financing provisions; providing special authority for certain political subdivisions; changing and clarifying tax administration, collection, enforcement, interest, and penalty provisions; changing revenue recapture provisions; freezing the taconite production tax; regulating state and local business subsidies; modifying certain aids to local units of government; recodifying sales and use taxes; recodifying insurance tax laws; establishing a legislative budget office; validating corporations established by political subdivisions and regulating their financing; changing county reporting requirements; providing certain duties and powers to the commissioner of revenue, the state auditor, and to the attorney general; defining terms; classifying data; requiring studies; providing for the transfer of excess surplus in the workers' compensation assigned risk plan; appropriating money; amending Minnesota Statutes 1998, sections 3.98, subdivision 3; 8.30; 16A.46; 37.13; 43A.316, subdivision 9; 43A.317, subdivision 8; 60A.15, subdivision 1; 60A.19, subdivision 8; 60A.198, subdivision 3; 60A.208, subdivision 8; 60A.209, subdivision 3; 60C.17; 60E.04, subdivision 4; 60E.095; 61B.30, subdivision 1; 62C.01, subdivision 3; 62E.10, subdivision 1; 62E.13, subdivision 10; 62L.13, subdivision 3; 62T.10; 64B.24; 71A.04, subdivision 1; 79.252, subdivision 4; 79.34, subdivision 1a; 115A.557, subdivision 3; 115A.69, subdivision 6; 116A.25; 126C.01, by adding a subdivision; 126C.17, subdivision 10; 176A.08; 238.08, subdivision 3; 270.063, by adding a subdivision; 270.072, subdivision 2, and by adding a subdivision; 270A.03, subdivision 7;

270A.07, subdivision 1; 273.111, subdivision 3; 273.124, by adding a subdivision; 273.125, subdivision 8; 273.37, subdivision 3; 275.065, subdivisions 3, 6, 8, and by adding a subdivision; 275.07, subdivision 1; 275.08, subdivision 1b; 275.70, by adding a subdivision; 275.72, subdivisions 1 and 3; 276.19, subdivision 1; 289A.08, by adding a subdivision; 289A.20, subdivision 2; 289A.26, subdivision 1; 289A.31, subdivision 7; 289A.35; 289A.60, subdivisions 1 and 14; 290.01, subdivisions 19c and 19d; 290.015, subdivisions 1, 3, and 4; 290.06, subdivision 22, and by adding subdivisions; 290.0671, subdivision 6; 290.0672, subdivisions 1 and 2; 290.0673, subdivision 8; 290.17, subdivision 2; 290.35, subdivisions 2, 3, and 6; 290.92, subdivisions 3, 28, and 29; 290B.04, by adding a subdivision; 290B.05, subdivision 3; 290B.07; 290B.08, subdivisions 1 and 2; 290B.09, subdivision 2; 295.50, subdivision 9b; 295.58; 296A.03, subdivision 5; 296A.21, subdivisions 2 and 3; 296A.22, subdivision 6; 297A.01, subdivisions 13, 15, 16, and by adding a subdivision; 297A.15, by adding a subdivision; 297A.25, subdivisions 5, 16, 34, 62, 76, and by adding subdivisions; 297B.01, subdivision 7; 297B.03; 297E.02, by adding a subdivision; 297F.01, subdivisions 7, 14, 17, and by adding subdivisions; 297F.08, subdivisions 2, 5, 8, and 9; 297F.13, subdivision 4; 297F.21, subdivisions 1 and 3; 297G.01, by adding a subdivision; 297G.03, subdivision 1; 297H.02, subdivision 2; 297H.03, subdivision 2; 297H.04, subdivision 2; 297H.13, subdivisions 2, 4, and by adding a subdivision; 360.035; 424.165; 429.011, subdivisions 2a and 5; 429.021, subdivision 1; 429.031, subdivision 1; 458A.09; 458A.30; 458D.23; 469.040, by adding a subdivision; 469.115; 469.127; 469.1734, subdivision 4; 469.174, subdivisions 9, 10, 11, 12, 14, and 22; 469.175, subdivisions 1a, 2, 2a, 3, 4, 5, and 6; 469.176, subdivisions 1b and 4d; 469.1761, subdivision 4; 469.1763, subdivision 2, and by adding a subdivision; 469.177, subdivision 1; 469.1813, subdivision 4; 473.388, subdivisions 4 and 7; 473.446, subdivision 1, and by adding a subdivision; 473.448; 473.545; 473.608, subdivision 2; and 477A.06, subdivision 3; Minnesota Statutes 1999 Supplement, sections 16D.09, subdivision 2; 43A.23, subdivision 1; 60A.19, subdivision 6; 116J.993, subdivision 3; 116J.994, subdivisions 1, 3, 4, 5, 6, 7, 8, and 9; 116J.995; 168.012, subdivision 1; 270.65; 270A.03, subdivision 2; 270A.07, subdivision 2; 272.02, subdivision 39, and by adding a subdivision; 273.11, subdivision 1a; 273.124, subdivisions 1, 8, and 14; 273.13, subdivisions 22, 23, 24, 25, and 31; 273.1382, subdivisions 1, 1a, and 1b; 273.1398, subdivisions 1a and 4a; 275.065, subdivision 5a; 275.70, subdivision 5; 275.71, subdivisions 2, 3, and 4; 287.01, subdivision 2; 289A.02, subdivision 7; 289A.20, subdivision 4; 289A.55, subdivision 9; 290.01, subdivisions 19, 19b, and 31; 290.06, subdivisions 2c and 2d; 290.0671, subdivision 1; 290.0674, subdivision 2; 290.0675, subdivisions 1, 2, and 3; 290.091, subdivisions 1, 2, and 6; 290.191, subdivisions 2 and 3; 290.9725; 290A.03, subdivision 15; 290B.03, subdivision 1; 290B.05, subdivision 1; 291.005, subdivision 1; 295.52, subdivision 7; 295.53, subdivision 1; 297A.25, subdivisions 9 and 11; 297E.02, subdivisions 1, 4, and 6; 297F.08, subdivision 8a; 297H.05; 298.24, subdivision 1; 383D.74, subdivision 2; 469.101, subdivision 2; 469.1771, subdivision 1; 469.1813, subdivisions 1 and 6; 477A.011, subdivision 36; 477A.03, subdivision 2; 477A.06, subdivision 1; and 505.08, subdivision 3; Laws 1987, chapter 402, section 2, subdivisions 1, 4, and 5; Laws 1988, chapter 645, section 3, as amended; Laws 1995, First Special Session chapter 3, article 15, section 25; Laws 1997, chapter 231, article 1, section 19, subdivisions 1, as amended, and 3, as amended; Laws 1999, chapter 112, section 1, subdivision 1; Laws 1999, chapter 243, article 1, section 2; article 6, section 18; proposing coding for new law in Minnesota Statutes, chapters 3; 273; 278; 297A; 465; and 473; proposing coding for new law as Minnesota Statutes, chapter 297I; repealing Minnesota Statutes 1998, sections 60A.15; 60A.152; 60A.198, subdivision 6; 60A.199, subdivisions 2, 3, 4, 5, 6, 6a, 7, 8, 9, 10, and 11; 60A.209, subdivisions 4 and 5; 69.54; 69.55; 69.56; 69.57; 69.58; 69.59; 69.60; 69.61; 71A.04, subdivision 2; 270.072, subdivision 5; 270.075, subdivisions 3 and 4; 270.083; 273.127; 273.13, subdivision 24a; 273.1316; 297A.01; 297A.02; 297A.022; 297A.023; 297A.03; 297A.04; 297A.041; 297A.06; 297A.065; 297A.07; 297A.09; 297A.10; 297A.11; 297A.12; 297A.13; 297A.135; 297A.14; 297A.141; 297A.15; 297A.16; 297A.17; 297A.18; 297A.21; 297A.211; 297A.213; 297A.22; 297A.23; 297A.24; 297A.25; 297A.2531; 297A.2545; 297A.255; 297A.256; 297A.2571; 297A.2572; 297A.2573; 297A.259; 297A.26; 297A.28; 297A.33, subdivision 2; 297A.44, subdivision 1; 297A.46; 297A.47; 297A.48; 299F.21; 299F.22; 299F.23; 299F.24; 299F.25; 299F.26; 465.715, subdivisions 1, 2, and 3; 469.055, subdivision 5; 469.101, subdivision 21; 469.135; 469.136; 469.137; 469.138; 469.139; 469.140; 469.174, subdivision 13; 469.175, subdivision 6a; and 469.176, subdivision 4a; Minnesota Statutes 1999 Supplement, sections 290.06, subdivision 26; 290.9726, subdivision 7; and 465.715, subdivision 1a; Minnesota Rules, parts 2765.1500, subpart 6; and 8160.0300, subpart 4.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Howes	Mahoney	Pawlenty	Swapinski
Abrams	Entenza	Huntley	Mares	Paymar	Swenson
Anderson, B.	Erhardt	Jennings	Mariani	Pelowski	Sykora
Anderson, I.	Erickson	Johnson	Marko	Peterson	Tingelstad
Bakk	Finseth	Juhnke	McCollum	Pugh	Tomassoni
Biernat	Folliard	Kalis	McElroy	Rest	Trimble
Bishop	Fuller	Kelliher	McGuire	Reuter	Tuma
Boudreau	Gerlach	Kielkucki	Milbert	Rhodes	Tunheim
Bradley	Gleason	Knoblach	Molnau	Rifenberg	Van Dellen
Broecker	Goodno	Koskinen	Mulder	Rostberg	Vandever
Buesgens	Gray	Krinkie	Mullery	Schumacher	Wagenius
Carlson	Greiling	Kubly	Murphy	Seagren	Wenzel
Carruthers	Gunther	Kuisle	Ness	Seifert, J.	Westerberg
Cassell	Haake	Larsen, P.	Nornes	Seifert, M.	Westfall
Chaudhary	Haas	Larson, D.	Olson	Skoe	Westrom
Clark, J.	Hackbarth	Leighton	Opatz	Skoglund	Wilkin
Daggett	Harder	Lenczewski	Osskopp	Smith	Winter
Davids	Hasskamp	Leppik	Osthoff	Solberg	Workman
Dehler	Hilty	Lieder	Otremba	Stanek	Spk. Sviggum
Dempsey	Holberg	Lindner	Ozment	Stang	
Dorman	Holsten	Luther	Paulsen	Storm	

Those who voted in the negative were:

Dawkins	Greenfield	Jaros	Kahn	Rukavina	Wejzman
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The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2826, A bill for an act relating to elections; clarifying provisions and conforming procedures under the Minnesota election law and related provisions; amending Minnesota Statutes 1998, sections 103C.305, subdivision 6; 103C.315, subdivision 2; 123B.09, subdivision 1; 201.061, subdivision 3; 201.171; 203B.02, by adding a subdivision; 203B.06, subdivision 6; 204B.09, subdivision 1a; 204B.12, subdivision 1; 204B.14, subdivisions 2, 5, and 6; 204B.16, subdivision 1; 204B.18, subdivision 1; 204B.19, subdivision 6; 204B.40; 204B.45, subdivision 1; 204C.32, subdivision 1; 204C.37; 204D.13, subdivision 1; 204D.25, subdivision 1; 204D.27, subdivision 8; 205.13, subdivision 6, and by adding a subdivision; 205.17, subdivision 1; 205A.06, subdivision 5, and by adding a subdivision; 206.90, subdivision 6; and 447.32, subdivision 1; Minnesota Statutes 1999 Supplement, sections

10A.31, subdivision 3a; 203B.04, subdivision 1; 203B.085; 367.03, subdivision 4; and 447.32, subdivision 4; repealing Minnesota Statutes 1998, sections 203B.02, subdivision 1a; 204B.09, subdivision 2; and 204B.45, subdivision 1a.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 3501, A bill for an act relating to labor; modifying a provision governing exchange of information between the departments of labor and industry and revenue; amending Minnesota Statutes 1998, section 270B.14, subdivision 8.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 3534, A bill for an act relating to agriculture; changing certain requirements and enforcement procedures for agricultural contracts; amending Minnesota Statutes 1998, sections 17.90, by adding a subdivision; and 17.91; proposing coding for new law in Minnesota Statutes, chapter 17.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 849, A bill for an act relating to metropolitan government; modifying the authority to expand or upgrade minor use airports; amending Minnesota Statutes 1998, section 473.641, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

Haake moved that the House refuse to concur in the Senate amendments to H. F. No. 849, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 849:

Haake, Abrams and Westerberg.

MESSAGES FROM THE SENATE, Continued

The following message was received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2845.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2845

A bill for an act relating to crimes; increasing criminal penalties and driver license sanctions for underage persons who use any type of false identification to purchase or attempt to purchase alcoholic beverages or tobacco; authorizing peace officers to transport alleged truants from the child's home to school or to a truancy service center; authorizing retailers to seize false identification; amending Minnesota Statutes 1998, sections 171.171; 340A.702; and 609.685, subdivisions 1a, 2, and 3; Minnesota Statutes 1999 Supplement, sections 260B.235, subdivision 4; 260C.143, subdivision 4; and 340A.503, subdivision 6.

May 4, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2845, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2845 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 171.171, is amended to read:

171.171 [SUSPENSION; ILLEGAL PURCHASE OF ALCOHOL OR TOBACCO.]

The commissioner shall suspend for a period of 90 days the license of a person who:

(1) is under the age of 21 years and is convicted of purchasing or attempting to purchase an alcoholic beverage in violation of section 340A.503 if the person used a license ~~or~~ Minnesota identification card, or any type of false identification to purchase or attempt to purchase the alcoholic beverage;

(2) is convicted under section 171.22, subdivision 1, clause (2), or 340A.503, subdivision 2, clause (3), of lending or knowingly permitting a person under the age of 21 years to use the person's license ~~or~~ Minnesota identification card, or other type of identification to purchase or attempt to purchase an alcoholic beverage;

(3) is under the age of 18 years and is found by a court to have committed a petty misdemeanor under section 609.685, subdivision 3, if the person used a license ~~or~~ Minnesota identification card, or any type of false identification to purchase or attempt to purchase the tobacco product; or

(4) is convicted under section 171.22, subdivision 1, clause (2), of lending or knowingly permitting a person under the age of 18 years to use the person's license ~~or~~ Minnesota identification card, or other type of identification to purchase or attempt to purchase a tobacco product.

Sec. 2. Minnesota Statutes 1999 Supplement, section 260B.235, subdivision 4, is amended to read:

Subd. 4. [DISPOSITIONS.] If the juvenile court finds that a child is a petty offender, the court may:

(a) require the child to pay a fine of up to \$100;

(b) require the child to participate in a community service project;

(c) require the child to participate in a drug awareness program;

(d) place the child on probation for up to six months;

(e) order the child to undergo a chemical dependency evaluation and if warranted by this evaluation, order participation by the child in an outpatient chemical dependency treatment program;

(f) order the child to make restitution to the victim; or

(g) perform any other activities or participate in any other outpatient treatment programs deemed appropriate by the court.

In all cases where the juvenile court finds that a child has purchased or attempted to purchase an alcoholic beverage in violation of section 340A.503, if the child has a driver's license or permit to drive, and if the child used a driver's license, permit ~~or~~ Minnesota identification card, or any type of false identification to purchase or attempt to purchase the alcoholic beverage, the court shall forward its finding in the case and the child's driver's license or permit to the commissioner of public safety. Upon receipt, the commissioner shall suspend the child's license or permit for a period of 90 days.

In all cases where the juvenile court finds that a child has purchased or attempted to purchase tobacco in violation of section 609.685, subdivision 3, if the child has a driver's license or permit to drive, and if the child used a driver's license, permit, ~~or~~ Minnesota identification card, or any type of false identification to purchase or attempt to purchase tobacco, the court shall forward its finding in the case and the child's driver's license or permit to the commissioner of public safety. Upon receipt, the commissioner shall suspend the child's license or permit for a period of 90 days.

None of the dispositional alternatives described in clauses (a) to (f) shall be imposed by the court in a manner which would cause an undue hardship upon the child.

Sec. 3. Minnesota Statutes 1999 Supplement, section 340A.503, subdivision 6, is amended to read:

Subd. 6. [PROOF OF AGE; DEFENSE; SEIZURE OF FALSE IDENTIFICATION.] (a) Proof of age for purchasing or consuming alcoholic beverages may be established only by one of the following:

(1) a valid driver's license or identification card issued by Minnesota, another state, or a province of Canada, and including the photograph and date of birth of the licensed person;

(2) a valid military identification card issued by the United States Department of Defense;

(3) a valid passport issued by the United States; or

(4) in the case of a foreign national, by a valid passport.

(b) In a prosecution under subdivision 2, clause (1), it is a defense for the defendant to prove by a preponderance of the evidence that the defendant reasonably and in good faith relied upon representations of proof of age authorized in paragraph (a) in selling, bartering, furnishing, or giving the alcoholic beverage.

(c) A licensed retailer or municipal liquor store may seize a form of identification listed under paragraph (a) if the retailer or municipal liquor store has reasonable grounds to believe that the form of identification has been altered or falsified or is being used to violate any law. A retailer or municipal liquor store that seizes a form of identification as authorized under this paragraph must deliver it to a law enforcement agency, within 24 hours of seizing it.

Sec. 4. Minnesota Statutes 1998, section 340A.702, is amended to read:

340A.702 [GROSS MISDEMEANORS.]

It is a gross misdemeanor:

(1) to sell an alcoholic beverage without a license authorizing the sale;

(2) for a licensee to refuse or neglect to obey a lawful direction or order of the commissioner or the commissioner's agent, withhold information or a document the commissioner calls for examination, obstruct or mislead the commissioner in the execution of the commissioner's duties or swear falsely under oath;

(3) to violate the provisions of sections 340A.301 to 340A.312;

(4) to violate the provisions of section 340A.508;

(5) for any person, partnership, or corporation to knowingly have or possess direct or indirect interest in more than one off-sale intoxicating liquor license in a municipality in violation of section 340A.412, subdivision 3;

(6) to sell or otherwise dispose of intoxicating liquor within 1,000 feet of a state hospital, training school, reformatory, prison, or other institution under the supervision and control, in whole or in part, of the commissioner of human services or the commissioner of corrections;

(7) to violate the provisions of section 340A.502;

(8) except as otherwise provided in section 340A.701, to violate the provisions of section 340A.503, subdivision 2, clause (1) or (3);

(9) to withhold any information, book, paper, or other thing called for by the commissioner for the purpose of an examination;

(10) to obstruct or mislead the commissioner in the execution of the commissioner's duties; or

(11) to swear falsely concerning any matter stated under oath; or

(12) to violate the provisions of section 340A.503, subdivision 5, after having been convicted previously of violating section 340A.503, subdivision 5.

Sec. 5. Minnesota Statutes 1998, section 609.685, subdivision 1a, is amended to read:

Subd. 1a. ~~[GROSS MISDEMEANOR PENALTY TO SELL.]~~ (a) Whoever sells tobacco to a person under the age of 18 years is guilty of a misdemeanor for the first violation. Whoever violates this subdivision a subsequent time within five years of a previous conviction under this subdivision is guilty of a gross misdemeanor.

(b) It is an affirmative defense to a charge under this subdivision if the defendant proves by a preponderance of the evidence that the defendant reasonably and in good faith relied on proof of age as described in section 340A.503, subdivision 6.

Sec. 6. Minnesota Statutes 1998, section 609.685, subdivision 2, is amended to read:

Subd. 2. ~~[MISDEMEANOR OTHER OFFENSES.]~~ (a) Whoever furnishes tobacco or tobacco-related devices to a person under the age of 18 years is guilty of a misdemeanor for the first violation. Whoever violates this paragraph a subsequent time is guilty of a gross misdemeanor.

(b) A person under the age of 18 years who purchases or attempts to purchase tobacco or tobacco-related devices and who uses a driver's license, permit, Minnesota identification card, or any type of false identification to misrepresent the person's age, is guilty of a misdemeanor.

Sec. 7. Minnesota Statutes 1998, section 609.685, subdivision 3, is amended to read:

Subd. 3. ~~[PETTY MISDEMEANOR.]~~ Except as otherwise provided in subdivision 2, whoever possesses, smokes, chews, or otherwise ingests, purchases, or attempts to purchase tobacco or tobacco related devices and is under the age of 18 years is guilty of a petty misdemeanor. This subdivision does not apply to a person under the age of 18 years who purchases or attempts to purchase tobacco or tobacco related devices while under the direct supervision of a responsible adult for training, education, research, or enforcement purposes.

Sec. 8. Minnesota Statutes 1999 Supplement, section 609.685, subdivision 5, is amended to read:

Subd. 5. ~~[EXCEPTION EXCEPTIONS.]~~ (a) Notwithstanding subdivision 2, an Indian may furnish tobacco to an Indian under the age of 18 years if the tobacco is furnished as part of a traditional Indian spiritual or cultural ceremony. For purposes of this ~~subdivision~~ paragraph, an Indian is a person who is a member of an Indian tribe as defined in section 260.755, subdivision 12.

(b) The penalties in this section do not apply to a person under the age of 18 years who purchases or attempts to purchase tobacco or tobacco-related devices while under the direct supervision of a responsible adult for training, education, research, or enforcement purposes.

Sec. 9. Minnesota Statutes 1998, section 609.685, is amended by adding a subdivision to read:

Subd. 6. [SEIZURE OF FALSE IDENTIFICATION.] A retailer may seize a form of identification listed in section 340A.503, subdivision 6, if the retailer has reasonable grounds to believe that the form of identification has been altered or falsified or is being used to violate any law. A retailer that seizes a form of identification as authorized under this subdivision shall deliver it to a law enforcement agency within 24 hours of seizing it.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective August 1, 2000, and apply to violations occurring on or after that date."

Delete the title and insert:

"A bill for an act relating to crimes; increasing criminal penalties and driver license sanctions for underage persons who use any type of false identification to purchase or attempt to purchase alcoholic beverages or tobacco; authorizing retailers to seize false identification; amending Minnesota Statutes 1998, sections 171.171; 340A.702; and 609.685, subdivisions 1a, 2, 3, and by adding a subdivision; Minnesota Statutes 1999 Supplement, sections 260B.235, subdivision 4; 340A.503, subdivision 6; and 609.685, subdivision 5."

We request adoption of this report and repassage of the bill.

Senate Conferees: DAVID L. KNUTSON, EMBER R. JUNGE AND JOHN C. HOTTINGER.

House Conferees: PEGGY LEPPIK, ANN H. REST AND DAN DORMAN.

Leppik moved that the report of the Conference Committee on S. F. No. 2845 be adopted and that the bill be repassed as amended by the Conference Committee.

A roll call was requested and properly seconded.

The Speaker called McElroy to the Chair.

The question was taken on the Leppik motion and the roll was called. There were 88 yeas and 41 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Holberg	McCollum	Pelowski	Stang
Abrams	Erhardt	Holsten	McElroy	Peterson	Storm
Anderson, B.	Erickson	Howes	McGuire	Pugh	Swenson
Boudreau	Finseth	Kalis	Molnau	Rest	Sykora
Bradley	Folliard	Kelliher	Mulder	Reuter	Tingelstad
Broecker	Fuller	Kielkucki	Murphy	Rhodes	Trimble
Carlson	Gerlach	Knoblach	Ness	Rifenberg	Tuma
Carruthers	Goodno	Kuisle	Nornes	Rostberg	Westerberg
Cassell	Greenfield	Larsen, P.	Olson	Schumacher	Westfall
Clark, J.	Gunther	Larson, D.	Opatz	Seagren	Westrom
Daggett	Haake	Lenczewski	Otremba	Seifert, J.	Wilkin
Dauids	Haas	Leppik	Ozment	Seifert, M.	Workman
Dehler	Hackbarth	Lindner	Paulsen	Skoe	Spk. Sviggum
Dempsey	Harder	Luther	Pawlenty	Solberg	
Dorman	Hasskamp	Mares	Paymar	Stanek	

Those who voted in the negative were:

Anderson, I.	Buesgens	Dorn	Hilty	Johnson	Krinkie
Bakk	Chaudhary	Gleason	Huntley	Juhnke	Kubly
Biernat	Clark, K.	Gray	Jaros	Kahn	Leighton
Bishop	Dawkins	Greiling	Jennings	Koskinen	Lieder

Mahoney	Mullery	Skoglund	Tomassoni	Vandev eer	Wenzel
Mariani	Osskopp	Smith	Tunheim	Wagenius	Winter
Marko	Rukavina	Swapinski	Van Dellen	Wejcman	

The motion prevailed.

S. F. No. 2845, A bill for an act relating to crimes; increasing criminal penalties and driver license sanctions for underage persons who use any type of false identification to purchase or attempt to purchase alcoholic beverages or tobacco; authorizing peace officers to transport alleged truants from the child's home to school or to a truancy service center; authorizing retailers to seize false identification; amending Minnesota Statutes 1998, sections 171.171; 340A.702; and 609.685, subdivisions 1a, 2, and 3; Minnesota Statutes 1999 Supplement, sections 260B.235, subdivision 4; 260C.143, subdivision 4; and 340A.503, subdivision 6.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 84 yeas and 43 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Hasskamp	McCollum	Pawlenty	Solberg
Abrams	Erhardt	Holberg	McElroy	Pelowski	Stanek
Boudreau	Erickson	Holsten	McGuire	Peterson	Stang
Bradley	Finseth	Howes	Molnau	Pugh	Storm
Broecker	Folliard	Kalis	Mulder	Rest	Swenson
Carlson	Fuller	Kelliher	Murphy	Reuter	Sykora
Carruthers	Gerlach	Kielkucki	Ness	Rhodes	Tingelstad
Cassell	Goodno	Knoblach	Nornes	Rifenberg	Trimble
Clark, J.	Greenfield	Larsen, P.	Olson	Rostberg	Tuma
Daggett	Gunther	Larsen, D.	Opatz	Schumacher	Westerberg
Davids	Haake	Lenczewski	Osskopp	Seagren	Westfall
Dehler	Haas	Leppik	Otremba	Seifert, J.	Wilkin
Dempsey	Hackbarth	Luther	Ozment	Seifert, M.	Workman
Dorman	Harder	Mares	Paulsen	Skoe	Spk. Sviggum

Those who voted in the negative were:

Anderson, B.	Dawkins	Jennings	Leighton	Skoglund	Wenzel
Anderson, I.	Dorn	Johnson	Lindner	Smith	Westrom
Bakk	Gleason	Juhnke	Mahoney	Swapinski	Winter
Biernat	Gray	Kahn	Mariani	Tomassoni	
Bishop	Greiling	Koskinen	Marko	Tunheim	
Buesgens	Hilty	Krinkie	Mullery	Van Dellen	
Chaudhary	Huntley	Kubly	Paymar	Vandev eer	
Clark, K.	Jaros	Kuisle	Rukavina	Wagenius	

The bill was repassed, as amended by Conference, and its title agreed to.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2516

A bill for an act relating to crime; amending the definition of harassment; amending Minnesota Statutes 1998, section 609.748, subdivisions 1, 3, and 4.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 2516, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2516 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 609.748, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] For the purposes of this section, the following terms have the meanings given them in this subdivision.

(a) "Harassment" includes:

(1) a single incident of physical or sexual assault or repeated, incidents of intrusive, or unwanted acts, words, or gestures that have a substantial adverse effect or are intended to adversely affect have a substantial adverse effect on the safety, security, or privacy of another, regardless of the relationship between the actor and the intended target;

(2) targeted residential picketing; and

(3) a pattern of attending public events after being notified that the actor's presence at the event is harassing to another.

(b) "Respondent" includes any adults or juveniles alleged to have engaged in harassment or organizations alleged to have sponsored or promoted harassment.

(c) "Targeted residential picketing" includes the following acts when committed on more than one occasion:

(1) marching, standing, or patrolling by one or more persons directed solely at a particular residential building in a manner that adversely affects the safety, security, or privacy of an occupant of the building; or

(2) marching, standing, or patrolling by one or more persons which prevents an occupant of a residential building from gaining access to or exiting from the property on which the residential building is located.

Sec. 2. Minnesota Statutes 1998, section 609.748, subdivision 3, is amended to read:

Subd. 3. [CONTENTS OF PETITION; HEARING; NOTICE.] (a) A petition for relief must allege facts sufficient to show the following:

(1) the name of the alleged harassment victim;

- (2) the name of the respondent; and
- (3) that the respondent has engaged in harassment.

The petition shall be accompanied by an affidavit made under oath stating the specific facts and circumstances from which relief is sought. The court shall provide simplified forms and clerical assistance to help with the writing and filing of a petition under this section and shall advise the petitioner of the right to sue in forma pauperis under section 563.01. Upon receipt of the petition, the court shall order a hearing, which must be held not later than 14 days from the date of the order. Personal service must be made upon the respondent not less than five days before the hearing. If personal service cannot be completed in time to give the respondent the minimum notice required under this paragraph, the court may set a new hearing date. Nothing in this section shall be construed as requiring a hearing on a matter that has no merit.

(b) Notwithstanding paragraph (a), the order for a hearing and a temporary order issued under subdivision 4 may be served on the respondent by means of a one-week published notice under section 645.11, if:

(1) the petitioner files an affidavit with the court stating that an attempt at personal service made by a sheriff was unsuccessful because the respondent is avoiding service by concealment or otherwise; and

(2) a copy of the petition and order for hearing and any temporary restraining order has been mailed to the respondent at the respondent's residence or place of business, if the respondent is an organization, or the respondent's residence or place of business is not known to the petitioner.

(c) Regardless of the method of service, if the respondent is a juvenile, whenever possible, the court also shall have notice of the pendency of the case and of the time and place of the hearing served by mail at the last known address upon any parent or guardian of the juvenile respondent who is not the petitioner.

Sec. 3. Minnesota Statutes 1998, section 609.748, subdivision 4, is amended to read:

Subd. 4. [TEMPORARY RESTRAINING ORDER.] (a) The court may issue a temporary restraining order ordering the respondent to cease or avoid the harassment of another person or to have no contact with that person if the petitioner files a petition in compliance with subdivision 3 and if the court finds reasonable grounds to believe that the respondent has engaged in harassment. When a petition alleges harassment as defined by subdivision 1, paragraph (a), clause (1), the petition must further allege an immediate and present danger of harassment before the court may issue a temporary restraining order under this section.

(b) Notice need not be given to the respondent before the court issues a temporary restraining order under this subdivision. A copy of the restraining order must be served on the respondent along with the order for hearing and petition, as provided in subdivision 3. If the respondent is a juvenile, whenever possible, a copy of the restraining order, along with notice of the pendency of the case and the time and place of the hearing, shall also be served by mail at the last known address upon any parent or guardian of the juvenile respondent who is not the petitioner. A temporary restraining order may be entered only against the respondent named in the petition.

(c) The temporary restraining order is in effect until a hearing is held on the issuance of a restraining order under subdivision 5. The court shall hold the hearing on the issuance of a restraining order within 14 days after the temporary restraining order is issued unless (1) the time period is extended upon written consent of the parties; or (2) the time period is extended by the court for one additional 14-day period upon a showing that the respondent has not been served with a copy of the temporary restraining order despite the exercise of due diligence or if service is made by published notice under subdivision 3 and the petitioner files the affidavit required under that subdivision.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective July 1, 2000, and apply to petitions filed on or after that date."

Delete the title and insert:

"A bill for an act relating to crime; amending the definition of harassment; modifying petition requirements; amending Minnesota Statutes 1998, section 609.748, subdivisions 1, 3, and 4."

We request adoption of this report and repassage of the bill.

House Conferees: STEVE SMITH, TOM HACKBARTH AND PHIL CARRUTHERS.

Senate Conferees: RANDY C. KELLY, DAVID L. KNUTSON AND ALLAN H. SPEAR.

Smith moved that the report of the Conference Committee on H. F. No. 2516 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2516, A bill for an act relating to crime; amending the definition of harassment; amending Minnesota Statutes 1998, section 609.748, subdivisions 1, 3, and 4.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Lindner	Paulsen	Swenson
Abrams	Dorn	Howes	Luther	Pelowski	Sykora
Anderson, B.	Entenza	Huntley	Mahoney	Peterson	Tingelstad
Anderson, I.	Erhardt	Jaros	Mares	Pugh	Tomassoni
Bakk	Erickson	Jennings	Mariani	Rest	Trimble
Biernat	Finseth	Johnson	Marko	Reuter	Tuma
Bishop	Folliard	Juhnke	McCollum	Rhodes	Tunheim
Boudreau	Fuller	Kahn	McElroy	Rifenberg	Van Dellen
Bradley	Gerlach	Kalis	McGuire	Rostberg	Vandever
Broecker	Gleason	Kelliher	Milbert	Rukavina	Wagenius
Buesgens	Goodno	Kielkucki	Molnau	Schumacher	Wejman
Carlson	Gray	Knoblach	Mulder	Seagren	Wenzel
Carruthers	Greenfield	Koskinen	Mullery	Seifert, J.	Westerberg
Cassell	Greiling	Krinkie	Murphy	Seifert, M.	Westfall
Chaudhary	Gunther	Kubly	Ness	Skoe	Westrom
Clark, J.	Haake	Kuisle	Nornes	Skoglund	Wilkin
Clark, K.	Haas	Larsen, P.	Olson	Smith	Winter
Daggett	Hackbarth	Larson, D.	Opatz	Solberg	Workman
Dauids	Harder	Leighton	Osskopp	Stanek	Spk. Sviggum
Dawkins	Hasskamp	Lenczewski	Osthoff	Stang	
Dehler	Hilty	Leppik	Otremba	Storm	
Dempsey	Holberg	Lieder	Ozment	Swapinski	

The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

The following message was received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1288.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1288

A bill for an act relating to natural resources; exempting trappers from blaze orange requirements; providing that for certain turkey license applicants qualifying land may be noncontiguous; increasing hunting and fishing license fees; appropriating money; amending Minnesota Statutes 1998, sections 97A.435, subdivision 4; 97A.475, subdivisions 2, 3, 6, 7, 8, 11, 12, 13, and 20; 97A.485, subdivision 12; and 97B.071.

May 9, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1288, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 1288 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 97A.431, subdivision 4, is amended to read:

Subd. 4. [SEPARATE SELECTION; ELIGIBILITY.] (a) The commissioner may conduct a separate selection for up to 20 percent of the moose licenses to be issued for an area. Only owners of, and tenants living on, at least 160 acres of agricultural or grazing land in the area, and their family members, are eligible for the separate selection under this paragraph. ~~Persons that are unsuccessful in a separate selection must be included in the selection for the remaining licenses.~~

(b) The commissioner must conduct a separate selection for 20 percent of the moose licenses to be issued each year. Only individuals who have applied at least ten times for a moose license and who have never received a license are eligible for this separate selection.

(c) The commissioner may by rule establish criteria for:

(1) determining eligible family members under ~~this subdivision~~; paragraph (a); and

(2) verifying that an individual has made at least ten unsuccessful applications for the purposes of paragraph (b).

(d) A person who is unsuccessful in a separate selection under this subdivision must be included in the selection for the remaining licenses.

Sec. 2. Minnesota Statutes 1998, section 97A.435, subdivision 4, is amended to read:

Subd. 4. [SEPARATE SELECTION OF ELIGIBLE LICENSEES.] (a) The commissioner may conduct a separate selection for up to 20 percent of the turkey licenses to be issued for any area. Only persons ~~that who~~ who are owners or tenants of and ~~that who~~ live on at least 40 acres of agricultural or grazing land in the area, and their family members, are eligible applicants for turkey licenses for the separate selection. The qualifying agricultural or grazing land may be noncontiguous. Persons ~~that who~~ who are unsuccessful in a separate selection must be included in the selection for the remaining licenses. Persons ~~that who~~ who obtain a license in a separate selection must allow public turkey hunting on their land during that turkey season.

(b) The commissioner may by rule establish criteria for determining eligible family members under this subdivision.

Sec. 3. Minnesota Statutes 1998, section 97A.441, subdivision 7, is amended to read:

Subd. 7. [OWNERS OR TENANTS OF AGRICULTURAL LAND.] (a) The commissioner may issue, without ~~an additional~~ a fee, a license to take ~~additional an antlerless deer with firearms under section 97B.301, subdivision 4;~~ to a person who is an owner or tenant and ~~lives is living and actively farming~~ lives is living and actively farming on at least ~~ten~~ 80 acres of agricultural land, as defined in section 97B.001, in ~~an area where the commissioner has made these licenses available.~~ Landowners and tenants applying for a license under this subdivision must receive preference over other applicants for the licenses deer permit areas that have deer archery licenses to take additional deer under section 97B.301, subdivision 4. A person may receive only one license per year under this subdivision. For properties with coowners or cotenants, only one coowner or cotenant may receive a license under this subdivision per year. The license issued under this subdivision is restricted to the land owned or leased by the holder of the license within the permit area where the qualifying land is located. The holder of the license may transfer the license to the holder's spouse or dependent. Notwithstanding sections 97A.415, subdivision 1, and 97B.301, subdivision 2, the holder of the license may purchase an additional license for taking deer and may take an additional deer under that license.

(b) ~~Persons~~ A person who obtains a license under paragraph (a) must allow public deer hunting on their land during that deer hunting season, with the exception of the first Saturday and Sunday during the deer hunting season applicable to the license issued under section 97A.475, subdivision 2, clause (4).

Sec. 4. Minnesota Statutes 1998, section 97A.445, subdivision 1, is amended to read:

Subdivision 1. [ANGLING; TAKE A KID FISHING WEEKEND.] A resident over age 18 may take fish by angling without a license during one ~~Saturday and Sunday~~ three-day consecutive period of the angling season designated by rule of the commissioner if accompanied by a child who is under age 16. The commissioner shall publicize the ~~Saturday and Sunday~~ three-day period as "Take a Kid Fishing Weekend."

Sec. 5. Minnesota Statutes 1998, section 97A.475, subdivision 2, is amended to read:

Subd. 2. [RESIDENT HUNTING.] Fees for the following licenses, to be issued to residents only, are:

(1) for persons under age 65 to take small game, \$10;

(2) for persons age 65 or over, \$5;

- (3) to take turkey, \$16;
- (4) to take deer with firearms, \$22;
- (5) to take deer by archery, \$22;
- (6) to take moose, for a party of not more than six persons, \$275;
- (7) to take bear, \$33;
- (8) to take elk, for a party of not more than two persons, \$220;
- (9) to take antlered deer in more than one zone, \$44; ~~and~~
- (10) to take Canada geese during a special season, \$3; and

(11) to take an antlered buck throughout the state in any open deer season, except as restricted under section 97B.305, \$66.

Sec. 6. Minnesota Statutes 1998, section 97B.015, is amended by adding a subdivision to read:

Subd. 6. [PROVISIONAL CERTIFICATE FOR PERSONS WITH MENTAL RETARDATION OR A RELATED CONDITION.] Upon the recommendation of a course instructor, the commissioner may issue a provisional firearms safety certificate to a person who satisfactorily completes the classroom portion of the firearms safety course but is unable to pass the written or an alternate format exam portion of the course because of mental retardation or a related condition as defined in section 97B.1055, subdivision 1. The certificate is valid only when used according to section 97B.1055.

Sec. 7. Minnesota Statutes 1998, section 97B.031, subdivision 1, is amended to read:

Subdivision 1. [FIREARMS AND AMMUNITION THAT MAY BE USED TO TAKE BIG GAME.] (a) A person may take big game with a firearm only if:

- (1) the rifle, shotgun, and handgun used is a caliber of at least .23 inches;
- (2) the firearm is loaded only with single projectile ammunition;
- (3) a projectile used is a caliber of at least .23 inches and has a soft point or is an expanding bullet type;
- (4) the ammunition has a case length of at least 1.285 inches;
- (5) the muzzle-loader used is incapable of being loaded at the breech;
- (6) the smooth-bore muzzle-loader used is a caliber of at least .45 inches; and
- (7) the rifled muzzle-loader used is a caliber of at least .40 inches.

(b) A person may not take big game with a .30 caliber M-1 carbine cartridge.

(c) Notwithstanding paragraph (a), clause (4), a person may take big game with a ten millimeter cartridge that is at least 0.95 inches in length and may take big game with a .45 Winchester Magnum cartridge.

Sec. 8. Minnesota Statutes 1998, section 97B.051, is amended to read:

97B.051 [TRANSPORTATION OF ARCHERY BOWS.]

Except as specified under section 97B.055, subdivision 2, a person may not transport an archery bow in a motor vehicle unless the bow is:

(1) unstrung;

(2) completely contained in a case; or

(3) in the closed trunk or rear-most enclosed portion of a motor vehicle that is not accessible from the passenger compartment.

Sec. 9. Minnesota Statutes 1998, section 97B.071, is amended to read:

97B.071 [BLAZE ORANGE REQUIREMENTS.]

(a) Except as provided in rules adopted under paragraph (c), a person may not hunt or trap during the open season where deer may be taken by firearms under applicable laws and ordinances, unless the visible portion of the person's cap and outer clothing above the waist, excluding sleeves and gloves, is blaze orange. Blaze orange includes a camouflage pattern of at least 50 percent blaze orange within each foot square. This section does not apply to migratory waterfowl hunters on waters of this state or in a stationary shooting location or to trappers on waters of this state.

(b) Except as provided in rules adopted under paragraph (c), and in addition to the requirement in paragraph (a), a person may not take small game other than turkey, migratory birds, raccoons, and predators, except when hunting with nontoxic shot or while trapping, unless a visible portion of at least one article of the person's clothing above the waist is blaze orange. This paragraph does not apply to a person hunting by falconry.

(c) The commissioner may, by rule, prescribe an alternative color in cases where paragraph (a) or (b) would violate the Religious Freedom Restoration Act of 1993, Public Law Number 103-141.

(d) A violation of paragraph (b) shall not result in a penalty, but is punishable only by a safety warning.

Sec. 10. [97B.1055] [HUNTING BY PERSONS WITH MENTAL RETARDATION OR A RELATED CONDITION.]

Subdivision 1. [DEFINITIONS.] For purposes of this section and section 97B.015, subdivision 6, "person with mental retardation or a related condition" means a person who has been diagnosed as having substantial limitations in present functioning, manifested as significantly subaverage intellectual functioning, existing concurrently with demonstrated deficits in adaptive behavior, and who manifests these conditions before the person's 22nd birthday. A person with a related condition means a person who meets the diagnostic definition under section 252.27, subdivision 1a.

Subd. 2. [OBTAINING A LICENSE.] (a) Notwithstanding section 97B.020, a person with mental retardation or a related condition may obtain a firearms hunting license with a provisional firearms safety certificate issued under section 97B.015, subdivision 6.

(b) Any person accompanying or assisting a person with mental retardation or a related condition under this section must possess a valid firearms safety certificate issued by the commissioner.

Subd. 3. [ASSISTANCE REQUIRED.] A person who obtains a firearms hunting license under subdivision 2 must be accompanied and assisted by a parent, guardian, or other adult person designated by a parent or guardian when hunting. A person who is not hunting but is solely accompanying and assisting a person with mental retardation or a related condition need not obtain a hunting license.

Subd. 4. [PROHIBITED ACTIVITIES.] (a) This section does not entitle a person to possess a firearm if the person is otherwise prohibited from possessing a firearm under state or federal law or a court order.

(b) No person shall knowingly authorize or permit a person, who by reason of mental retardation or a related condition is incapable of safely possessing a firearm, to possess a firearm to hunt in the state or on any boundary water of the state.

Sec. 11. Minnesota Statutes 1998, section 97B.301, is amended by adding a subdivision to read:

Subd. 7. [ALL SEASON BUCK LICENSE.] A resident may obtain an all season buck license to take one buck by firearm or archery during any season statewide. A person obtaining an all season buck license does not qualify for hunting under subdivision 3 or 4.

Sec. 12. Minnesota Statutes 1998, section 97C.001, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION; DESIGNATION.] (a) Experimental waters are lakes and streams where special regulations are used and evaluated to meet a specific fisheries objective.

(b) The commissioner may designate any waters of the state having free access to the public as experimental waters. The designated experimental waters may not exceed ~~100~~ 200 lakes and ~~25~~ 50 streams at one time. For all experimental waters, the commissioner shall develop an evaluation plan and specify a termination date. On the termination date, the commissioner shall vacate or extend the experimental waters designation, or designate the experimental waters as special management waters under section 97C.005. The commissioner shall by rule establish methods and criteria for public initiation of experimental waters designation and for public participation in the evaluation of the waters designated.

(c) Designation of experimental waters under this section is not subject to chapter 14.

Sec. 13. Minnesota Statutes 1998, section 97C.081, subdivision 2, is amended to read:

Subd. 2. [CONTESTS WITHOUT A PERMIT.] A person may conduct a fishing contest with entry fees of \$10; or less, per person and total prizes valued at \$2,000; or less, without a permit from the commissioner: provided:

(1) the following criteria are met:

(i) there are 30 participants or less for open water contests and 150 participants or less for ice fishing contests;

(ii) the entry fee is \$25 per person or less;

(iii) the total prize value is \$25,000 or less; and

(iv) the contest is not limited to trout species only;

(2) the following criteria are met:

(i) the contest is not limited to specifically named waters; and

(ii) the contest is not limited to trout species only; or

(3) all the contest participants are age 18 years or under.

Sec. 14. Minnesota Statutes 1998, section 97C.081, subdivision 3, is amended to read:

Subd. 3. [~~CONTESTS AUTHORIZED BY COMMISSIONER REQUIRING A PERMIT.~~] ~~The commissioner may, by rule or permit, allow fishing contests with entry fees over \$10 per person or total prizes valued at more than \$2,000.~~ (a) A person must have a permit from the commissioner to conduct a fishing contest that does not meet the criteria in subdivision 2. Permits shall be issued without a fee.

(b) If entry fees are over \$25 per person, or total prizes are valued at more than \$25,000, and if the applicant has either:

(1) not previously conducted a fishing contest requiring a permit under this subdivision; or

(2) ever failed to make required prize awards in a fishing contest conducted by the applicant, the commissioner may require the applicant to furnish the commissioner evidence of financial responsibility in the form of a surety bond or bank letter of credit in the amount of \$25,000. Permits must be issued without a fee and if the commissioner does not deny the permit within 14 days, excluding holidays, after receipt of an application, the permit is granted.

Sec. 15. Minnesota Statutes 1998, section 97C.081, is amended by adding a subdivision to read:

Subd. 6. [~~PERMIT APPLICATION PROCESS.~~] (a) Beginning September 1 each year, the commissioner shall accept permit applications for fishing contests to be held in the following year.

(b) If the number of permit applications received by the commissioner from September 1 through the last Friday in October exceeds the limits specified in subdivisions 7 and 8, the commissioner shall notify the affected applicants that their requested locations and time period are subject to a drawing. After notification, the commissioner shall allow the affected applicants a minimum of seven days to change the location or time period requested on their applications, provided that the change is not to a location or time period for which applications are already at or above the limits specified in subdivisions 7 and 8.

(c) After the applicants have been given at least seven days to change their applications, the commissioner shall conduct a drawing for all locations and time periods for which applications exceed limits. First preference in the drawings shall be given to applicants for established or traditional fishing contests, and second preference to applicants for contests that are not established as traditional fishing contests based on the number of times they have been unsuccessful in previous drawings. Except for applicants of established or traditional fishing contests, an applicant who is successful in a drawing loses all accumulated preference.

(d) The commissioner has until December 7 to approve or deny permit applications that are submitted by 4:30 p.m. on the last Friday in October. The commissioner may approve a permit application that is received after 4:30 p.m. on the last Friday in October if approving the application would not result in exceeding the limits in subdivisions 7 and 8.

Sec. 16. Minnesota Statutes 1998, section 97C.081, is amended by adding a subdivision to read:

Subd. 7. [~~WEEKEND LIMITATIONS.~~] (a) On all waters 55,000 acres or less, the commissioner may ensure that each of the state's waters has at least two weekends per month with no permitted fishing contests.

(b) Unless otherwise authorized by the commissioner, permitted fishing contests that are conducted for more than one day may not include more than one weekend day from Memorial Day weekend through Labor Day weekend.

(c) The commissioner may not approve permits for fishing contests on a weekend with a fishing season opener if the contest targets a species for which the season is opening.

Sec. 17. Minnesota Statutes 1998, section 97C.081, is amended by adding a subdivision to read:

Subd. 8. [LIMITS ON NUMBER OF FISHING CONTESTS.] (a) The number of permitted fishing contests allowed each month on a water body shall not exceed the following limits:

<u>Size/acres less than</u>	<u>Maximum number of permitted fishing contests</u>	<u>Maximum number of large permitted fishing contests</u>	<u>Maximum number of permitted fishing contest days</u>
<u>2,000</u>	<u>2</u>	<u>0</u>	<u>4</u>
<u>2,000-4,999</u>	<u>3</u>	<u>1</u>	<u>6</u>
<u>5,000-14,999</u>	<u>4</u>	<u>2</u>	<u>8</u>
<u>15,000-55,000</u>	<u>5</u>	<u>3</u>	<u>10</u>
<u>more than 55,000</u>	<u>no limit</u>	<u>no limit</u>	<u>no limit</u>

(b) For boundary waters, the limits on the number of permitted fishing contests shall be determined based on the Minnesota acreage.

Sec. 18. Minnesota Statutes 1998, section 97C.081, is amended by adding a subdivision to read:

Subd. 9. [PERMIT RESTRICTIONS.] (a) The commissioner may require fishing contest permittees to limit prefishing to week days only as a condition of a fishing contest permit. The commissioner may require proof from permittees that prefishing restrictions on the permit are communicated to fishing contest participants and enforced.

(b) The commissioner may require permit restrictions on the hours that a permitted fishing contest is conducted, including, but not limited to, starting and ending times.

(c) The commissioner may require permit restrictions on the number of parking spaces that may be used on a state-owned public water access site. The commissioner may require proof from permittees that parking restrictions on the permit are communicated to fishing contest participants and enforced.

(d) To prevent undue loss of fish, the commissioner may require restrictions for off-site weigh-ins on a fishing contest permit or may deny permits requesting an off-site weigh-in.

(e) A person may not transfer a fishing contest permit to another person.

(f) Failure to comply with fishing contest permit restrictions may be considered grounds for denial of future permit applications.

Sec. 19. Minnesota Statutes 1998, section 97C.081, is amended by adding a subdivision to read:

Subd. 10. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given:

(a) "Permitted fishing contest" means an open water fishing contest or ice fishing contest that requires a permit from the commissioner under subdivision 3.

(b) "Large permitted fishing contest" means an open water fishing contest with more than 50 boats or more than 100 participants that requires a permit from the commissioner under subdivision 3.

(c) "Participant" means a person who is taking part in a fishing contest.

(d) "Permitted fishing contest day" means a day on a water body where a permitted fishing contest is held. Two permitted fishing contests that are held on the same water body on the same day count as two permitted fishing contest days.

(e) "Off-site weigh-in" means a weigh-in of fish from a fishing contest at a location that is not adjacent to the waters listed on the fishing contest permit.

(f) "Prefishing" means fishing by participants of a permitted fishing contest prior to the scheduled dates of the contest on waters listed on the fishing contest permit.

Sec. 20. Minnesota Statutes 1998, section 97C.335, as amended by Laws 2000, chapter 308, section 1, is amended to read:

97C.335 [USE OF ARTIFICIAL LIGHTS TO TAKE FISH PROHIBITED.]

A person may not use artificial lights to lure or attract fish or to see fish in the water while spearing, except that an angler may use a lighted fishing lure while angling, a person may affix to the end of a fishing line a lighted artificial bait with hooks attached. Any battery that is used in lighted fishing lures cannot contain any intentionally introduced mercury.

Sec. 21. [APPROPRIATIONS.]

\$200,000 is appropriated from the state forest suspense account to the commissioner of natural resources for transfer to the University of Minnesota Duluth for the purpose of funding the inventory conducted pursuant to this section and is available until expended. Because the University of Minnesota is a land grant university, and because most of the state-owned land to be inventoried is granted land, the chancellor of the University of Minnesota Duluth is requested to direct the School of Business and Economics to conduct an inventory of state-owned land located within the Boundary Waters Canoe Area for the purpose of providing the legislature and state officers with more precise information as to the nature, extent, and value of the land. The inventory must include the following: (1) a list of the tracts of state-owned land within the area, together with the available legal description by government tract, insofar as possible; (2) the number of linear feet of shoreline in each tract, together with a general description of that shoreline, whether it is rocky, sandy, or swampy, or some other descriptive system that generally describes the shoreland; (3) the acreage of each tract; (4) a general description of the surface of each tract, including topography and the predominant vegetative cover for each tract and any known unique surface features, such as areas of virgin and other old growth timber; and (5) using available real estate market value information and accepted real estate valuation techniques, assign estimates of the value for each tract, exclusive of minerals and mineral interests, using each of the real estate valuation techniques adopted for the inventory. For the purposes of this section, "state-owned land" is defined as any class of state-owned land, whether it is granted land such as school, university, swampland, or internal improvement, or whether it is tax-forfeited, acquired, or state-owned land of any other classification. At the request of the university, the commissioner of natural resources shall promptly provide the university with all published maps, whether federal, state, or county, together with a descriptive list of state-owned land in the area, using available legal descriptions, forest inventories, and other factual information, published data, and photographs that are necessary for the university's inventory. From these maps, lists, data, and other information, the university is requested to prepare a report of its inventory. The legislature requests that the University of Minnesota submit the report to the legislature by January 15, 2002.

Sec. 22. [EFFECTIVE DATE.]

Section 20 is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to natural resources; modifying separate selection criteria for moose and turkey licenses; exempting trappers from blaze orange requirements; modifying certain licenses issued without a fee; modifying provisions for Take a Kid Fishing weekend; modifying certain provisions for deer hunting licenses; modifying

ammunition requirements for taking big game; providing for hunting licenses for persons with mental retardation; modifying provisions for designating experimental waters; modifying provisions for fishing contests; modifying requirements for transporting archery bows; modifying lighted fishing lure provisions; appropriating money for a state land inventory; amending Minnesota Statutes 1998, sections 97A.431, subdivision 4; 97A.435, subdivision 4; 97A.441, subdivision 7; 97A.445, subdivision 1; 97A.475, subdivision 2; 97B.015, by adding a subdivision; 97B.031, subdivision 1; 97B.051; 97B.071; 97B.301, by adding a subdivision; 97C.001, subdivision 1; 97C.081, subdivisions 2, 3, and by adding subdivisions; and 97C.335, as amended; proposing coding for new law in Minnesota Statutes, chapter 97B."

We request adoption of this report and repassage of the bill.

Senate Conferees: BOB LESSARD AND JANE KRENTZ.

House Conferees: MARK WILLIAM HOLSTEN, THOMAS BAKK AND TOM HACKBARTH.

Holsten moved that the report of the Conference Committee on S. F. No. 1288 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1288, A bill for an act relating to natural resources; exempting trappers from blaze orange requirements; providing that for certain turkey license applicants qualifying land may be noncontiguous; increasing hunting and fishing license fees; appropriating money; amending Minnesota Statutes 1998, sections 97A.435, subdivision 4; 97A.475, subdivisions 2, 3, 6, 7, 8, 11, 12, 13, and 20; 97A.485, subdivision 12; and 97B.071.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dawkins	Haas	Krinkie	Molnau	Reuter
Abrams	Dehler	Hackbarth	Kubly	Mulder	Rhodes
Anderson, B.	Dempsey	Harder	Kuisle	Mullery	Rifenberg
Anderson, I.	Dorman	Hasskamp	Larsen, P.	Murphy	Rostberg
Bakk	Dorn	Hilty	Larson, D.	Ness	Rukavina
Biernat	Entenza	Holberg	Leighton	Nornes	Schumacher
Bishop	Erhardt	Holsten	Lenczewski	Olson	Seagren
Boudreau	Erickson	Howes	Leppik	Opatz	Seifert, J.
Bradley	Finseth	Huntley	Lieder	Osskopp	Seifert, M.
Broecker	Folliard	Jaros	Lindner	Osthoff	Skoe
Buesgens	Fuller	Jennings	Luther	Otremba	Skoglund
Carlson	Gerlach	Johnson	Mahoney	Ozment	Smith
Carruthers	Gleason	Juhnke	Mares	Paulsen	Solberg
Cassell	Goodno	Kahn	Mariani	Pawlenty	Stanek
Chaudhary	Gray	Kalis	Marko	Paymar	Stang
Clark, J.	Greenfield	Kelliher	McCollum	Pelowski	Storm
Clark, K.	Greiling	Kielkucki	McElroy	Peterson	Swapinski
Daggett	Gunther	Knoblach	McGuire	Pugh	Swenson
Davids	Haake	Koskinen	Milbert	Rest	Sykora

Tingelstad	Tuma	Vandever	Wenzel	Westrom	Workman
Tomassoni	Tunheim	Wagenius	Westerberg	Wilkin	Spk. Sviggum
Trimble	Van Dellen	Wejcman	Westfall	Winter	

The bill was repassed, as amended by Conference, and its title agreed to.

Pawlenty moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3800

A bill for an act relating to education; providing for family and early childhood education; making changes to adult basic education programs; modifying child care licensing and inservice training requirements; transferring energy assistance programs; changing eligibility for individual development accounts; changing requirements for child care assistance; providing for kindergarten through grade 12 general education, special programs, employment and transitions, facilities and technology, educational excellence and other policy, nutrition, fund transfers, libraries, and technical, conforming, and clarifying amendments; providing for higher education; modifying salary and compensation procedures for the chancellor and other personnel of the Minnesota state colleges and universities; requiring board of regents and board of trustees to maintain certain data to be eligible for capital funding; modifying and making technical changes for state designer selection board, student residency, and child care grant provisions; increasing aggregate principal amount of revenue bonds issued by board of trustees; requiring a study and report; modifying state graduation requirements; providing for the North Star Standard alternative to the profile of learning; requiring board of trustees to plan and coordinate programs with certain intermediate school districts and to provide relief to campuses experiencing increased health care costs; transferring certain programs from the higher education services office to the department of children, families, and learning; appropriating money to Minnesota state colleges and universities to fund increased enrollment; appropriating money; amending Minnesota Statutes 1998, sections 15A.081, subdivision 7b, and by adding a subdivision; 16B.33, subdivisions 2 and 3a; 120A.22, subdivision 3; 120A.41; 120B.03, subdivisions 1 and 3; 121A.61, subdivision 3; 122A.18, subdivision 2; 122A.31, subdivision 4; 123A.06, by adding a subdivision; 123A.485, subdivision 4; 123B.02, by adding a subdivision; 123B.51, subdivision 6; 123B.52, by adding a subdivision; 123B.53, by adding subdivisions; 123B.59, subdivision 6, and by adding subdivisions; 123B.71, subdivisions 3 and 10; 123B.75, subdivision 5; 123B.79, subdivision 7; 123B.85, subdivision 1; 123B.86, subdivision 1; 123B.88, subdivision 3; 124D.081, subdivision 6; 124D.111, subdivision 1; 124D.128, subdivision 4; 124D.44; 124D.454, subdivisions 2 and 10; 124D.52, subdivisions 1, 2, 3, and by adding subdivisions; 124D.86, subdivision 6, and by adding subdivisions; 125A.76, subdivision 7; 126C.10, by adding a subdivision; 126C.12, subdivision 2; 126C.40, subdivision 1, and by adding a subdivision; 126C.69, subdivision 3; 127A.05, subdivision 4; 127A.41, subdivisions 8 and 9; 127A.48, subdivision 1; 135A.031, subdivision 2; 136A.125, by adding a subdivision; 136D.281, subdivision 4; 136D.741, subdivision 4; 136D.88, subdivision 4; 136F.40; 136F.98, subdivision 1; 245A.14, subdivision 4, and by adding subdivisions; 471.15; and 475.53, subdivision 4; Minnesota Statutes 1999 Supplement, sections 119B.011, subdivision 20; 120B.02; 120B.30, subdivision 1; 122A.09, subdivision 4; 123B.53, subdivisions 4, 6, and by adding subdivisions; 123B.54; 123B.59, subdivision 6, and by

adding subdivisions; 124D.10, subdivisions 3, 4, 6, 8, 10, 11, 14, 15, and 23; 124D.11, subdivisions 1, 4, and 6; 124D.1155, subdivision 2; 124D.128, subdivision 2; 124D.453, subdivision 3; 124D.53, subdivision 3; 124D.84, subdivision 1; 124D.86, subdivisions 1 and 3; 124D.87; 125A.023, subdivisions 3 and 5; 125A.08; 125A.15; 125A.76, subdivision 2; 125A.79, subdivision 8; 125A.80; 125B.21, subdivision 3; 126C.052; 126C.10, subdivisions 1, 2, 14, 23, 24, 25, and 26; 126C.12, subdivision 1; 126C.17, subdivision 9; 126C.40, subdivision 6; 126C.44; 126C.63, subdivision 8; 126C.69, subdivision 9; 127A.45, subdivision 12a; 127A.51; 181A.04, subdivision 6; 260C.143, subdivision 4; and 290.0674, subdivision 1; Laws 1997, First Special Session chapter 4, article 8, section 4, as amended; Laws 1998, First Special Session chapter 1, article 1, sections 10, subdivision 1, as amended; 11, subdivision 2, as amended; Laws 1999, chapter 205, article 1, sections 65; 71, subdivisions 3, 7, and 9; article 2, section 4, subdivisions 2, 3, and 4; article 3, section 5, subdivision 9; article 4, section 12, subdivisions 5, 6, and 7; chapter 241, article 1, sections 66; 68, subdivisions 4 and 5; 69; and 70; article 2, section 60, subdivisions 7, 9, 12, 13, 14, 17, and 19; article 3, sections 3, subdivisions 2 and 4; 5; article 4, sections 27, subdivisions 2, 3, 4, 5, 7, 10, and 11; and 29; article 5, section 18, subdivisions 5 and 6; article 6, section 14, subdivisions 2, 3, 4, and 5; article 8, section 4, subdivision 5; article 9, section 49; article 10, section 6; proposing coding for new law in Minnesota Statutes, chapters 16A; 120B; 121A; 122A; 123B; 124D; 125B; 134; repealing Minnesota Statutes 1998, sections 120B.03, subdivision 2; 120B.04; 123B.59, subdivision 7; 124D.453; 124D.53; 126C.30; 126C.31; 126C.32; 126C.33; 126C.34; 126C.35; 126C.36; 136D.281, subdivision 8; 136D.741, subdivision 8; and 136D.88, subdivision 8; Laws 1998, First Special Session chapter 1, article 1, section 10, subdivision 2, as amended; Laws 1999, chapters 216, article 4, section 12; 241, article 1, section 64; article 9, sections 35 and 36; article 10, section 5; and 245, article 4, section 3; Minnesota Rules, parts 3501.0300; 3501.0310; 3501.0320, subpart 2, items E and F; 3501.0330; 3501.0340; 3501.0350; 3501.0360; 3501.0370; 3501.0380; 3501.0390; 3501.0400; 3501.0410; 3501.0420; 3501.0430, items A to D; 3501.0440; 3501.0441; 3501.0442; 3501.0443; 3501.0444; 3501.0445; 3501.0446; 3501.0447; 3501.0448; 3501.0449; 3501.0450; 3501.0460; 3501.0461; 3501.0462; 3501.0463; 3501.0464; 3501.0465; 3501.0466; 3501.0467; 3501.0468; 3501.0469; 3535.9920; and 4830.9005 to 4830.9030.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 3800, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 3800 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

FAMILY AND EARLY CHILDHOOD EDUCATION

Section 1. Minnesota Statutes 1999 Supplement, section 13.32, subdivision 3, is amended to read:

Subd. 3. [PRIVATE DATA; WHEN DISCLOSURE IS PERMITTED.] Except as provided in subdivision 5, educational data is private data on individuals and shall not be disclosed except as follows:

- (a) Pursuant to section 13.05;
- (b) Pursuant to a valid court order;
- (c) Pursuant to a statute specifically authorizing access to the private data;

(d) To disclose information in health and safety emergencies pursuant to the provisions of United States Code, title 20, section 1232g(b)(1)(I) and Code of Federal Regulations, title 34, section 99.36;

(e) Pursuant to the provisions of United States Code, title 20, sections 1232g(b)(1), (b)(4)(A), (b)(4)(B), (b)(1)(B), (b)(3) and Code of Federal Regulations, title 34, sections 99.31, 99.32, 99.33, 99.34, and 99.35;

(f) To appropriate health authorities to the extent necessary to administer immunization programs and for bona fide epidemiologic investigations which the commissioner of health determines are necessary to prevent disease or disability to individuals in the public educational agency or institution in which the investigation is being conducted;

(g) When disclosure is required for institutions that participate in a program under title IV of the Higher Education Act, United States Code, title 20, chapter 1092;

(h) To the appropriate school district officials to the extent necessary under subdivision 6, annually to indicate the extent and content of remedial instruction, including the results of assessment testing and academic performance at a post-secondary institution during the previous academic year by a student who graduated from a Minnesota school district within two years before receiving the remedial instruction;

(i) To appropriate authorities as provided in United States Code, title 20, section 1232g(b)(1)(E)(ii), if the data concern the juvenile justice system and the ability of the system to effectively serve, prior to adjudication, the student whose records are released; provided that the authorities to whom the data are released submit a written request for the data that certifies that the data will not be disclosed to any other person except as authorized by law without the written consent of the parent of the student and the request and a record of the release are maintained in the student's file;

(j) To volunteers who are determined to have a legitimate educational interest in the data and who are conducting activities and events sponsored by or endorsed by the educational agency or institution for students or former students;

(k) To provide student recruiting information, from educational data held by colleges and universities, as required by and subject to Code of Federal Regulations, title 32, section 216; ~~or~~

(l) To the juvenile justice system if information about the behavior of a student who poses a risk of harm is reasonably necessary to protect the health or safety of the student or other individuals; or

(m) With respect to social security numbers of students in the adult basic education system, to Minnesota state colleges and universities and the department of economic security for the purpose and in the manner described in section 124D.52, subdivision 7.

Sec. 2. Minnesota Statutes 1999 Supplement, section 119B.011, subdivision 12, is amended to read:

Subd. 12. [EMPLOYMENT PLAN.] "Employment plan" means employment of recipients financially eligible for child care assistance, or other work activities defined under section 256J.49, approved in an employability development, job search support plan, or employment plan that is developed by the county agency, if it is acting as an employment and training service provider, or by an employment and training service provider certified by the commissioner of economic security or an individual designated by the county to provide employment and training services. The plans and designation of a service provider must meet the requirements of this chapter and chapter 256J or chapter 256K, Minnesota Rules, parts 3400.0010 to 3400.0230, and other programs that provide federal reimbursement for child care services.

Sec. 3. Minnesota Statutes 1999 Supplement, section 119B.011, subdivision 15, as amended by Laws 2000, chapter 260, section 19, is amended to read:

Subd. 15. [INCOME.] "Income" means earned or unearned income received by all family members, including public assistance cash benefits and at-home infant care subsidy payments, unless specifically excluded. The following are excluded from income: funds used to pay for health insurance premiums for family members,

Supplemental Security Income, scholarships, work-study income, and grants that cover costs or reimbursement for tuition, fees, books, and educational supplies; student loans for tuition, fees, books, supplies, and living expenses; state and federal earned income tax credits; in-kind income such as food stamps, energy assistance, foster care assistance, medical assistance, child care assistance, and housing subsidies; earned income of ~~full~~ full-time or part-time students up to the age of 19, who have not earned a high school diploma or GED high school equivalency diploma including earnings from summer employment; grant awards under the family subsidy program; nonrecurring lump sum income only to the extent that it is earmarked and used for the purpose for which it is paid; and any income assigned to the public authority according to section 256.741.

Sec. 4. Minnesota Statutes 1999 Supplement, section 119B.011, subdivision 20, is amended to read:

Subd. 20. [TRANSITION YEAR FAMILIES.] "Transition year families" means families who have received MFIP assistance, or who were eligible to receive MFIP assistance after choosing to discontinue receipt of the cash portion of MFIP assistance under section 256J.31, subdivision 12, for at least three of the last six months before losing eligibility for MFIP ~~due to increased income from employment or child or spousal support~~ or families participating in work first under chapter 256K who meet the requirements of section 256K.07. Transition year child care may be used to support employment or job search. Transition year child care is not available to families who have been disqualified from MFIP due to fraud.

Sec. 5. Minnesota Statutes 1999 Supplement, section 119B.03, subdivision 4, is amended to read:

Subd. 4. [FUNDING PRIORITY.] (a) First priority for child care assistance under the basic sliding fee program must be given to eligible non-MFIP families who do not have a high school or general equivalency diploma or who need remedial and basic skill courses in order to pursue employment or to pursue education leading to employment and who need child care assistance to participate in the education program. Within this priority, the following subpriorities must be used:

- (1) child care needs of minor parents;
 - (2) child care needs of parents under 21 years of age; and
 - (3) child care needs of other parents within the priority group described in this paragraph.
- (b) Second priority must be given to parents who have completed their MFIP or work first transition year.
- (c) Third priority must be given to families who are eligible for portable basic sliding fee assistance through the portability pool under subdivision 9.

Sec. 6. Minnesota Statutes 1998, section 119B.03, is amended by adding a subdivision to read:

Subd. 6a. [ALLOCATION DUE TO INCREASED FUNDING.] When funding increases are implemented within a calendar year, every county must receive an allocation at least equal and proportionate to its original allocation for the same time period. The remainder of the allocation must be recalculated to reflect the funding increase, according to formulas identified in subdivision 6.

Sec. 7. Minnesota Statutes 1999 Supplement, section 119B.05, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBLE PARTICIPANTS.] Families eligible for child care assistance under the MFIP child care program are:

- (1) MFIP participants who are employed or in job search and meet the requirements of section 119B.10;
- (2) persons who are members of transition year families under section 119B.011, subdivision 20;

(3) families who are participating in employment orientation or job search, or other employment or training activities that are included in an approved employability development plan under chapter 256K;

(4) MFIP families who are participating in work job search, job support, employment, or training activities as required in their job search support or employment plan, or in appeals, hearings, assessments, or orientations according to chapter 256J. ~~Child care assistance to support work activities as described in section 256J.49 must be available according to sections 119B.011, subdivision 11, 124D.13, 256E.08, and 611A.32 and titles IVA, IVB, IVE, and XX of the Social Security Act; and~~

(5) MFIP families who are participating in social services activities under chapter 256J or 256K as required in their employment plan approved according to chapter 256J or 256K; and

(6) families who are participating in programs as required in tribal contracts under section 119B.02, subdivision 2, or 256.01, subdivision 2.

Sec. 8. Minnesota Statutes 1998, section 124D.16, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM REVIEW AND APPROVAL.] ~~By February 15, 1992, for the 1991-1992 school year or by May 1 preceding subsequent school years, a district must submit to the commissioners of children, families, and learning, and health~~ A school district shall biennially by May 1 submit to the commissioners of children, families, and learning and health the program plan required under this subdivision. As determined by the commissioners, one-half of the districts shall first submit the plan by May 1 of the 2000-2001 school year and one-half of the districts shall first submit the plan by May 1 of the 2001-2002 school year. The program plan must include:

(1) a description of the services to be provided;

(2) a plan to ensure children at greatest risk receive appropriate services;

(3) a description of procedures and methods to be used to coordinate public and private resources to maximize use of existing community resources, including school districts, health care facilities, government agencies, neighborhood organizations, and other resources knowledgeable in early childhood development;

(4) comments about the district's proposed program by the advisory council required by section 124D.15, subdivision 7; and

(5) agreements with all participating service providers.

Each commissioner may review and comment on the program, and make recommendations to the commissioner of children, families, and learning, within 30 days of receiving the plan.

Sec. 9. Minnesota Statutes 1999 Supplement, section 124D.221, subdivision 2, is amended to read:

Subd. 2. [PRIORITY NEIGHBORHOODS.] For grants in Minneapolis and St. Paul, the commissioner must give priority to neighborhoods in this subdivision. In Minneapolis, priority neighborhoods are Near North, Hawthorne, Sumner-Glenwood, Harrison, Jordan, Powderhorn, Central, Whittier, Cleveland, McKinley, Waite Park, Sheridan, Holland, Lyndale, Folwell, and Phillips. In St. Paul, priority neighborhoods are Summit-University, Thomas-Dale, North End, Payne-Phalen, Daytons Bluff, and the West Side.

Sec. 10. [124D.515] [ADULT BASIC EDUCATION AID DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 124D.52 to 124D.531.

Subd. 2. [ADULT BASIC EDUCATION CONSORTIUM.] "Adult basic education consortium" means a voluntary association of school districts, public agencies, or nonprofit organizations that work together to provide coordinated adult basic education services in a designated geographic area, and that act as a fiscal entity providing adult basic education services.

Subd. 3. [CONTACT HOURS.] (a) "Contact hours" means the number of hours during which a student was engaged in learning activities provided by an approved adult education program. Contact hours excludes homework, but includes interactive distance learning. The commissioner may only reallocate contact hours among programs to adjust for changes in program membership between the first prior program year and the current program year based on the actual contact hours reported for the first prior program year.

(b) For revenue beginning in fiscal year 2002, contact hours for a provider of adult basic education services funded in fiscal year 2000, but not eligible for basic population aid in fiscal year 2001, is computed by multiplying the provider's contact hours by 1.03.

(c) For aid in fiscal year 2001, contact hours in fiscal year 2000 equals the number of full-time equivalent learners times the contact hours. A level one full-time equivalent learner is equal to 240 contact hours and a level two full-time learner is equal to 408 contact hours.

Subd. 4. [FIRST PRIOR PROGRAM YEAR.] "First prior program year" means the period from May 1 of the second prior fiscal year through April 30 of the first prior fiscal year.

Subd. 5. [UNREIMBURSED EXPENSES.] "Unreimbursed expenses" means allowable adult basic education expenses of a program that are not covered by payments from federal or private for-profit sources.

Sec. 11. Minnesota Statutes 1998, section 124D.52, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM REQUIREMENTS.] An adult basic education program is a day or evening program offered by a district that is for people over 16 years of age who do not attend an elementary or secondary school. The program offers academic instruction necessary to earn a high school diploma or equivalency certificate. Tuition and fees may not be charged to a learner for instruction paid under this section, except for a security deposit to assure return of materials, supplies, and equipment.

Each approved adult basic education program must develop a memorandum of understanding with the local workforce development centers located in the approved program's service delivery area. The memorandum of understanding must describe how the adult basic education program and the workforce development centers will cooperate and coordinate services to provide unduplicated, efficient, and effective services to clients.

Adult basic education aid must be spent for adult basic education purposes as specified in sections 124D.515 to 124D.531.

Sec. 12. Minnesota Statutes 1998, section 124D.52, subdivision 2, is amended to read:

Subd. 2. [PROGRAM APPROVAL.] (a) To receive aid under this section, a district, a consortium of districts, or a private nonprofit organization must submit an application by June 1 describing the program, on a form provided by the department. The program must be approved by the commissioner according to the following criteria:

- (1) how the needs of different levels of learning will be met;
- (2) for continuing programs, an evaluation of results;
- (3) anticipated number and education level of participants;
- (4) coordination with other resources and services;

(5) participation in a consortium, if any, and money available from other participants;

(6) management and program design;

(7) volunteer training and use of volunteers;

(8) staff development services;

(9) program sites and schedules; ~~and~~

(10) program expenditures that qualify for aid;

(11) program ability to provide data related to learner outcomes as required by law; and

(12) a copy of the memorandum of understanding described in subdivision 1 submitted to the commissioner.

~~(b) The commissioner may grant adult basic education funds to a private, nonprofit organization to provide services that are not offered by a district or that are supplemental to a district's program. The program provided under this provision must be approved and funded according to the same criteria used for district programs.~~

~~(c)~~ (e) Adult basic education programs may be approved under this subdivision for up to five years. Five-year program approval must be granted to an applicant who has demonstrated the capacity to:

(1) offer comprehensive learning opportunities and support service choices appropriate for and accessible to adults at all basic skill need levels;

(2) provide a participatory and experiential learning approach based on the strengths, interests, and needs of each adult, that enables adults with basic skill needs to:

(i) identify, plan for, and evaluate their own progress toward achieving their defined educational and occupational goals;

(ii) master the basic academic reading, writing, and computational skills, as well as the problem-solving, decision making, interpersonal effectiveness, and other life and learning skills they need to function effectively in a changing society;

(iii) locate and be able to use the health, governmental, and social services and resources they need to improve their own and their families' lives; and

(iv) continue their education, if they desire, to at least the level of secondary school completion, with the ability to secure and benefit from continuing education that will enable them to become more employable, productive, and responsible citizens;

(3) plan, coordinate, and develop cooperative agreements with community resources to address the needs that the adults have for support services, such as transportation, flexible course scheduling, convenient class locations, and child care;

(4) collaborate with business, industry, labor unions, and employment-training agencies, as well as with family and occupational education providers, to arrange for resources and services through which adults can attain economic self-sufficiency;

(5) provide sensitive and well trained adult education personnel who participate in local, regional, and statewide adult basic education staff development events to master effective adult learning and teaching techniques;

- (6) participate in regional adult basic education peer program reviews and evaluations; ~~and~~
- (7) submit accurate and timely performance and fiscal reports;
- (8) submit accurate and timely reports related to program outcomes and learner follow-up information; and
- (9) spend adult basic education aid on adult basic education purposes only, which are specified in sections 124D.515 to 124D.531.

(c) The commissioner shall require each district to provide notification by February 1, 2001, of its intent to apply for funds under this section as a single district or as part of an identified consortium of districts. A district receiving funds under this section must notify the commissioner by February 1 of its intent to change its application status for applications due the following June 1.

Sec. 13. Minnesota Statutes 1998, section 124D.52, subdivision 3, is amended to read:

Subd. 3. [ACCOUNTS; REVENUE; AID.] Each district, group of districts, or private nonprofit organization providing adult basic education programs must establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all funds related to these programs. All revenue received pursuant to this section must be utilized solely for the purposes of adult basic education programs. ~~Federal and State aid plus levy~~ must not equal more than 100 percent of the ~~actual cost~~ unreimbursed expenses of providing these programs, excluding in-kind costs.

Sec. 14. Minnesota Statutes 1998, section 124D.52, is amended by adding a subdivision to read:

Subd. 6. [COOPERATIVE ENGLISH AS A SECOND LANGUAGE AND ADULT BASIC EDUCATION PROGRAMS.] (a) A school district, or adult basic education consortium that receives revenue under section 124D.531, may deliver English as a second language, citizenship, or other adult education programming in collaboration with community-based and nonprofit organizations located within its district or region, and with correctional institutions. The organization or correctional institution must have the demonstrated capacity to offer education programs for adults. Community-based or nonprofit organizations must meet the criteria in paragraph (b), or have prior experience. A community-based or nonprofit organization or a correctional institution may be reimbursed for unreimbursed expenses as defined in section 124D.515, subdivision 5, for the administration of English as a second language or adult basic education programs, not to exceed eight percent of the total funds provided by a school district or adult basic education consortium. The administrative reimbursement for a school district or adult basic education consortium that delivers services cooperatively with a community-based or nonprofit organization or correctional institution is limited to five percent of the program aid, not to exceed the unreimbursed expenses of administering programs delivered by community-based or nonprofit organizations or correctional institutions.

(b) A community-based organization or nonprofit organization that delivers education services under this section must demonstrate that it has met the following criteria:

- (1) be legally established as a nonprofit organization;
- (2) have an established system for fiscal accounting and reporting that is consistent with the department of children, families, and learning's adult basic education completion report and reporting requirements under section 124D.531;
- (3) require all instructional staff to complete a training course in teaching adult learners; and
- (4) develop a learning plan for each student that identifies defined educational and occupational goals with measures to evaluate progress.

Sec. 15. Minnesota Statutes 1998, section 124D.52, is amended by adding a subdivision to read:

Subd. 7. [PERFORMANCE TRACKING SYSTEM.] (a) By July 1, 2000, each approved adult basic education program must develop and implement a performance tracking system to provide information necessary to comply with federal law and serve as one means of assessing the effectiveness of adult basic education programs. The tracking system must be designed to collect data on the following core outcomes for learners who have completed participation in the adult basic education program:

(1) demonstrated improvements in literacy skill levels in reading, writing, speaking the English language, numeracy, problem solving, English language acquisition, and other literacy skills;

(2) placement in, retention in, or completion of post-secondary education, training, unsubsidized employment, or career advancement; and

(3) receipt of a secondary school diploma or its recognized equivalent.

(b) A district, group of districts, state agency, or private nonprofit organization providing an adult basic education program may meet this requirement by developing a tracking system based on either or both of the following methodologies:

(1) conducting a reliable follow-up survey; or

(2) submitting student information, including social security numbers for data matching.

Data related to obtaining employment must be collected in the first quarter following program completion or can be collected while the student is enrolled, if known. Data related to employment retention must be collected in the third quarter following program exit. Data related to any other specified outcome may be collected at any time during a program year.

(c) When a student in a program is requested to provide the student's social security number, the student must be notified in a written form easily understandable to the student that:

(1) providing the social security number is optional and no adverse action may be taken against the student if the student chooses not to provide the social security number;

(2) the request is made under section 124D.52, subdivision 7;

(3) if the student provides the social security number, it will be used to assess the effectiveness of the program by tracking the student's subsequent career; and

(4) the social security number will be shared with the department of children, families, and learning; Minnesota state colleges and universities; and the department of economic security in order to accomplish the purposes of this section and will not be used for any other purpose or reported to any other governmental entities.

(d) Annually a district, group of districts, state agency, or private nonprofit organization providing programs under this section must forward the tracking data collected to the department of children, families, and learning. For the purposes of longitudinal studies on the employment status of former students under this section, the department of children, families, and learning must forward the social security numbers to the department of economic security to electronically match the social security numbers of former students with wage detail reports filed under section 268.044. The results of data matches must, for purposes of this section and consistent with the requirements of the United States Code, title 29, section 2871, of the Workforce Investment Act of 1998, be compiled in a longitudinal form by the department of economic security and released to the department of children, families, and learning in the form of summary data that does not identify the individual students. The department of children, families, and learning may release this summary data. State funding for adult basic education programs must not be based on the number or percentage of students who decline to provide their social security numbers or on whether the program is evaluated by means of a follow-up survey instead of data matching.

Sec. 16. [124D.521] [CONSORTIUM REQUIREMENTS.]

Each consortium, as defined under section 124D.515, subdivision 1, must meet at least twice per year to develop and amend as necessary an annual consortium agreement signed by all members and filed with the department of children, families, and learning that at a minimum includes:

- (1) a description of the members and fiscal agent of the consortium;
- (2) a description of the contributions of each member of the consortium and the process for distributing state aid among the members; and
- (3) the state adult basic education assurances from the annual adult basic education program application.

As a condition of membership in a consortium, each member must make a documented contribution toward the cost of adult basic education programming, either as a direct financial contribution, or an in-kind contribution.

Each consortium's designated fiscal agent must:

- (1) collect data from consortium members;
- (2) submit required performance reports and fiscal reports to the state;
- (3) receive state adult basic education aid under section 124D.531 for adult basic education programming delivered by the consortium; and
- (4) distribute state adult basic education aid to members of the consortium according to the consortium agreement.

Sec. 17. [124D.522] [ADULT BASIC EDUCATION SUPPLEMENTAL SERVICE GRANTS.]

(a) The commissioner, in consultation with the policy review task force under section 124D.521, may make grants to nonprofit organizations to provide services that are not offered by a district adult basic education program or that are supplemental to either the statewide adult basic education program, or a district's adult basic education program. The commissioner may make grants for: staff development for adult basic education teachers and administrators; training for volunteer tutors; training, services, and materials for serving disabled students through adult basic education programs; statewide promotion of adult basic education services and programs; development and dissemination of instructional and administrative technology for adult basic education programs; programs which primarily serve communities of color; adult basic education distance learning projects, including television instruction programs; and other supplemental services to support the mission of adult basic education and innovative delivery of adult basic education services.

(b) The commissioner must establish eligibility criteria and grant application procedures. Grants under this section must support services throughout the state, focus on educational results for adult learners, and promote outcome-based achievement through adult basic education programs. The commissioner may make grants under this section from funds specifically appropriated for supplemental service grants. Up to one-third of the appropriation for supplemental service grants must be used for grants for adult basic education programs to encourage and support innovations in adult basic education instruction and service delivery. A grant to a single organization cannot exceed \$100,000. Nothing in this section prevents an approved adult basic education program from using state or federal aid to purchase supplemental services.

Sec. 18. Minnesota Statutes 1999 Supplement, section 124D.53, subdivision 3, is amended to read:

Subd. 3. [AID.] For fiscal year 2000, adult basic education aid for each approved program equals \$2,295 for fiscal year 2000 and \$2,338 for fiscal year 2001 and later fiscal years \$1,767 times the number of full-time equivalent students in its adult basic education program during the first prior program year.

Sec. 19. [124D.531] [ADULT BASIC EDUCATION AID.]

Subdivision 1. [STATE TOTAL ADULT BASIC EDUCATION AID.] (a) The state total adult basic education aid for fiscal year 2001 equals \$30,157,000. The state total adult basic education aid for later years equals:

(1) the state total adult basic education aid for the preceding fiscal year; times

(2) the lesser of:

(i) 1.08, or

(ii) the greater of 1.00 or the ratio of the state total contact hours in the first prior program year to the state total contact hours in the second prior program year.

(b) The state total adult basic education aid, excluding basic population aid, equals the difference between the amount computed in paragraph (a), and the state total basic population aid under subdivision 2.

Subd. 2. [BASIC POPULATION AID.] A district is eligible for basic population aid if the district has a basic service level approved by the commissioner under section 124D.52, subdivision 5, or is a member of a consortium with an approved basic service level. Basic population aid is equal to the greater of \$4,000 or \$1.80 times the population of the district. District population is determined according to section 275.14.

Subd. 3. [PROGRAM REVENUE.] Adult basic education programs established under section 124D.52 and approved by the commissioner are eligible for revenue under this subdivision. For fiscal year 2001 and later, adult basic education revenue for each approved program equals the sum of:

(1) the basic population aid under subdivision 2 for districts participating in the program during the current program year; plus

(2) 84 percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the contact hours for students participating in the program during the first prior program year to the state total contact hours during the first prior program year; plus

(3) eight percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the enrollment of students with limited English proficiency during the prior school year in districts participating in the program during the current program year to the state total enrollment of students with limited English proficiency during the prior school year in districts participating in adult basic education programs during the current program year; plus

(4) eight percent times the amount computed in subdivision 1, paragraph (b), times the ratio of the latest federal census count of the number of adults aged 20 or older with no diploma residing in the districts participating in the program during the current program year to the latest federal census count of the state total number of adults aged 20 or older with no diploma residing in the districts participating in adult basic education programs during the current program year.

Subd. 4. [ADULT BASIC EDUCATION PROGRAM AID LIMIT.] (a) Notwithstanding subdivisions 2 and 3, the total adult basic education aid for a program per prior year contact hour must not exceed four times the rate per prior year contact hour computed under subdivision 3, clause (2).

(b) For fiscal year 2002 and later, the aid for a program under subdivision 3, clause (2), adjusted for changes in program membership, must not exceed the aid for that program under subdivision 3, clause (2), for the first preceding fiscal year by more than the greater of 17 percent or \$20,000.

(c) Adult basic education aid is payable to a program for unreimbursed costs.

Subd. 5. [AID GUARANTEE.] Notwithstanding subdivisions 1, 3, and 4, for fiscal year 2001, any adult basic education program qualifying for aid under this section, that receives less state aid than in fiscal year 2000 must receive additional aid equal to the difference between its fiscal year 2000 aid and its fiscal year 2001 aid.

Subd. 6. [PAYMENT OF AID TO FISCAL AGENT.] (a) Except as provided in paragraph (b), adult basic education aid must be paid directly to the fiscal agent of each approved program. An approved program must have only one fiscal agent.

(b) A district that is part of a consortium may request direct payment of basic population aid under subdivision 2. The district must make a written request to the commissioner by June 15 for aid payments the following fiscal year. The request must include certification that:

(1) the district will deposit direct aid payments in a separate adult basic education account; and

(2) the district will use direct aid payments only for adult basic education instruction.

Subd. 7. [PROGRAM AUDITS.] Programs that receive aid under this section must maintain records that support the aid payments. The commissioner may audit these records upon request. The commissioner must establish procedures for conducting fiscal audits of adult basic education programs according to the schedule in this subdivision. In calendar year 2002, the commissioner must audit one-half of approved adult basic education programs that received aid for fiscal year 2001, and in calendar year 2003, the commissioner must audit the remaining unaudited programs for aid received in fiscal year 2002. Beginning with fiscal year 2004, the commissioner must, at a minimum, audit each adult basic education program once every five years. The commissioner must establish procedures to reconcile any discrepancies between aid payments based on information reported to the commissioner and aid estimates based on a program audit.

Subd. 8. [ADMINISTRATIVE CAP.] A consortium or district shall not spend more than five percent of the consortium or district's total adult basic education aid on administrative costs.

Subd. 9. [FISCAL REPORTS.] Programs that receive aid under this section must submit an annual report to the commissioner that includes revenue and expense reports for each district and program, including instructional services offered in partnership with businesses and nonprofit organizations.

EFFECTIVE DATE: This section is effective for revenue for fiscal years beginning with 2001.

Sec. 20. Minnesota Statutes 1998, section 245A.14, subdivision 4, is amended to read:

Subd. 4. [SPECIAL FAMILY DAY CARE HOMES.] Nonresidential child care programs serving 14 or fewer children that are conducted at a location other than the license holder's own residence shall be licensed under this section and the rules governing family day care or group family day care if:

(a) the license holder is the primary provider of care and the nonresidential child care program is conducted in a dwelling that is located on a residential lot; or

(b) the license holder is an employer who may or may not be the primary provider of care, and the purpose for the child care program is to provide child care services to children of the license holder's employees; or

(c) the license holder is a church or religious organization.

Sec. 21. Minnesota Statutes 1998, section 245A.14, is amended by adding a subdivision to read:

Subd. 8. [EXPERIENCED AIDES; CHILD CARE CENTERS.] (a) An individual employed as an aide at a child care center may work with children without being directly supervised for up to 25 percent of the individual's daily work shift if:

(1) a teacher is in the building;

(2) the individual has received first aid training within the last three years; and

(3) the individual is at least 20 years old and has at least 4,160 hours of child care experience as defined in section 245A.02, subdivision 6b.

(b) The use of an experienced aide working without direct supervision under paragraph (a) is limited to 25 percent of each classroom's daily hours of operation.

(c) A child care center that uses experienced aides under this subdivision must notify the commissioner once per year. The notification must indicate the approximate number of hours per classroom per month that this subdivision is used. Upon enrollment and once each year, child care centers must report to parents or guardians if they use experienced aides under this subdivision.

(d) This subdivision sunsets June 30, 2003.

Sec. 22. Minnesota Statutes 1998, section 245A.14, is amended by adding a subdivision to read:

Subd. 9. [INSERVICE TRAINING; CHILD CARE CENTERS.] (a) A teacher at a child care center must complete one percent of working hours of inservice training annually if the teacher:

(1) possesses a baccalaureate or masters degree in early childhood education, or school age care;

(2) is licensed in Minnesota as a prekindergarten teacher, an early childhood educator, a kindergarten to sixth grade teacher with a prekindergarten specialty, an early childhood special education teacher, or an elementary teacher with a kindergarten endorsement; or

(3) possesses a baccalaureate degree with a Montessori certificate.

(b) A teacher or assistant teacher at a child care center must complete 1-1/2 percent of working hours of inservice training annually if the individual is:

(1) a registered nurse or licensed practical nurse with experience working with infants;

(2) possesses a Montessori certificate, a technical college certificate in early childhood development, or a child development associate certificate; or

(3) possesses an associate of arts degree in early childhood education, a baccalaureate degree in child development, or a technical college diploma in early childhood development.

(c) Except as provided in paragraphs (a) and (b), all other teachers, assistant teachers, or aides must have two percent of working hours of inservice training annually.

(d) The number of required training hours may be prorated for individuals not employed full time or for an entire year. This subdivision supersedes Minnesota Rules, part 9503.0035, subpart 4, item B, for teachers, assistant teachers, and aides. The remainder of Minnesota Rules, part 9503.0035, subpart 4, remains in effect unless superseded by other law.

Sec. 23. Laws 1998, First Special Session chapter 1, article 1, section 10, subdivision 1, as amended by Laws 1999, chapter 205, article 4, section 8, is amended to read:

Subdivision 1. [INITIAL ELIGIBILITY.] To be eligible for state or TANF matching funds in the family assets for independence initiative, a household must have income at or below 185 percent of the federal poverty level and assets of \$15,000 or less. An individual who is a dependent of another person for federal income tax purposes may not be a separate eligible household for purposes of establishing a family asset account. An individual who is a

debtor for a judgment resulting from nonpayment of a court-ordered child support obligation may not participate in this program. Households accessing TANF matching funds are subject to the MFIP definition of household under Minnesota Statutes, section 256J.08, subdivision 46. Income and assets are determined according to eligibility guidelines for the energy assistance program meet the eligibility requirements of the federal Assets for Independence Act, Public Law Number 105-285, in Title IV, section 408 of that act.

Sec. 24. Laws 1998, First Special Session chapter 1, article 1, section 11, subdivision 1, is amended to read:

Subdivision 1. [WITHDRAWAL OF FUNDS.] To receive a match, a participating household must transfer funds withdrawn from a family asset account to its matching fund custodial account held by the fiscal agent, according to the family asset agreement. The ~~fiduciary organization~~ fiscal agent must determine if the match request is for a permissible use consistent with the household's family asset agreement.

The fiscal agent must ensure the household's custodial account contains the applicable matching funds to match the balance in the household's account, including interest, on at least a quarterly basis and at the time of an approved withdrawal. Matches must be provided as follows:

- (1) from state grant and TANF funds a matching contribution of \$1.50 for every \$1 of funds withdrawn from the family asset account equal to the lesser of \$720 per year or a \$3,000 lifetime limit; and
- (2) from nonstate funds, a matching contribution of no less than \$1.50 for every \$1 of funds withdrawn from the family asset account equal to the lesser of \$720 per year or a \$3,000 lifetime limit.

Sec. 25. Laws 1998, First Special Session chapter 1, article 1, section 11, subdivision 2, as amended by Laws 1999, chapter 205, article 4, section 9, is amended to read:

Subd. 2. [VENDOR PAYMENT OF WITHDRAWN FUNDS.] Upon receipt of transferred custodial account funds, the ~~fiduciary organization~~ fiscal agent must make a direct payment to the vendor of the goods or services for the permissible use.

Sec. 26. Laws 1999, chapter 205, article 1, section 65, is amended to read:

Sec. 65. [ADDITIONAL EARLY CHILDHOOD FAMILY EDUCATION AID; FISCAL YEAR 2000 AND FISCAL YEAR 2001.]

A district that complies with Minnesota Statutes, section 124D.13, shall receive additional early childhood family education aid for fiscal year 2000 and fiscal year 2001 equal to \$2.46 times the greater of:

- (1) 150; or
- (2) the number of people under five years of age residing in the school district on October 1 of the previous school year. The additional early childhood family education aid may be used only for early childhood family education programs.

Sec. 27. Laws 1999, chapter 205, article 1, section 71, subdivision 3, is amended to read:

Subd. 3. [EARLY CHILDHOOD FAMILY EDUCATION AID.] For early childhood family education aid according to Minnesota Statutes, section 124D.135:

\$20,485,000 <u>\$20,109,000</u>	. . . . .	2000
\$19,420,000 <u>\$21,107,000</u>	. . . . .	2001

The 2000 appropriation includes \$1,390,000 for 1999 and ~~\$19,095,000~~ \$18,719,000 for 2000.

The 2001 appropriation includes ~~\$2,122,000~~ \$2,079,000 for 2000 and ~~\$17,298,000~~ \$19,028,000 for 2001.

Any balance in the first year does not cancel but is available in the second year.

Sec. 28. Laws 1999, chapter 205, article 1, section 71, subdivision 7, is amended to read:

Subd. 7. [SCHOOL AGE CARE AID.] For extended day aid according to Minnesota Statutes, section 124D.22:

\$274,000	.....	2000
\$216,000 <u>\$245,000</u>	.....	2001

The 2000 appropriation includes \$30,000 for 1999 and \$244,000 for 2000.

The 2001 appropriation includes \$27,000 for 2000 and ~~\$189,000~~ \$218,000 for 2001.

Any balance in the first year does not cancel but is available in the second year.

Sec. 29. Laws 1999, chapter 205, article 1, section 71, subdivision 9, is amended to read:

Subd. 9. [MFIP CHILD CARE.] For child care assistance according to Minnesota Statutes, section 119B.05:

\$86,318,000 <u>\$66,524,000</u>	.....	2000
\$88,443,000 <u>\$78,606,000</u>	.....	2001

Any balance in the first year does not cancel but is available in the second year.

Sec. 30. Laws 1999, chapter 205, article 2, section 4, subdivision 2, is amended to read:

Subd. 2. [FAMILY COLLABORATIVES.] For family collaboratives according to ~~Laws 1995, First Special Session chapter 3, article 4, section 29, subdivision 10~~ Minnesota Statutes, section 124D.23:

\$4,777,000	.....	2000
\$2,535,000 <u>\$2,435,000</u>	.....	2001

No new family services collaboratives shall be funded with this appropriation after June 30, 1999.

Any balance in the first year does not cancel but is available in the second year.

Sec. 31. Laws 1999, chapter 205, article 2, section 4, subdivision 3, is amended to read:

Subd. 3. [COMMUNITY EDUCATION AID.] For community education aid according to Minnesota Statutes, section 124D.20:

\$14,136,000	.....	2000
\$14,696,000 <u>\$15,274,000</u>	.....	2001

The 2000 appropriation includes \$160,000 for 1999 and \$13,976,000 for 2000.

The 2001 appropriation includes \$1,552,000 for 2000 and ~~\$13,144,000~~ \$13,722,000 for 2001.

Any balance in the first year does not cancel but is available in the second year.

Sec. 32. Laws 1999, chapter 205, article 4, section 12, subdivision 5, is amended to read:

Subd. 5. [ADULT BASIC EDUCATION AID.] For adult basic education aid according to Minnesota Statutes, section 124D.52, in fiscal year 2000 and Minnesota Statutes, section 124D.53 in fiscal year 2001:

\$20,132,000	.....	2000
\$22,477,000 <u>\$29,168,000</u>	.....	2001

The 2000 appropriation includes \$1,227,000 for 1999 and \$18,905,000 for 2000.

The 2001 appropriation includes \$2,101,000 for 2000 and ~~\$20,376,000~~ \$27,067,000 for 2001.

Sec. 33. Laws 1999, chapter 205, article 4, section 12, subdivision 6, is amended to read:

Subd. 6. [ADULT BASIC EDUCATION BASIC POPULATION AID.] For basic population aid for eligible districts under section 7:

\$1,960,000 <u>\$1,974,000</u>	2000
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Notwithstanding Minnesota Statutes, section 127A.45, subdivision 12, 100 percent of this appropriation is for fiscal year 2000.

Any balance in the first year does not cancel but is available in the second year. This is a one-time appropriation.

Sec. 34. Laws 1999, chapter 205, article 4, section 12, subdivision 7, is amended to read:

Subd. 7. [ADULT GRADUATION AID.] For adult graduation aid according to Minnesota Statutes, section 124D.54:

\$3,184,000 <u>\$2,760,000</u>	.....	2000
\$4,732,000 <u>\$3,031,000</u>	.....	2001

The 2000 appropriation includes ~~\$258,000~~ \$258,000 for 1999 and ~~\$2,926,000~~ \$2,502,000 for 2000.

The 2001 appropriation includes ~~\$325,000~~ \$278,000 for 2000 and ~~\$4,407,000~~ \$2,753,000 for 2001.

Sec. 35. [COMPETENCY-BASED ADULT BASIC EDUCATION AND ENGLISH AS A SECOND LANGUAGE LICENSE.]

The board of teaching must convene a task force to develop a competency-based license for teachers of adult basic education classes and English as a second language classes. The competency-based license must be an alternative to the current licensing requirements. By January 15, 2002, the board of teaching must present their recommendations to the committees of the legislature responsible for teacher licensing and funding of adult basic education programs including recommendations for implementing competency-based licensing for teachers of adult learners.

Sec. 36. [MFIP SOCIAL SERVICES CHILD CARE SUNSET AND REPORT.]

Minnesota Statutes, section 119B.05, subdivision 1, clause (5), expires on June 30, 2003. MFIP social services child care must be paid for with the appropriations under section 45, subdivision 3. Priority must be given to mental health services and chemical dependency services. Any amount that is not needed for MFIP social services child care must be used for child care assistance under Minnesota Statutes, section 119B.03. The commissioner of children, families, and learning must notify the chairs of the family and early childhood committees in the house and the senate if expenditures for MFIP social services child care are expected to exceed appropriations under section 45, subdivision 3. The commissioner shall report to the legislature by January 15, 2003, on the use of MFIP social services child care with recommendations on the need for social services child care and its effectiveness in promoting self-sufficiency.

Sec. 37. [EXPEDITED APPLICATION FOR MINOR STUDENTS.]

The commissioner of children, families, and learning, as a component of the training for counties to administer child care assistance under Minnesota Statutes, chapter 119B, must provide technical assistance on ways to expedite and streamline the application process for minor parents participating in school-based child care. The commissioner must make child care assistance information and applications available to school-based adolescent parenting programs so eligible minor parents are able to complete their high school education.

Sec. 38. [COOPERATIVE LANGUAGE INSTRUCTION.]

The commissioner of children, families, and learning shall create an application process to make grants for the establishment of cooperative programs to teach English as a second language to adults and their children. Instruction shall be provided through prekindergarten programs, elementary and secondary schools, and the adult basic education program. At least two grants in the seven-county metropolitan area and one grant outside the seven-county metropolitan area shall be made.

Sec. 39. [INTENSIVE ESL GRANTS.]

The commissioner of children, families, and learning shall establish a reimbursement grant program to fund intensive English as a second language (ESL) programs for TANF eligible adults who participate in the MFIP program under Minnesota Statutes, chapter 256J, with funds appropriated under Minnesota Statutes, section 44, subdivision 2. Intensive ESL programming must provide intensive instruction for MFIP participants who are making inadequate literacy progress as measured by a standard assessment test. The intensive instruction must be focused on participants' gaining sufficient literacy to achieve self-sufficiency through employment.

Organizations eligible for grants under this section include adult basic education programs, school districts, post-secondary institutions, and nonprofit or community-based organizations or other private organizations with experience in providing English language instruction to non-English speaking immigrants and refugees. Grant applications must contain information required by the commissioner in the form prescribed by the commissioner. At a minimum, the application must document experience in literacy programs serving immigrants and refugees, describe fiscal accounting systems and reporting capacity, ensure that administrative expenses are limited to five percent of grant funds, and provide a description of the proposed instructional services and training plans. Funds must be paid to programs on a reimbursement basis. The intensive ESL program expires on June 30, 2003.

Sec. 40. [CHILD AND ADULT CARE FOOD PROGRAM.]

The commissioner of the department of children, families, and learning must request a waiver from the department of agriculture so that child care programs that are licensed under Minnesota Statutes, section 245A.14, subdivision 4, are allowed to participate in the federal child and adult care food program under United States Code, title 42, section 1766.

Sec. 41. [FAMILY PROVIDER PARTICIPATION.]

The commissioner of the department of children, families, and learning must ensure that licensed family child care providers have an opportunity to participate in policy discussions that impact child care. The commissioner must seek participation and input from family providers including, but not limited to, participation on task forces.

Sec. 42. [ADULT BASIC EDUCATION POLICY TASK FORCE.]

Subdivision 1. [ESTABLISHMENT.] A nine-member adult basic education policy task force is established to make recommendations to the legislature on program and funding policies for adult basic education programs that receive aid under Minnesota Statutes, section 124D.531. Members do not receive per diem or reimbursement for expenses. At a minimum, the task force must hold two meetings a year. All other matters of the task force's operation, except expiration of the task force under subdivision 4, are governed by Minnesota Statutes, section 15.069.

Subd. 2. [MEMBERSHIP.] The commissioner shall appoint nine members to the task force. Four members are appointed from a list of candidates provided to the commissioner by the Minnesota community education association and Literacy Minnesota. The commissioner must appoint two members of the task force from rural programs, two members from suburban programs, two members from urban programs, and one member from the nonprofit group. The commissioner shall appoint one former adult basic education learner and one current adult basic education learner to the task force. The composition of the task force must allow for equal representation from adult basic education learners, instructors, and administrators.

Subd. 3. [DUTIES.] The task force must:

(1) recommend to the legislature and the commissioner a mission statement for a statewide system of adult basic education programs that includes educational outcomes, services, eligible learners, requirements for teacher licensing, expectations for student advancement and progress, and recognition of the importance of distance learning and other technology-based instruction methods;

(2) recommend to the legislature adult basic education standard policies and procedures;

(3) recommend to the legislature the adult basic education curriculum and course offerings including policies to offer computer literacy and other skill-based education through adult basic education programs;

(4) recommend to the legislature the minimum number of contact hours that are necessary in order for a program to continue;

(5) recommend to the legislature an adequate and reasonable hourly rate for smaller programs;

(6) recommend to the legislature a reasonable range for the number of instructional hours or a reasonable cap on the number of hours individuals may spend in adult basic education instruction;

(7) recommend to the legislature an outcome-based adult basic education funding system that rewards and recognizes student progress in attaining educational goals;

(8) recommend to the legislature an appropriate weight for contact hours for nonschool district programs based on an evaluation of costs, revenues, and the impact of weighted contact hours on consortium stability; and

(9) review statewide grant applications for supplemental services under Minnesota Statutes, section 124D.522.

Subd. 4. [EXPIRATION.] The adult basic education policy task force expires on December 1, 2002.

Sec. 43. [GENERAL FUND APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the commissioner of children, families, and learning for the fiscal years designated.

Subd. 2. [ADULT BASIC EDUCATION SUPPLEMENTAL SERVICE GRANTS.] For adult basic education supplemental service grants according to Minnesota Statutes, section 124D.522:

<u>\$700,000</u>	: : : : :	<u>2001</u>
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This is a one-time appropriation and is not to be added to the base for 2002 and 2003.

Subd. 3. [ADULT BASIC EDUCATION ADMINISTRATION.] For administration of the state adult basic education program including auditing, technical assistance, and reporting requirements under this act:

<u>\$100,000</u>	: : : : :	<u>2001</u>
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This appropriation is added to the fiscal year 2002 and 2003 base at a level of \$175,000 each year to finance adult basic education audits. Any balance in the first year does not cancel, but is available in the second year.

Subd. 4. [HOUSING COLLABORATION.] For a grant to the city of St. Louis Park for the Meadowbrook Collaborative Housing Project to enhance youth outreach services and to provide educational and recreational programming for at-risk youth. The collaborative must include a cross section of public and private sector community representatives.

<u>\$25,000</u>	: : : : :	<u>2001</u>
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This is a one-time appropriation.

Subd. 5. [EMERGENCY SERVICES.] For emergency services grants according to Laws 1997, chapter 162, article 3, section 7:

<u>\$622,000</u>	: : : : :	<u>2001</u>
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This is a one-time appropriation.

Subd. 6. [COOPERATIVE LANGUAGE INSTRUCTION.] For cooperative language instruction grants under section 38:

<u>\$250,000</u>	: : : : :	<u>2001</u>
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This is a one-time appropriation.

Subd. 7. [ADULTS WITH DISABILITIES.] For purposes of the adults with disabilities pilot programs under Laws 1997, chapter 162, article 2, section 31, subdivision 4:

<u>\$40,000</u>	: : : : :	<u>2001</u>
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Sec. 44. [TANF APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section for fiscal years 2001 to 2003 are appropriated to the commissioner of human services from the federal Temporary Assistance for Needy Families (TANF) block grant funds authorized under United States Code, title 42,

section 601 et seq., and awarded in federal fiscal years 2000 to 2002, and are transferred to the department of children, families, and learning for the fiscal years indicated for use as provided in this section. These amounts are available for expenditure until June 30, 2003. Appropriations under this section are one-time appropriations and are not added to the base for fiscal years 2004 and 2005.

Subd. 2. [INTENSIVE ESL.] For intensive English as a second language (ESL) for eligible MFIP participants under section 39:

<u>\$1,100,000</u>	<u>.....</u>	<u>2001</u>
<u>\$1,100,000</u>	<u>.....</u>	<u>2002</u>
<u>\$1,100,000</u>	<u>.....</u>	<u>2003</u>

Subd. 3. [TRANSITIONAL HOUSING PROGRAMS.] For reimbursement grants to transitional housing programs under Minnesota Statutes, section 119A.43:

<u>\$1,900,000</u>	<u>.....</u>	<u>2001</u>
<u>\$1,900,000</u>	<u>.....</u>	<u>2002</u>
<u>\$1,950,000</u>	<u>.....</u>	<u>2003</u>

These appropriations must be used for up to four months of transitional housing for families with incomes below 200 percent of the federal poverty guidelines. Payment must be made to programs on a reimbursement basis.

Sec. 45. [FEDERAL TANF TRANSFERS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are transferred from the federal TANF fund to the child care and development fund and appropriated to the department of children, families, and learning for the fiscal years designated. The commissioner shall ensure that all transferred funds are expended in accordance with the child care and development fund regulations and that the maximum allowable transferred funds are used for the program in this section. Appropriations under this section are one-time appropriations and are not added to the base.

Subd. 2. [BASIC SLIDING FEE CHILD CARE.] For child care assistance according to Minnesota Statutes, section 119B.03:

<u>\$2,539,000</u>	<u>.....</u>	<u>2001</u>
<u>\$2,138,000</u>	<u>.....</u>	<u>2002</u>
<u>\$1,738,000</u>	<u>.....</u>	<u>2003</u>

Subd. 3. [MFIP SOCIAL SERVICES CHILD CARE.] For social services child care costs of eligible MFIP participants under section 36:

<u>\$3,233,000</u>	<u>.....</u>	<u>2001</u>
<u>\$3,297,000</u>	<u>.....</u>	<u>2002</u>
<u>\$2,865,000</u>	<u>.....</u>	<u>2003</u>

Any amount remaining in fiscal year 2003 that is not needed for social service child care must be used for assistance under Minnesota Statutes, section 119B.03.

Subd. 4. [TRANSITION YEAR FAMILIES.] To provide uninterrupted assistance under Minnesota Statutes, section 119B.03, for families completing transition year child care assistance:

<u>\$1,080,000</u>	<u>.....</u>	<u>2001</u>
<u>\$3,620,000</u>	<u>.....</u>	<u>2002</u>
<u>\$4,040,000</u>	<u>.....</u>	<u>2003</u>

Any amount remaining in fiscal year 2003 that is not needed for uninterrupted child care must be used for assistance under Minnesota Statutes, section 119B.03.

Sec. 46. [REPEALER.]

(a) Minnesota Statutes 1998, section 124D.53, is repealed.

(b) Laws 1998, First Special Session chapter 1, article 1, section 10, subdivision 2, as amended by Laws 1999, chapter 205, article 4, section 8, is repealed.

EFFECTIVE DATE: Paragraph (a) is effective for revenue for fiscal year 2001 and later.

ARTICLE 2

KINDERGARTEN THROUGH GRADE 12 GENERAL EDUCATION

Section 1. Minnesota Statutes 1999 Supplement, section 122A.61, subdivision 1, is amended to read:

Subdivision 1. [STAFF DEVELOPMENT REVENUE.] A district is required to reserve an amount equal to at least ~~one~~ two percent of the basic revenue under section 126C.10, subdivision 2, for in-service education for programs under section 120B.22, subdivision 2, for staff development plans, including plans for challenging instructional activities and experiences under section 122A.60, and for curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, the cost of substitute teachers staff development purposes, and other related costs for staff development efforts. A district may annually waive the requirement to reserve their basic revenue under this section if a majority vote of the licensed teachers in the district and a majority vote of the school board agree to a resolution to waive the requirement. A district in statutory operating debt is exempt from reserving basic revenue according to this section. Districts may expend an additional amount of unreserved revenue for staff development based on their needs. With the exception of amounts reserved for staff development from revenues allocated directly to school sites, the board must initially allocate 50 percent of the reserved revenue to each school site in the district on a per teacher basis, which must be retained by the school site until used. The board may retain 25 percent to be used for district wide staff development efforts. The remaining 25 percent of the revenue must be used to make grants to school sites for best practices methods. A grant may be used for any purpose authorized under section 120B.22, subdivision 2, 122A.60, or for the costs of curriculum development and programs, other in-service education, teachers' workshops, teacher conferences, substitute teachers for staff development purposes, and other staff development efforts, and determined by the site professional development team. The site professional development team must demonstrate to the school board the extent to which staff at the site have met the outcomes of the program. The board may withhold a portion of initial allocation of revenue if the staff development outcomes are not being met.

Sec. 2. Minnesota Statutes 1998, section 122A.68, subdivision 4, is amended to read:

Subd. 4. [EMPLOYMENT CONDITIONS.] A school district must pay a teaching resident a salary equal to ~~75~~ 90 percent of the salary of a first-year teacher with a bachelor's degree in the district. The resident shall be a member of the local bargaining unit and shall be covered under the terms of the contract, except for salary and benefits, unless otherwise provided in this subdivision. The school district must provide health insurance coverage for the resident if the district provides it for teachers, and may provide other benefits upon negotiated agreement.

Sec. 3. Minnesota Statutes 1998, section 123B.75, subdivision 5, is amended to read:

Subd. 5. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district.

(b) In June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the May, June, and July school district tax settlement revenue received in that calendar year; or

(2) the sum of:

(i) 31 percent of the referendum levy certified in the prior calendar year according to section 126C.17, subdivision 9; plus

(ii) the entire amount of the levy certified in the prior calendar year according to sections 124D.86, subdivision 4, for school districts receiving revenue under 124D.86, subdivision 3, clauses (1), (2) and (3); 126C.41, subdivisions 1, 2, and 3, paragraphs (4), (5), and (6); 126C.43, subdivision 2; and 126C.48, subdivision 6.

Sec. 4. Minnesota Statutes 1999 Supplement, section 124D.11, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] (a) General education revenue must be paid to a charter school as though it were a district. The general education revenue for each adjusted marginal cost pupil unit is the state average general education revenue per pupil unit, plus the referendum equalization aid allowance in the pupil's district of residence, minus an amount equal to the product of the formula allowance according to section 126C.10, subdivision 2, times .0485, calculated without basic skills revenue, transportation sparsity revenue, and the transportation portion of the transition revenue adjustment, plus basic skills revenue as though the school were a school district.

(b) Notwithstanding paragraph (a), for charter schools in the first year of operation, general education revenue shall be computed using the number of adjusted pupil units in the current fiscal year.

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

Sec. 5. Minnesota Statutes 1999 Supplement, section 124D.65, subdivision 4, is amended to read:

Subd. 4. [STATE TOTAL LEP REVENUE.] (a) The state total limited English proficiency programs revenue for fiscal year 2000 equals \$27,454,000. ~~The state total limited English proficiency programs revenue for fiscal year 2001 equals \$31,752,000.~~

(b) The state total limited English proficiency programs revenue for later fiscal years equals:

(1) the state total limited English proficiency programs revenue for the preceding fiscal year; times

(2) the program growth factor under section 125A.76 subdivision 1; times

(3) the ratio of the state total number of pupils with limited English proficiency for the current fiscal year to the state total number of pupils with limited English proficiency for the preceding fiscal year.

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

Sec. 6. Minnesota Statutes 1999 Supplement, section 124D.86, subdivision 1, is amended to read:

Subdivision 1. [USE OF THE REVENUE.] Integration revenue under this section must be used for programs established under a desegregation plan filed with the department of children, families, and learning according to Minnesota Rules, parts 3535.0100 to 3535.0180, or under court order, ~~to increase.~~ The revenue must be used to

create or enhance learning opportunities and reduce the learning gap between learners living in high concentrations of poverty and their peers which are designed to provide opportunities for students to have increased interracial contacts through classroom experiences, staff initiatives, and other educationally related programs.

Sec. 7. Minnesota Statutes 1998, section 124D.86, is amended by adding a subdivision to read:

Subd. 1a. [BUDGET APPROVAL PROCESS.] Each year before a district receives any revenue under subdivision 3, clause (4), the district must submit to the department of children, families, and learning, for its review and approval a budget detailing the costs of the desegregation/integration plan filed under Minnesota Rules, parts 3535.0100 to 3535.0180. Notwithstanding chapter 14, the department may develop criteria for budget approval. The department shall consult with the desegregation advisory board in developing these criteria. The criteria developed by the department should address, at a minimum, the following:

(1) budget items cannot be approved unless they are part of any overall desegregation plan approved by the district for isolated sites or by the multidistrict collaboration council and participation individual members;

(2) the budget must indicate how revenue expenditures will be used specifically to support increased opportunities for interracial contact;

(3) components of the budget to be considered by the department, including staffing, curriculum, transportation, facilities, materials, and equipment and reasonable planning costs, as determined by the department; and

(4) if plans are proposed to enhance existing programs, the total budget being appropriated to the program must be included, indicating what part is to be funded using integration revenue and what part is to be funded using other revenues.

Sec. 8. Minnesota Statutes 1998, section 124D.86, is amended by adding a subdivision to read:

Subd. 1b. [PLAN COMPONENTS.] Plans submitted by each district under Minnesota Rules, parts 3535.0160 and 3535.0170, must be approved by the district's board each year before integration revenue will be awarded. If a district is applying for revenue for a plan that is part of a multidistrict council, the individual district shall not receive revenue unless it ratifies the plan adopted by its multidistrict council or approves a modified plan with a written explanation of any modifications. Each plan shall contain:

(1) an identification of the integration issues at the sites or districts covered by Minnesota Rules, parts 3535.0100 to 3535.0180;

(2) a description of the community outreach that preceded the integration plan, such that the commissioner can determine whether the membership of the planning councils complied with the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180; and

(3) the specific goals of the integration plan.

By June 30 of the subsequent fiscal year, each district shall report to the commissioner in writing about the extent to which the integration goals identified in the plan were met.

Sec. 9. Minnesota Statutes 1999 Supplement, section 124D.86, subdivision 3, is amended to read:

Subd. 3. [INTEGRATION REVENUE.] For fiscal year 2000 and later fiscal years, integration revenue equals the following amounts:

(1) for independent school district No. 709, Duluth, \$207 times the adjusted pupil units for the school year;

(2) for independent school district No. 625, St. Paul, \$446 times the adjusted pupil units for the school year;

(3) for special school district No. 1, Minneapolis, \$536 times the adjusted pupil units for the school year; and

(4) for a district not listed in clause (1), (2), or (3) that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180, ~~as proposed in 23 State Register 1344, December 7, 1998~~; the lesser of

(i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or

(ii) \$93 times the adjusted pupil units for the school year.

Any money received by districts in clauses (1) to (3) which exceeds the amount received in fiscal year 2000 shall be subject to the budget requirements in subdivision 1a.

Sec. 10. Minnesota Statutes 1998, section 124D.86, subdivision 6, is amended to read:

Subd. 6. [ALTERNATIVE ATTENDANCE PROGRAMS.] (a) The integration aid under subdivision 5 must be adjusted for each pupil residing in a district eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, and 124D.08, that is not eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and has implemented a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, if the enrollment of the pupil in the nonresident district contributes to desegregation or integration purposes. The adjustments must be made according to this subdivision.

(b) Aid paid to the district of the pupil's residence must be reduced by an amount equal to the revenue per resident pupil unit of the resident district times the number of resident pupil units attributable to the pupil for the time the pupil is enrolled in a nonresident district.

(c) Aid paid to a district serving nonresidents must be increased by an amount equal to the ~~aid reduction to the resident district under paragraphs (b) and (d)~~ revenue per pupil unit of the resident district under subdivision 3, clause (1), (2), or (3), minus the revenue attributable to the pupil in the nonresident district under subdivision 3, clause (4), for the time the pupil is enrolled in the nonresident district.

(d) ~~If the amount of the reduction to be made from the aid of a district is greater than the amount of aid otherwise due the district, the excess reduction must be made from other state aids due the district.~~

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

Sec. 11. Minnesota Statutes 1999 Supplement, section 124D.87, is amended to read:

124D.87 [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION AID.]

(a) A district that provides transportation of pupils to and from an interdistrict program for desegregation or integration purposes is eligible for state aid to ~~cover~~ reimburse the additional costs of transportation during the preceding fiscal year.

(b) A district in the metropolitan area may apply to the commissioner for state aid to ~~cover~~ reimburse the costs of transporting pupils who are enrolled under section 124D.03 during the preceding fiscal year if the enrollment of the student in the nonresident district contributes to desegregation or integration purposes. The commissioner shall develop the form and manner of applications for state aid, the criteria to be used to determine when transportation is for desegregation or integration purposes, and the accounting procedure to be used to determine excess costs. In determining aid amounts, the commissioner shall consider other revenue received by the district for transportation for desegregation or integration purposes.

(c) ~~Aid must be paid under paragraph (b) only if aid amounts under paragraph (a) have been fully funded.~~

EFFECTIVE DATE: This section is effective July 1, 2001.

Sec. 12. Minnesota Statutes 1999 Supplement, section 126C.05, subdivision 5, is amended to read:

Subd. 5. [ADJUSTED PUPIL UNITS.] (a) Adjusted pupil units for a district or charter school means the sum of:

(1) the number of pupil units served, according to subdivision 7, plus

(2) pupil units according to subdivision 1 for whom the district or charter school pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, minus

(3) pupil units according to subdivision 1 for whom the district or charter school receives tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65.

(b) Adjusted marginal cost pupil units means the greater of:

(1) the sum of $\div .77$ times the pupil units defined in paragraph (a) for the current school year and $\div .23$ times the pupil units defined in paragraph (a) for the previous school year; or

(2) the number of adjusted pupil units defined in paragraph (a) for the current school year.

Sec. 13. Minnesota Statutes 1999 Supplement, section 126C.05, subdivision 6, is amended to read:

Subd. 6. [RESIDENT PUPIL UNITS.] (a) Resident pupil units for a district means the number of pupil units according to subdivision 1 residing in the district.

(b) Resident marginal cost pupil units means the greater of:

(1) the sum of $\div .77$ times the pupil units defined in paragraph (a) for the current year and $\div .23$ times the pupil units defined in paragraph (a) for the previous school year; or

(2) the number of resident pupil units defined in paragraph (a) for the current school year.

Sec. 14. Minnesota Statutes 1999 Supplement, section 126C.052, is amended to read:

126C.052 [CLASS SIZE, ALL-DAY KINDERGARTEN, AND SPECIAL EDUCATION STUDENT-TO-INSTRUCTOR RATIO RESERVE.]

A district is required to reserve \$3 in fiscal year 2000 and \$11 in fiscal year 2001 and later per adjusted marginal cost pupil unit for class size reduction, all-day kindergarten, or for reducing special education student-to-instructor ratios. The school board of each district must pass a resolution stating which one of these three programs will be funded with this reserve. The reserve amount under this section must be allocated to the education site as defined in section 123B.04, subdivision 1, according to a plan adopted by the school board.

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

Sec. 15. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the ~~resident~~ adjusted marginal cost pupil units for the school year. The formula allowance for fiscal year 1998 is \$3,581. The formula allowance for fiscal year 1999 is \$3,530. The formula allowance for fiscal year 2000 is \$3,740. The formula allowance for fiscal year 2001 and subsequent fiscal years is ~~\$3,875~~ \$3,964.

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

Sec. 16. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 14, is amended to read:

Subd. 14. [USES OF TOTAL OPERATING CAPITAL REVENUE.] Total operating capital revenue may be used only for the following purposes:

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures, including library media centers;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the Uniform Fire Code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;
- (11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;
- (12) to improve buildings that are leased according to section 123B.51, subdivision 4;
- (13) to pay special assessments levied against school property but not to pay assessments for service charges;
- (14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Northeast Minnesota Economic Protection Trust Fund Act according to sections 298.292 to 298.298;
- (15) to purchase or lease interactive telecommunications equipment;
- (16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;
- (17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;
- (18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;
- (19) to purchase or lease assistive technology or equipment for instructional programs;
- (20) to purchase textbooks;

(21) to purchase new and replacement library ~~books~~ media resources or technology;

(22) to purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individual education plans; and

(iii) other classroom information management needs; and

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

EFFECTIVE DATE: This section is effective for the 2000-2001 and later school years.

Sec. 17. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 23, is amended to read:

Subd. 23. [REFERENDUM OFFSET ADJUSTMENT.] A district that qualifies for the referendum allowance reduction under section 126C.17, subdivision 12, and whose referendum allowance under section 126C.17, subdivision 1, as adjusted under section 126C.17, subdivisions 2 and 12, does not exceed the referendum allowance limit under section 126C.17, subdivision 2, clause (2), shall receive a referendum offset adjustment. In fiscal year 2000 and thereafter, the referendum offset adjustment is equal to \$25 per ~~resident~~ adjusted marginal cost pupil unit.

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

Sec. 18. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 24, is amended to read:

Subd. 24. [EQUITY REVENUE.] (a) A school district qualifies for equity revenue if the school district's adjusted marginal cost pupil unit amount of basic revenue, supplemental revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 90th percentile of school districts in its equity region for those revenue categories and the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) \$10, plus (ii) \$30, times the school district's equity index computed under ~~section 126C.10~~, subdivision ~~6~~ 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times \$10.

EFFECTIVE DATE: This section is effective for revenue in fiscal year 2000.

Sec. 19. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 25, is amended to read:

Subd. 25. [REGIONAL EQUITY GAP.] The regional equity gap equals the difference between the value of the school district at or immediately above the fifth percentile of adjusted general revenue per adjusted marginal cost pupil unit and the value of the school district at or immediately above the 90th percentile of adjusted general revenue per adjusted marginal cost pupil unit.

EFFECTIVE DATE: This section is effective for revenue in fiscal year 2000.

Sec. 20. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 26, is amended to read:

Subd. 26. [DISTRICT EQUITY GAP.] A district's equity gap equals the greater of zero or the difference between the district's adjusted general revenue and the value of the school district at or immediately above the regional 90th percentile of adjusted general revenue per adjusted marginal cost pupil unit.

EFFECTIVE DATE: This section is effective for revenue in fiscal year 2000.

Sec. 21. Minnesota Statutes 1999 Supplement, section 126C.12, subdivision 1, is amended to read:

Subdivision 1. [REVENUE.] Of a district's general education revenue for fiscal year 2000 and thereafter each school district shall reserve an amount equal to the formula allowance multiplied by the following calculation:

(1) the sum of adjusted marginal cost ~~pupil units~~ pupils in average daily membership, according to section 126C.05, subdivision 5, in kindergarten times .057; plus

(2) the sum of adjusted marginal cost ~~pupil units~~ pupils in average daily membership, according to section 126C.05, subdivision 5, in grades 1 to 3 times .115; plus

(3) the sum of adjusted marginal cost ~~pupil units~~ pupils in average daily membership, according to section 126C.05, subdivision 5, in grades 4 to 6 times .06.

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

Sec. 22. Minnesota Statutes 1998, section 126C.16, subdivision 3, is amended to read:

Subd. 3. [PER PUPIL REVENUE CONVERSION.] (a) The department must convert each district's referendum revenue authority for fiscal year 2002 and later years to an allowance per pupil unit as follows: the revenue allowance equals the amount determined by dividing the district's maximum revenue under section 126C.17, for fiscal year 2001 by the district's 2000-2001 resident marginal cost pupil units. A district's maximum revenue for all later years for which the revenue is authorized equals the revenue allowance times the district's resident marginal cost pupil units for that year.

(b) The referendum allowance reduction must be applied first to the authority with the earliest expiration date.

Sec. 23. Minnesota Statutes 1999 Supplement, section 126C.17, subdivision 9, is amended to read:

Subd. 9. [REFERENDUM REVENUE.] (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board or shall be called by the board upon written petition of qualified voters of the district. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per resident marginal cost pupil unit, the estimated referendum tax rate as a percentage of referendum market value in the first year it is to be levied, and that the revenue must be used to finance school operations. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil units unit that differs from year to year over the number of years for which the increased revenue is authorized. If the ballot contains a schedule showing different amounts, it must also indicate the estimated referendum tax rate as a percent of referendum market value for the amount specified for the first year and for the maximum amount specified in the schedule. The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of, School District No. . . , be approved?"

If approved, an amount equal to the approved revenue per resident marginal cost pupil unit times the resident marginal cost pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The board must prepare and deliver by first class mail at least 15 days but no more than 30 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer is deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum may result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board and shall be called by the board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the levy amount must be based upon the dollar amount, local tax rate, or amount per resident marginal cost pupil unit, that was stated to be the basis for the initial authorization. Revenue approved by the voters of the district pursuant to paragraph (a) must be received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the referendum by the canvassing board, the district must notify the commissioner of the results of the referendum.

(g) Except for a referendum held under subdivision 11, any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) must be prepared and delivered by first class mail at least 20 days before the referendum.

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

Sec. 24. Minnesota Statutes 1999 Supplement, section 126C.44, as amended by Laws 2000, chapter 254, section 44, is amended to read:

126C.44 [CRIME-RELATED COSTS LEVY.]

Each district may make a levy on all taxable property located within the district for the purposes specified in this ~~subdivision~~ section. The maximum amount which may be levied for all costs under this ~~subdivision~~ section shall be equal to ~~\$1.50~~ \$11.00 multiplied by the ~~population of the school district~~ district's adjusted marginal cost pupil units for the school year. ~~For purposes of this subdivision, "population" of the school district means the same as contained in section 275.14.~~ The proceeds of the levy must be used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's ~~middle and secondary~~ schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the ~~middle~~ district's schools; ~~or~~ (4) to pay the costs for security in the districts' schools and on school property; or (5) to pay the costs for other crime prevention ~~and~~ drug abuse, student and staff safety, and violence prevention measures taken by the school district. The district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this ~~subdivision~~ section is not included in determining the school district's levy limitations.

EFFECTIVE DATE: This section is effective July 1, 2000, for levies for taxes payable in 2001 and later.

Sec. 25. Minnesota Statutes 1999 Supplement, section 127A.45, subdivision 12a, is amended to read:

Subd. 12a. [FORWARD SHIFTED AID PAYMENTS.] (a) Nineteen percent of the state aid in fiscal year 1999, and 31 percent of the state aid in fiscal years 2000 and later received under section 124D.86 must be paid by the state to the recipient school district on July 15 of that year. The recipient school district must recognize this aid in the same fiscal year as the levy is recognized.

(b) One hundred percent of the state aid in fiscal years 2003 and later received under section 124D.87 must be paid by the state to the recipient school district on August 30 of that year. The recipient school district must recognize this aid in the previous fiscal year.

Sec. 26. Minnesota Statutes 1999 Supplement, section 127A.51, is amended to read:

127A.51 [STATEWIDE AVERAGE REVENUE.]

By October 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted marginal cost pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the ninety-fifth percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts.

If the disparity in adjusted general revenue as measured by the ratio of the ninety-fifth percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by January 15.

For purposes of this section and section 126C.10, adjusted general revenue means the sum of basic revenue under section 126C.10, subdivision 2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue under section 126C.10, subdivision 20; and referendum revenue under section 126C.17.

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

Sec. 27. Minnesota Statutes 1998, section 128D.11, subdivision 3, is amended to read:

Subd. 3. [NO ELECTION.] Subject to the provisions of subdivisions 7 to 10, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year general obligation bonds of the district in an amount not to exceed 5-1/10 per cent of the net tax capacity of the taxable property in the district (plus, for calendar years 1990 to 2003, an amount not to exceed \$7,500,000, and for calendar years 2004 to 2008 an amount not to exceed \$15,000,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following).

Sec. 28. Laws 1992, chapter 499, article 7, section 31, as amended by Laws 1998, chapter 398, article 1, section 39, and Laws 1999, chapter 241, article 1, section 31, is amended to read:

Sec. 31. [REPEALER.]

Minnesota Statutes 1990, sections 124A.02, subdivision 24; 124A.23, subdivisions 2 and 3; 124A.26, subdivisions 2 and 3; 124A.27; 124A.28; and 124A.29, subdivision 2; and Minnesota Statutes 1991 Supplement, sections 124A.02, subdivisions 16 and 23; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.04; 124A.22, subdivisions 2, 3, 4, 4a, 4b, 8, and 9; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; and 124A.29, subdivision 1, are repealed effective June 30, ~~2004~~ 2004; Laws 1991, chapter 265, article 7, section 35, is repealed.

Sec. 29. Laws 1992, chapter 499, article 7, section 32, is amended to read:

Sec. 32. [EFFECTIVE DATE.]

Sections 1, 9, 14, 18, 19, 20, 21, 22, 23, and 30 are effective the day following final enactment. Sections 4 to 8 are effective for revenue for fiscal year ~~2000~~ 2002.

Sec. 30. Laws 1999, chapter 241, article 1, section 68, subdivision 2, is amended to read:

Subd. 2. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:

\$3,062,321,000 <u>\$3,066,166,000</u>	. . . . .	2000
\$3,160,518,000 <u>\$3,247,635,000</u>	. . . . .	2001

The 2000 appropriation includes \$272,186,000 for 1999 and ~~\$2,790,135,000~~ \$2,793,980,000 for 2000.

The 2001 appropriation includes ~~\$310,015,000~~ \$310,442,000 for 2000 and ~~\$2,850,503,000~~ \$2,937,193,000 for 2001.

Sec. 31. Laws 1999, chapter 241, article 1, section 68, subdivision 4, is amended to read:

Subd. 4. [TRANSPORTATION AID FOR ENROLLMENT OPTIONS.] For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts according to Minnesota Statutes, section 124D.03:

\$102,000 <u>\$70,000</u>	.....	2000
\$102,000 <u>\$70,000</u>	.....	2001

Any balance in the first year does not cancel but is available in the second year.

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

Sec. 32. Laws 1999, chapter 241, article 1, section 68, subdivision 5, is amended to read:

Subd. 5. [DISTRICT COOPERATION REVENUE.] For district cooperation revenue aid:

\$5,940,000 <u>\$5,881,000</u>	.....	2000
\$563,000 <u>\$556,000</u>	.....	2001

The 2000 appropriation includes \$869,000 for 1999 and ~~\$5,071,000~~ \$5,012,000 for 2000.

The 2001 appropriation includes ~~\$563,000~~ \$556,000 for 2000 and \$0 for 2001.

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

Sec. 33. Laws 1999, chapter 241, article 1, section 70, is amended to read:

Sec. 70. [EFFECTIVE DATES.]

Sections 13, 14, 26, 30, 37, and 39 are effective for revenue for fiscal year 2000 and later. Section 41 is effective for revenue for fiscal year 2001 and later. Sections 46, 47, and 55 to 60 are effective the day following final enactment. Section 61 is effective for taxes payable in 2000 and later.

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

Sec. 34. [TRAINING AND EXPERIENCE REPLACEMENT REVENUE.]

(a) For fiscal year 2001 only, a school district's training and experience replacement revenue equals the sum of the following:

(1) the ratio of the amount of training and experience revenue the district would have received for fiscal year 1999 calculated using the training and experience index in Minnesota Statutes 1996, section 124A.04, to its resident pupil units for that year, times the district's adjusted marginal cost pupil units for fiscal year 2001, times .06; plus

(2) the difference between .47 times the training and experience revenue the district would have received for fiscal year 1999, calculated using the training and experience index in Minnesota Statutes 1996, section 124A.04, and the amount calculated in Minnesota Statutes, section 126C.10, subdivision 5, for fiscal year 2001, but not less than zero.

(b) This revenue is paid entirely in fiscal year 2001.

Sec. 35. [LEVY RECOGNITION FOR INTEGRATION LEVY ADJUSTMENT.]

Notwithstanding Minnesota Statutes, section 123B.75, subdivision 5, the full amount of integration levy for taxes payable in 2001, attributable to fiscal year 2001, for school districts receiving revenue under Minnesota Statutes, section 124D.86, subdivision 3, clause (4), shall be recognized in fiscal year 2001.

Sec. 36. [FISCAL YEARS 2003 TO 2007 AIRPORT RUNWAY IMPACT PUPIL UNIT AID; RICHFIELD.]

Subdivision 1. [AIRPORT IMPACT ZONE PUPIL UNITS, DEFINITION.] For the purposes of this section, "airport impact zone pupil units" means the number of pupil units, according to Minnesota Statutes 1999 Supplement, section 126C.05, subdivision 1, in school year 1998-1999 that were attributable to the airport impact zone, as defined in Laws 1999, chapter 243, article 16, section 35, subdivision 1.

Subd. 2. [FISCAL YEAR 2003.] For fiscal year 2003 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 70 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2003.

Subd. 3. [FISCAL YEAR 2004.] For fiscal year 2004 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 70 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2004.

Subd. 4. [FISCAL YEAR 2005.] For fiscal year 2005 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 52.5 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2005.

Subd. 5. [FISCAL YEAR 2006.] For fiscal year 2006 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 35 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2006.

Subd. 6. [FISCAL YEAR 2007.] For fiscal year 2007 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 17.5 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2007.

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

Sec. 37. [SPARSITY CORRECTION REVENUE.]

Subdivision 1. [QUALIFICATION FOR REVENUE.] A school district qualifies for sparsity correction revenue if it qualifies for sparsity revenue, according to Minnesota Statutes, section 126C.10, subdivisions 7 and 8, in fiscal year 2000 or 2001 and the amount of sparsity revenue it received in those years is less than the amount it would have received in fiscal year 2000 or 2001 prior to the passage of Laws 1999, chapter 241, article 1, sections 18 and 19.

Subd. 2. [FISCAL YEAR 2000 CALCULATION.] For fiscal year 2000, a school district's sparsity correction revenue equals the difference between sparsity revenue in fiscal year 2000 calculated according to Laws 1999, chapter 241, article 1, sections 18 and 19, and the sparsity revenue the district would have received for fiscal year 2000 had these sections of law not been approved.

Subd. 3. [FISCAL YEAR 2001 CALCULATION.] For fiscal year 2001, a school district's sparsity correction revenue equals .5 times the difference between sparsity revenue in fiscal year 2001 calculated according to Laws 1999, chapter 241, article 1, sections 18 and 19, and the sparsity revenue the district would have received for fiscal year 2001 had these sections of law not been approved.

Sec. 38. [SEVERANCE LEVY; MESABI EAST.]

Independent school district No. 2711, Mesabi East, may levy an amount up to \$250,000 each year for a period of five years for severance and early retirement incentives for licensed employees who have retired early as a result of the district's combination that was effective July 1, 1991.

EFFECTIVE DATE: This section is effective for taxes payable in 2001 and later years.

Sec. 39. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [SPARSITY CORRECTION REVENUE.] For sparsity correction revenue:

<u>\$1,030,000</u>	: : : : :	<u>2000</u>
<u>\$515,000</u>	: : : : :	<u>2001</u>

Subd. 3. [TRAINING AND EXPERIENCE REPLACEMENT REVENUE.] For training and experience replacement revenue:

<u>\$30,794,000</u>	: : : : :	<u>2001</u>
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EFFECTIVE DATE: This section is effective the day following final enactment.

ARTICLE 3

KINDERGARTEN THROUGH GRADE 12 EDUCATION
SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1999 Supplement, section 122A.31, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS FOR AMERICAN SIGN LANGUAGE/ENGLISH INTERPRETERS.] (a) In addition to any other requirements that a school district establishes, any person employed to provide American sign language/English interpreting or sign transliterating services on a full-time or part-time basis for a school district after July 1, 2000, must:

(1) hold current interpreter and transliterator certificates awarded by the Registry of Interpreters for the Deaf (RID), or the general level interpreter proficiency certificate awarded by the National Association of the Deaf (NAD), or a comparable state certification from the commissioner of children, families, and learning; and

(2) satisfactorily complete an interpreter/transliterator training program affiliated with an accredited educational institution.

(b) To provide American sign language/English interpreting or transliterating services on a full-time or part-time basis, a person employed in a school district during the 1999-2000 school year must only comply with paragraph (a), clause (1). The commissioner shall grant a nonrenewable, one-year provisional certificate to individuals who have not attained a current applicable transliterator certificate pursuant to paragraph (a), clause (1). During the one-year provisional period, the interpreter/transliterator must develop and implement an education plan in collaboration with a mentor under paragraph (d). This paragraph shall expire on June 30, 2001.

(c) Graduates of an interpreter/transliterator program affiliated with an accredited education institution shall be granted a two-year provisional certificate by the commissioner. During the two-year provisional period, the interpreter/transliterator must develop and implement an education plan in collaboration with a mentor under paragraph (d). This paragraph applies to spring semester 2000 graduates and thereafter.

(d) A mentor of a provisionally certified interpreter/transliterator must be an interpreter/transliterator who has either NAD level IV or V certification or RID certified interpreter and certified transliterator certification and have at least three years interpreting/transliterating experience in any educational setting. The mentor, in collaboration with the provisionally certified interpreter/transliterator, shall develop and implement an educational plan designed to meet the requirements of paragraph (a), clause (1), and include a weekly on-site mentoring process.

(e) A school district may not employ an interpreter/transliterator who has not been certified under paragraphs (a), (b), or (c).

Sec. 2. Minnesota Statutes 1998, section 122A.31, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENT.] (a) For purposes of revenue under sections ~~125A.77~~ and section 125A.78, the department of children, families, and learning must only reimburse school districts for the services of those interpreters/transliterators who satisfy the standards of competency under this section.

(b) Notwithstanding paragraph (a), a district shall be reimbursed for the services of interpreters with a nonrenewable provisional certificate and interpreters/transliterators employed to mentor the provisional certified interpreters.

Sec. 3. Minnesota Statutes 1999 Supplement, section 124D.68, subdivision 9, is amended to read:

Subd. 9. [ENROLLMENT VERIFICATION.] (a) For a pupil attending an eligible program full time under subdivision 3, paragraph (d), the department must pay 90 percent of the district's average general education revenue less basic skills revenue to the eligible program and ten percent of the district's average general education revenue less basic skills revenue to the ~~resident contracting~~ district within 30 days after the eligible program verifies enrollment using the form provided by the department. For a pupil attending an eligible program part time, revenue shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the ~~resident contracting~~ district shall be reduced accordingly. A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of general education revenue. If payment is made for a pupil under this subdivision, a district shall not reimburse a program under section 124D.69 for the same pupil. Basic skills revenue shall be paid according to section 126C.10, subdivision 4.

(b) The department must pay up to 100 percent of the revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

(c) Notwithstanding paragraphs (a) and (b), for an eligible program that provides chemical treatment services to students, the department must pay 100 percent of the revenue to the eligible program.

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

Sec. 4. Minnesota Statutes 1999 Supplement, section 124D.84, subdivision 1, is amended to read:

Subdivision 1. [AWARDS.] The commissioner, with the advice and counsel of the Minnesota Indian scholarship committee, may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the commissioner, has the capabilities to benefit from further education. Scholarships must be for ~~advanced or specialized education~~ accredited degree programs in accredited colleges or universities or for courses in accredited or approved colleges or in business, technical, or vocational schools. Scholarships shall be used to defray the total

cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a standardized need analysis. The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study without special approval of the Minnesota Indian scholarship committee.

Sec. 5. Minnesota Statutes 1999 Supplement, section 124D.88, subdivision 3, is amended to read:

Subd. 3. [GRANT APPLICATION PROCESS.] (a) Any group of school districts that meets the criteria required under paragraph (b)(1) may apply for a magnet school grant in an amount not to exceed ~~\$20,800,000~~ for the approved costs or expansion of a magnet school facility.

(b)(1) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 123B.71, and the commissioner shall prepare a review and comment on the proposed magnet school facility, regardless of the amount of the capital expenditure required to design, acquire, construct, remodel, improve, furnish, or equip the facility. The commissioner must not approve an application for a magnet school grant for any facility unless the facility receives a favorable review and comment under section 123B.71 and the participating districts:

(i) establish a joint powers board under section 471.59 to represent all participating districts and govern the magnet school facility;

(ii) design the planned magnet school facility to meet the applicable requirements contained in Minnesota Rules, chapter 3535;

(iii) submit a statement of need, including reasons why the magnet school will facilitate integration and improve learning;

(iv) prepare an educational plan that includes input from both community and professional staff; and

(v) develop an education program that will improve learning opportunities for students attending the magnet school.

(2) The districts may develop a plan that permits social service, health, and other programs serving students and community residents to be located within the magnet school facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(c) When two or more districts enter into an agreement establishing a joint powers board to govern the magnet school facility, all member districts shall have the same powers.

(d) A joint powers board of participating school districts established under paragraphs (b) and (c) that intends to apply for a grant must adopt a resolution stating the costs of the proposed project, the purpose for which the debt is to be incurred, and an estimate of the dates when the contracts for the proposed project will be completed. A copy of the resolution must accompany any application for a state grant under this section.

(e)(1) The commissioner shall examine and consider all grant applications. If the commissioner finds that any joint powers district is not a qualified grant applicant, the commissioner shall promptly notify that joint powers board. The commissioner shall make awards to no more than two qualified applicants whose applications have been on file with the commissioner more than 30 days.

(2) A grant award is subject to verification by the joint powers board under paragraph (f). A grant award must not be made until the participating districts determine the site of the magnet school facility. If the total amount of the approved applications exceeds the amount of grant funding that is or can be made available, the commissioner shall allot the available amount equally between the approved applicant districts. The commissioner shall promptly certify to each qualified joint powers board the amount, if any, of the grant awarded to it.

(f) Each grant must be evidenced by a contract between the joint powers board and the state acting through the commissioner. The contract obligates the state to pay to the joint powers board an amount computed according to paragraph (e)(2) and a schedule, and terms and conditions acceptable to the commissioner of finance.

(g) Notwithstanding the provisions of section 123B.02, subdivision 3, the joint powers and its individual members may enter into long-term lease agreements as part of the magnet school program.

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

Sec. 6. Minnesota Statutes 1998, section 124D.88, is amended by adding a subdivision to read:

Subd. 4. [START-UP COSTS.] During the first two years of a metropolitan magnet school's operation, the school is eligible for aid to pay for start-up costs and additional operating costs. Start-up cost aid equals \$500 times the magnet school's pupil units served for that year.

Sec. 7. Minnesota Statutes 1998, section 124D.892, subdivision 3, is amended to read:

Subd. 3. [ADVISORY BOARD.] The commissioner shall establish an advisory board composed of:

(1) ~~eight nine~~ superintendents, ~~each of whom eight~~ shall be selected by the superintendents of the school districts located in whole or in part within each of the eight metropolitan districts established under section 473.123, subdivision 3c, and one superintendent of a district outside the seven-county metropolitan area and is from a district that is considered racially isolated or has a racially isolated school site according to Minnesota Rules, part 3535.0110; and

(2) one person each selected by the Indian affairs council, the council on Asian-Pacific Minnesotans, the council on Black Minnesotans, and the council on affairs of Chicano/Latino people; and

(3) the superintendent of independent school district No. 709, Duluth.

The advisory board shall advise the office on complying with the requirements under subdivision 1. The advisory board may solicit comments from teachers, parents, students, and interested community organizations and others.

Sec. 8. Minnesota Statutes 1999 Supplement, section 125A.027, subdivision 3, is amended to read:

Subd. 3. [IMPLEMENTATION TIMELINE.] By July 1, 2000, the individual interagency intervention plan must be available and by January 1, 2001, all governing boards of interagency early intervention committees statewide must implement a coordinated service system for children up to age five with disabilities consistent with the requirements of this section and section 125A.023 and the evaluation results from the demonstration projects under section 125A.023, subdivision 5. Children with disabilities up to the age of 21 shall be eligible for coordinated services and their eligibility to receive such services under this section shall be phased in over a four-year period as follows:

(1) July 1, 2001, children up to age nine become eligible;

(2) July 1, 2002, children up to age 14 become eligible; and

(3) July 1, 2003, children up to age 21 become eligible.

Sec. 9. Minnesota Statutes 1999 Supplement, section 125A.15, is amended to read:

125A.15 [PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.]

The responsibility for special instruction and services for a child with a disability temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The district of residence of a child shall be the district in which the child's parent resides, if living, or the child's guardian, or the district designated by the commissioner if neither parent nor guardian is living within the state.

(b) When a child is temporarily placed for care and treatment in a day program located in another district and the child continues to live within the district of residence during the care and treatment, the district of residence is responsible for providing transportation to and from the care and treatment facility and an appropriate educational program for the child. Transportation shall only be provided by the district during regular operating hours of the district. The district may provide the educational program at a school within the district of residence, at the child's residence, or in the district in which the day treatment center is located by paying tuition to that district.

(c) When a child is temporarily placed in a residential program for care and treatment, the nonresident district in which the child is placed is responsible for providing an appropriate educational program for the child and necessary transportation while the child is attending the educational program; and must bill the district of the child's residence for the actual cost of providing the program, as outlined in section 125A.11, except as provided in paragraph (d). However, the board, lodging, and treatment costs incurred in behalf of a child with a disability placed outside of the school district of residence by the commissioner of human services or the commissioner of corrections or their agents, for reasons other than providing for the child's special educational needs must not become the responsibility of either the district providing the instruction or the district of the child's residence. For the purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(d) A privately owned and operated residential facility may enter into a contract to obtain appropriate educational programs for special education children and services with a joint powers entity. The entity with which the private facility contracts for special education services shall be the district responsible for providing students placed in that facility an appropriate educational program in place of the district in which the facility is located. If a privately owned and operated residential facility does not enter into a contract under this paragraph, then paragraph (c) applies.

(e) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of residence may claim general education aid for the child as provided by law. Transportation costs must be paid by the district responsible for providing the transportation and the state must pay transportation aid to that district.

Sec. 10. Minnesota Statutes 1999 Supplement, section 125A.51, is amended to read:

125A.51 [PLACEMENT OF CHILDREN WITHOUT DISABILITIES; EDUCATION AND TRANSPORTATION.]

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the commissioner, and who is temporarily placed for care and treatment for that illness or disability, must be determined as provided in this section.

- (a) The school district of residence of the pupil is the district in which the pupil's parent or guardian resides.
- (b) When parental rights have been terminated by court order, the legal residence of a child placed in a residential or foster facility for care and treatment is the district in which the child resides ~~when parental rights have been terminated.~~
- (c) Before the placement of a pupil for care and treatment, the district of residence must be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, must notify the district of residence of the emergency placement within 15 days of the placement.
- (d) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence must provide instruction and necessary transportation to and from the treatment facility for the pupil. Transportation shall only be provided by the district during regular operating hours of the district. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state board of teaching.
- (e) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed must provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district must bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil must send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state board of teaching. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.
- (f) The district of residence must include the pupil in its residence count of pupil units and pay tuition as provided in section 123A.488 to the district providing the instruction. Transportation costs must be paid by the district providing the transportation and the state must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision must be included in the disabled transportation category.

Sec. 11. Minnesota Statutes 1999 Supplement, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the definitions in this subdivision apply.

- (a) "Base year" for fiscal year 1998 and later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.
- (b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.
- (c) "Essential personnel" means teachers, related services, and support services staff providing direct services to students.
- (d) "Average daily membership" has the meaning given it in section 126C.05.
- (e) "Program growth factor" means ~~1.012~~ 1.08 for fiscal year 2002, and 1.047 for fiscal year 2003 and later.

Sec. 12. Minnesota Statutes 1999 Supplement, section 125A.76, subdivision 2, is amended to read:

Subd. 2. [SPECIAL EDUCATION BASE REVENUE.] (a) The special education base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the fiscal year, not including the share of salaries for personnel providing health-related services counted in clause (8), whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability, not including the portion of the expenses for supplies and equipment used to provide health-related services counted in clause (8), an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year; and

(7) for fiscal years 1999 and later, the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); ~~and~~

~~(8) for fiscal years 2001 and later, the cost of salaries, supplies and equipment, and other related costs actually expended by the district for the nonfederal share of medical assistance services according to section 256B.0625, subdivision 26.~~

The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

(b) If requested by a school district operating a special education program during the base year for less than the full fiscal year, or a school district in which is located a Minnesota correctional facility operating on a fee-for-service basis for less than the full fiscal year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full fiscal year.

(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base revenue attributable to a Minnesota correctional facility operating on a fee-for-service basis during the facility's first year of operating on a fee-for-service basis shall be computed using current year data.

Sec. 13. Minnesota Statutes 1999 Supplement, section 125A.79, subdivision 2, is amended to read:

Subd. 2. [EXCESS COST AID, FISCAL YEARS 2000 AND 2001.] For fiscal years 2000 and 2001, a district's special education excess cost aid equals the greatest of:

(a) 75 percent of the difference between (1) the district's unreimbursed special education cost and (2) ~~4.4~~ 4.36 percent of the district's general revenue;

(b) 70 percent of the difference between (1) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (2) 1.6 percent of the district's general revenue; or

(c) zero.

Sec. 14. Minnesota Statutes 1999 Supplement, section 125A.79, subdivision 5, is amended to read:

Subd. 5. [INITIAL EXCESS COST AID.] For fiscal years 2002 and later, a district's initial excess cost aid equals the greatest of:

(1) 75 percent of the difference between (i) the district's unreimbursed special education cost and (ii) ~~4.4~~ 4.36 percent of the district's general revenue;

(2) 70 percent of the difference between (i) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (ii) 1.6 percent of the district's general revenue; or

(3) zero.

Sec. 15. Minnesota Statutes 1999 Supplement, section 127A.42, subdivision 3, is amended to read:

Subd. 3. [ASSURANCE OF COMPLIANCE.] ~~(a) After consultation with the commissioner of human rights, the commissioner of children, families, and learning shall adopt rules in conformance with chapter 14. The rules must direct districts to file with the commissioner of children, families, and learning assurances of compliance with state and federal laws prohibiting discrimination and specify the information required to be submitted in support of the assurances. The commissioner shall provide copies of the assurances and the supportive information to the commissioner of human rights. The assurances must be provided in a form and manner prescribed by the commissioner.~~

~~(b) If, after reviewing the assurances and the supportive information it appears that one or more violations of the Minnesota Human Rights Act are occurring in the a district, the commissioner of human rights shall notify the commissioner of the violations, and the commissioner of children, families, and learning may then proceed pursuant to subdivision 4.~~

Sec. 16. Laws 1999, chapter 216, article 4, section 12, is amended to read:

Sec. 12. [SELECTION OF VENDOR TO OPERATE EDUCATIONAL PROGRAM AT MCF-RED WING.]

The assessment for excellence task force, appointed by the commissioner of corrections, shall assist the commissioner of administration in developing a request for proposals from vendors to operate the educational program at the Minnesota correctional facility - Red Wing. The commissioner of administration shall issue the request for proposals by November 1, 1999, and shall select a vendor who shall begin operating the program by January 1, 2000. The commissioner shall issue a new request for proposals by November 1, 2005, and shall issue a new request for proposals every other year thereafter. The department of corrections may respond to the request for proposals.

Sec. 17. Laws 1999, chapter 241, article 2, section 60, subdivision 7, is amended to read:

Subd. 7. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid according to Minnesota Statutes, section 124D.83:

\$2,706,000 <u>\$1,671,000</u>	.....	2000
\$2,790,000 <u>\$1,882,000</u>	.....	2001

The 2000 appropriation includes \$283,000 for 1999 and ~~\$2,423,000~~ \$1,388,000 for 2000.

The 2001 appropriation includes ~~\$269,000~~ \$154,000 for 2000 and ~~\$2,521,000~~ \$1,728,000 for 2001.

Sec. 18. Laws 1999, chapter 241, article 2, section 60, subdivision 9, is amended to read:

Subd. 9. [MAGNET SCHOOL GRANTS.] For magnet school and program grants under Laws 1994, chapter 647, article 8, section 38:

\$1,750,000	.....	2000
\$1,750,000	.....	2001

These amounts may be used for magnet school programs according to Minnesota Statutes, section 124D.88. The budget base for this program for fiscal year 2003 and each year thereafter is \$1,050,000.

Sec. 19. Laws 1999, chapter 241, article 2, section 60, subdivision 12, is amended to read:

Subd. 12. [AID FOR CHILDREN WITH A DISABILITY.] For aid according to Minnesota Statutes, section 125A.75, subdivision 3, for children with a disability placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$443,000 <u>\$433,000</u>	.....	2000
\$1,064,000 <u>\$4,263,000</u>	.....	2001

If the appropriation for either year is insufficient, the appropriation for the other year is available. Any balance in the first year does not cancel but is available in the second year.

Sec. 20. Laws 1999, chapter 241, article 2, section 60, subdivision 13, is amended to read:

Subd. 13. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services according to Minnesota Statutes, section 125A.75, subdivision 1:

\$133,000 <u>\$125,000</u>	.....	2000
\$139,000 <u>\$130,000</u>	.....	2001

The 2000 appropriation includes \$11,000 for 1999 and ~~\$122,000~~ \$114,000 for 2000.

The 2001 appropriation includes \$13,000 for 2000 and ~~\$126,000~~ \$117,000 for 2001.

Sec. 21. Laws 1999, chapter 241, article 2, section 60, subdivision 14, is amended to read:

Subd. 14. [SPECIAL EDUCATION EXCESS COST AID.] For excess cost aid:

\$60,498,000 <u>\$66,032,000</u>	.....	2000
\$79,405,000 <u>\$89,072,000</u>	.....	2001

The 2000 appropriation includes \$4,693,000 for 1999 and ~~\$55,805,000~~ \$61,339,000 for 2000.

The 2001 appropriation includes ~~\$6,200,000~~ \$6,815,000 for 2000 and ~~\$73,205,000~~ \$82,257,000 for 2001.

Sec. 22. Laws 1999, chapter 241, article 2, section 60, subdivision 17, is amended to read:

Subd. 17. [INTEGRATION AID.] For integration aid:

\$37,182,000 <u>\$37,610,000</u>	.....	2000
\$43,787,000 <u>\$55,828,000</u>	.....	2001

The 2000 appropriation includes \$2,902,000 for 1999 and ~~\$34,280,000~~ \$34,708,000 for 2000.

The 2001 appropriation includes ~~\$3,809,000~~ \$3,856,000 for 2000 and ~~\$39,978,000~~ \$51,972,000 for 2001.

Sec. 23. Laws 1999, chapter 241, article 2, section 60, subdivision 19, is amended to read:

Subd. 19. [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION AID.] (a) For interdistrict desegregation or integration transportation aid under Minnesota Statutes, section 124D.87:

\$970,000	.....	2000
\$970,000	.....	2001

Any balance in the first year does not cancel but is available in the second year.

(b) For fiscal year 2003 and later, the budget base for this program is the forecasted cost of fully reimbursing districts according to Minnesota Statutes, section 124D.87.

Sec. 24. [SPECIAL EDUCATION CROSS-SUBSIDY REVENUE.]

For fiscal year 2000, a school district shall receive an amount of revenue equal to \$8.15 times the district's adjusted marginal cost pupil units. For fiscal year 2001, a school district shall receive an amount of revenue equal to \$19 times the district's adjusted marginal cost pupil units. Special education cross-subsidy revenue must be used to pay for a district's unfunded special education costs that are currently cross-subsidized by a district's general education revenue.

Sec. 25. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [LITTLE FALLS; REVENUE REIMBURSEMENT.] For independent school district No. 482, Little Falls, for partial reimbursement of revenue returned to the state as a result of a finding that the district had over-counted kindergarten pupils in earlier years:

<u>\$300,000</u>	<u>2000</u>
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Revenue appropriated to the district under this subdivision must be used for all-day kindergarten services. This is a one-time appropriation.

Subd. 3. [NORTHLAND LEARNING CENTER.] For a grant to the Northland joint powers board for start-up costs associated with the delay of special education funding for the Northland learning center:

<u>\$200,000</u>	: : : : :	<u>2001</u>
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This is a one-time appropriation.

Subd. 4. [MAGNET SCHOOL START-UP AID.] For magnet school start-up aid under Minnesota Statutes, section 124D.88:

<u>\$225,000</u>	: : : : :	<u>2001</u>
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Subd. 5. [SPECIAL EDUCATION CROSS-SUBSIDY REVENUE.] For special education cross-subsidy revenue:

<u>\$7,898,000</u>	: : : : :	<u>2000</u>
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<u>\$18,396,000</u>	: : : : :	<u>2001</u>
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Subd. 6. [GRANT TO INDEPENDENT SCHOOL DISTRICT NO. 707, NETT LAKE.] (a) For a grant to independent school district No. 707, Nett Lake, to pay obligations of the school district for unemployment compensation:

<u>\$30,000</u>	: : : : :	<u>2001</u>
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(b) This appropriation must be paid to the appropriate state agency for the purposes of paragraph (a) in the name of the school district. This is a one-time appropriation.

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

Sec. 26. [REPEALER.]

Minnesota Rules, part 3535.9920, is repealed.

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

ARTICLE 4

KINDERGARTEN THROUGH GRADE 12 EDUCATION EMPLOYMENT AND TRANSITIONS

Section 1. Minnesota Statutes 1998, section 124D.44, is amended to read:

124D.44 [MATCH REQUIREMENTS.]

Youth works grant funds must be used for the living allowance, cost of employer taxes under sections 3111 and 3301 of the Internal Revenue Code of 1986, workers' compensation coverage, ~~and~~ health benefits for each program participant, and administrative expenses, which must not exceed five percent of total program costs. Youthworks grant funds may also be used to supplement applicant resources to fund postservice benefits for program participants. Applicant resources, from sources and in a form determined by the commission ~~and, beginning January 1, 1997, the council,~~ must be used to provide for all other program costs, including the portion of the

applicant's obligation for postservice benefits that is not covered by state or federal grant funds and such costs as supplies, materials, transportation, and salaries and benefits of those staff directly involved in the operation, internal monitoring, and evaluation of the program. ~~Administrative expenses must not exceed five percent of total program costs.~~

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

Sec. 2. Minnesota Statutes 1999 Supplement, section 124D.453, subdivision 3, is amended to read:

Subd. 3. [CAREER AND TECHNICAL AID.] A district's career and technical education aid for fiscal ~~year~~ years 2000 and 2001 equals the lesser of:

(a) \$73 times the district's average daily membership in grades 10 to 12; or

(b) 25 percent of approved expenditures for the following:

(1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

(2) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

(3) necessary travel between instructional sites by licensed career and technical education personnel;

(4) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

(5) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(6) necessary travel by licensed career and technical education personnel for noncollegiate credit bearing professional development; and

(7) specialized vocational instructional supplies.

(c) Up to ten percent of a district's career and technical aid may be spent on equipment purchases. Districts using career and technical aid for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

Sec. 3. Minnesota Statutes 1998, section 124D.454, subdivision 4, is amended to read:

Subd. 4. [~~ADJUSTED SECONDARY VOCATIONAL-DISABLED~~ TRANSITION-DISABLED BASE REVENUE.] For fiscal year 1996 and later, a district's adjusted ~~secondary vocational-disabled~~ transition-disabled base revenue equals the district's ~~secondary vocational-disabled~~ transition-disabled base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Sec. 4. Minnesota Statutes 1998, section 124D.454, subdivision 6, is amended to read:

Subd. 6. [~~SCHOOL DISTRICT SECONDARY VOCATIONAL-DISABLED~~ TRANSITION-DISABLED REVENUE.] (a) A school district's ~~secondary vocational-disabled~~ transition-disabled revenue for fiscal year 1996 and later equals the state total ~~secondary vocational-disabled~~ transition-disabled revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted ~~secondary vocational-disabled~~ transition-disabled base revenue to the state total adjusted ~~secondary vocational-disabled~~ transition-disabled base revenue.

(b) Notwithstanding paragraph (a), if the ~~secondary vocational-disabled transition-disabled~~ base revenue for a district equals zero and no district residents were enrolled in ~~secondary vocational-disabled transition-disabled~~ programs during the base year, the ~~secondary vocational-disabled transition-disabled~~ revenue equals the amount computed according to subdivision 3 using current year data.

Sec. 5. Minnesota Statutes 1998, section 124D.454, subdivision 7, is amended to read:

Subd. 7. [~~SCHOOL DISTRICT SECONDARY VOCATIONAL-DISABLED TRANSITION-DISABLED AID.~~] A school district's ~~secondary vocational-disabled transition-disabled~~ aid for fiscal year 1996 and later equals the district's ~~secondary vocational-disabled transition-disabled~~ revenue times the aid percentage factor for that year.

Sec. 6. Laws 1997, chapter 157, section 71, as amended by Laws 1998, chapter 398, article 3, section 11, is amended to read:

Sec. 71. [~~SCHOOL BANK PILOT PROJECT BANKS.~~]

(a) A school bank sponsored by independent school district No. 31, Bemidji, independent school district No. 316, Greenway-Coleraine, independent school district No. 2170, Staples-Motley, or by independent school district No. 508, St. Peter, that meets all requirements of paragraph (b) is not subject to Minnesota Statutes, section 47.03, subdivision 1, or to any other statute or rule that regulates banks, other financial institutions, or currency exchanges.

(b) To qualify under paragraph (a), the school bank must:

- (1) be operated as part of a high school educational program and under guidelines adopted by the school board;
- (2) be advised on a regular basis by one or more ~~state-chartered state chartered or federally-chartered~~ federally chartered financial institutions, but not owned or operated by any financial institution;
- (3) be located on school premises and have as customers only students enrolled in, or employees of, the school in which it is located; and
- (4) have a written commitment from the school board, guaranteeing reimbursement of any depositor's funds lost due to insolvency of the school bank.

(c) Funds of a school bank that meets the requirements of this section are not school district or other public funds for purposes of any state law governing the use or investment of school district or other public funds.

(d) The school district shall annually file with the commissioner of commerce a report, prepared by the students and teachers involved, summarizing the operation of the school bank.

~~(e) This section expires June 30, 2000. The commissioner of commerce shall, no later than December 15, 1999, provide a written report to the legislature regarding this pilot project and any recommended legislation regarding school banks.~~

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

Sec. 7. Laws 1999, chapter 241, article 3, section 3, subdivision 2, is amended to read:

Subd. 2. [~~SECONDARY VOCATIONAL EDUCATION AID.~~] For secondary vocational education aid according to Minnesota Statutes, section 124D.453:

\$11,335,000 <u>\$12,413,000</u>	. . . . .	2000
\$1,130,000 <u>\$12,417,000</u>	. . . . .	2001

The 2000 appropriation includes \$1,159,000 for 1999 and ~~\$10,176,000~~ \$11,254,000 for 2000. The 2001 appropriation includes ~~\$1,130,000~~ \$1,250,000 for 2000 and \$11,167,000 for 2001.

Any balance in the first year does not cancel but is available in the second year.

Sec. 8. Laws 1999, chapter 241, article 3, section 3, subdivision 4, is amended to read:

Subd. 4. [EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS.] For education and employment transitions programming under Minnesota Statutes, section 124D.46:

\$3,225,000	.....	2000
\$3,225,000 <u>\$2,225,000</u>	.....	2001

\$200,000 each year is for the development and implementation of the ISEEK Internet-based education and employment information system.

\$1,000,000 ~~each~~ in fiscal year 2000 is for an employer rebate program for qualifying employers who offer youth internships to educators.

\$500,000 each year is for youth entrepreneurship grants.

\$750,000 each year is for youth apprenticeship grants.

\$300,000 each year is for grants to programs in cities of the first class to expand the number of at-risk students participating in school-to-work projects.

\$350,000 each year is for agricultural school-to-work grants.

\$125,000 each year is to conduct a high school follow-up survey to include first, third, and sixth year graduates of Minnesota schools.

Any balance in the first year does not cancel but is available in the second year.

Sec. 9. Laws 1999, chapter 241, article 3, section 5, is amended to read:

Sec. 5. [REPEALER.]

Minnesota Statutes 1998, section 124D.453, is repealed effective for revenue for fiscal year ~~2001~~ 2002.

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

ARTICLE 5

KINDERGARTEN THROUGH GRADE 12 EDUCATION FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 1998, section 123A.485, subdivision 4, is amended to read:

Subd. 4. [NEW DISTRICTS.] If a district consolidates with another district that has received aid under section 123A.39, subdivision 3, or 123A.485 for a combination or consolidation taking effect within six years of the effective date of the new consolidation, only the pupil units in the district or districts not previously reorganized must be counted for aid purposes under subdivision 2. If two or more districts consolidate and all districts received aid under subdivision 2 for a consolidation taking effect within six years of the effective date of the new consolidation, only one quarter of the pupil units in the newly created district must be used to determine aid under subdivision 2.

Sec. 2. Minnesota Statutes 1998, section 123B.51, subdivision 6, is amended to read:

Subd. 6. [PROCEEDS OF SALE OR EXCHANGE.] (a) Proceeds of the sale or exchange of school buildings or real property of the district must be used as provided in this subdivision.

(b) In districts with outstanding bonds, the proceeds of the sale or exchange shall first be deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds which is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property which is sold.

(c) After satisfying the requirements of paragraph (b), a district with outstanding bonds may deposit proceeds of the sale or exchange in its ~~capital expenditure fund~~ general fund reserved for operating capital account if the amount deposited is used for the following:

(1) for expenditures for the cleanup of polychlorinated biphenyls, if the method for cleanup is approved by the department;

(2) for capital expenditures for the betterment, as defined in section 475.51, subdivision 8, of district-owned school buildings; or

(3) to replace the building or property sold.

(d) In a district with outstanding bonds, the amount of the proceeds of the sale or exchange remaining after the application of paragraphs (b) and (c), which is sufficient to meet when due that percentage of the principal and interest payments for the district's outstanding bonds which is not governed by paragraph (b), shall be deposited in the debt retirement fund.

(e) Any proceeds of the sale or exchange remaining in districts with outstanding bonds after the application of paragraphs (b), (c), and (d), and all proceeds of the sale or exchange in districts without outstanding bonds shall be deposited in the ~~capital expenditure~~ general fund reserved for operating capital account of the district.

(f) Notwithstanding paragraphs (c) and (d), a district with outstanding bonds may deposit in its ~~capital expenditure~~ general fund reserved for operating capital account and use for any lawful operating capital expenditure without the reduction of any levy limitation the same percentage of the proceeds of the sale or exchange of a building or property as the percentage of the initial cost of purchasing or constructing the building or property which was paid using revenue from the ~~capital expenditure~~ general fund reserved for operating capital account.

Sec. 3. Minnesota Statutes 1998, section 123B.52, is amended by adding a subdivision to read:

Subd. 6. [DISPOSING OF SURPLUS SCHOOL COMPUTERS.] Notwithstanding section 471.345, governing school district contracts made upon sealed bid or otherwise complying with the requirements for competitive bidding, other provisions of this section governing school district contracts, or other law to the contrary, a school district under this subdivision may dispose of a surplus school computer and related equipment if the district disposes of the surplus property by conveying the property and title to:

(1) another school district;

(2) the state department of corrections;

(3) the board of trustees of the Minnesota state colleges and universities; or

(4) the family of a student residing in the district whose total family income meets the federal definition of poverty.

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

Sec. 4. Minnesota Statutes 1999 Supplement, section 123B.54, is amended to read:

123B.54 [DEBT SERVICE APPROPRIATION.]

(a) ~~\$33,165,000~~ \$33,141,000 in fiscal year 2000, ~~\$32,057,000~~ \$29,400,000 in fiscal year 2001, ~~and \$31,280,000~~ \$26,934,000 in fiscal year 2002, and \$25,540,000 in fiscal year 2003 and each year thereafter is appropriated from the general fund to the commissioner of children, families, and learning for payment of debt service equalization aid under section 123B.53. ~~The 2002 appropriation includes \$3,201,000 for 2001 and \$29,079,000 for 2002.~~

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 5. Minnesota Statutes 1998, section 123B.57, subdivision 1, is amended to read:

Subdivision 1. [HEALTH AND SAFETY PROGRAM.] To receive health and safety revenue for any fiscal year a district must submit to the commissioner an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards and the approval of the department of children, families, and learning, a school district may include its proportionate share of the costs of health and safety projects for an intermediate district in its application.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 6. Minnesota Statutes 1998, section 123B.71, subdivision 10, is amended to read:

Subd. 10. [INDOOR AIR QUALITY.] A school board seeking a review and comment under this section must submit information demonstrating to the commissioner's satisfaction that:

- (1) indoor air quality issues have been considered; and
- (2) the architects and engineers designing the facility will have professional liability insurance.

Plans submitted under subdivisions 3 and 4 for projects to be placed in service after July 1, 2002, must demonstrate that:

(a) the facility's heating, ventilation, and air conditioning systems meet or exceed the standards established by code; and

(b) the facility's design will provide the ability for monitoring of outdoor airflow and total airflow of ventilation systems in new school facilities.

Sec. 7. Minnesota Statutes 1998, section 123B.72, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATION.] Prior to occupying or reoccupying a school facility affected by this section, a school board or its designee shall submit a document prepared by a system inspector to the building official or to the commissioner, verifying that the facility's heating, ventilation, and air conditioning system has been installed and operates according to design specifications and code, according to section 123B.71, subdivision 10, clause (3). A systems inspector shall also verify that the facility's design will provide the ability for monitoring of outdoor airflow and total airflow of ventilation systems in new school facilities and that any heating, ventilation, or air conditioning system that is installed or modified for a project subject to this section must provide a filtration system with a current ASHRAE standard.

EFFECTIVE DATE: This section is effective on July 1, 2002.

Sec. 8. [125B.25] [TELECOMMUNICATIONS ACCESS REVENUE.]

Subdivision 1. [COSTS TO BE SUBMITTED.] A district shall submit its outstanding ongoing or recurring telecommunications access costs associated with data lines and video links to the department of children, families, and learning. Costs of telecommunications hardware or equipment must not be included in the costs submitted by districts to the department. A district may include installation charges associated with new lines or upgraded lines, but may not include costs of hardware or equipment.

Subd. 2. [GUARANTEED MINIMUM ACCESS.] (a) The ongoing or recurring telecommunications access costs submitted to the department by each district under this section are limited to the operation costs equal to the greater of:

(1) one data line or video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13; or

(2) one data line or video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second for each district.

(b) A district may include costs associated with cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in its geographic region. A district may continue to purchase its ongoing or recurring telecommunications access services through existing contracts.

Subd. 3. [E-RATES.] To be eligible for revenue under this section, a district is required to file an e-rate application either separately or through their telecommunications grant cluster. Discounts received on telecommunications expenditures shall be used to offset the amount submitted to the department for per pupil revenue under this section.

Subd. 4. [CALCULATION OF COSTS.] By December 15 of each year, the commissioner shall calculate the ongoing or recurring telecommunications access cost per adjusted marginal cost pupil unit submitted by each school district under subdivisions 1 and 2 for the year in which the data is submitted minus the reserved revenue under section 126C.10, subdivision 13, paragraph (d). Districts shall submit their anticipated ongoing or recurring telecommunications access costs, adjusted for any e-rate revenue received to the department based on contracts entered into by the district for that school year. Districts shall also submit their actual telecommunications access costs by August 15 of each year and adjusted for any e-rate revenue received to the department as prescribed by the commissioner.

Subd. 5. [DISTRICT REVENUE.] A district shall receive an amount equal to the amount as calculated by the commissioner under subdivision 4, times the adjusted marginal cost pupil units for that year, times 65 percent.

Subd. 6. [REVENUE FOR CHARTER SCHOOLS.] (a) Each charter school shall receive revenue equal to the greater of:

(1) the per marginal cost pupil unit amount for the district in which the charter school is located as determined by the commissioner according to subdivision 4; or

(2) \$5;

times the adjusted marginal cost pupil units for that year, times 65 percent.

(b) A charter school's revenue under this subdivision must be used to pay for ongoing or recurring telecommunication access costs, including access to data lines, video lines, or Internet access.

Subd. 7. [TELECOMMUNICATION ACCESS SERVICES FOR NONPUBLIC SCHOOLS.] (a) Districts shall provide each year upon formal request by or on behalf of a nonpublic school, not including home schools, located in that district or area, ongoing or recurring telecommunication access services to the nonpublic school either through existing district providers or through separate providers.

(b) The amount of district revenue for telecommunication access services for each nonpublic school under this subdivision is equal to:

(1) \$5; plus

(2) the per marginal cost pupil unit amount for the district as determined in subdivision 5; times the number of pupils who are enrolled at the nonpublic school as of October 1 of the current school year.

(c) Each year, a district providing services under paragraph (a) may claim up to five percent of the revenue determined in paragraph (b) for costs of administering this subdivision. No district may expend an amount for these telecommunication access services which exceeds the amount allocated under this subdivision. The nonpublic school is responsible for the telecommunications _____ costs not _____ by this _____

(d) At _____ request of _____ nonpublic school, _____ may allocate _____ amount determined _____ paragraph (b) _____ to _____ nonpublic school _____ pay for _____ offset the _____ school's costs _____ telecommunication access _____ however, _____ amou allocated directly _____ the nonpublic _____ may not _____ the actual _____ of the _____ ongoing _____ recurring telecommunication _____ costs.

Subd. [REIMBURSEMENT CRITERIA.] The commissioner, _____ with the _____ of administration and the _____ education telecommunications _____ shall develop _____ criteria that _____ must _____ when submitting _____ or recurring _____ costs as _____ in subdivisions _____ and 2. _____ criteria _____ assist schools _____ procure telecommunications _____ services in _____ most efficient _____ cost effective manner possible.

_____ 9. This _____ expires on _____ 1, 2002.

_____ 10. If _____ portion of _____ section is _____ by a _____ to be _____ 1, _____ remaining _____ of the _____ shall remain _____ effect.

Sec. 9. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 13, is amended to read:

Subd. capital revenue for a district equals the amount determined under paragraph (b) or (c), plus — \$73 adjusted marginal cost pupil units for the school year. The revenue must be placed in a reserved account in the paragraph _____ or

(b) For fiscal years 2000 and later, capital revenue for a district equals \$100 times the district's maintenance cost

(c) For fiscal years 2000 and later, the revenue for a district that operates a program under section 124D.128, is by an amount equal to \$30 times the number of marginal cost pupil units served at the site where the program is implemented.

For fiscal _____ 2001 and _____ the district _____ reserve an _____ equal to _____ per adjusted _____ cost _____ unit for _____ access costs. _____ revenue under _____ paragraph must _____ be used _____ pay for ongoing or _____ telecommunication access _____ including access _____ data lines, _____ lines, or _____ access. _____ revenue remaining _____ covering all _____ or recurring _____ costs may _____ used for _____ hardware or equipment.

Sec. 10. Minnesota Statutes 1998, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. [TO LEASE BUILDING OR LAND.] (a) When a district finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed \$100 times the resident pupil units for the fiscal year to which the levy is attributable.

~~(e)~~ (f) For agreements for which a review and comment have been submitted to the department of children, families, and learning after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of children, families, and learning may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

(1) the school district has been experiencing pupil enrollment growth in the preceding five years;

(2) the purpose of the increased levy is in the long-term public interest;

(3) the purpose of the increased levy promotes collocation of government services; and

(4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

Sec. 11. Minnesota Statutes 1999 Supplement, section 126C.40, subdivision 6, is amended to read:

Subd. 6. [LEASE PURCHASE; INSTALLMENT BUYS.] (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, paragraphs (a) and (b), a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law. An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) For the purposes of this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner to be in compliance with department of children, families, and learning rules relating to equality of educational opportunity and school desegregation and, for a district eligible for revenue under section 124D.86, subdivision 3, clause (4), where the acquisition of property under this subdivision is determined by the commissioner to contribute to the implementation of the desegregation plan; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program and the commissioner determines that the joint programs are being undertaken to implement the districts' desegregation plan.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) For the purposes of this subdivision, any references in subdivision 1 to building or land shall include personal property.

EFFECTIVE DATE: This section is effective for taxes payable in 2001 and later.

Sec. 12. Minnesota Statutes 1998, section 126C.69, subdivision 15, is amended to read:

Subd. 15. [BOND SALE LIMITATIONS.] A district having an outstanding state loan must not issue and sell any bonds on the public market, except to refund state loans, unless it agrees to make the maximum effort debt service levy in each later year at the higher rate provided in section 126C.63, subdivision 8, and unless it schedules the maturities of the bonds according to section 475.54, subdivision 2. A district that refunds bonds at a lower interest rate may continue to make the maximum effort debt service levy in each later year at the current rate provided in section 126C.63, subdivision 8, if the district can demonstrate to the commissioner's satisfaction that the district's repayments of the state loan will not be reduced below the previous year's level. The district must report each sale to the commissioner.

After a district's capital loan has been outstanding for ~~20~~ 30 years, the district must not issue bonds on the public market except to refund the loan.

Sec. 13. Laws 1999, chapter 241, article 4, section 27, subdivision 2, is amended to read:

Subd.
section 123B.57, subdivision 5:

~~\$14,528,000~~ \$14,015,000 2000

~~\$14,957,000~~ \$14,450,000 2001

The 2000 appropriation includes \$1,415,000 for 1999 and ~~—————~~ \$12,600,000

The 2001 appropriation includes ~~\$1,456,000~~ \$1,400,000 for 2000 and ~~—————~~ \$13,050,000

EFFECTIVE DATE: section is the day final enactment.

Subd. 3. [DEBT SERVICE AID.] For debt service aid according to Minnesota Statutes, section 123B.53,

~~\$33,165,000~~

~~\$32,084,000~~

The 2000 appropriation includes \$3,842,000 for 1999 and ~~\$29,323,000~~ \$29,299,000 for 2000.

~~\$3,256,000~~ for 2000 and ~~\$28,828,000~~ \$26,145,000 for 2001.

This section effective the following final

Sec. 15. Laws 1999, chapter 241, article 4, section 27, subdivision 4, is amended to read:

4. [INTERACTIVE TELEVISION (ITV) AID.] For interactive television (ITV) aid under Minnesota Statutes, section 126C.40, subdivision 4:

~~—————~~ \$4,194,000 2000

~~—————~~ \$2,761,000 2001

~~\$3,792,000~~ for 2000.

The 2001 appropriation includes \$421,000 for 2000 and ~~—————~~ \$2,340,000

EFFECTIVE DATE: section is the day final enactment.

Subd. 5. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to

~~\$19,058,000~~

~~\$19,286,000~~

The 2000 appropriation includes \$1,700,000 for ~~2000~~ 1999 and ~~\$17,358,000~~ \$17,220,000 for ~~2001~~ 2000.

The 2001 appropriation includes ~~\$1,928,000~~ \$1,913,000 for 2000 and ~~\$17,358,000~~ \$17,221,000 for 2001.

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

Sec. 17. Laws 1999, chapter 241, article 4, section 27, subdivision 10, is amended to read:

Subd. 10. [DECLINING PUPIL AID; ST. PETER.] For a grant to independent school district No. 508, St. Peter, to ameliorate general fund operating losses associated with the March, 1998 tornado:

\$105,000 <u>\$75,000</u>	.....	2000
\$278,000 <u>\$115,000</u>	.....	2001

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

Sec. 18. Laws 1999, chapter 241, article 4, section 27, subdivision 11, is amended to read:

Subd. 11. [FLOODS; DECLINING PUPIL AID.] For declining pupil aid under section 23:

\$2,132,000 <u>\$2,087,000</u>	.....	2000
\$1,758,000 <u>\$1,639,000</u>	.....	2001

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

Sec. 19. Laws 1999, chapter 241, article 4, section 29, is amended to read:

Sec. 29. [REPEALER.]

(a) Minnesota Statutes 1998, ~~sections 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.57, subdivisions 4, 5, and 7; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; section 123B.66; 123B.67; 123B.68; and 123B.69, are, is~~ repealed effective the day following final enactment.

(b) ~~Minnesota Statutes 1998, section 123B.58, is repealed effective July 1, 2004.~~

(c) Minnesota Statutes 1998, section 123B.64, subdivision 4, is repealed effective for revenue for fiscal year 2000.

(d) Minnesota Statutes 1998, section 123B.64, subdivisions 1, 2, and 3, are repealed effective for revenue for fiscal year 2001.

(e) Minnesota Rules, parts 3500.3900; 3500.4000; 3500.4100; 3500.4200; and 3500.4300, are repealed.

EFFECTIVE DATE: Paragraph (a) is effective retroactive to May 26, 1999.

Sec. 20. [DECLINING PUPIL UNITS; ST. PETER.]

For purposes of Laws 1999, chapter 241, article 4, section 22, the St. Peter school district's marginal cost pupil units for the 1996-1997 school year must be calculated using the pupil weights in effect for fiscal year 2000.

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

Sec. 21. [ONE-TIME DEFERRED MAINTENANCE AID.]

(a) For ____ year 2001 ____ a district's _____ deferred maintenance aid is equal to:

(1) \$10 times the adjusted marginal cost pupil units for the school year; plus

(2) \$21.90 times the adjusted marginal cost pupil units for the school year for a district that does not qualify for alternative facilities bonding under Minnesota Statutes, section 123B.59, or under Laws 1999, chapter 241, article 4, section 25.

(b) Aid received under this section must be used for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs.

Sec. 22. [PROJECT QUALIFICATION; TRITON.]

Subdivision 1. [ELIGIBILITY.] Notwithstanding Minnesota Statutes, section 123B.57, independent school district No. 2125, Triton, may include all unreimbursed costs associated with the testing, evaluation, removal, and replacement of building fixtures and equipment necessitated by the discovery of mold in a school building in its health and safety plan not to exceed \$400,000.

Subd. 2. [COST RECOVERY.] Independent school district No. 2125, Triton, must pursue all reasonable options to recover expenses resulting from the mold from its insurance company, the subcontractors, and any other parties responsible for the damage caused by the mold.

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

Sec. 23. [COMMISSIONER RECOMMENDATION.]

By February 1, 2002, the commissioner of children, families, and learning, in cooperation with the commissioner of administration and the Minnesota education telecommunication council, shall recommend to the legislature a permanent method for funding telecommunications access as part of the general education revenue formula under Minnesota Statutes, section 126C.10. The commissioner shall consider the following in making the recommendation:

(1) the range of costs for providing a minimum level of telecommunications access for all students;

(2) the flexibility that is necessary to accommodate emerging technological advances in the telecommunications field; and

(3) other related efforts within the state, including the state's higher education and public library systems.

Sec. 24. [CHISHOLM SCHOOL DISTRICT BONDS.]

Subdivision 1. [AUTHORIZATION.] Independent school district No. 695, Chisholm, may issue bonds in an aggregate principal amount not exceeding \$4,250,000.

Subd. 2. [USES; PROCESS.] The bonds authorized under subdivision 1 may be issued in addition to any bonds already issued or authorized. The proceeds of the bonds shall be used to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings and to pay any architect, engineer and legal fees incidental to those purposes or to the sale of bonds. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A referendum on the question of issuing the bonds authorized under subdivision 1 is required. A resolution of the board levying taxes for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

3. There annually appropriated the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to Minnesota Statutes, section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued under subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 4. [DISTRICT OBLIGATIONS.] Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received under subdivision 3, they shall be satisfied by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 5. [DISTRICT LEVY.] The school board of the school district authorized to issue bonds under subdivision 1 shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 6. [LEVY LIMITATIONS.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 7. [BONDING LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 8. [TERMINATION OF APPROPRIATION.] The appropriation authorized in subdivision 3 terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 9. [BOND ISSUE REQUIREMENT.] No bonds may be issued under this section after April 30, 2002, unless they are issued under a contract in effect on or before April 30, 2002.

Subd. 10. [LOCAL APPROVAL.] This section is effective for independent school district No. 695 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 25. [GREENWAY-COLERAINE SCHOOL DISTRICT BONDS.]

Subdivision 1. [AUTHORIZATION.] Independent school district No. 316, Greenway-Coleraine, may issue bonds in an aggregate principal amount not exceeding \$2,500,000.

Subd. 2. [USES; PROCESS.] The bonds authorized under subdivision 1 may be issued in addition to any bonds already issued or authorized. The proceeds of the bonds shall be used to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings and to pay any architect, engineer and legal fees incidental to those purposes or to the sale of bonds. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A referendum on the question of issuing the bonds authorized under subdivision 1 is required. A resolution of the board levying taxes for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

Subd. 3. [APPROPRIATION.] There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to Minnesota Statutes, section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued under subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 4. [DISTRICT OBLIGATIONS.] Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received under subdivision 3, they shall be satisfied by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 5. [DISTRICT LEVY.] The school board of the school district authorized to issue bonds under subdivision 1 shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 6. [LEVY LIMITATIONS.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 7. [BONDING LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 8. [TERMINATION OF APPROPRIATION.] The appropriation authorized in subdivision 3 terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 9. [BOND ISSUE REQUIREMENT.] No bonds may be issued under this section after April 30, 2002, unless they are issued under a contract in effect on or before April 30, 2002.

Subd. 10. [LOCAL APPROVAL.] This section is effective for independent school district No. 316 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 26. [LAKE SUPERIOR SCHOOL DISTRICT BONDS.]

Subdivision 1. [AUTHORIZATION.] Independent school district No. 381, Lake Superior, may issue bonds in an aggregate principal amount not exceeding \$6,000,000.

Subd. 2. [USES; PROCESS.] The bonds authorized under subdivision 1 may be issued in addition to any bonds already issued or authorized. The proceeds of the bonds shall be used to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings and to pay any architect, engineer and legal fees incidental to those purposes or to the sale of bonds. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A referendum on the question of issuing the bonds authorized under subdivision 1 is required. A resolution of the board levying taxes for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

Subd. 3. [APPROPRIATION.] There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to Minnesota Statutes, section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued under subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 4. [DISTRICT OBLIGATIONS.] Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received under subdivision 3, they shall be satisfied by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 5. [DISTRICT LEVY.] The school board of the school district authorized to issue bonds under subdivision 1 shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 6. [LEVY LIMITATIONS.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 7. [BONDING LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 8. [TERMINATION OF APPROPRIATION.] The appropriation authorized in subdivision 3 terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 9. [BOND ISSUE REQUIREMENT.] No bonds may be issued under this section after April 30, 2002, unless they are issued under a contract in effect on or before April 30, 2002.

Subd. 10. [LOCAL APPROVAL.] This section is effective for independent school district No. 381 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 27. [REPEALER WITHOUT EFFECT.]

The repeal of Minnesota Statutes 1998, sections 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.57, subdivisions 4, 5, and 7; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; 123B.67; 123B.68; and 123B.69, by Laws 1999, chapter 241, article 4, section 29, with an effective date of May 26, 1999, is without effect and Minnesota Statutes 1998, sections 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.57, subdivisions 4, 5, and 7; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; 123B.67; 123B.68; and 123B.69, remain in effect after May 25, 1999.

EFFECTIVE DATE: This section is effective retroactive to May 26, 1999.

Sec. 28. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for fiscal years designated.

Subd. 2. [TELECOMMUNICATION ACCESS REVENUE.] For telecommunication access cost revenue under Minnesota Statutes, section 125B.25:

<u>\$16,668,000</u>	: : : : :	<u>2001</u>
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Of this amount, \$16,668,000 is for fiscal year 2001.

If the appropriation amount exceeds the revenue for the 2000-2001 school year, the commissioner shall increase the reimbursement rate in Minnesota Statutes, section 125B.25, subdivisions 5 and 6, to expend the full appropriation. If the appropriation amount is insufficient, the commissioner shall reduce the reimbursement rate in Minnesota Statutes, section 125B.25, subdivisions 5 and 6, and the revenue for the 2000-2001 school year shall be prorated. The reimbursement rate shall not exceed 100 percent.

Subd. 3. [INTEREST ON FLOOD LOANS.] For interest paid on flood loans:

<u>\$970,000</u>	: : : : :	<u>2000</u>
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Of this amount, \$761,000 is for independent school district No. 595, East Grand Forks, and \$209,000 is for independent school district No. 2854, Ada-Borup.

This is a one-time appropriation and is available until June 30, 2001.

Subd. 4. [ONE-TIME DEFERRED MAINTENANCE AID.] For one-time deferred maintenance aid:

<u>\$23,260,000</u>	: : : : :	<u>2001</u>
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This is a one-time appropriation.

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

ARTICLE 6

KINDERGARTEN THROUGH GRADE 12 EDUCATION
EDUCATIONAL EXCELLENCE AND OTHER POLICY

Section 1. Minnesota Statutes 1998, section 120B.13, subdivision 4, is amended to read:

Subd. 4. [INFORMATION.] The commissioner shall submit the following information to the education committees of the legislature each year by ~~January~~ February 1:

(1) the number of pupils enrolled in advanced placement and international baccalaureate courses in each school district;

(2) the number of teachers in each district attending training programs offered by the college board or International Baccalaureate North America, Inc.;

(3) the number of teachers in each district participating in support programs;

- (4) recent trends in the field of advanced placement and international baccalaureate programs;
- (5) expenditures for each category in this section; and
- (6) other recommendations for the state program.

Sec. 2. Minnesota Statutes 1999 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE TESTING.] (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, shall include in the comprehensive assessment system, for each grade level to be tested, a single statewide norm-referenced or criterion-referenced test, or a combination of a norm-referenced and a criterion-referenced test, which shall be highly correlated with the state's graduation standards and administered annually to all students in the third, fifth, and eighth grades. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. Only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' testing requirements for a passing state notation. The passing scores of the state tests in reading and mathematics are the equivalent of:

(1) 70 percent correct for students entering grade 9 in 1996; and

(2) 75 percent correct for students entering grade 9 in 1997 and thereafter, as based on the first uniform test administration of February 1998.

(b) In addition, at the secondary level, districts shall assess student performance in all required learning areas and selected required standards within each area of the profile of learning. The testing instruments and testing process shall be determined by the commissioner. The results shall be aggregated at the site and district level. The testing shall be administered beginning in the 1999-2000 school year and thereafter.

(c) The comprehensive assessment system shall include an evaluation of school site and school district performance levels during the 1997-1998 school year and thereafter using an established performance baseline developed from students' test scores under this section that records, at a minimum, students' unweighted mean test scores in each tested subject, a second performance baseline that reports, at a minimum, the same unweighted mean test scores of only those students enrolled in the school by January 1 of the previous school year, and a third performance baseline that reports the same unweighted test scores of all students except those students receiving limited English proficiency instruction. The evaluation also shall record separately, in proximity to the performance baselines, the percentages of students who are eligible to receive a free or reduced price school meal, demonstrate limited English proficiency, or are eligible to receive special education services.

(d) In addition to the testing and reporting requirements under paragraphs (a), (b), and (c), the commissioner shall include the following components in the statewide educational accountability and public reporting system:

(1) uniform statewide testing of all third, fifth, eighth, and post-eighth grade students with exemptions, only with parent or guardian approval, from the testing requirement only for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06, determines that the student is incapable of taking a statewide test, or a limited English proficiency student under section 124D.59, subdivision 2, if the student has been in the United States for fewer than 12 months and for whom special language barriers exist, such as the student's native language does not have a written form or the district does not have access to appropriate interpreter services for the student's native language;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis;

(3) students' scores on the American College Test;

(4) participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement; and

(5) basic skills and advanced competencies connecting teaching and learning to high academic standards, assessment, and transitions to citizenship and employment.

(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.

EFFECTIVE DATE: This section is effective the day following final enactment and applies to test administrations beginning in February 2000.

Sec. 3. [121A.582] [STUDENT DISCIPLINE; REASONABLE FORCE.]

Subdivision 1. [REASONABLE FORCE STANDARD.] (a) A teacher, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to correct or restrain a student or prevent bodily harm or death to another.

(b) A school employee, school bus driver, or other agent of a district, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student or prevent bodily harm or death to another.

(c) Paragraphs (a) and (b) do not authorize conduct prohibited under sections 121A.58 and 121A.67.

Subd. 2. [CIVIL LIABILITY.] (a) A teacher who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (a), has a defense against a civil action for damages under section 123B.25.

(b) A school employee, bus driver, or other agent of a district who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (b), has a defense against a civil action for damages under section 123B.25.

Subd. 3. [CRIMINAL PROSECUTION.] (a) A teacher who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (a), has a defense against a criminal prosecution under section 609.06, subdivision 1.

(b) A school employee, bus driver, or other agent of a district who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (b), has a defense against a criminal prosecution under section 609.06, subdivision 1.

Subd. 4. [SUPPLEMENTARY RIGHTS AND DEFENSES.] Any right or defense in this section is supplementary to those specified in section 121A.58, 121A.67, 123B.25, or 609.06, subdivision 1.

EFFECTIVE DATE: This section is effective for the 2000-2001 school year and later.

Sec. 4. Minnesota Statutes 1998, section 121A.61, subdivision 3, is amended to read:

Subd. 3. [POLICY COMPONENTS.] The policy must include at least the following components:

(a) rules governing student conduct and procedures for informing students of the rules;

(b) the grounds for removal of a student from a class;

(c) the authority of the classroom teacher to remove students from the classroom pursuant to procedures and rules established in the district's policy;

(d) the procedures for removal of a student from a class by a teacher, school administrator, or other school district employee;

(e) the period of time for which a student may be removed from a class, which may not exceed five class periods for a violation of a rule of conduct;

(f) provisions relating to the responsibility for and custody of a student removed from a class;

(g) the procedures for return of a student to the specified class from which the student has been removed;

(h) the procedures for notifying a student and the student's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;

(i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a student's behavior;

(j) any procedures determined appropriate for encouraging early detection of behavioral problems;

(k) any procedures determined appropriate for referring a student in need of special education services to those services;

(l) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individual education plan of a student with a disability who is removed from class;

(m) procedures for detecting and addressing chemical abuse problems of a student while on the school premises;

(n) the minimum consequences for violations of the code of conduct; ~~and~~

(o) procedures for immediate and appropriate interventions tied to violations of the code; and

(p) a provision that states that a teacher, school employee, school bus driver, or other agent of a district may use reasonable force in compliance with section 121A.582 and other laws.

EFFECTIVE DATE: This section is effective for the 2001-2002 school year and thereafter.

Sec. 5. Minnesota Statutes 1999 Supplement, section 122A.23, is amended to read:

122A.23 [APPLICANTS TRAINED IN OTHER STATES.]

Subdivision 1. [PREPARATION EQUIVALENCY.] When a license to teach is authorized to be issued to any holder of a diploma or a degree of a Minnesota state university, or of the University of Minnesota, or of a liberal arts university, or a technical training institution, such license may also, in the discretion of the board of teaching or the commissioner of children, families, and learning, whichever has jurisdiction, be issued to any holder of a diploma or a degree of a teacher training institution of equivalent rank and standing of any other state. The diploma or degree must be granted by virtue of the completion of a course in teacher preparation essentially equivalent in content to that required by such Minnesota state university or the University of Minnesota or a liberal arts university in Minnesota or a technical training institution as preliminary to the granting of a diploma or a degree of the same rank and class.

Subd. 2. [APPLICANTS LICENSED IN OTHER STATES.] (a) Subject to the requirements of sections 122A.18, subdivision 8, and 123B.03, the board of teaching must issue a teaching license or a temporary teaching license under paragraphs (b) to (e) to an applicant who holds at least a baccalaureate degree from a regionally accredited college or university and holds or held a similar out-of-state teaching license that requires the applicant to successfully complete a teacher preparation program approved by the issuing state, which includes field-specific teaching methods and student teaching or essentially equivalent experience.

(b) The board of teaching must issue a teaching license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the board of teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels if the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license.

(c) The board of teaching, consistent with board rules, must issue up to three one-year temporary teaching licenses to an applicant who holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license, but has not successfully completed all exams and human relations preparation components required by the board of teaching.

(d) The board of teaching, consistent with board rules, must issue up to three one-year temporary teaching licenses to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the board of teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license, but has not completed field-specific teaching methods, or student teaching or equivalent experience.

The applicant may complete field-specific teaching methods and student teaching or equivalent experience by successfully participating in a one-year school district mentorship program consistent with board-adopted standards of effective practice and Minnesota graduation requirements.

(e) The board of teaching must issue a temporary teaching license for a term of up to three years only in the content field or grade levels specified in the out-of-state license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the board of teaching; and

(2) holds or held an out-of-state teaching license where the out-of-state license is more limited in the content field or grade levels than a similar Minnesota license.

(f) The board of teaching must not issue to an applicant more than three one-year temporary teaching licenses under this subdivision.

(g) The board of teaching must not issue a license under this subdivision if the applicant has not attained the additional degrees, credentials, or licenses required in a particular licensure field.

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

Sec. 6. Minnesota Statutes 1998, section 123B.04, subdivision 2, is amended to read:

Subd. 2. [AGREEMENT.] (a) Either the school board or the school site decision-making team may request that the school board enter into an agreement with a school site decision-making team concerning the governance, management, or control of the school. A school site decision-making team may include the school principal, teachers in the school or their designee, other employees in the school, parents of pupils in the school, representatives of pupils in the school, or other members in the community. The school site decision-making team shall include the school principal or other person having general control and supervision of the school. The site decision-making team must reflect the diversity of the education site. No more than one-half of the members shall be employees of the district, unless an employee is the parent of a student enrolled in the school site, in which case the employee may elect to serve as a parent member of the site team.

(b) School site decision-making agreements must delegate powers, duties, and broad management responsibilities to site teams and involve staff members, students as appropriate, and parents in decision making.

(c) An agreement shall include a statement of powers, duties, responsibilities, and authority to be delegated to and within the site.

(d) An agreement may include:

(1) an achievement contract according to subdivision 4;

(2) a mechanism to allow principals, or other persons having general control and supervision of the school, to make decisions regarding how financial and personnel resources are best allocated at the site and from whom goods or services are purchased;

(3) a mechanism to implement parental involvement programs under section 124D.895 and to provide for effective parental communication and feedback on this involvement at the site level;

(4) a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;

(5) a provision that would allow teachers to choose the principal or other person having general control;

(6) an amount of revenue allocated to the site under subdivision 3; and

(7) any other powers and duties determined appropriate by the board.

The school board of the district remains the legal employer under clauses (4) and (5).

(e) Any powers or duties not delegated to the school site management team in the school site management agreement shall remain with the school board.

(f) Approved agreements shall be filed with the commissioner. If a school board denies a request to enter into a school site management agreement, it shall provide a copy of the request and the reasons for its denial to the commissioner.

EFFECTIVE DATE: This section is effective July 1, 2000.

Sec. 7. [123B.055] [CONTRACTS FOR COMPUTERS OR RELATED EQUIPMENT OR SERVICE.]

(a) The school board of a school district may not enter into a contract or permit a school within the district to enter into a contract for the use of a computer or related equipment or service that requires advertising to be disseminated to students unless the school board:

- (1) enters into the contract at a public hearing of the school board;
 - (2) makes a finding that the offered electronic product or service is an integral component of students' education;
 - (3) provides written notice to students' parents that advertising will be used in the classroom, media center, computer lab, or other areas of learning, whether data will be collected on students, and how that data will be used;
 - (4) as part of normal, ongoing district communications with parents, allows parents to request in writing that (i) their student not be exposed to the program that contains the advertising for the current school year, or that (ii) any or all data relating to the student that is collected as a result of this contract is not disclosed; and
 - (5) honors parents' request, under clause (4), that their student not be exposed to the advertising program or that data relating to the student is not disclosed and allows parents to withdraw their request at any time.
- (b) Advertising under this section does not include:
- (1) the identification of the source of the document or information; and
 - (2) advertising that is generally available to the public viewing a particular site or application and is not directed specifically to students benefiting from a contract under paragraph (a).

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

Sec. 8. Minnesota Statutes 1998, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. [CONTRACT; DUTIES.] All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

- (1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;
- (2) recommend to the board employment and dismissal of teachers;
- (3) superintend school grading practices and examinations for promotions;

(4) make reports required by the commissioner;

(5) by January 10, submit an annual report to the commissioner in a manner prescribed by the commissioner, in consultation with school districts, identifying the expenditures that the district requires to ensure an 80 percent and a 90 percent student passage rate on the basic standards test taken in the eighth grade, identifying the amount of expenditures that the district requires to ensure a 99 percent student passage rate on the basic standards test by 12th grade, and how much the district is cross-subsidizing programs with special education, ~~compensatory basic skills~~, and general education revenue; and

(6) perform other duties prescribed by the board.

Sec. 9. Minnesota Statutes 1998, section 123B.77, subdivision 3, is amended to read:

Subd. 3. [STATEMENT FOR COMPARISON AND CORRECTION.] By November 30 of the calendar year of the submission of the unaudited financial data, the district must provide to the commissioner audited financial data for the preceding fiscal year. The audit must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, and the Minnesota legal compliance guide issued by the office of the state auditor. An audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited financial data shall be submitted to the commissioner and the state auditor by December 31. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance and a copy of the management letter submitted to the district by the school district's auditor.

Sec. 10. Minnesota Statutes 1998, section 123B.79, subdivision 7, is amended to read:

Subd. 7. [ACCOUNT TRANSFER FOR CERTAIN SEVERANCE PAY.] A district may maintain in a ~~designated~~ reserve for certain severance pay account not more than 50 percent of the amount necessary to meet the obligations for the portion of severance pay that constitutes compensation for accumulated sick leave to be used for payment of premiums for group insurance provided for former employees by the district. The amount necessary must be calculated according to standards established by the ~~advisory council on uniform financial accounting and reporting standards~~ department.

Sec. 11. Minnesota Statutes 1999 Supplement, section 123B.83, subdivision 4, is amended to read:

Subd. 4. [SPECIAL OPERATING PLAN.] (1) If the net negative ~~unappropriated operating~~ unreserved general fund balance ~~as defined in section 126C.01, subdivision 11,~~ calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts, as of June 30 each year, is more than 2-1/2 percent of the year's expenditure amount, the district must, prior to January 31 of the next fiscal year, submit a special operating plan to reduce the district's deficit expenditures to the commissioner for approval. The commissioner may also require the district to provide evidence that the district meets and will continue to meet all high school graduation requirements.

Notwithstanding any other law to the contrary, a district submitting a special operating plan to the commissioner under this clause which is disapproved by the commissioner must not receive any aid pursuant to chapters 120B, 122A, 123A, 123B, 124D, 125A, 126C, and 127A until a special operating plan of the district is so approved.

(2) A district must receive aids pending the approval of its special operating plan under clause (1). A district which complies with its approved operating plan must receive aids as long as the district continues to comply with the approved operating plan.

Sec. 12. Minnesota Statutes 1998, section 123B.88, subdivision 3, is amended to read:

Subd. 3. [TRANSPORTATION SERVICES CONTRACTS.] The board may contract for the furnishing of authorized transportation under ~~rules established by the commissioner~~ section 123B.52, and may purchase gasoline and furnish same to a contract carrier for use in the performance of a contract with the school district for transportation of school children to and from school.

Sec. 13. Minnesota Statutes 1998, section 123B.90, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL BUS SAFETY WEEK.] The third week of school is designated as school bus safety week.

~~A school board may designate one day of school bus safety week as school bus driver day.~~

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

Sec. 14. Minnesota Statutes 1999 Supplement, section 123B.90, subdivision 2, is amended to read:

Subd. 2. [STUDENT TRAINING.] (a) Each district must provide public school pupils enrolled in grades kindergarten through 10 with age-appropriate school bus safety training. The training must be results-oriented and shall consist of both classroom instruction and practical training using a school bus. Upon completing the training, a student shall be able to demonstrate knowledge and understanding of at least the following competencies and concepts:

- (1) transportation by school bus is a privilege and not a right;
- (2) district policies for student conduct and school bus safety;
- (3) appropriate conduct while on the school bus;
- (4) the danger zones surrounding a school bus;
- (5) procedures for safely boarding and leaving a school bus;
- (6) procedures for safe street or road crossing;
- (7) school bus evacuation and other emergency procedures; and
- (8) appropriate training on the use of lap belts or lap and shoulder belts, if the district uses buses equipped with lap belts or lap and shoulder belts.

(b) Each nonpublic school located within the district must provide all nonpublic school pupils enrolled in grades kindergarten through 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a). The school district shall make a bus available for the practical training if the district transports the nonpublic students. Each nonpublic school shall provide the instruction.

(c) All students enrolled in grades kindergarten through 3 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the school bus safety training competencies by the end of the third week of school. All students enrolled in grades 4 through 10 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the competencies by the end of the sixth week of school. Students enrolled in grades kindergarten through 10 who enroll in a school after the second week of school and are transported by school bus shall undergo school bus safety training and demonstrate achievement of the school bus safety competencies within four weeks of the first day of attendance. The ~~pupil school~~ transportation safety director in each district must certify to the commissioner annually that all students transported by school bus within the district have satisfactorily demonstrated knowledge and understanding of the school bus safety competencies according to this section or provide an explanation for a student's failure to demonstrate the competencies. The principal or other chief administrator of each nonpublic school must certify annually to the ~~public school~~ transportation safety director of the district in which the school is located that all of the school's students transported by school bus at public expense have received training. A district may deny transportation to a student who fails to demonstrate the competencies, unless the student is unable to achieve the competencies due to a disability, or to a student who attends a nonpublic school that fails to provide training as required by this subdivision.

(d) A district and a nonpublic school with students transported by school bus at public expense must, to the extent possible, provide kindergarten pupils with bus safety training before the first day of school.

(e) A district and a nonpublic school with students transported by school bus at public expense must also provide student safety education for bicycling and pedestrian safety, for students enrolled in grades kindergarten through 5.

(f) A district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus, bicycle, and pedestrian safety training of pupils known to speak English as a second language and pupils with disabilities.

Sec. 15. Minnesota Statutes 1999 Supplement, section 123B.91, subdivision 1, is amended to read:

Subdivision 1. [COMPREHENSIVE POLICY.] (a) Each district ~~must~~ shall develop and implement a comprehensive, written policy governing pupil transportation safety, including transportation of nonpublic school students, when applicable. The policy ~~shall~~, at minimum, must contain:

- (1) provisions for appropriate student bus safety training under section 123B.90;
- (2) rules governing student conduct on school buses and in school bus loading and unloading areas;
- (3) a statement of parent or guardian responsibilities relating to school bus safety;
- (4) provisions for notifying students and parents or guardians of their responsibilities and the rules, including the district's seat belt policy, if applicable;
- (5) an intradistrict system for reporting school bus accidents or misconduct and a system for dealing with local law enforcement officials in cases of criminal conduct on a school bus;
- (6) a discipline policy to address violations of school bus safety rules, including procedures for revoking a student's bus riding privileges in cases of serious or repeated misconduct;
- (7) a system for integrating school bus misconduct records with other discipline records;
- (8) a statement of bus driver duties;
- (9) ~~planned expenditures for safety activities under section 123B.89 and~~, where applicable, provisions governing bus monitor qualifications, training, and duties;
- (10) rules governing the use and maintenance of type III vehicles, drivers of type III vehicles, qualifications to drive a type III vehicle, qualifications for a type III vehicle, and the circumstances under which a student may be transported in a type III vehicle;
- (11) operating rules and procedures;
- (12) provisions for annual bus driver in-service training and evaluation;
- (13) emergency procedures;
- (14) a system for maintaining and inspecting equipment;
- (15) requirements of the school district, if any, that exceed state law minimum requirements for school bus operations; and

(16) requirements for basic first aid training, which must include the Heimlich maneuver and procedures for dealing with obstructed airways, shock, bleeding, and seizures.

(b) Districts are encouraged to use the model policy developed by the Minnesota school boards association, the department of public safety, and the department of children, families, and learning, as well as the current edition of the "National Standards for School Buses and Operations Transportation," published by the National Safety Council, in developing safety policies. Each district shall review its policy annually and make appropriate amendments, which must be submitted to the school bus safety advisory committee within one month of approval by the school board to ensure that it conforms to law.

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

Sec. 16. Minnesota Statutes 1998, section 124D.03, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] (a) An enrollment options program is established to enable any pupil to attend a school or program in a district in which the pupil does not reside, subject to the limitations in this section.

(b) A district may refuse to allow a pupil who is expelled under section 121A.45 to enroll during the term of the expulsion if the student was expelled for:

(1) possessing a dangerous weapon, as defined by United States Code, title 18, section 930, paragraph (g)(2), at school or a school function;

(2) possessing or using an illegal drug at school or a school function;

(3) selling or soliciting the sale of a controlled substance while at school or a school function; or

(4) committing a third-degree assault as described in section 609.223, subdivision 1.

EFFECTIVE DATE: This section is effective for the 2000-2001 school year and later.

Sec. 17. Minnesota Statutes 1998, section 124D.081, subdivision 6, is amended to read:

Subd. 6. [PREPAREDNESS REVENUE.] (a) A qualifying school district is eligible for first-grade preparedness revenue equal to the basic formula allowance for that year times the number of children five years of age or older enrolled in a kindergarten program at the site on October 1 of the previous year times .53.

(b) This revenue must supplement and not replace compensatory revenue that the district uses for the same or similar purposes under chapters 120B, 123A, 123B, 124D, 126C, and 127A.

(c) A pupil enrolled in the first grade preparedness program at a qualifying school site is eligible for transportation under section 123B.88, subdivision 1.

(d) First grade preparedness revenue paid to a charter school for which a school district is providing transportation according to section 124D.10, subdivision 16, shall be decreased by an amount equal to the product of ~~\$170~~ the formula allowance according to section 126C.10, subdivision 2, times .0485 times the pupil units calculated according to paragraph (a). This amount shall be paid to the school district for transportation costs.

Sec. 18. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 3, is amended to read:

Subd. 3. [SPONSOR.] A school board; intermediate school district school board; education districts district organized under sections 123A.15 to 123A.19; charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986 that is a member of the Minnesota council of nonprofits or the Minnesota council on foundations, registered with the attorney general's office, and reports an end-of-year fund balance of at

least \$2,000,000; Minnesota private college; that grants two- or four-year degrees and is registered with the higher education services office under chapter 136A; community college, state university, or technical college, governed by the board of trustees of the Minnesota state colleges and universities; or the University of Minnesota may sponsor one or more charter schools.

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

Sec. 19. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 8, is amended to read:

Subd. 8. [STATE AND LOCAL REQUIREMENTS.] (a) A charter school shall meet all applicable state and local health and safety requirements.

(b) A school sponsored by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution. If such a board denies a request to locate within its boundaries a charter school sponsored by another school board, the sponsoring school board may appeal to the commissioner. If the commissioner authorizes the school, the commissioner must sponsor the school.

(c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled.

(e) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(f) A charter school may not charge tuition.

(g) A charter school is subject to and must comply with chapter 363 and section 121A.04.

(h) A charter school is subject to and must comply with The Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee law, sections 123B.34 to 123B.39.

(i) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. The audit must ~~be consistent~~ comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. The department of children, families, and learning, state auditor, or legislative auditor may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(j) A charter school is a district for the purposes of tort liability under chapter 466.

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

Sec. 20. Minnesota Statutes 1998, section 124D.10, subdivision 9, is amended to read:

Subd. 9. [ADMISSION REQUIREMENTS.] A charter school may limit admission to:

(1) pupils within an age group or grade level;

(2) people who are eligible to participate in the graduation incentives program under section 124D.68; or

(3) residents of a specific geographic area where the percentage of the population of non-Caucasian people of that area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of the specific area.

A charter school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils must be accepted by lot. If a charter school is the only school located in a town serving pupils within a particular grade level, then pupils that are residents of the town must be given preference for enrollment before accepting pupils by lot. If a pupil lives within two miles of a charter school and the next closest public school is more than five miles away, the charter school must give those pupils preference for enrollment before accepting other pupils by lot.

A charter school shall give preference for enrollment to a sibling of an enrolled pupil and to a foster child of that pupil's parents before accepting other pupils by lot.

A charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

Sec. 21. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 11, is amended to read:

Subd. 11. [EMPLOYMENT AND OTHER OPERATING MATTERS.] A charter school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The charter school's state aid may be reduced under section 127A.42 if the school employs a teacher who is not appropriately licensed or approved by the board of teaching. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties.

The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

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

Sec. 22. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 15, is amended to read:

Subd. 15. [REVIEW AND COMMENT.] The department must review and comment on the evaluation, by the ~~chartering school district sponsor~~, of the performance of a charter school before the charter school's contract is renewed. A sponsor shall monitor and evaluate the fiscal and student performance of the school, and may for this purpose annually assess the school up to \$10 per student up to a maximum of \$3,500. The information ~~from for~~ the review and comment shall be reported by the sponsor to the commissioner of children, families, and learning in a timely manner. Periodically, the commissioner shall report trends or suggestions based on the evaluation of charter school contracts to the education committees of the state legislature.

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

Sec. 23. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 23, is amended to read:

Subd. 23. [CAUSES FOR NONRENEWAL OR TERMINATION OF CHARTER SCHOOL CONTRACT.] (a) The duration of the contract with a sponsor must be for the term contained in the contract according to subdivision 6. The sponsor may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before

the sponsor within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor shall give reasonable notice to the charter school's board of directors of the hearing date. The sponsor shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. If the sponsor is a local board, the school's board of directors may appeal the sponsor's decision to the commissioner.

(b) A contract may be terminated or not renewed upon any of the following grounds:

- (1) failure to meet the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed, the school must be dissolved according to the applicable provisions of chapter 308A or 317A, except when the commissioner approves the decision of a different eligible sponsor to authorize the charter school.

(c) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing sponsor, and after providing an opportunity for a public hearing, may terminate the existing sponsorial relationship if the charter school has a history of:

- (1) financial mismanagement; or
- (2) repeated violations of the law.

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

Sec. 24. Minnesota Statutes 1999 Supplement, section 124D.11, subdivision 6, is amended to read:

Subd. 6. [OTHER AID, GRANTS, REVENUE.] (a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120A to 129C, as though it were a district.

(b) Notwithstanding paragraph (a), a charter school may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section.

(c) Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(d) A charter school may receive money from any source for capital facilities needs. In the year-end report to the commissioner of children, families, and learning, the charter school shall report the total amount of funds received from grants and other outside sources.

(e) Notwithstanding paragraph (a) or (b), a charter school ~~is eligible~~ may apply for a grant to receive the aid portion of integration revenue under section 124D.86, subdivision 3, for enrolled students who are residents of a district that is eligible for integration revenue ~~if the enrollment of the pupil in the charter school contributes to desegregation or integration purposes. The commissioner shall determine grant recipients and may adopt application guidelines. The grants must be competitively determined and must demonstrate that enrolling pupils in the charter school contributes to desegregation or integration purposes as determined by the commissioner.~~ If the charter school has elected not to provide transportation under section 124D.10, subdivision 16, the aid shall be reduced by the amount per pupil unit specified for the district where the charter school is located under section 123B.92, subdivision 8.

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

Sec. 25. [125B.22] [INTERNET ACCESS FOR STUDENTS.]

(a) Recognizing the difference between school libraries, school computer labs, and school media centers, which serve unique educational purposes, and public libraries, which are designed for public inquiry, all computers at a school site with access to the Internet available for student use must be equipped to restrict, including by use of available software filtering technology or other effective methods, all student access to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) A school site is not required to purchase filtering technology if the school site would incur more than incidental expense in making the purchase.

(c) A school district receiving technology revenue under section 125B.25 must prohibit, including through use of available software filtering technology or other effective methods, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography.

(d) A school district, its agents or employees, are immune from liability for failure to comply with this section if they have made a good faith effort to comply with the requirements of this section.

(e) "School site" means an education site as defined in section 123B.04, subdivision 1, or charter school under section 124D.10.

Sec. 26. Minnesota Statutes 1999 Supplement, section 127A.05, subdivision 6, is amended to read:

Subd. 6. [SURVEY OF DISTRICTS.] The commissioner of children, families, and learning shall survey the state's school districts and teacher preparation programs and report to the education committees of the legislature by January 15 of each odd-numbered year on the status of teacher early retirement patterns, the teacher shortage, and the substitute teacher shortage, including patterns and shortages in subject areas and regions of the state. The report must also include how districts are making progress in hiring teachers and substitutes in the areas of shortage and a five-year projection of teacher demand for each district.

Sec. 27. [134.77] [INTERNET ACCESS; LIBRARIES.]

(a) Recognizing the difference between public libraries, which are designed for public inquiry, and school libraries, school computer labs, and school media centers, which serve unique educational purposes, all public library computers with access to the Internet available for use by children under the age of 17 must be equipped to restrict, including by use of available software filtering technology or other effective methods, all access by children to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) A public library is not required to purchase filtering technology if the public library would incur more than incidental expense in making the purchase.

(c) A public library that receives state money must prohibit, including through the use of available software filtering technology or other effective methods, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography. A public library may remove a person from the library if the person gains access or attempts to gain access to materials prohibited under this section by intentionally bypassing the filtering technology or other method used by the library.

(d) A public library, its agents or employees, are immune from liability for failure to comply with this section if they have made a good faith effort to comply with the requirements of this section.

(e) This section does not apply to the libraries of post-secondary institutions.

Sec. 28. Minnesota Statutes 1998, section 169.447, is amended by adding a subdivision to read:

Subd. 2a. [PASSENGER LAP AND SHOULDER BELTS.] (a) In addition to the requirements in section 169.4501, subdivision 1, a school bus may be equipped with an approved lap belt or an approved lap and shoulder belt installed for each passenger-seating position on the bus. The design and installation of lap belts and lap and shoulder belts required under this paragraph must meet the standards of the commissioner established under paragraph (b).

(b) The commissioner shall consider all concerns necessary to properly integrate lap belts or lap and shoulder belts into the current compartmentalization safety system and prescribe standards for the design and installation of lap and shoulder belts required under paragraph (a). The standards are not subject to chapter 14 and are specifically not subject to section 14.386.

(c) This subdivision does not apply to specially equipped school buses under section 169.4504.

(d) A passenger on a school bus equipped with lap belts or lap and shoulder belts must use these lap belts or lap and shoulder belts unless the passenger, or if the passenger is a minor, the passenger's parent or guardian, has notified the school district in writing that the passenger does not intend to wear the lap belt or lap and shoulder belt.

(e) In an action for personal injury or wrongful death against a school district, a school bus operator under contract with a school district, or any agent or employee of a school district or operator, or against a volunteer, no such person or entity shall be held liable solely because the injured party was not wearing a safety belt; provided, however, that nothing contained herein shall be construed to grant immunity from liability for failure to:

(1) maintain in operating order any equipment required by statute, rule, or school district policy; or

(2) comply with an applicable statute, rule, or school district policy.

(f) In an action for personal injury or wrongful death, a school district, a school bus contract operator, any agent or employee of a school district or operator, or a volunteer is not liable for failing to assist any child with the adjustment, fastening, unfastening, or other use of the lap belt or lap and shoulder belt.

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

Sec. 29. Minnesota Statutes 1998, section 169.448, subdivision 3, is amended to read:

Subd. 3. [HEAD START VEHICLE.] Notwithstanding subdivision 1, a vehicle used to transport passengers students under Public Law Number 99-425, the Head Start Act, may be equipped as a school bus or Head Start bus.

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

Sec. 30. Minnesota Statutes 1999 Supplement, section 169.974, subdivision 2, is amended to read:

Subd. 2. [LICENSE ENDORSEMENT AND PERMIT REQUIREMENTS.] (a) No person shall operate a motorcycle on any street or highway without having a valid standard driver's license with a two-wheeled vehicle endorsement as provided by law. ~~No such~~ The commissioner of public safety shall issue a two-wheeled vehicle endorsement shall be issued unless the person applying therefor only if the applicant (1) has in possession a valid two-wheeled vehicle instruction permit as provided herein in paragraph (b), (2) has passed a written examination and road test administered by the department of public safety for such the endorsement, and; (3) in the case of applicants under 18 years of age, ~~shall present~~ presents a certificate or other evidence of having successfully completed an approved two-wheeled vehicle driver's safety course in this or another state, in accordance with rules ~~promulgated adopted~~ adopted by the commissioner of children, families, and learning for courses offered through the public schools, or rules promulgated by the commissioner of public safety for courses offered by a public, private, or commercial school or institute. The commissioner of public safety may waive the road test for any applicant on determining that the applicant possesses a valid license to operate a two-wheeled vehicle issued by a jurisdiction that requires a comparable road test for license issuance.

(b) ~~The commissioner of public safety shall issue~~ a two-wheeled vehicle instruction permit ~~shall be issued~~ to any person over 16 years of age; who (1) is in possession of a valid driver's license, ~~who~~ (2) is enrolled in an approved two-wheeled vehicle driver's safety course, and ~~who~~ (3) has passed a written examination for ~~such the~~ permit and ~~has paid such a fee as prescribed by the commissioner of public safety shall prescribe.~~ A two-wheeled vehicle instruction permit ~~shall be~~ is effective for one year; and may be renewed under rules ~~to be~~ prescribed by the commissioner of public safety.

(c) No person who is operating by virtue of a two-wheeled vehicle instruction permit shall:

(~~a~~) (1) carry any passengers on the streets and highways of this state on the motorcycle ~~which~~ while the person is operating the motorcycle;

(~~b~~) (2) drive the motorcycle at ~~nighttime~~ night;

(~~c~~) (3) drive the motorcycle on any highway marked ~~by the commissioner~~ as an interstate highway pursuant to title 23 of the United States Code; or

(~~d~~) (4) drive the motorcycle without wearing protective headgear that complies with standards established by the commissioner of public safety.

(d) Notwithstanding ~~the provisions of this subdivision paragraph (a), (b), or (c),~~ the commissioner of public safety may, ~~however,~~ issue a special motorcycle permit, restricted or qualified ~~in such manner~~ as the commissioner of public safety ~~shall deem~~ deems proper, to any person demonstrating a need ~~therefor~~ for the permit and unable to qualify for a standard driver's license.

Sec. 31. Minnesota Statutes 1999 Supplement, section 171.05, subdivision 2, is amended to read:

Subd. 2. [PERSON LESS THAN 18 YEARS OF AGE.] (a) Notwithstanding any provision in subdivision 1 to the contrary, the department, ~~upon application therefor,~~ may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and ~~the applicant who:~~

(1) has completed a course of driver education in another state, has a previously issued valid license from another state, or is enrolled in ~~one of the following types of driver education programs either:~~

(i) a public, private, or commercial driver education program ~~offered through the public schools that is approved by the commissioner of public safety and that includes classroom and behind-the-wheel training and that has been approved by the commissioner of children, families, and learning; or~~

(ii) ~~a course offered by a private, commercial driver education school or institute that includes classroom and behind-the-wheel training and that has been approved by the department of public safety; or~~

(~~iii~~) an approved behind-the-wheel driver education program when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a home-school diploma, the student's status as a home-school student has been certified by the superintendent of the school district in which the student resides, and the student is taking home-classroom driver training with classroom materials approved by the commissioner of public safety;

(2) has completed the classroom phase of instruction in the driver education program;

(3) has passed a test of the applicant's eyesight;

(4) has passed a department-administered test of the applicant's knowledge of traffic laws, ~~which test must be administered by the department;~~

(5) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (iii) the parent or spouse of the parent with whom the minor is living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor or, in the event a person under the age of 18 has no living father, mother, or guardian, then (v) the applicant's employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, or employer; and

(6) has paid the fee required in section 171.06, subdivision 2.

(b) The instruction permit is valid for one year from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2.

Sec. 32. Minnesota Statutes 1998, section 171.06, subdivision 2, is amended to read:

Subd. 2. [FEES.] (a) The fees for a license and Minnesota identification card are as follows:

Classified Driver's License	D-\$18.50	C-\$22.50	B-\$29.50	A-\$37.50
Classified Under-21 D.L.	D-\$18.50	C-\$22.50	B-\$29.50	A-\$17.50
Instruction Permit				\$ 9.50
Provisional License				\$ 9.50
Duplicate License or duplicate identification card				\$ 8.00
Minnesota identification card or Under-21 Minnesota identification card, other than duplicate, except as otherwise provided in section 171.07, subdivisions 3 and 3a				\$12.50

(b) Notwithstanding paragraph (a), a person who holds a provisional license and has a driving record free of (1) convictions for a violation of section 169.121, 169.1218, 169.122, or 169.123, (2) convictions for crash-related moving violations, and (3) convictions for moving violations that are not crash related, shall have a \$3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation" has the meaning given it in section 171.04, subdivision 1.

(c) In addition to the driver's license fee required under paragraph (a), the registrar shall collect an additional \$4 processing fee from each new applicant or person renewing a license with a school bus endorsement to cover the costs for processing an applicant's initial and biennial physical examination certificate. The department shall not charge these applicants any other fee to receive or renew the endorsement.

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

Sec. 33. Minnesota Statutes 1998, section 171.321, subdivision 2, is amended to read:

Subd. 2. [RULES.] (a) The commissioner of public safety shall prescribe rules governing the physical qualifications of school bus drivers and tests required to obtain a school bus endorsement. The rules must provide that an applicant for a school bus endorsement or renewal is exempt from the physical qualifications and medical examination required to operate a school bus upon providing evidence of being medically examined and certified within the preceding 24 months as physically qualified to operate a commercial motor vehicle, pursuant to Code of Federal Regulations, title 49, part 391, subpart E, or rules of the commissioner of transportation incorporating those federal regulations. The commissioner shall accept physical examinations for school bus drivers conducted by medical examiners authorized as provided by the Code of Federal Regulations, title 49, chapter 3, part 391, subpart E.

(b) The commissioner of public safety, in conjunction with the commissioner of economic security, shall adopt rules prescribing a training program for Head Start bus drivers. The program must provide for initial classroom and behind-the-wheel training, and annual in-service training. The program must provide training in defensive driving, human relations, emergency and accident procedures, vehicle maintenance, traffic laws, and use of safety equipment. The program must provide that the training will be conducted by the contract operator for a Head Start agency, the Head Start grantee, a licensed driver training school, or by another person or entity approved by both commissioners.

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

Sec. 34. Minnesota Statutes 1998, section 171.321, subdivision 3, is amended to read:

Subd. 3. [RECORDS CHECK OF APPLICANT.] (a) Before issuing or renewing a school bus endorsement, the commissioner shall conduct a criminal and driver's license records check of the applicant. The commissioner may also conduct the check at any time while a person is so licensed. The check ~~shall~~ must consist of a criminal records check of the state criminal records repository and a check of the driver's license records system. If the applicant has resided in Minnesota for less than five years, the check ~~shall~~ must also include a criminal records check of information from the state law enforcement agencies in the states where the person resided during the five years before moving to Minnesota, and of the national criminal records repository including the criminal justice data communications network. The applicant's failure to cooperate with the commissioner in conducting the records check is reasonable cause to deny an application or cancel a school bus endorsement. The commissioner may not release the results of the records check to any person except the applicant or the applicant's designee in writing.

(b) The commissioner may issue to an otherwise qualified applicant a temporary school bus endorsement, effective for no more than 180 days, upon presentation of (1) an affidavit by the applicant that the applicant has not been convicted of a disqualifying offense and (2) a criminal history check from each state of residence for the previous five years. The criminal history check may be conducted and prepared by any public or private source acceptable to the commissioner. The commissioner may reissue the temporary endorsement if the National Criminal Records Repository check is timely submitted but not completed within the 180-day period.

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

Sec. 35. Minnesota Statutes 1998, section 171.321, subdivision 4, is amended to read:

Subd. 4. [TRAINING.] (a) No person shall drive a class A, B, C, or D school bus when transporting school children to or from school or upon a school-related trip or activity without having demonstrated sufficient skills and knowledge to transport students in a safe and legal manner.

(b) A bus driver must have training or experience that allows the driver to meet at least the following competencies:

- (1) safely operate the type of school bus the driver will be driving;
- (2) understand student behavior, including issues relating to students with disabilities;
- (3) encourage orderly conduct of students on the bus and handle incidents of misconduct appropriately;
- (4) know and understand relevant laws, rules of the road, and local school bus safety policies;
- (5) handle emergency situations; and
- (6) safely load and unload students.

(c) The commissioner of public safety, in conjunction with the commissioner of children, families, and learning, shall develop a comprehensive model school bus driver training program and model assessments for school bus driver training competencies, which are not subject to chapter 14. A school district may use alternative assessments for bus driver training competencies with the approval of the commissioner of public safety. The employer shall keep the assessment for the current period available for inspection by representatives of the commissioner.

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

Sec. 36. Minnesota Statutes 1998, section 171.321, subdivision 5, is amended to read:

Subd. 5. [ANNUAL EVALUATION.] A school district's pupil transportation safety director, the chief administrator of a nonpublic school, or a private contractor shall certify annually to the ~~commissioner of public safety~~ school board or governing board of a nonpublic school that, at minimum, each school bus driver meets the school bus driver training competencies under subdivision 4 ~~and shall report the number of hours of in-service training completed by each driver.~~ A school district, nonpublic school, or private contractor also shall provide in-service training annually to each school bus driver. ~~A district, nonpublic school, or private contractor also shall check the license of each person who transports students for the district with the National Drivers Register or the department of public safety annually. The school board must approve and forward the competency certification and in-service report to the commissioner of public safety.~~

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

Sec. 37. Minnesota Statutes 1999 Supplement, section 260C.143, subdivision 4, is amended to read:

Subd. 4. [TRUANT.] When a peace officer or probation officer has probable cause to believe that a child is ~~currently under age 16 and~~ absent from school without lawful excuse, consistent with section 120A.22, subdivisions 5 and 8, the officer may:

- (1) transport the child to the child's home and deliver the child to the custody of the child's parent or guardian;
- (2) transport the child to the child's school of enrollment and deliver the child to the custody of a school superintendent or teacher ~~or~~;
- (3) transport the child to a truancy service center under section 260A.04, subdivision 3; or
- (4) transport the child from the child's home to the child's school of enrollment or to a truancy service center.

Sec. 38. Minnesota Statutes 1998, section 471.15, is amended to read:

471.15 [RECREATIONAL FACILITIES BY MUNICIPALITY, VETERANS; BONDS.]

(a) Any home rule charter or statutory city or any town, county, school district, or any board thereof, or any incorporated post of the American Legion or any other incorporated veterans' organization, may expend not to exceed \$800 in any one year, for the purchase of awards and trophies and may operate a program of public recreation and playgrounds; acquire, equip, and maintain land, buildings, or other recreational facilities, including an outdoor or indoor swimming pool; and expend funds for the operation of such program pursuant to the provisions of sections 471.15 to 471.19. The city, town, county or school district may issue bonds pursuant to chapter 475 for the purpose of carrying out the powers granted by this section. The city, town, county or school district may operate the program and facilities directly or establish one or more recreation boards to operate all or various parts of them.

(b) A home rule charter or statutory city, a county, or a town may expend funds for the purpose of supporting student academic or extracurricular activities sponsored by the local school district.

Sec. 39. Laws 1999, chapter 241, article 5, section 18, subdivision 5, is amended to read:

Subd. 5. [CHARTER SCHOOL BUILDING LEASE AID.] For building lease aid according to Minnesota Statutes, section 124D.11, subdivision 4:

\$2,992,000 <u>\$5,981,000</u>	.....	2000
\$3,616,000 <u>\$10,807,000</u>	.....	2001

The 2000 appropriation includes \$194,000 for 1999 and ~~\$2,798,000~~ \$5,787,000 for 2000.

The 2001 appropriation includes ~~\$311,000~~ \$643,000 for 2000 and ~~\$3,305,000~~ \$10,164,000 for 2001.

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

Sec. 40. Laws 1999, chapter 241, article 5, section 18, subdivision 6, is amended to read:

Subd. 6. [CHARTER SCHOOL START-UP GRANTS.] For charter school start-up cost aid under Minnesota Statutes, section 124D.11:

\$1,789,000 <u>\$1,955,000</u>	.....	2000
\$1,876,000 <u>\$2,926,000</u>	.....	2001

The 2000 appropriation includes \$100,000 for 1999 and ~~\$1,689,000~~ \$1,855,000 for 2000.

The 2001 appropriation includes ~~\$188,000~~ \$206,000 for ~~1999~~ 2000 and ~~\$1,688,000~~ \$2,720,000 for 2001.

Any balance in the first year does not cancel but is available in the second year. This appropriation may also be used for grants to convert existing schools into charter schools.

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

Sec. 41. [RESIDENTIAL ACADEMIES.]

In the event that a recipient who has been awarded a grant under Laws 1998, chapter 398, article 5, section 46, has received approval for updated capital and operating plans after June 1, 1999, and has not substantially performed pursuant to the terms and conditions of its award by June 30, 2002, the commissioner shall reopen the application process with respect to any funds available.

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

Sec. 42. [MINNESOTA NEW TEACHER PROJECT.]

Subdivision 1. [ESTABLISHMENT; PARTICIPATION.] The Minnesota new teacher project is established in the department of children, families, and learning in order to retain new teachers in the profession and to provide models for supporting the professional development of first-year and second-year teachers. In order for a school district to participate in the new teacher project, a school board and an exclusive representative of the teachers in the district, or for a charter school the majority of the teachers, must agree to participate in the new teacher project and to the district plan under subdivision 2.

Subd. 2. [DISTRICT PLAN.] A district that participates in the new teacher project must submit a plan for the project to the commissioner for approval. The new teacher project plan must be consistent with the knowledge and skills required in the teacher licensure rules adopted by the board of teaching and the state graduation requirements

and include curricula of best practice activities such as one-on-one mentoring, intensive summer orientation, first-year and second-year training workshops, peer review, mutual observation between new and experienced teachers, classroom management techniques, cultural diversity, reading strategies, lighter workloads, and first-year residency. The plan must include the participation of a teacher preparation program approved by the board of teaching.

Districts receiving a grant under this section must report to the board of teaching regarding its chosen new teacher project plan.

Subd. 3. [STATE MATCH.] A district that has an approved new teacher project plan is eligible to receive \$3,000 of state money for each new teacher participating in the project. The district must contribute \$2,000 of district money for each new teacher participating in the project.

Sec. 43. [TASK FORCE ON SCHOOL GOVERNANCE AND MANAGEMENT.]

Subdivision 1. [ESTABLISHMENT.] The task force on school governance and management is established to examine the existing constitutional and statutory provisions that dictate the governance responsibilities and authority of the respective components of the state's public education system.

Subd. 2. [MEMBERSHIP; STAFFING.] (a) The task force on school governance and management must be composed of nine members, with three members appointed by the governor, three members appointed by the speaker of the house of representatives, and three members appointed by the subcommittee on committees of the senate committee on rules and administration. Members should represent the business community, education stakeholders, parents, or other interested community members.

(b) The executive branch through the office of the governor shall make staff available to assist the task force.

Subd. 3. [REPORT.] (a) The task force on school governance and management must report to the governor and the appropriate committees of the house and senate no later than December 1, 2000.

(b) The task force must do the following:

(1) identify any governance or organizational barriers that inhibit or preclude schools or school districts from:

(i) ensuring all students meet state and local graduation standards;

(ii) ensuring instructional programs are available to meet individual student's academic needs;

(iii) making efficient changes in instructional and noninstructional program and service delivery; and

(iv) delegating instructional and general operating decision-making to the school level; and

(2) make recommendations regarding the statutory changes needed to enable school districts to:

(i) continuously identify changes to meet the needs of student cohorts;

(ii) provide a variety of instructional opportunities to meet individual student needs;

(iii) measure individual student academic achievement; and

(iv) modify or expand instructional programs if student achievement does not meet expectations.

Subd. 4. [EXPIRATION.] The task force on school governance and management expires on December 31, 2000.

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

Sec. 44. [2000-2001 SCHOOL YEAR START DATE.]

Subdivision 1. [LABOR DAY START.] Notwithstanding Minnesota Statutes, section 120A.40, for the 2000-2001 school year only, a district must not begin the elementary or secondary school year prior to Labor Day.

Subd. 2. [MABEL-CANTON INDEPENDENT SCHOOL DISTRICT NO. 238.] Notwithstanding subdivision 1 and Minnesota Statutes, section 120A.40, for the 2000-2001 school year only, independent school district No. 238, Mabel-Canton, may start the school year up to five weekdays before Labor Day for the purpose of scheduling an additional academic term during the regular school year.

Subd. 3. [BROWNS VALLEY INDEPENDENT SCHOOL DISTRICT NO. 801.] Notwithstanding subdivision 1 and Minnesota Statutes, section 120A.40, for the 2000-2001 school year only, independent school district No. 801, Browns Valley, may start the school year up to five weekdays before Labor Day for the purpose of scheduling an additional academic term during the regular school year.

Sec. 45. [CHARTER SCHOOL BUILDING LEASE AID REVIEW.]

The department of children, families, and learning shall work with charter school operators and other interested parties to create recommendations for appropriate criteria for charter school building lease aid and report its findings to the education committees of the legislature by January 15, 2001.

Sec. 46. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sum indicated in this section is appropriated from the general fund to the department of children, families, and learning for the fiscal year indicated.

Subd. 2. [PROFESSIONAL TEACHING STANDARDS.] For grant awards for national board for professional teaching standards certification according to Laws 1997, First Special Session chapter 4, article 5, section 22:

<u>\$150,000</u>	<u>2001</u>
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This is a one-time appropriation.

ARTICLE 7

KINDERGARTEN THROUGH GRADE 12 EDUCATION
NUTRITION AND OTHER PROGRAMS; FUND TRANSFERS

Section 1. [123B.575] [PESTICIDE APPLICATION AT SCHOOLS.]

Subdivision 1. [PARENTS' RIGHT-TO-KNOW ACT.] Subdivisions 2 to 14 may be cited as the Janet B. Johnson Parents' Right-to-Know Act of 2000.

Subd. 2. [PESTICIDE APPLICATION NOTIFICATION.] A school that plans to apply a pesticide which is a toxicity category I, II, or III pesticide product, as classified by the United States Environmental Protection Agency, or a restricted use pesticide, as designated under the Federal Insecticide, Fungicide, and Rodenticide Act, on school property, must provide a notice to parents and employees that it applies such pesticides. The notice required under subdivision 3 must:

(1) provide that an estimated schedule of the pesticide applications is available for review or copying at the school offices where such pesticides are applied;

(2) state that long-term health effects on children from the application of such pesticides or the class of chemicals to which they belong may not be fully understood;

(3) inform parents that a parent may request the school notify him or her in the manner specified in subdivision 6 before any application of a pesticide listed in this subdivision.

Subd. 3. [NOTICE; TIMING; DISTRIBUTION.] The notice must be provided no later than September 15 of each school year during which pesticides listed in subdivision 2 are planned to be applied. The notice may be included with other notices provided by the school, but must be separately identified and clearly visible to the reader.

Subd. 4. [SCHOOL HANDBOOK OR STATEMENT OF POLICIES.] In addition to the notice provided according to subdivision 3, a school that is required to provide notice under this section shall include in an official school handbook or official school policy guide of a general nature a section informing parents that an estimated schedule of applications of pesticides listed in subdivision 2 is available for review or copying at the school offices, and that a parent may receive prior notice of each application if specifically requested.

Subd. 5. [NOTICE AVAILABILITY.] A school that uses a pesticide listed in subdivision 2 must keep a copy of all notifications required under subdivisions 2 and 3 for at least six years in a manner available to the public.

Subd. 6. [NOTIFICATION FOR INDIVIDUAL PARENTS.] A parent of a student at a school may request that the school principal or other person having general control and supervision of the school notify the parent prior to the application of any pesticides listed in subdivision 2 at the school on a day different from the days specified in the notice under subdivision 3. The school principal or other person having general control and supervision of the school must provide reasonable notice to a parent who has requested such notification prior to applying such pesticides. The notice may be waived for emergency applications required only by appropriate state or local health officials. The notice must include the pesticide to be applied, the time of the planned application, and the location at the school of the planned application. A school may request reimbursement for the school's reasonable costs of providing notice under this subdivision, including any costs of mailing, from individuals requesting notification under this subdivision.

Subd. 7. [MODEL NOTICE.] The department of health, in consultation with the department of children, families, and learning, the office of environmental assistance, and University of Minnesota extension service, shall develop and make available to schools by August 1, 2000, a model notice in a form that can be used by a school if it chooses to do so. The model notice must include the information required by this section. The department of health must provide an opportunity for environmental groups, interested parents, public health organizations, and other parties to work with the department in developing the model notice.

Subd. 8. [PLAN.] A school is not required to adopt an integrated pest management plan. A school board may only notify students, parents, or employees that it has adopted an integrated pest management plan if the plan is a managed pest control program designed to minimize the risk to human health and the environment and to reduce the use of chemical pesticides, and which ranks the district's response to pests in the following manner:

(1) identifying pests which need to be controlled;

(2) establishing tolerable limits of each identified pest;

(3) designing future buildings and landscapes to prevent identified pests;

(4) excluding identified pests from sites and buildings using maintenance practices;

(5) adapting cleaning activities and best management practices to minimize the number of pests;

(6) using mechanical methods of controlling identified pests; and

(7) controlling identified pests using the least toxic pesticides with the least exposure to persons as is practicable.

Subd. 9. [PESTICIDE DEFINED; CLEANING PRODUCTS EXCLUDED.] For purposes of this section, the term "pesticide" has the meaning given it in section 18B.01, subdivision 18, except that it does not include any disinfectants, sanitizers, deodorizers, or antimicrobial agents used for general cleaning purposes.

Subd. 10. [PEST DEFINED.] For purposes of this section, the term "pest" has the meaning given it in section 18B.01, subdivision 17.

Subd. 11. [SCHOOL DEFINED.] For the purposes of this section, "school" means a school as defined in section 120A.22, subdivision 4, excluding home schools.

Subd. 12. [IMMUNITY FROM LIABILITY.] No cause of action may be brought against a school district, a school, or the districts or school's employees or agents for any failure to comply with the requirements under this section.

Subd. 13. [EVIDENCE OF FAILURE TO COMPLY EXCLUDED.] A failure to comply with the requirements of this section may not be presented as evidence in any lawsuit based upon physical injury resulting from exposure to pesticides applied at a school.

Subd. 14. [NO SPECIAL RIGHTS.] Nothing in this section affects the duty of a parent or a student to comply with the compulsory attendance law or the duty of a school employee to comply with the provisions of an applicable employment contract or policy.

EFFECTIVE DATE: This section is effective August 1, 2000.

Sec. 2. Minnesota Statutes 1998, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] Each school year, the state must pay districts participating in the national school lunch program the amount of 6.5 eight cents for each full paid, reduced, and free student lunch served to students in the district.

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

Sec. 3. Minnesota Statutes 1999 Supplement, section 124D.1155, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] An applicant for a grant must be a public or nonpublic elementary school that participates in the federal school breakfast and lunch programs. The commissioner must give first priority to schools where at least 33 percent of the lunches the school served to children during the second preceding school year were provided free or at a reduced price. The commissioner must give second priority to all other public or nonpublic elementary schools.

Sec. 4. Laws 1999, chapter 241, article 6, section 14, subdivision 2, is amended to read:

Subd. 2. [ABATEMENT AID.] For abatement aid according to Minnesota Statutes, section 127A.49:

\$9,110,000 <u>\$9,577,000</u>	.....	2000
\$8,947,000 <u>\$8,279,000</u>	.....	2001

The 2000 appropriation includes \$1,352,000 for 1999 and ~~\$7,758,000~~ \$8,225,000 for 2000.

The 2001 appropriation includes ~~\$861,000~~ \$914,000 for 2000 and ~~\$8,086,000~~ \$7,365,000 for 2001.

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

Sec. 5. Laws 1999, chapter 241, article 6, section 14, subdivision 3, is amended to read:

Subd. 3. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123B.40 to 123B.48 and 123B.87:

\$10,996,000	.....	2000
\$11,878,000 <u>\$13,448,000</u>	.....	2001

The 2000 appropriation includes \$970,000 for 1999 and \$10,026,000 for 2000.

The 2001 appropriation includes ~~\$1,114,000~~ \$1,175,000 for 2000 and ~~\$10,764,000~~ \$12,273,000 for 2001.

The department shall recompute the maximum allotments established on March 1, 1999, for fiscal year 2000 under Minnesota Statutes, sections 123B.42, subdivision 3, and 123B.44, subdivision 6, to reflect the amount appropriated in this subdivision for fiscal year 2000.

The department shall recompute the maximum allotments established on March 1, 2000, for fiscal year 2001 under Minnesota Statutes, sections 123B.42, subdivision 3, and 123B.44, subdivision 6, to reflect the amount appropriated in this subdivision for fiscal year 2001.

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

Sec. 6. Laws 1999, chapter 241, article 6, section 14, subdivision 4, is amended to read:

Subd. 4. [CONSOLIDATION TRANSITION AID.] For districts consolidating under Minnesota Statutes, section 123A.485:

\$451,000 <u>\$563,000</u>	.....	2000
\$375,000 <u>\$455,000</u>	.....	2001

The 2000 appropriation includes \$113,000 for 1999 and ~~\$338,000~~ \$450,000 for 2000.

The 2001 appropriation includes ~~\$37,000~~ \$50,000 for 2000 and ~~\$338,000~~ \$405,000 for 2001.

Any balance in the first year does not cancel but is available in the second year.

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

Sec. 7. Laws 1999, chapter 241, article 6, section 14, subdivision 5, is amended to read:

Subd. 5. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$18,586,000 <u>\$20,358,000</u>	.....	2000
\$20,922,000 <u>\$21,333,000</u>	.....	2001

The 2000 appropriation includes \$1,848,000 for ~~2000~~ 1999 and ~~\$16,738,000~~ \$18,510,000 for ~~2001~~ 2000.

The 2001 appropriation includes ~~\$1,860,000~~ \$2,057,000 for 2000 and ~~\$19,062,000~~ \$19,276,000 for 2001.

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

Sec. 8. Laws 1999, chapter 241, article 7, section 2, subdivision 2, is amended to read:

Subd. 2. [SCHOOL LUNCH AID.] (a) For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17, and for school milk aid according to Minnesota Statutes, section 124D.118:

\$8,200,000 <u>\$8,340,000</u>	.....	2000
\$8,200,000 <u>\$8,566,000</u>	.....	2001

(b) Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of free, reduced, and fully paid federally reimbursable student lunches served during that school year.

(c) ~~If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.~~

(d) Not more than \$800,000 of the amount appropriated each year may be used for school milk aid.

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

Sec. 9. Laws 1999, chapter 241, article 7, section 2, subdivision 5, is amended to read:

Subd. 5. [SCHOOL BREAKFAST.] To operate the school breakfast program according to Minnesota Statutes, sections 124D.115 and 124D.117:

\$456,000 <u>\$713,000</u>	.....	2000
\$456,000 <u>\$713,000</u>	.....	2001

~~If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student breakfast shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.~~ Any unexpended balance remaining shall be used to subsidize the payments made for school lunch aid per Minnesota Statutes, section 124D.111.

Up to one percent of the program funding can be used by the department of children, families, and learning for technical and administrative assistance.

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

Sec. 10. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING WEB SITE.]

The department of children, families, and learning must maintain a list of pesticides that will enable a school district to identify whether the district is using a pesticide that is classified as toxicity category I, II, or III pesticide products or as restricted use pesticides under the Federal Insecticide, Fungicide, and Rodenticide Act for purposes of providing notice required by Minnesota Statutes, section 123B.575. To the extent practicable, the list maintained shall include the name under which the pesticide is registered by the environmental protection agency and the common brand names by which it is sold. The department must maintain the list on its Web site or as a prominent link on its Web site to another state or federal agency's Web site.

EFFECTIVE DATE: This section is effective August 1, 2000.

Sec. 11. [PESTICIDE REPORTING.]

(a) The commissioner of agriculture, in cooperation with the University of Minnesota extension service; the commissioners of administration; children, families, and learning; health; transportation; natural resources; and the pollution control agency; and other interested parties, must review the use of pesticide and integrated pest management techniques and practices as they are applied to the use and storage of pesticides in and around a representative sample of buildings owned by the state and buildings and grounds used for kindergarten through grade 12 public education. Recommendations by the commissioner of agriculture on the use and avoidance of pesticides and comprehensive integrated pest management practices in state buildings and kindergarten through grade 12 public school buildings, including the training of building managers and school personnel, must be presented to the environmental policy and finance committees of the legislature by January 15, 2001.

(b) For purposes of the review and report in paragraph (a), the term "pesticide" has the meaning given in Minnesota Statutes, section 18B.01, subdivision 18, except that it does not include disinfectants, sanitizers, deodorizers, or antimicrobial agents for general cleaning purposes.

Sec. 12. [FUND TRANSFERS.]

Subdivision 1. [LAKEVILLE.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, independent school district No. 194, Lakeville, may transfer up to \$1,000,000 from its reserved account for operating capital to the unreserved, undesignated general fund. When independent school district No. 194, Lakeville, attains a positive unreserved, undesignated general fund balance greater than ten percent of the most recent fiscal year's expenditures, the district shall transfer the amount exceeding ten percent to its reserve account for operating capital until an amount is transferred back that is equal to the amount transferred under this authority. This subdivision expires on December 31, 2014.

Subd. 2. [CHOKIO-ALBERTA.] (a) Notwithstanding Minnesota Statutes, section 123B.58, 123B.79, or 123B.80, on June 30, 2000, upon approval of the commissioner of children, families, and learning, independent school district No. 771, Chokio-Alberta, may permanently transfer up to \$121,000 from its reserved account for disabled accessibility to its undesignated general fund balance.

(b) Prior to making the fund transfer, independent school district No. 771, Chokio-Alberta, must demonstrate to the commissioner's satisfaction that the district's school buildings are accessible to students or employees with disabilities.

Subd. 3. [MAHTOMEDI.] Notwithstanding Minnesota Statutes, sections 123B.80, 123B.912, and 475.61, subdivision 4, on June 30, 2000, independent school district No. 832, Mahtomedi, may permanently transfer up to \$525,000 from its debt redemption fund to its capital account in its general fund without making a levy reduction to purchase land for a school facility.

Subd. 4. [NORMAN COUNTY EAST.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 2000, independent school district No. 2215, Norman County East, may permanently transfer up to \$419,000 from its building construction fund to the reserved account for operating capital in the general fund without making a levy reduction.

Subd. 5. [ST. FRANCIS.] Notwithstanding Minnesota Statutes, section 123B.53, on June 30, 2000, independent school district No. 15, St. Francis, may permanently transfer \$543,000 from its debt service fund to the general fund to help the district out of statutory operating debt without making a levy reduction. This transfer is contingent upon the district maintaining 105 percent of principal and interest against the debt service fund liabilities.

Subd. 6. [STAPLES-MOTLEY.] Notwithstanding Minnesota Statutes, sections 123B.79; 123B.80; and 475.61, subdivision 4, on May 31, 2000, independent school district No. 2170, Staples-Motley, may permanently transfer up to \$71,000 from the debt service account of the former independent school district No. 483, Motley, to independent school district No. 2170, Staples-Motley's, operating capital fund without making a levy reduction.

Subd. 7. [FERGUS FALLS.] Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, independent school district No. 544, Fergus Falls, on June 30, 2000, may permanently transfer up to \$200,000 from the debt redemption fund to the general fund without making a levy reduction.

Subd. 8. [CROOKSTON.] Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, independent school district No. 593, Crookston, on June 30, 2000, may permanently transfer up to \$400,000 from the debt redemption fund to the general fund without making a levy reduction.

Subd. 9. [LAKEVIEW SCHOOLS.] Notwithstanding any law to the contrary, independent school district No. 2167, Lakeview schools, is authorized to retain a cooperative facilities grant awarded in fiscal year 1995, and may permanently transfer that amount to its reserve account for operating capital.

Subd. 10. [PARKERS PRAIRIE.] Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, independent school district No. 547, Parkers Prairie, on June 30, 2000, may permanently transfer up to \$105,000 from the debt redemption fund to the reserved account for operating capital in the general fund without making a levy reduction.

Subd. 11. [GRAND MEADOW.] Notwithstanding Minnesota Statutes, sections 123B.79; 123B.80; and 475.61, subdivision 4, independent school district No. 495, Grand Meadow, may permanently transfer up to \$300,000 from its disabled access account in the general fund to its capital fund. This transfer is contingent upon the school district's successful construction of a new kindergarten through grade 12 school.

Subd. 12. [WIN-E-MAC.] At the completion of the consolidation of independent school district No. 604, Mentor, and independent school district No. 2609, Win-E-Mac, up to \$125,000 may be transferred from the former Mentor school district health and safety reserve fund to the Win-E-Mac health and safety reserve fund.

Subd. 13. [BROWERVILLE.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2000, independent school district No. 787, Browerville, may permanently transfer up to \$110,000 from its debt redemption fund to its general fund without making a levy reduction.

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

Sec. 13. [LEVY RESTORATION; INDEPENDENT SCHOOL DISTRICT NO. 2859, GLENCOE-SILVER LAKE.]

(a) Due to the special circumstances of its consolidation, independent school district No. 2859, Glencoe-Silver Lake, may levy up to one-third of the total of the sum from paragraph (b) in each of the fiscal years 2002, 2003, and 2004 due to under-levy in the period immediately following the district's consolidation.

(b) For each of the fiscal years of 1999, 2000, and 2001, the amount of the levy is equal to the sum of:

(1) the difference between the maximum amount of levy authorized by law for the fiscal year and the amount of levy certified by independent school district No. 2859, Glencoe-Silver Lake, under Minnesota Statutes 1996 and 1997 Supplement, section 124.2725;

(2) the difference between the maximum amount of levy authorized by law for the fiscal year and the amount of levy certified by independent school district No. 2859, Glencoe-Silver Lake, under Minnesota Statutes, section 126C.42; and

(3) the difference between the maximum amount of levy authorized by law for the fiscal year and the amount of levy certified by independent school district No. 2859, Glencoe-Silver Lake, under Minnesota Statutes, section 126C.22.

EFFECTIVE DATE: This section is effective for taxes payable in 2001.

Sec. 14. [INTERMEDIATE DISTRICTS.]

Notwithstanding any termination date in the agreements between the intermediate school districts and the Minnesota state colleges and universities board for the use of space in the technical colleges or any law to the contrary, the agreements shall not expire or terminate until June 30, 2010.

Sec. 15. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [MATCHING GRANTS FOR EDUCATION PROGRAMS SERVING HOMELESS CHILDREN.] For matching grants for education programs serving homeless children under Laws 1997, First Special Session chapter 4, article 2, section 48:

\$1,000,000 2001

This is a one-time appropriation.

Subd. 3. [COOPERATIVE SECONDARY FACILITY; PLANNING AND EXPENSES.] For a grant and administrative expenses to facilitate planning for a cooperative secondary facility under a joint powers agreement for school district Nos. 411, Balaton, 402, Ivanhoe, 404, Lake Benton, 418, Russell, 584, Ruthton, and 409, Tyler:

\$100,000 2001

This is a one-time appropriation.

Subd. 4. [BEST PRACTICES SEMINARS.] (a) For best practices graduation rule seminars and other professional development capacity building activities that assure proficiency in teaching and implementation of graduation rule standards:

\$5,000,000 2001

(b) The commissioner may make grants to Education Minnesota or other practitioners implementing or developing best practices. This appropriation is not intended to increase full-time equivalents or complements in the department of children, families, and learning.

(c) Of this amount, \$500,000 is for the Minnesota children's museum reading program, \$1,000,000 is for the Minnesota new teacher project, and \$1,000,000 is for an arts via the Internet collaborative project between the Walker art center and the Minneapolis institute of arts.

(d) The base budget for this program is \$5,000,000 for fiscal years 2002 and 2003. Of this amount, for fiscal year 2002, \$1,000,000 is for arts via the Internet collaborative project between the Walker art center and the Minneapolis institute of arts.

Subd. 5. [MAGNET SCHOOL FACILITIES GRANTS.] (a) For one-time magnet school facilities grants:

\$1,300,000 2001

(b) Of this amount, \$1,200,000 is for the discovery magnet school in independent school district No. 347, Willmar, for one-time facility and other start-up costs to convert a traditional first and second grade school building and program to a magnet school facility serving children from birth through grade 4. The education program at the

magnet facility shall emphasize birth through preschool parent education, all day, every day preschool and kindergarten programming, multiagency collaboration, second-language services for all students, multicultural programming, and parent goal setting.

(c) Of this amount, \$100,000 is to independent school district No. 696, Ely, to develop environmental curriculum related to the district's proximity to the Boundary Waters Canoe Area and Voyageurs National Park.

(d) This is a one-time appropriation.

Subd. 6. [GEOGRAPHIC INFORMATION SYSTEMS.] To the director of the office of strategic and long-range planning to enhance the office's use of geographic information systems for educational demographics and other purposes:

\$156,000 : : : : : 2001

This is a one-time appropriation.

Subd. 7. [GRANTS FOR SCHOOLS SERVING STUDENTS WITH CHEMICAL DEPENDENCIES.] For grants to schools serving students with chemical dependencies:

\$500,000 : : : : : 2001

The commissioner shall award grants to schools established exclusively to provide teens in recovery from alcohol and drug addiction a four-year high school education while maintaining sobriety. A sober high school located in Freeborn and a sober high school with campuses located in Edina and Oakdale/Maplewood shall receive up to \$5,000 per pupil unit. This is a one-time appropriation.

Subd. 8. [ASSISTANCE FOR IMMIGRANT FAMILIES.] For grants to organizations that assist immigrants, ages 12 to 24, in becoming literate and acquiring vocational skills:

\$500,000 : : : : : 2001

This is a one-time appropriation.

Sec. 16. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 124D.1155, subdivision 5, is repealed.

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

ARTICLE 8

KINDERGARTEN THROUGH GRADE 12 EDUCATION LIBRARIES

Section 1. Laws 1997, First Special Session chapter 4, article 8, section 4, as amended by Laws 1998, chapter 398, article 7, section 1, and Laws 1999, chapter 241, article 8, section 1, is amended to read:

Sec. 4. [LIBRARY PROJECT.]

Subdivision 1. [ESTABLISHMENT.] Notwithstanding law to the contrary and subject to approvals in subdivision 2, a public library may operate as a library project jointly with the school library at Nashwauk-Keewatin high school, located in the city of Nashwauk. The public library is established to serve persons within the boundaries of independent school district No. 319, except the city of Keewatin.

Subd. 2. [APPROVALS.] Operation of the public library is contingent upon the governing bodies of cities, towns, and unorganized townships within the geographical boundaries of independent school district No. 319, except for the city of Keewatin, entering into a joint powers agreement under Minnesota Statutes 1998, section 471.59, to accomplish the purpose of this section. The joint powers agreement must provide for continuing the library project if one party or more parties to the agreement withdraws from or fails to enter into the agreement. For the purposes of this subdivision, the Itasca county board is designated as the governing body for the unorganized townships.

Subd. 3. [BOARD; APPOINTMENTS.] The joint powers agreement in subdivision 2 shall provide for a library board of up to seven members as follows: two members appointed by the school board of independent school district No. 319, one member appointed by each town board located within independent school district No. 319 boundaries that is a signatory to the joint powers agreement, one member appointed by the council of the city of Nashwauk, and one member appointed by the Itasca county board to represent the unorganized towns within the school district territory.

Subd. 4. [BOARD TERMS; COMPENSATION.] The library board members shall serve for the term of the library project or to a maximum of three consecutive three-year terms. An appointing authority may remove for misconduct or neglect any member it has appointed to the board and may replace that member by appointment. Board members shall receive no compensation for their services but may be reimbursed for actual and necessary travel expenses incurred in the discharge of library board duties and activities.

Subd. 5. [FUNDING.] For taxes payable in ~~1998, 1999, 2000~~, 2001, 2002, and 2003 only, and provided that the joint powers agreement under subdivision 2 has been executed by September 1 of the previous calendar year, the library board may levy a tax in an amount up to \$25,000 annually on property located within the boundaries of independent school district No. 319, except the city of Keewatin. The Itasca county auditor shall collect the tax and distribute it to the library board. The levy shall be assessed against the individual members of the joint powers agreement. The money may be used for library staff and for the purchase of library materials, including computer software. ~~The levy must also fund the amount necessary to receive bookmobile services from the Arrowhead regional library system.~~ For taxes payable in ~~1998, 1999, 2000~~, 2001, 2002, and 2003 only, the county may not levy under Minnesota Statutes, section 134.07, for the areas described in this section.

Subd. 6. [BUILDING.] The school district shall provide the physical space and costs associated with operating the library including, but not limited to, heat, light, telephone service, and maintenance.

Subd. 7. [ORGANIZATION.] Immediately after appointment, the library board shall organize by electing one of its number as president and one as secretary, and it may appoint other officers it finds necessary.

Subd. 8. [DUTIES.] The library board shall adopt bylaws and regulations for the library and for the conduct of its business as may be expedient and conformable to law. It shall have exclusive control of the expenditure of all money collected for it. The library board shall appoint a qualified library director and other staff, establish the compensation of employees, and remove any of them for cause. The library board may contract with the school board, the regional library board, or the city in which the library is located to provide personnel, fiscal, or administrative services. The contract shall state the personnel, fiscal, and administrative services and payments to be provided by each party.

Subd. 9. [CRITERIA.] The library shall meet all requirements in statutes and rules applicable to public libraries and school media centers. A media supervisor licensed by the board of teaching may be the director of the library. Public parking, restrooms, drinking water, and other necessities shall be easily accessible to library patrons.

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

Sec. 2. Laws 1999, chapter 241, article 8, section 4, subdivision 4, is amended to read:

Subd. 4. [REGIONAL LIBRARY TELECOMMUNICATIONS AID.] For grants to regional public library systems under Minnesota Statutes, section 125B.20, subdivision 3:

\$1,200,000

.....

2000

~~\$1,200,000~~ \$3,606,000 2001

Any balance in the first year does not cancel but is available in the second year.

Notwithstanding Minnesota Statutes, section 125B.20, subdivision 3, this appropriation may be used for video lines in addition to the uses under Minnesota Statutes, section 125B.20, subdivision 3.

The budget base for this program for fiscal years 2002 and 2003 is \$1,200,000 for each year.

Sec. 3. Laws 1999, chapter 241, article 8, section 4, subdivision 5, is amended to read:

Subd. 5. [LIBRARY FOR THE BLIND.] For compact shelving, technology, and staffing for the Minnesota library for the blind and physically handicapped:

\$212,000 2000

This appropriation is available until June 30, 2001.

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

ARTICLE 9

KINDERGARTEN THROUGH GRADE 12 EDUCATION
STATE AGENCIES

Section 1. Laws 1999, chapter 241, article 10, section 6, is amended to read:

Sec. 6. [APPROPRIATIONS; LOLA AND RUDY PERPICH MINNESOTA CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the center for arts education for the fiscal years designated:

\$7,239,000 2000
\$7,400,000 2001

Of each year's appropriation, \$154,000 is to fund artist and arts organization participation in the education residency and education technology projects, \$75,000 is for school support for the residency project, \$121,000 is for further development of the partners: arts and school for students (PASS) program, including pilots, and ~~\$220,000~~ \$110,000 is to fund the center for arts education base for asset preservation and facility repair. The guidelines for the education residency project and the pass program shall be developed and defined by the center for arts education in cooperation with the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education and the Minnesota arts board shall cooperate to fund these projects.

Any balance in the first year does not cancel but is available in the second year.

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

Sec. 2. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.]

(a) The sums indicated in this section are appropriated from the general fund unless otherwise indicated to the department of children, families, and learning for the fiscal years designated.

\$32,316,000 2000
\$29,785,000 2001

(b) Any balance the first year does not cancel but is available in the second year.

(c) \$21,000 each year is from the trunk highway fund.

(d) \$673,000 in 2000 and \$678,000 in 2001 is for the board of teaching.

(e) Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, the commissioner of children, families, and learning may contract with a school district for a period no longer than five consecutive years to work in the development or implementation of the graduation rule. The commissioner may contract for services and expertise as necessary. The contracts are not subject to Minnesota Statutes, section 16B.06.

(f) \$165,000 in 2000 is for the state board of education. Any functions of the state board of education that are not specifically transferred to another agency are transferred to the department of children, families, and learning under Minnesota Statutes, section 15.039. For the position that is classified, upon transferring the responsibilities, the current incumbent is appointed to the classified position without exam or probationary period.

(g) \$2,000,000 in 2000 is for litigation costs and may only be used for those purposes. This appropriation is available until June 30, 2001. This is a one-time appropriation.

EFFECTIVE DATE: This section is effective retroactive to July 1, 1999.

Sec. 3. [REPEALER.]

Laws 1999, chapter 241, article 10, section 5, is repealed retroactive to July 1, 1999.

EFFECTIVE DATE: This section is effective retroactive to July 1, 1999.

ARTICLE 10

KINDERGARTEN THROUGH GRADE 12 EDUCATION TECHNICAL, CONFORMING, AND CLARIFYING AMENDMENTS

Section 1. Minnesota Statutes 1998, section 120A.22, subdivision 3, is amended to read:

Subd. 3. [PARENT DEFINED; RESIDENCY DETERMINED.] (a) In this section and sections 120A.24; and 120A.26, and ~~120A.41~~, "parent" means a parent, guardian, or other person having legal custody of a child.

(b) In sections 125A.03 to 125A.24 and 125A.65, "parent" means a parent, guardian, or other person having legal custody of a child under age 18. For an unmarried pupil age 18 or over, "parent" means the pupil unless a guardian or conservator has been appointed, in which case it means the guardian or conservator.

(c) For purposes of sections 125A.03 to 125A.24 and 125A.65, the school district of residence for an unmarried pupil age 18 or over who is a parent under paragraph (b) and who is placed in a center for care and treatment, shall be the school district in which the pupil's biological or adoptive parent or designated guardian resides.

(d) For a married pupil age 18 or over, the school district of residence is the school district in which the married pupil resides.

Sec. 2. Minnesota Statutes 1998, section 123B.02, is amended by adding a subdivision to read:

Subd. 5a. [TRESPASSES ON SCHOOL PROPERTY.] Trespasses on school property shall be governed according to section 609.605, subdivision 4.

Sec. 3. Minnesota Statutes 1998, section 123B.85, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] The following words and terms in sections 121A.585, 121A.59, 123B.84 to 123B.87, ~~and 123B.89 to 123B.90~~, and 123B.91, shall have the following meanings ascribed to them.

Sec. 4. Minnesota Statutes 1999 Supplement, section 124D.128, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER DESIGNATION.] An area learning center designated by the state must be a site. To be designated, a district or center must demonstrate to the commissioner that it will:

(1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

(2) maintain a record system that, for purposes of section ~~124.17~~ 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total number of pupil units attributable to an individual pupil as a result of a learning year program.

Sec. 5. Minnesota Statutes 1998, section 124D.454, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of this section ~~and section 125A.77~~, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995. Base year for later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means 1.00 for fiscal year 1998 and later.

(e) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997, 80 percent for fiscal year 1998, 90 percent for fiscal year 1999, and 100 percent for fiscal year 2000 and later.

Sec. 6. Minnesota Statutes 1998, section 124D.454, subdivision 10, is amended to read:

Subd. 10. [EXCLUSION.] A district shall not receive aid pursuant to section 124D.453; ~~or 125A.76, or 125A.77~~ for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

Sec. 7. Minnesota Statutes 1999 Supplement, section 125A.023, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For purposes of this section and section 125A.027, the following terms have the meanings given them:

(a) "Health plan" means:

(1) a health plan under section 62Q.01, subdivision 3;

(2) a county-based purchasing plan under section 256B.692;

(3) a self-insured health plan established by a local government under section 471.617; or

(4) self-insured health coverage provided by the state to its employees or retirees.

(b) For purposes of this section, "health plan company" means an entity that issues a health plan as defined in paragraph (a).

(c) "Individual interagency intervention plan" means a standardized written plan describing those programs or services and the accompanying funding sources available to eligible children with disabilities.

(d) "Interagency intervention service system" means a system that coordinates services and programs required in state and federal law to meet the needs of eligible children with disabilities ages three to 21, including:

(1) services provided under the following programs or initiatives administered by state or local agencies:

(i) the maternal and child health program under title V of the Social Security Act, United States Code, title 42, sections 701 to 709;

(ii) the Individuals with Disabilities Education Act under United States Code, title 20, chapter 33, subchapter II, sections 1411 to 1420;

(iii) medical assistance under the Social Security Act, United States Code, title 42, chapter 7, subchapter XIX, section 1396, et seq.;

(iv) the Developmental Disabilities Assistance and Bill of Rights Act, United States Code, title 42, chapter 75, subchapter II, sections 6021 to 6030, Part B;

(v) the Head Start Act, United States Code, title 42, chapter 105, subchapter II, sections 9831 to 9852;

(vi) rehabilitation services provided under chapter 268A;

(vii) Juvenile Court Act services provided under sections 260.011 to 260.91; 260B.001 to 260B.446; and 260C.001 to 260C.451;

(viii) the children's mental health collaboratives under section 245.493;

(ix) the family service collaboratives under section 124D.23;

(x) the family community support plan under section 245.4881, subdivision 4;

(xi) the MinnesotaCare program under chapter 256L;

(xii) the community health services grants under chapter 145;

(xiii) the Community Social Services Act funding under the Social Security Act, United States Code, title 42, sections 1397 to 1397f; and

(xiv) the community ~~interagency~~ transition interagency committees under section 125A.22;

(2) services provided under a health plan in conformity with an individual family service plan or an individual education plan; and

(3) additional appropriate services that local agencies and counties provide on an individual need basis upon determining eligibility and receiving a request from the interagency early intervention committee and the child's parent.

(e) "Children with disabilities" has the meaning given in section 125A.02.

(f) A "standardized written plan" means those individual services or programs available through the interagency intervention service system to an eligible child other than the services or programs described in the child's individual education plan or the child's individual family service plan.

Sec. 8. Minnesota Statutes 1999 Supplement, section 125A.023, subdivision 5, is amended to read:

Subd. 5. [INTERVENTION DEMONSTRATION PROJECTS.] (a) The commissioner of children, families, and learning, based on recommendations from the state interagency committee, shall issue a request for proposals by January 1, 1999, for grants to the governing boards of interagency early intervention committees under section 125A.027 or a combination of one or more counties and school districts to establish five voluntary interagency intervention demonstration projects. One grant shall be used to implement a coordinated service system for all eligible children with disabilities up to age five who received services under sections 125A.26 to 125A.48. One grant shall be used to implement a coordinated service system for a population of minority children with disabilities from ages 12 to 21, who may have behavioral problems and are in need of transitional services. Each project must be operational by July 1, 1999. The governing boards of the interagency early intervention committees and the counties and school districts receiving project grants must develop efficient ways to coordinate services and funding for children with disabilities ages three to 21, consistent with the requirements of this section and section 125A.027 and the guidelines developed by the state interagency committee under this section.

(b) The state interagency committee shall evaluate the demonstration projects and provide the evaluation results to interagency early intervention committees.

Sec. 9. Minnesota Statutes 1999 Supplement, section 125A.08, is amended to read:

125A.08 [SCHOOL DISTRICT OBLIGATIONS.]

(a) As defined in this section, ~~to the extent required by federal law as of July 1, 2000~~, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individual education plan. The individual education plan team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individual education plan. The plan must address the student's need to develop skills to live and work as independently as possible within the community. By grade 9 or age 14, the plan must address the student's needs for transition from secondary services to post-secondary education and training, employment, community participation, recreation, and leisure and home living. In developing the plan, districts must inform parents of the full range of transitional goals and related services that should be considered. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial assessment or reassessment, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(b) For paraprofessionals employed to work in programs for students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon employment, each paraprofessional develops sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs of the students with whom the paraprofessional works;

(2) annual training opportunities are available to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 10. Minnesota Statutes 1998, section 125A.76, subdivision 7, is amended to read:

Subd. 7. [REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES.] For the purposes of this section and ~~section 125A.77~~, a special education cooperative or an intermediate district must allocate its approved expenditures for special education programs among participating school districts.

Sec. 11. Minnesota Statutes 1999 Supplement, section 125A.79, subdivision 8, is amended to read:

Subd. 8. [OUT-OF-STATE TUITION.] For children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under ~~section 125A.115~~ 125A.155, the resident school district shall submit the balance of the tuition bills, minus the amount of the basic revenue, as defined by section 126C.10, subdivision 2, of the district for the child and the special education aid, and any other aid earned on behalf of the child.

Sec. 12. Minnesota Statutes 1999 Supplement, section 125A.80, is amended to read:

125A.80 [UNIFORM BILLING SYSTEM FOR THE EDUCATION COSTS OF OUT-OF-HOME PLACED STUDENTS.]

The commissioner, in cooperation with the commissioners of human services and corrections and with input from appropriate billing system users, shall develop and implement a uniform billing system for school districts and other agencies, including private providers, who provide the educational services for students who are placed out of the home. The uniform billing system must:

- (1) allow for the proper and timely billing to districts by service providers with a minimum amount of district administration;
- (2) allow districts to bill the state for certain types of special education and regular education services as provided by law;
- (3) provide flexibility for the types of services that are provided for children placed out of the home, including day treatment services;
- (4) allow the commissioner to track the type, cost, and quality of services provided for children placed out of the home;
- (5) conform existing special education and proposed regular education billing procedures;
- (6) provide a uniform reporting standard of per diem rates;
- (7) determine allowable expenses and maximum reimbursement rates for the state reimbursement of care and treatment services ~~according to section 124D.701~~; and
- (8) provide a process for the district to appeal to the commissioner tuition bills submitted to districts and to the state.

Sec. 13. Minnesota Statutes 1999 Supplement, section 125B.21, subdivision 3, is amended to read:

Subd. 3. [CRITERIA.] In addition to responsibilities of the council under Laws 1993, First Special Session chapter 2, as amended, the telecommunications council shall evaluate grant applications under section ~~124C.74~~ 125B.20 and applications from district organizations using the following criteria:

- (1) evidence of cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in the geographic region;
- (2) plans for shared classes and programs;
- (3) avoidance of network duplication;
- (4) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;
- (5) a plan for development of a list of all courses available in the region for delivery at a distance;
- (6) a plan for coordinating and scheduling courses; and
- (7) a plan for evaluation of costs, access, and outcomes.

Sec. 14. Minnesota Statutes 1998, section 126C.12, subdivision 2, is amended to read:

Subd. 2. [INSTRUCTOR DEFINED.] Primary instructor means a public employee licensed by the board of teaching whose duties are full-time instruction, excluding a teacher for whom categorical aids are received pursuant to ~~sections section 125A.76 and 125A.77~~. Except as provided in section 122A.68, subdivision 6, instructor does not include supervisory and support personnel, except school social workers as defined in section 122A.15. An instructor whose duties are less than full-time instruction must be included as an equivalent only for the number of hours of instruction in grades kindergarten through 6.

Sec. 15. Minnesota Statutes 1998, section 127A.05, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE RULES.] The commissioner may adopt new rules ~~and amend them~~ or amend any existing rules only under specific authority and consistent with the requirements of chapter 14. The commissioner may repeal any existing rules adopted by the commissioner. Notwithstanding the provisions of section 14.05, subdivision 4, the commissioner may grant a variance to rules adopted by the commissioner upon application by a school district for purposes of implementing experimental programs in learning or school management. This subdivision shall not prohibit the commissioner from making technical changes or corrections to ~~adopted~~ adopted by the commissioner.

Sec. 16. Minnesota Statutes 1998, section 127A.41, subdivision 8, is amended to read:

Subd. 8. [APPROPRIATION TRANSFERS.] If a direct appropriation from the general fund to the department for any education aid or grant authorized in this chapter and chapters 122A, 123A, 123B, 124D, 126C, and 134, excluding appropriations under sections 124D.135, ~~124D.14~~, 124D.16, 124D.20, 124D.21, 124D.22, 124D.52, 124D.53, 124D.54, 124D.55, and 124D.56, exceeds the amount required, the commissioner may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 126C.20 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations must be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 17. Minnesota Statutes 1998, section 127A.41, subdivision 9, is amended to read:

Subd. 9. [APPROPRIATION TRANSFERS FOR COMMUNITY EDUCATION PROGRAMS.] If a direct appropriation from the general fund to the department of children, families, and learning for an education aid or grant authorized under section 124D.135, ~~124D.14~~, 124D.16, 124D.20, 124D.21, 124D.22, 124D.52, 124D.53, 124D.54, 124D.55, or 124D.56 exceeds the amount required, the commissioner of children, families, and learning may transfer the excess to any education aid or grant appropriation that is insufficiently funded under these sections. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of children, families, and learning. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 18. Minnesota Statutes 1999 Supplement, section 181A.04, subdivision 6, is amended to read:

Subd. 6. A high school student under the age of 18 must not be permitted to work after 11:00 p.m. on an evening before a school day or before 5:00 a.m. on a school day, except as permitted by section 181A.07, subdivisions 1, 2, 3, and 4. If a high school student under the age of 18 has supplied the employer with a note signed by the parent or guardian of the student, the student may be permitted to work until 11:30 p.m. on the evening before a school day and beginning at 4:30 a.m. on a school day.

For the purpose of this subdivision, a high school student does not include a student enrolled in an alternative education program approved by the commissioner of children, families, and learning or an area learning center, including area learning centers under sections 123A.05 to 123A.08 or according to section ~~122A.164~~ 122A.163.

Sec. 19. Laws 1999, chapter 241, article 1, section 69, is amended to read:

Sec. 69. [REPEALER.]

(a) Minnesota Statutes 1998, sections 123B.89; and 123B.92, subdivisions 2, 4, 6, 7, 8, and 10, are repealed.

(b) Minnesota Statutes 1998, section 120B.05, is repealed effective for revenue for fiscal year 2000.

(c) Minnesota Statutes 1998, section 124D.65, subdivisions 1, 2, and 3, are repealed effective for revenue for fiscal year 2001.

(d) Minnesota Statutes 1998, sections 124D.67; 126C.05, subdivision 4; and 126C.06, are repealed effective the day following final enactment.

~~This appropriation is available until June 30, 2001.~~

Sec. 20. Laws 1999, chapter 241, article 9, section 49, is amended to read:

Sec. 49. [TRANSITION.]

Notwithstanding Minnesota Statutes, section 15.0597, the terms of persons who are members appointed by the governor before the effective date of section ~~8 37~~, shall have their term end on July 31 of the year following the last year of their appointment.

Sec. 21. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor shall renumber section 123B.02, subdivision 12, as 120A.22, subdivision 1a. The revisor shall correct all cross-references to be consistent with the renumbering.

Sec. 22. [REPEALER.]

Laws 1999, chapter 241, article 9, sections 35 and 36, and chapter 245, article 4, section 3, are repealed.

ARTICLE 11

HIGHER EDUCATION

Section 1. [HIGHER EDUCATION APPROPRIATIONS.]

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this article. The listing of an amount under the figure "2000" or "2001" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively. "The first year" is fiscal year 2000. "The second year" is fiscal year 2001. "The biennium" is fiscal years 2000 and 2001.

SUMMARY BY FUND

	2000	2001	TOTAL
General	\$5,800,000	\$8,200,000	\$14,000,000

SUMMARY BY AGENCY - ALL FUNDS

	2000	2001	TOTAL
Board of Trustees of the Minnesota State Colleges and Universities	5,800,000	7,380,000	13,180,000
Board of Regents of the University of Minnesota	-0-	820,000	820,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Sec. 2. BOARD OF TRUSTEES OF THE MINNESOTA
STATE COLLEGES AND UNIVERSITIES

Subdivision 1. Total Appropriation	5,800,000	7,380,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Deficiency Appropriations

5,800,000	5,800,000	
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This is a deficiency appropriation for increased enrollments. This appropriation is in addition to the appropriation in Laws 1999, chapter 214, article 1, section 3, subdivision 1. This is a one-time appropriation.

Subd. 3. Farm Business Management

-0-	250,000	
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This appropriation is to provide educational and management services to a greater number of farmers facing financial hardship in the farm wrap and farm help network service areas.

Subd. 4. Urban Teacher Preparation

-0-	1,250,000	
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This appropriation is for the development and implementation of the secondary and early childhood education components of the program established by this subdivision.

(a) The board shall offer a program of teacher preparation leading to licensure, involving Metropolitan State University, Inver Hills Community College, and Minneapolis Community and Technical College. The institutions involved shall enter into an agreement whereby Inver Hills Community College and Minneapolis Community and Technical College shall provide the first two years of the program, and Metropolitan State University shall provide the final two years of the program. In fall semester 2000, Minneapolis Community and Technical College and Inver Hills Community College shall offer a preeducation program. After development of the program in fiscal year 2001, Metropolitan State University shall begin its licensure program in fall semester 2001. The program shall focus on preparing teachers to meet the specific needs of urban and inner-ring suburban schools and shall emphasize significant direct classroom teaching experience and

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

mentoring throughout each student's preparation. The program may also focus on the professional development of pretenure teachers. Metropolitan State University, Inver Hills Community College, and Minneapolis Community and Technical College are encouraged to enter into partnerships with urban and inner-ring suburban schools to provide for significant involvement of elementary and secondary teachers in the mentoring of students enrolled in the program.

(b) The legislature expects the program to enroll at least 50 percent students of color.

(c) By February 15, 2002, and annually thereafter, the board of trustees shall provide a progress report to the chairs of the higher education finance divisions of the legislature regarding the development of the teacher preparation program. The annual report shall include, to the extent practicable at the time of preparation, information comparing program outcomes with the target expectations set forth in paragraph (b). The report shall include feedback from enrolled students concerning how the program meets their needs, as well as from cooperating elementary and secondary schools on how the students are performing on site.

Subd. 5. Cook County Higher Education Project

-0- 80,000

This appropriation is for the Cook county higher education project for delivery of educational services electronically due to the lack of access to higher education services in the area. The board shall submit a report in the biennial budget document on uses of the appropriation. The report shall include information regarding the number of students served, credit hours delivered, other services provided, strategic direction of the project, expected future funding sources, and collaborations with other organizations.

Subd. 6. Allocation For Excess Health Care Costs

The board must provide relief to campuses who have experienced health care cost increases of greater than 80 percent above the systemwide average increase since 1996.

Sec. 3. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation

820,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Duluth; Child Care

-0- 220,000

This is a one-time appropriation for start-up costs for child care in the newly renovated Kirby Center.

Subd. 3. Special Appropriation

Agricultural Rapid Response Fund

-0- 600,000

This appropriation is for the rapid agricultural response fund. The university shall report on the uses of this appropriation in the biennial budget document. This appropriation is added to the appropriation in Laws 1999, chapter 214, article 1, section 4, subdivision 5, paragraph (a).

Sec. 4. Minnesota Statutes 1998, section 136A.125, is amended by adding a subdivision to read:

Subd. 4c. [UNEXPENDED BALANCE.] Any unexpended appropriation in the child care grant program in the first year of a biennium shall be used to augment the maximum award in subdivision 4 in the second year of the biennium.

Sec. 5. Laws 1999, chapter 214, article 1, section 4, subdivision 2, is amended to read:

Subd. 2. Operations and Maintenance 513,279,000 533,870,000

Estimated Expenditures and Appropriations

The legislature estimates that instructional expenditures will be \$461,521,000 in the first year and \$484,679,000 in the second year.

The legislature estimates that noninstructional expenditures will be \$202,367,000 in the first year and \$201,717,000 in the second year.

By January 30, 2000, the University shall submit to the governor and the legislature a master academic plan for the Rochester region that clearly defines the academic needs of the region, short and long-term plans to address those needs including the designation of responsibility among the partner institutions, short and long-term demographic and enrollment projections, physical plant capacity and needs, and a delineation of missions among the partner institutions to avoid competition and duplication.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Notwithstanding Minnesota Statutes 1998, section 137.022, subdivision 4, in fiscal year 2001 the first \$200,000 of permanent university fund income from royalties for mining under state mineral leases designated for the natural resources research institute shall be allocated by the board of regents to the department of landscape architecture to develop a long-range plan for the reclamation of taconite mining lands. The board shall allocate the money ~~only if an equal or greater amount of matching money from nonstate sources has been pledged to support the project by June 30, 2000~~ in increments of \$50,000 as each \$50,000 is matched by nonstate sources, provided that no money may be allocated after June 30, 2001.

The University of Minnesota academic health center, after consultation with the health care community and medical education and research costs advisory committee, shall report by January 15, 2000, to the higher education finance committees on the strategic direction of its health professional programs. The plans shall include a programmatic and financial model for health professional education that will meet the state's future workforce needs, maintain the integrity of the education process, provide an appropriate level of ongoing financial support, and provide a framework for the health community and academic health center to work together in meeting the health needs of the state. The academic health center is requested to provide the report also to the commissioner of health and the legislative commission on health care access.

Sec. 6. [FACILITY USE ANALYSIS OF MINNESOTA STATE COLLEGES AND UNIVERSITIES AND INTERMEDIATE SCHOOL DISTRICTS.]

The intermediate school districts and the board of trustees of the Minnesota state colleges and universities shall contract with the management analysis division of the department of administration for an analysis and report to the legislature on the educational space needs of Century community and technical college and intermediate school district No. 916, Dakota county technical college and intermediate school district No. 917, and Hennepin technical college and intermediate school district No. 287. The board of trustees will pay 50 percent of the cost of the contract and the intermediate school districts will pay the remainder. The report shall: (a) include an analysis of current and future educational space needs in buildings shared by the intermediate school districts and Minnesota state colleges and universities; (b) include information on the amount paid from property taxes to construct the space used by intermediate school districts in each facility under Minnesota state colleges and universities control; (c) analyze areas where the missions and space requirements are compatible and long-term sharing of space will efficiently serve students; (d) include recommendations, if any, for amendments to the current joint powers agreements; and (e) recommend facility arrangements and financing alternatives for space needed to relocate programs or services provided by intermediate school districts. The alternative financing recommendations may include, but are not limited to, state appropriations, state capital bonding, local bonding, or local levies to provide instructional and administrative space. The report shall be delivered to the kindergarten through grade 12 and higher education committees of the legislature prior to February 1, 2001.

Notwithstanding any termination date in the agreements between the intermediate school districts and the Minnesota state colleges and universities board for the use of space in the technical colleges or any law to the contrary, the agreements shall not expire or terminate until June 30, 2010.

Sec. 7. [MANAGEMENT ANALYSIS OF MINNESOTA STATE COLLEGES AND UNIVERSITIES.]

The management analysis division of the department of administration must review board-level administration and management of the Minnesota state colleges and universities and make recommendations to the board of trustees and the legislature by February 1, 2001, as to:

(1) the extent that the board should delegate its control and authority over internal system operations, including, but not limited to, contracting, employment responsibilities, and hiring and supervisory authority with respect to campus presidents;

(2) the necessity for an independent staff for the board of trustees and if necessary, the appropriate role for such independent staff;

(3) other issues deemed important to the improvement of board-level management; and

(4) practices that will improve reporting by the system to the board.

The board of trustees must contract with the management analysis division of the department of administration for the study under this section.

Sec. 8. [REPEALER.]

Minnesota Rules, parts 4830.9005; 4830.9010; 4830.9015; 4830.9020; and 4830.9030, are repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to education; providing for family and early childhood education; providing for disclosure of data; changing requirements for child care assistance and child care programs; making changes to adult basic education programs; modifying child care licensing and inservice training requirements; changing eligibility for individual development accounts; creating task forces; authorizing commissioner of children, families, and learning to make certain grants; providing for kindergarten through grade 12 general education, special programs, employment and transitions, facilities and technology, educational excellence and other policy, nutrition and other programs, fund transfers, libraries, and technical, conforming, and clarifying amendments; providing for higher education; requiring a study and report; providing relief to campuses experiencing increased health care costs; appropriating money to Minnesota state colleges and universities to fund increased enrollment; appropriating money; amending Minnesota Statutes 1998, sections 119B.03, by adding a subdivision; 120A.22, subdivision 3; 120B.13, subdivision 4; 121A.61, subdivision 3; 122A.31, subdivision 4; 122A.68, subdivision 4; 123A.485, subdivision 4; 123B.02, by adding a subdivision; 123B.04, subdivision 2; 123B.143, subdivision 1; 123B.51, subdivision 6; 123B.52, by adding a subdivision; 123B.57, subdivision 1; 123B.71, subdivision 10; 123B.72, subdivision 3; 123B.75, subdivision 5; 123B.77, subdivision 3; 123B.79, subdivision 7; 123B.85, subdivision 1; 123B.88, subdivision 3; 123B.90, subdivision 1; 124D.03, subdivision 1; 124D.081, subdivision 6; 124D.10, subdivision 9; 124D.111, subdivision 1; 124D.16, subdivision 1; 124D.44; 124D.454, subdivisions 2, 4, 6, 7, and 10; 124D.52, subdivisions 1, 2, 3, and by adding subdivisions; 124D.86, subdivision 6, and by adding subdivisions; 124D.88, by adding a subdivision; 124D.892, subdivision 3; 125A.76, subdivision 7; 126C.12, subdivision 2; 126C.16, subdivision 3; 126C.40, subdivision 1; 126C.69, subdivision 15; 127A.05, subdivision 4; 127A.41, subdivisions 8 and 9; 128D.11, subdivision 3; 136A.125, by adding a subdivision; 169.447, by adding a subdivision; 169.448,

subdivision 3; 171.06, subdivision 2; 171.321, subdivisions 2, 3, 4, and 5; 245A.14, subdivision 4, and by adding subdivisions; and 471.15; Minnesota Statutes 1999 Supplement, sections 13.32, subdivision 3; 119B.011, subdivisions 12, 15, as amended, and 20; 119B.03, subdivision 4; 119B.05, subdivision 1; 120B.30, subdivision 1; 122A.23; 122A.31, subdivision 1; 122A.61, subdivision 1; 123B.54; 123B.83, subdivision 4; 123B.90, subdivision 2; 123B.91, subdivision 1; 124D.10, subdivisions 3, 8, 11, 15, and 23; 124D.11, subdivisions 1 and 6; 124D.1155, subdivision 2; 124D.128, subdivision 2; 124D.221, subdivision 2; 124D.453, subdivision 3; 124D.53, subdivision 3; 124D.65, subdivision 4; 124D.68, subdivision 9; 124D.84, subdivision 1; 124D.86, subdivisions 1 and 3; 124D.87; 124D.88, subdivision 3; 125A.023, subdivisions 3 and 5; 125A.027, subdivision 3; 125A.08; 125A.15; 125A.51; 125A.76, subdivisions 1 and 2; 125A.79, subdivisions 2, 5, and 8; 125A.80; 125B.21, subdivision 3; 126C.05, subdivisions 5 and 6; 126C.052; 126C.10, subdivisions 2, 13, 14, 23, 24, 25, and 26; 126C.12, subdivision 1; 126C.17, subdivision 9; 126C.40, subdivision 6; 126C.44, as amended; 127A.05, subdivision 6; 127A.42, subdivision 3; 127A.45, subdivision 12a; 127A.51; 169.974, subdivision 2; 171.05, subdivision 2; 181A.04, subdivision 6; and 260C.143, subdivision 4; Laws 1992, chapter 499, article 7, sections 31, as amended; and 32; Laws 1997, chapter 157, section 71, as amended; Laws 1997, First Special Session chapter 4, article 8, section 4, as amended; Laws 1998, First Special Session chapter 1, article 1, sections 10, subdivision 1, as amended; and 11, subdivisions 1 and 2, as amended; Laws 1999, chapter 205, article 1, sections 65 and 71, subdivisions 3, 7, and 9; article 2, section 4, subdivisions 2 and 3; article 4, section 12, subdivisions 5, 6, and 7; chapter 214, article 1, section 4, subdivision 2; 216, article 4, section 12; chapter 241, article 1, sections 68, subdivisions 2, 4, and 5; 69; and 70; article 2, section 60, subdivisions 7, 9, 12, 13, 14, 17, and 19; article 3, sections 3, subdivisions 3 and 4; and 5; article 4, sections 27, subdivisions 2, 3, 4, 5, 10, and 11; and 29; article 5, section 18, subdivisions 5 and 6; article 6, section 14, subdivisions 2, 3, 4, and 5; article 7, section 2, subdivisions 2 and 5; article 8, section 4, subdivisions 4 and 5; article 9, section 49; and article 10, section 6; proposing coding for new law in Minnesota Statutes, chapters 121A; 123B; 124D; 125B; and 134; repealing Minnesota Statutes 1998, section 124D.53; Minnesota Statutes 1999 Supplement, sections 124D.1155, subdivision 5; Laws 1998, First Special Session chapter 1, article 1, section 10, subdivision 2, as amended; Laws 1999, chapter 241, article 9, sections 35 and 36; article 10, section 5; chapter 245, article 4, section 3; Minnesota Rules, parts 3535.9920; 4830.9005; 4830.9010; 4830.9015; 4830.9020; and 4830.9030."

We request adoption of this report and repassage of the bill.

House Conferees: ALICE SEAGREN, BARBARA SYKORA, HARRY MARES, MARTY SEIFERT AND GENE PELOWSKI, JR.

Senate Conferees: LAWRENCE J. POGEMILLER, MARTHA R. ROBERTSON, PAT PIPER, DEANNA L. WIENER AND DAVID L. KNUTSON.

Seagren moved that the report of the Conference Committee on H. F. No. 3800 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker called Rest to the Chair.

H. F. No. 3800, as amended by Conference, was read for the third time.

LAY ON THE TABLE

Pawlenty moved that H. F. No. 3800, as amended by Conference, be laid on the table.

A roll call was requested and properly seconded.

The question was taken on the Pawlenty motion and the roll was called. There were 70 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Hackbarth	Mares	Rhodes	Tingelstad
Abrams	Dempsey	Harder	McElroy	Rifenberg	Tuma
Anderson, B.	Dorman	Holberg	Molnau	Rostberg	Van Dellen
Bishop	Erhardt	Holsten	Mulder	Seagren	Vandever
Boudreau	Erickson	Howes	Ness	Seifert, J.	Westerberg
Bradley	Finseth	Kielkucki	Nornes	Seifert, M.	Westfall
Broecker	Fuller	Knoblach	Olson	Smith	Westrom
Buesgens	Gerlach	Krinkie	Osskopp	Stanek	Wilkin
Cassell	Goodno	Kuisle	Ozment	Stang	Workman
Clark, J.	Gunther	Larsen, P.	Paulsen	Storm	Spk. Sviggum
Daggett	Haake	Leppik	Pawlenty	Swenson	
Davids	Haas	Lindner	Reuter	Sykora	

Those who voted in the negative were:

Anderson, I.	Gleason	Kahn	Mariani	Pelowski	Trimble
Bakk	Gray	Kalis	Marko	Peterson	Tunheim
Biernat	Greenfield	Kelliher	McCollum	Pugh	Wagenius
Carlson	Greiling	Koskinen	McGuire	Rest	Wejcmán
Carruthers	Hasskamp	Kubly	Milbert	Rukavina	Wenzel
Chaudhary	Hilty	Larson, D.	Mullery	Schumacher	Winter
Clark, K.	Huntley	Leighton	Murphy	Skoe	
Dawkins	Jaros	Lenczewski	Opatz	Skoglund	
Dorn	Jennings	Lieder	Osthoff	Solberg	
Entenza	Johnson	Luther	Otremba	Swapinski	
Folliard	Juhnke	Mahoney	Paymar	Tomassoni	

The motion prevailed and H. F. No. 3800, as amended by Conference, was laid on the table.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3312

A bill for an act relating to agriculture; changing the scope of the value-added agricultural product processing and marketing grant program; establishing a certification pilot program; changing meeting provisions and duties of the board of grain standards; changing certain fees; making technical changes to pesticide and fertilizer laws; clarifying the scope of certain regulation of wholesale produce dealers; updating certain food standards; simplifying certain language; providing for uniformity in meat and poultry inspection; changing certain reporting requirements; increasing the amount of livestock dealer bonds; clarifying status of certain grain buying transactions; changing certain grain storage provisions; changing the corporate and partnership farming law; amending Minnesota Statutes 1998, sections 17.101, subdivision 5; 17A.05, subdivision 2; 17B.07; 17B.12; 18C.005, subdivision 34, and by adding a subdivision; 18C.215, subdivisions 1, 2, and by adding a subdivision; 18C.411, subdivision 1; 18C.421, subdivision 1; 18D.201, subdivision 3; 27.01, subdivision 8; 27.19, subdivision 1; 31.101, as amended; 31.102, subdivision 1; 31.103, subdivision 1; 31.104; 31.632; 31.633, subdivision 1; 31.651; 31A.02, subdivisions 5, 6, 10, 13, and 14; 31A.03; 31A.05; 31A.06; 31A.07, subdivisions 1 and 2; 31A.08; 31A.10; 31A.13; 31A.16; 31A.17; 223.16, subdivision 5; 223.17, subdivision 5; 223.175; 232.21, by adding a subdivision; 232.23, subdivisions 1, 3, and 6; 500.24, subdivisions 3a, 3b, 4, and 5; and 500.245, subdivision 2; Minnesota Statutes 1999 Supplement, sections 17B.15, subdivision 1; 28A.075; 31A.01; 31A.15, subdivision 1; 31B.07, subdivision 3; 500.24, subdivisions 2 and 3; and 500.245, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 17.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 3312, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 3312 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 17.101, subdivision 5, is amended to read:

Subd. 5. [VALUE-ADDED AGRICULTURAL PRODUCT PROCESSING AND MARKETING GRANT PROGRAM.] (a) For purposes of this section:

(1) "agricultural commodity" means a material produced for use in or as food, feed, seed, or fiber and includes crops for fiber, food, oilseeds, seeds, livestock, livestock products, dairy, dairy products, poultry, poultry products, and other products or by-products of the farm produced for the same or similar use, except ethanol; and

(2) "agricultural product processing facility" means land, buildings, structures, fixtures, and improvements located or to be located in Minnesota and used or operated primarily for the processing or production of marketable products from agricultural commodities produced in Minnesota.

(b) The commissioner shall establish and implement a value-added agricultural product processing and marketing grant program to help farmers finance new cooperatives that organize for the purposes of operating agricultural product processing facilities and for marketing activities related to the sale and distribution of processed agricultural products.

(c) To be eligible for this program a grantee must:

- (1) be a cooperative organized under chapter 308A;
- (2) certify that all of the control and equity in the cooperative is from farmers as defined in section 500.24, subdivision 2, who are actively engaged in agricultural commodity production;
- (3) be operated primarily for the processing of agricultural commodities produced in Minnesota;
- (4) receive agricultural commodities produced primarily by shareholders or members of the cooperative; and
- (5) have no direct or indirect involvement in the production of agricultural commodities.

(d) The commissioner may receive applications from and make grants up to \$50,000 for feasibility, marketing analysis, assistance with organizational development, financing and managing new cooperatives, product development, development of business and marketing plans, and predesign of facilities including site analysis, development of bid specifications, preliminary blueprints and schematics, and completion of purchase agreements and other necessary legal documents to eligible cooperatives. The commissioner shall give priority to applicants who use the grants for planning costs related to an application for financial assistance from the United States Department of Agriculture, Rural Business - Cooperative Service.

Sec. 2. [17.1025] [MINNESOTA CERTIFICATION PROGRAM.]

In cooperation with the University of Minnesota, the department of trade and economic development, and the board of animal health, the commissioner shall establish a pilot program to certify agricultural production methods and agricultural products grown or processed within the state to assure the integrity of claims made by participating businesses. The commissioner may select and cooperate with private organizations that have established procedures and safeguards to justify claimed characteristics of the production process or the final certified product to conduct certification activities for third party producers.

The commissioner may establish guidelines for the certification program, which are not subject to chapter 14. The commissioner shall submit a report on the pilot program to the legislature by February 1, 2001.

Sec. 3. Minnesota Statutes 1998, section 17A.03, subdivision 5, is amended to read:

Subd. 5. [LIVESTOCK.] "Livestock" means cattle, sheep, swine, horses intended for slaughter, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, bison (buffalo), and goats.

Sec. 4. Minnesota Statutes 1998, section 17A.05, subdivision 2, is amended to read:

Subd. 2. [LIVESTOCK DEALERS.] The amount of each livestock dealer bond filed with the commissioner shall be not less than ~~\$5,000~~ \$10,000 or such larger amount as required, based on the commissioner's consideration of the principal's financial statement, the volume of business reported, or any other factor the commissioner deems pertinent for the protection of the public. Each such bond shall contain the condition clause applicable when the principal buys on commission or as a dealer. A livestock dealer's bond shall be executed on a form furnished by the commissioner or in accordance with the Packers and Stockyards Act, 1921, as amended, (United States Code, title 7, section 181 et seq.).

When a bond is executed on a state form furnished by the commissioner, the bond shall be for the protection of both the buyer and the seller named in the transaction when the principal fails to pay when due for livestock purchased or sold for the principal's own account or the account of others and shall be limited to the protection of claimants whose residence or principal place of livestock business is in the state of Minnesota at the time of the transaction. If the bond is filed on a form in accordance with the Packers and Stockyards Act, the bond shall cover claimants regardless of place of residence.

Sec. 5. Minnesota Statutes 1998, section 17B.07, is amended to read:

17B.07 [OFFICIAL TITLE OF BOARD; MEETINGS.]

The official title of the board shall be "The Minnesota board of grain standards" and it shall have jurisdiction over all grain appeal cases brought before it.

The board shall meet ~~annually on or before June 15, as needed~~ and shall establish the grades of all grain subject to state inspection which shall be known as the "Minnesota grades," and all grain received at any public warehouse shall be graded accordingly. Such grades shall not be changed ~~before the next annual meeting~~ without the concurrence of at least two members of the board. At the time of establishing Minnesota grades, the board also shall adopt such rules, in accordance with the Administrative Procedure Act, as it deems necessary for the enforcement of this section and section 17B.06. In establishing the grades, in addition to the physical qualities of the grain, there shall be taken into consideration the milling and bread-producing quality of all grain products used as human food. The board shall determine the grade, and dockage, if any, of all grain in all cases where appeals from the decisions of the chief inspector have been taken and for such purpose they may request fresh samples of such grain to be furnished directly to the board. ~~Dockage shall be considered as being of two classes, first, that having value and second, that having no value. At the annual meeting the board shall ascertain and determine what dockage contained in grain is of value and publish a list thereof in connection with the publication of the Minnesota grades. Any~~

~~foreign content of the grain shall not be considered in establishing the grade. Whenever grain containing dockage of value is sold to any public local warehouse or mill, terminal warehouse, or to any flour mill located in St. Paul, Minneapolis, or Duluth, or any other point within the state, which is now or may hereafter be designated as a terminal point, such sale shall not be considered to include such dockage of value, but such dockage shall be paid for at its market value or shall be returned to the vendor of said grain at the option of the vendee.~~

Sec. 6. Minnesota Statutes 1998, section 17B.12, is amended to read:

17B.12 [APPEALS; PROCEDURE.]

Any owner, consignee, or shipper of grain, or any warehouse operator, who is dissatisfied with the inspection of grain may appeal to the board of grain standards by filing a notice of ~~such~~ appeal with the commissioner and paying a fee, to be fixed by the commissioner, ~~which shall be refunded if the appeal is sustained.~~ The commissioner shall ~~forthwith~~ promptly transmit the notice to ~~said~~ the board of grain standards. The decision of ~~said~~ the board, fixing the grade of ~~such~~ the grains ~~shall be~~ is final.

Sec. 7. Minnesota Statutes 1999 Supplement, section 17B.15, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATION; APPROPRIATION.] The fees for inspection and weighing shall be fixed by the commissioner and be a lien upon the grain. The commissioner shall set fees for all inspection and weighing in an amount adequate to pay the expenses of carrying out and enforcing the purposes of sections 17B.01 to 17B.23, including the portion of general support costs and statewide indirect costs of the agency attributable to that function, with a reserve sufficient for up to six months. The commissioner shall review the fee schedule twice each year. Fee adjustments are not subject to chapter 14. Payment shall be required for services rendered. ~~If the grain is in transit, the fees shall be paid by the carrier and treated as advance charges, and, if received for storage, the fees shall be paid by the warehouse operator, and added to the storage charges.~~

All fees collected and all fines and penalties for violation of any provision of this chapter shall be deposited in the grain inspection and weighing account, which is created in the agricultural fund for carrying out the purpose of sections 17B.01 to 17B.23. The money in the account, including interest earned on the account, is annually appropriated to the commissioner of agriculture to administer the provisions of sections 17B.01 to 17B.23. When money from any other account is used to administer sections 17B.01 to 17B.23, the commissioner shall notify the chairs of the agriculture, environment and natural resources finance, and ways and means committees of the house of representatives; the agriculture and rural development and finance committees of the senate; and the finance division of the environment and natural resources committee of the senate.

Sec. 8. Minnesota Statutes 1998, section 18.023, subdivision 3a, is amended to read:

Subd. 3a. [GRANTS TO MUNICIPALITIES.] (a) The commissioner may, in the name of the state and within the limit of appropriations provided, make grants-in-aid to a municipality with an approved disease control program for the partial funding of municipal sanitation and reforestation programs to replace trees lost to disease or natural disaster. The commissioner may make grants-in-aid to any home rule charter or statutory city, or any special purpose park and recreation board organized under a charter of a city of the first class or any nonprofit corporation serving a city of the first class or any county having an approved disease control program for the acquisition or implementation of a wood utilization or disposal system.

(b) The commissioner shall promulgate rules for the administration of grants authorized by this subdivision. The rules shall establish and contain as a minimum:

- (1) Procedures for grant applications;
- (2) Conditions and procedures for the administration of grants;
- (3) Criteria of eligibility for grants including, but not limited to, those specified in this subdivision; and

(4) Other matters the commissioner may find necessary to the proper administration of the grant program.

(c) Grants-in-aid payments for wood utilization and disposal systems made by the commissioner pursuant to this subdivision shall not exceed 50 percent of the total cost of the system. Grants for sanitation and reforestation shall be combined into one grant program. Grants to any municipality for sanitation shall not exceed 50 percent of sanitation costs approved by the commissioner including any amount of sanitation costs paid by special assessments, ad valorem taxes, federal grants or other funds. A municipality shall not specially assess a property owner any amount greater than the amount of the tree's sanitation cost minus the amount of the tree's sanitation cost reimbursed by the commissioner. Grants to municipalities for reforestation shall not exceed 50 percent of the cost, but not more than \$50 per tree, of trees planted pursuant to the reforestation program; provided that a reforestation grant to any county may include 90 percent of the cost, but not more than \$60 per tree, of the first 50 trees planted on public property in a town not described in subdivision 1 and of less than 1,000 population upon the town's application to the county. Reforestation grants to towns and home rule charter or statutory cities as described in subdivision 1 of less than 4,000 population with an approved disease control program may include 90 percent of the cost, but not more than \$60 per tree, of the first 50 trees planted on public property with the approval of the 1979 application. The governing body of any municipality which receives a reforestation grant pursuant to this section shall appoint up to seven residents of the municipality or designate an existing municipal board or committee to serve as a reforestation advisory committee to advise the governing body of the municipality in the administration of the reforestation program. For the purpose of this subdivision, "cost" shall not include the value of a gift or dedication of trees required by a municipal ordinance but shall include documented "in kind" services or voluntary work for municipalities with a population of less than 1,000 according to the most recent federal census.

(d) Based upon estimates submitted by the municipality to the commissioner, which shall state the estimated costs of sanitation and reforestation in the succeeding quarter under an approved program, the commissioner shall direct quarterly advance payments to be made by the state to the municipality commencing April 1, 1979. The commissioner shall direct adjustment of any overestimate in a succeeding quarter. A municipality may elect to receive the proceeds of its sanitation and reforestation grants on a periodic cost reimbursement basis.

(e) A home rule charter or statutory city, or county outside the metropolitan area or any municipality, as defined in subdivision 1, may submit an application for a grant authorized by this subdivision concurrently with its request for approval of a disease control program.

Sec. 9. Minnesota Statutes 1998, section 18C.005, is amended by adding a subdivision to read:

Subd. 1a. [ANHYDROUS AMMONIA.] "Anhydrous ammonia" means a compound formed by the chemical combination of the elements nitrogen and hydrogen in the molar proportion of one part nitrogen to three parts hydrogen. This relationship is shown by the chemical formula, NH₃. On a weight basis, the ratio is 14 parts nitrogen to three parts hydrogen or approximately 82 percent nitrogen to 18 percent hydrogen. Anhydrous ammonia may exist in either a gaseous or a liquid state.

Sec. 10. Minnesota Statutes 1998, section 18C.005, is amended by adding a subdivision to read:

Subd. 7a. [CUSTOM BLEND FERTILIZER.] "Custom blend fertilizer" means a fertilizer blended according to the specifications that are furnished to a distributor by a consumer prior to blending.

Sec. 11. Minnesota Statutes 1998, section 18C.005, subdivision 34, is amended to read:

Subd. 34. [SPECIALTY FERTILIZER.] "Specialty fertilizer" means a fertilizer labeled and distributed for, but not limited to, the following uses: greenhouses, nurseries, home gardens, house plants, lawn fertilizer ~~that is not custom applied~~, shrubs, golf courses, municipal parks, and cemeteries.

Sec. 12. Minnesota Statutes 1998, section 18C.005, is amended by adding a subdivision to read:

Subd. 35a. [TAMPER.] "Tamper" means action taken by a person not authorized to take that action by law or by the owner or authorized custodian of an anhydrous ammonia container or of equipment where anhydrous ammonia is used, stored, distributed, or transported.

Sec. 13. Minnesota Statutes 1998, section 18C.201, is amended by adding a subdivision to read:

Subd. 6. [ANHYDROUS AMMONIA.] (a) A person may not:

(1) place, have placed, or possess anhydrous ammonia in a container that is not designed, constructed, maintained, and authorized to contain or transport anhydrous ammonia;

(2) transport anhydrous ammonia in a container that is not designed, constructed, maintained, and authorized to transport anhydrous ammonia;

(3) use, deliver, receive, sell, or transport a container designed and constructed to contain anhydrous ammonia without the express consent of the owner or authorized custodian of the container; or

(4) tamper with any equipment or facility used to contain, store, or transport anhydrous ammonia.

(b) For the purposes of this subdivision, containers designed and constructed for the storage and transport of anhydrous ammonia are described in rules adopted under section 18C.121, subdivision 1, or in Code of Federal Regulations, title 49.

Sec. 14. Minnesota Statutes 1998, section 18C.201, is amended by adding a subdivision to read:

Subd. 7. [NO CAUSE OF ACTION.] (a) Except as provided in paragraph (b), a person tampering with anhydrous ammonia containers or equipment under subdivision 6 shall have no cause of action for damages arising out of the tampering against (1) the owner or lawful custodian of the container or equipment; (2) a person responsible for the installation or maintenance of the container or equipment; or (3) a person lawfully selling or offering for sale the anhydrous ammonia.

(b) Paragraph (a) does not apply to a cause of action against a person who unlawfully obtained the anhydrous ammonia or anhydrous ammonia container or who possesses the anhydrous ammonia or anhydrous ammonia container for any unlawful purpose.

Sec. 15. Minnesota Statutes 1998, section 18C.215, subdivision 1, is amended to read:

Subdivision 1. [PACKAGED FERTILIZERS.] (a) A person may not sell or distribute specialty fertilizer in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the following information:

(1) the net weight;

(2) the brand and grade, except the grade is not required if primary nutrients are not claimed;

(3) the guaranteed analysis;

(4) the name and address of the guarantor;

(5) directions for use, except directions for use are not required for custom blend specialty fertilizers; and

(6) a derivatives statement.

(b) A person may not sell or distribute fertilizer for agricultural purposes in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the information listed in paragraph (a), clauses (1) to (4), except:

(1) the grade is not required if primary nutrients are not claimed; and

(2) the grade on the label is optional if the fertilizer is used only for agricultural purposes and the guaranteed analysis statement is shown in the complete form as in section 18C.211.

(c) The labeled information must appear:

(1) on the front or back side of the container;

(2) on the upper one-third of the side of the container;

(3) on the upper end of the container; or

(4) printed on a tag affixed to the upper end of the container.

(d) If a person sells a custom blend specialty fertilizer in bags or other containers, the information required in paragraph (a) must either be affixed to the bag or container as required in paragraph (c) or be furnished to the customer on an invoice or delivery ticket in written or printed form.

Sec. 16. Minnesota Statutes 1998, section 18C.215, subdivision 2, is amended to read:

Subd. 2. [BLENDED, MIXED, BULK, AND CUSTOM APPLIED FERTILIZER.] (a) A distributor who blends or mixes fertilizer or distributes fertilizer, for agricultural use, in bulk, must furnish each purchaser with an invoice or delivery ticket in written or printed form showing:

(1) the net weight and guaranteed analysis of each of the materials used in the mixture and the name and address of the guarantor; or

(2) the net weight and guaranteed analysis of the final mixture and the name and address of the guarantor.

(b) A person may not custom apply specialty fertilizer in this state unless a label, invoice, or delivery ticket is given to each purchaser stating in a clear, legible, and conspicuous form the following information:

(1) the net weight, which may be listed as the total net weight applied or the net weight applied per unit treated;

(2) the guaranteed analysis;

(3) the name and address of the guarantor;

(4) the number of units treated in square feet, acres, or another unit of measure; and

(5) a derivative statement.

(c) Copies of invoices or delivery tickets must be kept for five years after the sale, delivery, or application.

Sec. 17. Minnesota Statutes 1998, section 18C.215, is amended by adding a subdivision to read:

Subd. 2a. [INFORMATION TO CUSTOMER.] If a person sells a custom blend specialty fertilizer in bulk, the information required in subdivision 1, paragraph (a), must be furnished to the customer on an invoice or delivery ticket in written or printed form.

Sec. 18. Minnesota Statutes 1998, section 18C.411, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REQUIRED.] (a) A person may not sell brands or grades of specialty fertilizers, soil amendments, or plant amendments in this state unless they are registered with the commissioner.

(b) Registration of the materials is not a warranty by the commissioner or the state.

(c) Specialty fertilizers custom applied are exempt from the registration requirements of this section.

(d) Custom blend specialty fertilizers are exempt from the registration requirements of this section if the distributor is licensed as required by section 18C.415 and the fertilizer is labeled as required by section 18C.215.

Sec. 19. Minnesota Statutes 1998, section 18C.421, subdivision 1, is amended to read:

Subdivision 1. [SEMIANNUAL STATEMENT.] (a) Each licensed distributor of fertilizer and each registrant of a specialty fertilizer, soil amendment, or plant amendment must file a semiannual statement for the periods ending December 31 and June 30 with the commissioner on forms furnished by the commissioner stating the number of net tons and grade of each raw fertilizer material distributed or the number of net tons of each brand or grade of fertilizer, soil amendment, or plant amendment distributed in this state during the reporting period.

(b) Tonnage reports are not required to be filed with the commissioner from licensees who distributed fertilizer solely by custom application.

(c) A report from a licensee who sells to an ultimate consumer must be accompanied by records or invoice copies indicating the name of the distributor who paid the inspection fee, the net tons received, and the grade or brand name of the products received.

~~(d)~~ (d) The report is due on or before the last day of the month following the close of each reporting period of each calendar year.

~~(e)~~ (e) The inspection fee at the rate stated in section 18C.425, subdivision 6, must accompany the statement.

Sec. 20. Minnesota Statutes 1998, section 18D.201, subdivision 3, is amended to read:

Subd. 3. [INSPECTION REQUESTS BY OTHERS.] (a) A person who believes that a violation of this chapter has occurred may request an inspection by giving notice to the commissioner of the violation. The notice must be in writing, state with reasonable particularity the grounds for the notice, and be signed by the person making the request. If the pesticide application is alleged to have damaged a crop or vegetation, the request for inspection must be submitted within 45 days of the date of the pesticide application.

(b) If after receiving a notice of violation the commissioner reasonably believes that a violation has occurred, the commissioner shall make a special inspection in accordance with the provisions of this section as soon as practicable, to determine if a violation has occurred.

(c) An inspection conducted pursuant to a notice under this subdivision may cover an entire site and is not limited to the portion of the site specified in the notice. If the commissioner determines that reasonable grounds to believe that a violation occurred do not exist, the commissioner must notify the person making the request in writing of the determination.

Sec. 21. Minnesota Statutes 1998, section 18D.331, is amended by adding a subdivision to read:

Subd. 5. [ANHYDROUS AMMONIA CONTAINMENT, TAMPERING, THEFT, TRANSPORT.] A person who knowingly violates section 18C.201, subdivision 6, is guilty of a felony and may be sentenced to imprisonment for not more than five years, or to payment of a fine of not more than \$50,000, or both.

Sec. 22. Minnesota Statutes 1998, section 18E.04, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENT PAYMENTS.] (a) The board shall pay a person that is eligible for reimbursement or payment under subdivisions 1, 2, and 3 from the agricultural chemical response and reimbursement account for:

(1) 90 percent of the total reasonable and necessary corrective action costs greater than \$1,000 and less than or equal to \$100,000; ~~and~~

(2) 100 percent of the total reasonable and necessary corrective action costs greater than \$100,000 but less than or equal to \$200,000; ~~and~~

(3) 80 percent of the total reasonable and necessary corrective action costs greater than \$200,000 but less than or equal to \$300,000; and

(4) 60 percent of the total reasonable and necessary corrective action costs greater than \$300,000 but less than or equal to \$350,000.

(b) A reimbursement or payment may not be made until the board has determined that the costs are reasonable and are for a reimbursement of the costs that were actually incurred.

(c) The board may make periodic payments or reimbursements as corrective action costs are incurred upon receipt of invoices for the corrective action costs.

(d) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments and reimbursements directed by the board under this subdivision.

(e) The board may not make reimbursement greater than the maximum allowed under paragraph (a) for all incidents on a single site which:

(1) were not reported at the time of release but were discovered and reported after July 1, 1989; and

(2) may have occurred prior to July 1, 1989, as determined by the commissioner.

(f) The board may only reimburse an eligible person for separate incidents within a single site if the commissioner determines that each incident is completely separate and distinct in respect of location within the single site or time of occurrence.

Sec. 23. Minnesota Statutes 1998, section 21.86, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITIONS.] A person may not advertise or sell any agricultural, vegetable, flower, or tree and shrub seed if:

(a) Except as provided in clauses (1) to (3), a test to determine the percentage of germination required by sections 21.82 and 21.83 has not been completed within a nine-month period, exclusive of the calendar month in which the test was completed.

(1) When advertised or offered for sale as agricultural seed, native grass and forb seeds must have been tested for percentage of germination as required by section 21.82 within a 14-month period, exclusive of the calendar month in which the test was completed.

(2) This prohibition does not apply to tree, shrub, agricultural, or vegetable seeds packaged in hermetically sealed containers. Seeds packaged in hermetically sealed containers under the conditions defined by rule may be offered for sale for a period of 36 months after the last day of the month that the seeds were tested for germination prior to packaging.

(3) If seeds in hermetically sealed containers are offered for sale more than 36 months after the last day of the month in which they were tested prior to packaging, they must be retested within a nine-month period, exclusive of the calendar month in which the retest was completed;

- (b) It is not labeled in accordance with sections 21.82 and 21.83 or has false or misleading labeling;
- (c) False or misleading advertisement has been used in respect to its sale;
- (d) It contains prohibited noxious weed seeds;
- (e) It consists of or contains restricted noxious weed seeds in excess of 25 seeds per pound or in excess of the number declared on the label attached to the container of the seed or associated with the seed;
- (f) It contains more than one percent by weight of all weed seeds;
- (g) It contains less than the stated net weight of contents;
- (h) It contains less than the stated number of seeds in the container;
- (i) It contains any labeling, advertising, or other representation subject to sections 21.82 and 21.83 representing the seed to be certified unless:
 - (1) it has been determined by a seed certifying agency that the seed conformed to standards of purity and identity as to kind, species, subspecies, or variety, and also that tree seed was found to be of the origin and elevation claimed, in compliance with the rules pertaining to the seed; and
 - (2) the seed bears an official label issued for it by a seed certifying agency stating that the seed is of a certified class and a specified kind, species, subspecies, or variety;
- (j) It is labeled with a variety name but not certified by an official seed certifying agency when it is a variety for which a United States certificate of plant variety protection has been granted under United States Code, title 7, sections 2481 to 2486, specifying sale by variety name only as a class of certified seed. Seed from a certified lot may be labeled as to variety name when used in a blend or mixture by or with approval of the owner of the variety; or
- (k) The person whose name appears on the label does not have complete records including a file sample of each lot of agricultural, vegetable, flower, tree or shrub seed sold in this state as required in section 21.84.

Sec. 24. Minnesota Statutes 1998, section 27.01, subdivision 8, is amended to read:

Subd. 8. [WHOLESALE PRODUCE DEALER.] (a) "Wholesale produce dealer" or "dealer at wholesale" means:

- (1) a person who buys from or contracts ~~to buy~~ with a seller for production or sale of produce in wholesale lots for resale;
 - (2) a person engaging in the business of a broker or agent, who handles or deals in produce for a commission or fee;
 - (3) a truck owner or operator who buys produce in wholesale lots for resale; and
 - (4) a person engaged in the business of a cannery, food manufacturer, or food processor, who purchases produce in wholesale lots as a part of that business.
- (b) For purposes of paragraph (a), "wholesale lots" means purchases from Minnesota sellers must total more than \$12,000 annually.

(c) "Wholesale produce dealer" or "dealer at wholesale" does not include:

(1) a truck owner and operator who regularly engages in the business of transporting freight, including produce, for a transportation fee only, and who does not purchase, contract to purchase, or sell produce;

(2) a marketing cooperative association in which substantially all of the voting stock is held by patrons who patronize the association and in which at least 75 percent of the business of the association is transacted with member or stockholder patrons;

(3) a person who purchases Minnesota seasonally grown perishable fresh fruits and vegetables, and pays cash, including lawful money of the United States, a cashier's check, a certified check, or a bank draft;

(4) a person who handles and deals in only canned, packaged, or processed produce or packaged dairy products that are no longer perishable as determined by the commissioner by rule; or

(5) retail merchants who purchase produce, defined in subdivision 2, directly from farmers, which in the aggregate does not exceed \$500 per month.

Sec. 25. Minnesota Statutes 1998, section 27.19, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS.] (a) A person subject to the provisions of this section and sections 27.01 to 27.14 may not:

(1) operate or advertise to operate as a dealer at wholesale without a license;

(2) make any false statement or report as to the grade, condition, markings, quality, or quantity of produce, as defined in section 27.069, received or delivered, or act in any manner to deceive a consignor or purchaser;

(3) refuse to accept a shipment contracted for by the person, unless the refusal is based upon the showing of a state inspection certificate secured with reasonable promptness after the receipt of the shipment showing that the kind and quality of produce, as defined in section 27.069, is other than that purchased or ordered by the person;

(4) fail to account or make a settlement for produce within the required time;

(5) violate or fail to comply with the terms or conditions of a contract entered into by the person for the purchase, production, or sale of produce;

(6) purchase for a person's own account any produce received on consignment, either directly or indirectly, without the consent of the consignor;

(7) issue a false or misleading market quotation, or cancel a quotation during the period advertised by the person;

(8) increase the sales charges on produce shipped to the person by means of "dummy" or fictitious sales;

(9) receive decorative forest products and the products of farms and waters from foreign states or countries for sale or resale, either within or outside of the state, and give the purchaser the impression, through any method of advertising or description, that the produce is of Minnesota origin;

(10) fail to notify in writing all suppliers of produce of the protection afforded to suppliers by the person's licensee bond, including: availability of a bond, notice requirements, and any other conditions of the bond;

(11) make a false statement to the commissioner on an application for license or bond or in response to written questions from the commissioner regarding the license or bond;

(12) commit to pay and not pay in full for all produce committed for. A processor may not pay an amount less than the full contract price if the crop produced is satisfactory for processing and is not harvested for reasons within the processor's control. If the processor sets the date for planting, ~~then~~ bunching, unusual yields, and a processor's inability or unwillingness to harvest must be considered to be within the processor's control. Under this clause growers must be compensated for passed acreage at the same rate for grade and yield as they would have received had the crop been harvested in a timely manner minus any contractual provision for green manure or feed value. Both parties are excused from payment or performance for crop conditions that are beyond the control of the parties; or

(13) discriminate between different sections, localities, communities, or cities, or between persons in the same community, by purchasing produce from farmers of the same grade, quality, and kind, at different prices, except that price differentials are allowed if directly related to the costs of transportation, shipping, and handling of the produce and a person is allowed to meet the prices of a competitor in good faith, in the same locality for the same grade, quality, and kind of produce. A showing of different prices by the commissioner is prima facie evidence of discrimination.

(b) A separate violation occurs with respect to each different person involved, each purchase or transaction involved, and each false statement.

Sec. 26. Minnesota Statutes 1999 Supplement, section 28A.075, is amended to read:

28A.075 [DELEGATION TO LOCAL BOARD OF HEALTH.]

(a) At the request of a local board of health that licensed and inspected grocery and convenience stores on January 1, 1999, the commissioner must enter into agreements before January 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. At the request of a local board of health that licensed and inspected part of any grocery or convenience store on January 1, 1999, the commissioner must enter into agreements before July 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. Retail grocery or convenience stores inspected under the state meat inspection program of chapter 31A are exempt from delegation.

(b) A local board of health must adopt an ordinance consistent with the Minnesota Food Code, Minnesota Rules, chapter 4626, for all of its jurisdiction to regulate grocery and convenience stores and the ordinance (Food Code) must not be in conflict with standards set in law or rule.

Sec. 27. Minnesota Statutes 1998, section 31.101, as amended by Laws 1999, chapter 231, section 55, is amended to read:

31.101 [RULES; HEARINGS; UNIFORMITY WITH FEDERAL LAW.]

Subdivision 1. [AUTHORITY.] ~~The authority to commissioner may promulgate and amend rules for the efficient administration and enforcement of the Minnesota Food Law is vested in the commissioner and is in addition to authority granted in sections 31.10, 31.11, and 31.12. Such~~ The rules when applicable shall must conform, insofar as practicable and consistent with state law, with those promulgated under the federal law. This rulemaking authority is in addition to that in sections 31.10, 31.11, and 31.12. Rules adopted under this section may be amended by the commissioner under chapter 14, subject to the limitation in subdivision 7.

Subd. 2. [HEARINGS.] Hearings authorized or required by law ~~shall must~~ shall must be conducted by the commissioner or ~~such an~~ such an officer, agent, or employee ~~as the commissioner may designate~~ designates for the purpose.

Subd. 3. [~~FEDERAL PESTICIDE CHEMICAL REGULATIONS~~ RULES.] Federal pesticide chemical regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, adopted under authority of the Federal Insecticide, Fungicide and Rodenticide Act, as provided by United States Code, title 7, chapter 6, are the pesticide chemical rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 4. [~~FEDERAL FOOD ADDITIVE REGULATIONS~~ RULES.] Federal food additive regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 21, parts 170 to 199, are the food additive rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 5. [~~FEDERAL COLOR ADDITIVE REGULATIONS~~ RULES.] Federal color additive regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 21, parts 70 to 82, are the color additive rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 6. [~~FEDERAL SPECIAL DIETARY USE REGULATIONS~~ RULES.] Federal special dietary use regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 21, parts 104 and 105, are the special dietary use rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 7. [~~FAIR PACKAGING AND LABELING ACT REGULATIONS~~ RULES.] Federal regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, adopted under the Fair Packaging and Labeling Act, as provided by United States Code, title 15, sections 1451 to 1461, are the rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act; provided that The commissioner shall may not adopt amendments to such these rules or adopt other rules which are contrary to the labeling requirements for the net quantity of contents required pursuant to section 4 of the Fair Packaging and Labeling Act and the regulations promulgated thereunder adopted under that act.~~

Subd. 8. [~~FOOD AND DRUGS REGULATIONS~~ RULES.] Applicable federal regulations including recodification contained in Code of Federal Regulations, title 21, parts 0-1299, Food and Drugs, in effect April 1, ~~1997~~ 2000, and not otherwise adopted herein, also are adopted as food rules of this state. ~~Such rules may be amended by the commissioner in accordance with the Administrative Procedure Act.~~

Subd. 9. [~~FISHERY PRODUCTS~~ RULES.] Federal regulations in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 50, parts 260 to 267, are incorporated as part of the fishery products rules in this state for state inspections performed under a cooperative agreement with the United States Department of Commerce, National Marine Fisheries Service. ~~The rules may be amended by the commissioner under chapter 14.~~

Subd. 10. [~~MEAT AND POULTRY~~ RULES.] Federal regulations in effect on ~~January~~ April 1, ~~1999~~ 2000, as provided by Code of Federal Regulations, title 9, part 301, et seq., are incorporated as part of the meat and poultry rules in this state. ~~The rules may be amended by the commissioner under chapter 14.~~

Subd. 11. [~~STANDARDS FOR FRESH FRUITS, VEGETABLES, AND OTHER PRODUCTS~~.] Federal regulations in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 7, parts 51 and 52, are incorporated as part of the rules in this state. ~~The rules may be amended by the commissioner under chapter 14.~~

Sec. 28. Minnesota Statutes 1998, section 31.102, subdivision 1, is amended to read:

Subdivision 1. [~~IDENTITY, QUANTITY, AND FILL OF CONTAINER~~ RULES.] Federal definitions and standards of identity, quality, and fill of container ~~and amendments thereto~~; in effect on April 1, ~~1997~~ 2000, adopted under authority of the federal act, are the definitions and standards of identity, quality, and fill of container in this state. ~~Such~~ The rules may be amended by the commissioner ~~proceeding in accordance with the Administrative Procedure Act~~ under chapter 14.

Sec. 29. Minnesota Statutes 1998, section 31.103, subdivision 1, is amended to read:

Subdivision 1. [CONSUMER COMMODITIES LABELING RULES.] All labels of consumer commodities ~~shall~~ must conform with the requirements for the declaration of net quantity of contents of section 4 of the Fair Packaging and Labeling Act (United States Code, title 15, section 1451 et seq.) and federal regulations in effect on April 1, ~~1997~~ 2000, ~~promulgated pursuant thereto~~ adopted under authority of that act, except to the extent that the commissioner ~~shall exercise authority to amend such~~ amends the rules in accordance with the Administrative Procedure Act under chapter 14. Consumer commodities exempted from the requirements of section 4 of the Fair Packaging and Labeling Act ~~shall~~ are also ~~be~~ exempt from this subdivision.

Sec. 30. Minnesota Statutes 1998, section 31.104, is amended to read:

31.104 [FOOD LABELING EXEMPTION RULES.]

The commissioner shall promulgate rules exempting from any labeling requirement food which is, in accordance with the practice of the trade, to be processed, labeled or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such food is not adulterated or misbranded upon removal from such processing, labeling or repacking establishment.

Federal regulations in effect on April 1, ~~1997~~ 2000, adopted under authority of the federal act relating to such exemptions are effective in this state unless the commissioner ~~shall exercise authority to amend such regulations~~ amends them. The commissioner also may ~~promulgate amendments to amend~~ amend existing rules concerning exemptions ~~in accordance with the Administrative Procedure Act under chapter 14~~.

Sec. 31. Minnesota Statutes 1998, section 31.632, is amended to read:

31.632 [MINNESOTA APPROVED MEATS; USE OF LABEL.]

The commissioner may authorize, pursuant to rules promulgated in the manner provided by law, the use of the label "Minnesota Approved" on meats ~~and~~ meat products, poultry, and poultry products processed by persons licensed under sections 31.51 to 31.58, or by establishments under the inspection program of the United States Department of Agriculture, if the ingredients of ~~such the~~ poultry, poultry products, meats, and meat products are meat, meat by-products, poultry, poultry products, or meat food products which have been inspected and passed by the United States Department of Agriculture, or the Minnesota department of agriculture and further if ~~such the~~ poultry, poultry products, meats, and meat products, after such processing, are sound, healthful, wholesome, and fit for human food. A person or establishment desiring to label poultry, poultry products, meats, and meat products as provided in this section shall apply to the commissioner for authority to do so. The commissioner shall grant this authority to the applicant if the applicant complies with the provisions of this section and rules promulgated pursuant to this section. A person using the label "Minnesota Approved" on poultry, poultry products, meat ~~and~~ or meat products contrary to law is guilty of a misdemeanor.

Sec. 32. Minnesota Statutes 1998, section 31.633, subdivision 1, is amended to read:

Subdivision 1. [MENU REQUIREMENT.] Any restaurant, eating place, or other establishment serving meat or poultry in any form to the public, ~~which meat that~~ has any filler or meat or poultry substitute added to it or incorporated in it, shall clearly and prominently indicate on its menu or bill of fare the meat entrees that contain filler or meat or poultry substitutes.

Sec. 33. Minnesota Statutes 1998, section 31.651, is amended to read:

31.651 [KOSHER PRODUCTS, UNLAWFUL SALE.]

Subdivision 1. [KOSHER REQUIREMENTS.] No person shall sell or expose for sale any poultry, poultry products, meat, or meat preparations and falsely represent the same to be kosher, whether such poultry, poultry products, meat, or meat preparations be raw or prepared for human consumption; nor shall the person permit any

such products or the contents of any package or container to be labeled or to have inscribed thereon the word "kosher" in any language unless such products shall have been prepared or processed in accordance with orthodox Hebrew religious requirements sanctioned by a recognized rabbinical council.

Subd. 2. [NOTICE REQUIRED.] Any person who sells or exposes for sale in the same place of business both kosher and nonkosher poultry, meat, or meat preparations, either raw or prepared for human consumption, shall indicate on window signs and all display advertising, in block letters at least four inches in height, "kosher and nonkosher meat and poultry sold here"; and shall display over each kind of poultry, meat, or meat preparation so exposed a sign, in block letters at least two inches in height, reading, "kosher meat," or "kosher poultry," "nonkosher meat," or "nonkosher poultry," as the case may be; provided that subdivision 2 shall not apply to persons selling or offering for sale kosher poultry, poultry products, meats, or meat products solely in separate consumer packages, which have been prepackaged and properly labeled "kosher."

Subd. 3. [PRESUMPTION.] Possession of nonkosher poultry, poultry products, meat, or meat preparations in any place of business shall be presumptive evidence that the person in possession thereof exposes the same for sale.

Subd. 4. [PRIMA FACIE EVIDENCE.] The absence of a duly sanctioned kosher "plumba," mark, stamp, tag, brand, or label from any poultry, poultry products, meat, meat preparation, or food product shall be prima facie evidence that such product is nonkosher.

Sec. 34. Minnesota Statutes 1999 Supplement, section 31A.01, is amended to read:

31A.01 [POLICY.]

Meat, poultry, poultry food products, and meat food products are an important source of the nation's total supply of food. It is essential in the public interest that the health and welfare of consumers be protected by assuring that meat, poultry, and meat food products distributed to them are wholesome, unadulterated, and properly marked, labeled, and packaged. Unwholesome, adulterated, or misbranded meat, poultry, poultry food products, or meat food products injure the public welfare, destroy markets for wholesome, unadulterated, and properly labeled and packaged meat, poultry, poultry food products, and meat food products, and result in losses to livestock producers and processors of meat, poultry, poultry food products, and meat food products and injury to consumers. Unwholesome, adulterated, mislabeled, or deceptively packaged articles can be sold at lower prices and compete unfairly with wholesome, unadulterated, and properly labeled and packaged articles, to the detriment of consumers and the general public.

Regulation by the commissioner and cooperation between this state and the United States under this chapter are appropriate to protect the health and welfare of consumers and accomplish the purposes of this chapter.

Sec. 35. Minnesota Statutes 1998, section 31A.02, subdivision 5, is amended to read:

Subd. 5. [CUSTOM PROCESSING.] "Custom processing" means slaughtering, eviscerating, dressing, or processing an animal or processing meat products or poultry products for the owner of the animal or of the meat products and poultry products, if all meat products or poultry products derived from the custom operation are returned to the owner of the animal or of the meat products or poultry products. No person may sell, offer for sale, or possess with intent to sell meat derived from custom processing.

Sec. 36. Minnesota Statutes 1998, section 31A.02, subdivision 6, is amended to read:

Subd. 6. [MEAT BROKER.] "Meat broker" means a person in the business of buying or selling carcasses, parts of carcasses, meat, or meat food products, poultry, or poultry products of animals on commission, or otherwise negotiating purchases or sales of those articles other than for the person's own account or as an employee of another person, firm, or corporation.

Sec. 37. Minnesota Statutes 1998, section 31A.02, subdivision 10, is amended to read:

Subd. 10. [~~MEAT FOOD PRODUCT; POULTRY FOOD PRODUCT.~~] "Meat food product" or "poultry food product" means a product usable as human food and made wholly or in part from meat or poultry or a portion of the carcass of cattle, sheep, swine, poultry, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, or goats. "Meat food product" or "poultry food product" does not include products which contain meat, poultry, or other portions of the carcasses of cattle, sheep, swine, farmed cervidae, llamas, ratitae, or goats only in a relatively small proportion or that historically have not been considered by consumers as products of the meat food industry, and which are exempted from definition as a meat food product or poultry food product by the commissioner under the conditions the commissioner prescribes to assure that the meat or other portions of carcasses contained in the products are not adulterated and that the products are not represented as meat food products or poultry food products.

"Meat food product," as applied to products of equines, has a meaning comparable to that for cattle, sheep, swine, farmed cervidae, llamas, ratitae, and goats.

Sec. 38. Minnesota Statutes 1998, section 31A.02, subdivision 13, is amended to read:

Subd. 13. [~~ADULTERATED.~~] "Adulterated" means a carcass, part of a carcass, meat, poultry, poultry food product, or meat food product under one or more of the following circumstances:

(a) if it bears or contains a poisonous or harmful substance which may render it injurious to health; but if the substance is not an added substance, the article is not adulterated if the quantity of the substance in or on the article does not ordinarily make it injurious to health;

(b) if it bears or contains, by administration of a substance to the live animal or otherwise, an added poisonous or harmful substance, other than (1) a pesticide chemical in or on a raw agricultural commodity; (2) a food additive; or (3) a color additive, which may, in the judgment of the commissioner, make the article unfit for human food;

(c) if it is, in whole or in part, a raw agricultural commodity that bears or contains a pesticide chemical which is unsafe within the meaning of section 408 of the Federal Food, Drug, and Cosmetic Act;

(d) if it bears or contains a food additive which is unsafe within the meaning of section 409 of the Federal Food, Drug, and Cosmetic Act;

(e) if it bears or contains a color additive which is unsafe within the meaning of section 706 of the Federal Food, Drug, and Cosmetic Act;

(f) if it contains a filthy, putrid, or decomposed substance or is for any other reason unfit for human food;

(g) if it has been prepared, packed, or held under unsanitary conditions so that it may be contaminated with filth or harmful to health;

(h) if it is wholly or partly the product of an animal which has died otherwise than by slaughter;

(i) if its container is wholly or partly composed of a poisonous or harmful substance which may make the contents harmful to health;

(j) if it has been intentionally subjected to radiation, unless the use of the radiation conformed with a regulation or exemption in effect under section 409 of the Federal Food, Drug, and Cosmetic Act;

(k) if a valuable constituent has been wholly or partly omitted or removed from it; if a substance has been wholly or partly substituted for it; if damage or inferiority has been concealed; or if a substance has been added to it or mixed or packed with it so as to increase its bulk or weight, reduce its quality or strength, or make it appear better or of greater value than it is; or

(l) if it is margarine containing animal fat and any of the raw material used in it wholly or partly consisted of a filthy, putrid, or decomposed substance.

Sec. 39. Minnesota Statutes 1998, section 31A.02, subdivision 14, is amended to read:

Subd. 14. [MISBRANDED.] "Misbranded" means a carcass, part of a carcass, meat, poultry, poultry food product, or meat food product under one or more of the following circumstances:

- (a) if its labeling is false or misleading;
- (b) if it is offered for sale under the name of another food;
- (c) if it is an imitation of another food, unless its label bears, in type of uniform size and prominence, the word "imitation" followed immediately by the name of the food imitated;
- (d) if its container is made, formed, or filled so as to be misleading;
- (e) if its package or other container does not have a label showing (1) the name and place of business of the manufacturer, packer, or distributor; and (2) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count subject to reasonable variations permitted and exemptions for small packages established in rules of the commissioner;
- (f) if a word, statement, or other information required by or under authority of this chapter to appear on the label or other labeling is not prominently and conspicuously placed on the label or labeling in terms that make it likely to be read and understood by the ordinary individual under customary conditions of purchase and use;
- (g) if it is represented as a food for which a definition and standard of identity or composition has been prescribed by rules of the commissioner under section 31A.07, unless (1) it conforms to the definition and standard, and (2) its label bears the name of the food specified in the definition and standard and, if required by the rules, the common names of optional ingredients, other than spices, flavoring, and coloring, present in the food;
- (h) if it is represented as a food for which a standard of fill of container has been prescribed by rules of the commissioner under section 31A.07, and it falls below the applicable standard of fill of container, unless its label bears, in the manner and form the rules specify, a statement that it falls below the standard;
- (i) if it is not subject to paragraph (g), unless its label bears (1) the usual name of the food, if there is one, and (2) in case it is fabricated from two or more ingredients, the common or usual name of each ingredient; except that spices, flavorings, and colorings may, when authorized by the commissioner, be designated as spices, flavorings, and colorings without naming each. To the extent that compliance with clause (2) is impracticable, or results in deception or unfair competition, the commissioner shall establish exemptions by rule;
- (j) if it purports to be or is represented for special dietary uses, unless its label bears the information concerning its vitamin, mineral, and other dietary properties that the commissioner, after consultation with the Secretary of Agriculture of the United States, determines by rule to be necessary to inform purchasers of its value for special dietary uses;
- (k) if it bears or contains any artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact;
- (l) if it fails to bear, directly or on its container, as the commissioner by rule prescribes, the inspection legend and other information the commissioner may require by rule to assure that it will not have false or misleading labeling and that the public will be told how to keep the article wholesome.

Sec. 40. Minnesota Statutes 1998, section 31A.03, is amended to read:

31A.03 [INSPECTION OF LIVE ANIMALS; DISPOSITION OF DEFECTIVE ANIMALS.]

To prevent the use in intrastate commerce of adulterated meat ~~and~~, meat food products, poultry, and poultry food products, the commissioner shall appoint inspectors and have them examine and inspect all animals before the animals enter a slaughtering, packing, meat canning, rendering, or similar establishment in this state in which slaughtering of animals and preparation of meat ~~and~~, meat food products, poultry, and poultry food products are conducted solely for intrastate commerce. Animals found on inspection to show symptoms of disease must be set apart and slaughtered separately from other animals. The carcasses of those animals must be carefully examined and inspected under rules of the commissioner.

Sec. 41. Minnesota Statutes 1998, section 31A.05, is amended to read:

31A.05 [APPLICATION OF INSPECTION PROVISIONS.]

Sections 31A.03 and 31A.04 apply to carcasses or parts of animals, poultry, or poultry food products, and meat or meat products derived from them that are usable as human food, when these items are brought into a slaughtering, meat canning, salting, packing, rendering, or similar establishment, where inspection under sections 31A.01 to 31A.16 is done. Examination and inspection must be made before the carcasses or animal parts may enter into a department where they are to be treated and prepared for meat food products or poultry food products.

Sections 31A.03 and 31A.04 also apply to products which, after having been issued from a slaughtering, meat canning, salting, packing, rendering, or similar establishment, must be returned to it or to a similar establishment where inspection is done.

The commissioner may limit the entry of carcasses, parts of carcasses, poultry, poultry food products, meat ~~and~~, meat food products, and other materials into an establishment where inspection under sections 31A.01 to 31A.16 is done to conditions the commissioner prescribes to assure that allowing the entry of articles into inspected establishments is consistent with the purposes of this chapter.

Sec. 42. Minnesota Statutes 1998, section 31A.06, is amended to read:

31A.06 [INSPECTORS' DUTIES.]

The commissioner shall appoint inspectors to examine and inspect poultry food products and meat food products prepared in a slaughtering, meat canning, salting, packing, rendering, or similar establishment, where the articles are prepared solely for intrastate commerce. For examination and inspection purposes, the inspectors must be given access at all times, whether the establishment is operated or not, to every part of the establishment. The inspectors shall mark, stamp, tag, or label as "Minnesota Inspected and Passed" all products found to be unadulterated, and the inspectors shall label, mark, stamp, or tag as "Minnesota Inspected and Condemned" all products found to be adulterated. Condemned meat food products or poultry food products must be destroyed for food purposes under section 31A.04. The commissioner may remove inspectors from an establishment which fails to destroy condemned poultry food products or meat food products.

Sec. 43. Minnesota Statutes 1998, section 31A.07, subdivision 1, is amended to read:

Subdivision 1. [LABELING; PACKING.] When poultry, poultry food products, meat, or a meat food product prepared for intrastate commerce which ~~has~~ have been inspected and marked "Minnesota Inspected and Passed" is placed or packed in a can, pot, tin, canvas, or other receptacle or covering in an establishment where inspection is done under sections 31A.01 to 31A.31, the person, firm, or corporation preparing the product shall have a label attached to the can, pot, tin, canvas, or other receptacle or covering, under supervision of an inspector. The label must state that the contents have been "Minnesota Inspected and Passed" under sections 31A.01 to 31A.31. An inspection or examination of poultry, poultry food products, meat, or meat food products deposited or enclosed

in chapter is not complete until the _____ poultry food _____ meat, enclosed in the can, tin, pot, canvas, or other receptacle or covering under the supervision of an inspector.

Sec. 44. Minnesota Statutes 1998, section 31A.07, subdivision 2, is amended to read:

All carcasses, parts of carcasses, poultry, poultry _____ products, food products inspected at an establishment under this chapter and found not to be adulterated, must when they leave establishment bear, directly or on their containers, legible labels or official marks as required by the commissioner.

31A.08 [RULES.]

The commissioner shall have experts in sanitation or other competent inspectors inspect canning, salting, packing, rendering, or similar establishments in which animals are slaughtered and their _____ poultry _____ products, _____ and meat food products are prepared solely must be conducted as necessary for the commissioner to know the sanitary conditions of the establishments, and to the rules of sanitation under which the establishments must be maintained. If an establishment has sanitary conditions _____ poultry, _____ food products, _____ or meat food products to become adulterated, the shall refuse to allow the poultry, poultry _____ products, _____ or meat food products to be labeled,

Sec. 46. Minnesota Statutes 1998, section 31A.10, is amended to read:

31A.10 [PROHIBITIONS.]

person may, with respect to an animal, carcass, part of a carcass, poultry, poultry _____ product, food product:

(1) solely for intrastate commerce, except in compliance with this chapter;

(2) which are usable as human food and are adulterated or misbranded at the time of sale, transportation, offer for sale transportation, or receipt for transportation; or (ii) articles required to be inspected under sections 31A.01 to 31A.16 that have not been inspected and passed;

do something to an article that is usable as human food while the article is being transported in intrastate commerce be adulterated or misbranded; or

(4) sell, offer for sale, or possess with intent to sell meat derived from custom processing.

31A.13 [INSPECTORS.]

The _____ poultry, _____ food _____ meat, and meat food products the inspection of which is provided for by law, and the sanitary conditions of _____ poultry, _____ food products, meat and meat food products are prepared. Inspectors it, prepared in an establishment covered by sections 31A.01 to 31A.12, until it has actually been inspected and found

to be not adulterated. Inspectors shall perform other duties required by this chapter or by rules adopted by the commissioner that are necessary for the efficient execution of this chapter. Inspections under this chapter must conform to the rules adopted by the commissioner consistent with this chapter.

Sec. 48. Minnesota Statutes 1999 Supplement, section 31A.15, subdivision 1, is amended to read:

Subdivision 1. [INSPECTION.] The provisions of sections 31A.01 to 31A.16 requiring inspection of the slaughter of animals and the preparation of the carcasses, parts of carcasses, meat, poultry, poultry food products, and meat food products at establishments conducting slaughter and preparation do not apply:

(1) to the processing by a person of the person's own animals and the owner's preparation and transportation in intrastate commerce of the carcasses, parts of carcasses, meat, poultry, poultry food products, and meat food products of those animals exclusively for use by the owner and members of the owner's household, nonpaying guests, and employees; or

(2) to the custom processing by a person of cattle, sheep, swine, poultry, or goats delivered by the owner for processing, and the preparation or transportation in intrastate commerce of the carcasses, parts of carcasses, meat, poultry, poultry food products, and meat food products of animals, exclusively for use in the household of the owner by the owner and members of the owner's household, nonpaying guests, and employees. Meat from custom processing of cattle, sheep, swine, poultry, or goats must be identified and handled as required by the commissioner, during all phases of processing, chilling, cooling, freezing, preparation, storage, and transportation. The custom processor may not engage in the business of buying or selling carcasses, parts of carcasses, meat, poultry, poultry food products, or meat food products of animals usable as human food unless the carcasses, parts of carcasses, meat, poultry, poultry food products, or meat food products have been inspected and passed and are identified as inspected and passed by the Minnesota department of agriculture or the United States Department of Agriculture.

Sec. 49. Minnesota Statutes 1998, section 31A.16, is amended to read:

31A.16 [STORING AND HANDLING CONDITIONS.]

The commissioner may adopt rules prescribing conditions under which carcasses, parts of carcasses, poultry, poultry food products, meat, and meat food products of animals usable as human food must be stored or otherwise handled by a person in the business of buying, selling, freezing, storing, or transporting them, in or for intrastate commerce, if the commissioner considers action necessary to assure that the articles will not be adulterated or misbranded when delivered to the consumer.

Sec. 50. Minnesota Statutes 1998, section 31A.17, is amended to read:

31A.17 [ARTICLES NOT INTENDED AS HUMAN FOOD.]

Inspection must not be provided under sections 31A.01 to 31A.16 at an establishment for the slaughter of animals or the preparation of carcasses or parts or products of animals which are not intended for use as human food. Before they are offered for sale or transportation in intrastate commerce, those articles must be denatured or otherwise identified as prescribed by rules of the commissioner to deter their use for human food, unless they are naturally inedible by humans. No person may buy, sell, transport, offer for sale or transportation, or receive for transportation, in intrastate commerce, carcasses, parts of carcasses, poultry, poultry food products, meat, or meat food products of animals which are not intended for use as human food unless they are denatured or otherwise identified as required by the rules of the commissioner or are naturally inedible by humans.

Sec. 51. Minnesota Statutes 1998, section 31B.02, subdivision 4, is amended to read:

Subd. 4. [LIVESTOCK.] "Livestock" means live or dead cattle, sheep, swine, horses, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, bison (buffalo), or goats.

Subd. 3. [EXPIRATION.] The reporting provisions of this section expire 30 days after a department or agency the federal government has a price reporting requirement at least as comprehensive as this section, as _____ by ___ commissioner and _____ in Minnesota-specific _____ being available to ___ commissioner and ___ Minnesota _____.

Sec. 53. Minnesota Statutes 1998, section 41B.03, subdivision 1, is amended to read:

(1) a borrower must be a resident of Minnesota or a domestic family farm corporation, as defined in section and

the borrower or one of the borrowers must be the principal operator of the farm or, for a prospective homestead redemption borrower, must have at one time been the principal operator of a farm—

~~(3) _____
in loans during the borrower's lifetime.~~

Subd. 2. [ELIGIBILITY FOR RESTRUCTURED LOAN.] In addition to the eligibility requirements of

(1) have received at least 50 percent of average annual gross income from farming for the past three years or, for property, received at least 40 percent of average gross income from farming in the past three years, and farming must be the principal occupation of the borrower;

have a debt-to-asset ratio equal to or greater than 50 percent and in determining this ratio, the assets must be valued at their current market value;

have projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, history and projected prices for farm production, except that the authority may reduce the 95 percent requirement and

meeting projected annual expenses without restructuring the loan; and

(5) must _____ a total _____ worth, including _____ and liabilities _____ the borrower's _____ and dependents, _____ less \$400,000 in _____ and an _____ in subsequent _____ which is _____ for inflation _____ multiplying \$400,000 by the _____ inflation rate _____ determined by _____ United States _____ Consumer Price _____.

Sec. 55. Minnesota Statutes 1998, section 41B.039, subdivision 2, is amended to read:

2. [STATE PARTICIPATION.] The state may participate in a new real estate loan with an eligible lender to \$100,000 _____, whichever is than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 56. Minnesota Statutes 1998, section 41B.04, subdivision 8, is amended to read:

[STATE'S PARTICIPATION.] With respect to loans that are eligible for restructuring under sections 41B.01 other financial arrangement whereby it shall participate in a restructured loan to the extent of 45 percent of the

primary principal or ~~\$100,000~~ \$150,000, whichever is less. The authority's portion of the loan must be protected during the authority's participation by the first mortgage held by the eligible lender to the extent of its participation in the loan.

Sec. 57. Minnesota Statutes 1998, section 41B.042, subdivision 4, is amended to read:

Subd. 4. [PARTICIPATION LIMIT; INTEREST.] The authority may participate in new seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or ~~\$100,000~~ \$125,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the seller's retained portion of the loan.

Sec. 58. Minnesota Statutes 1998, section 41B.043, subdivision 2, is amended to read:

Subd. 2. [SPECIFICATIONS.] No direct loan may exceed \$35,000 or ~~\$100,000~~ \$125,000 for a loan participation or be made to refinance an existing debt. Each direct loan and participation must be secured by a mortgage on real property and such other security as the authority may require.

Sec. 59. Minnesota Statutes 1998, section 41B.045, subdivision 2, is amended to read:

Subd. 2. [LOAN PARTICIPATION.] The authority may participate in a livestock expansion loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying \$400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Participation is limited to 45 percent of the principal amount of the loan or \$250,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan. Loans under this program must not be included in the lifetime limitation calculated under section 41B.03, subdivision 1.

Sec. 60. Minnesota Statutes 1998, section 223.16, subdivision 5, is amended to read:

Subd. 5. [GRAIN BUYER.] "Grain buyer" means a person who purchases grain ~~from a producer~~ for the purpose of reselling the grain with the exception of a person who purchases seed grain for crop production or who purchases grain as feed for the person's own livestock.

Sec. 61. Minnesota Statutes 1998, section 223.17, subdivision 5, is amended to read:

Subd. 5. [CASH SALES; MANNER OF PAYMENT.] For a cash sale of a shipment of grain which is part of a multiple shipment sale, the grain buyer shall tender payment to the seller in cash or by check not later than ten days after the sale of that shipment, except that when the entire sale is completed, payment shall be tendered not later than the close of business on the next day, or within 48 hours, whichever is later. For other cash sales the grain buyer, before the close of business on the next business day after the sale, shall tender payment to the seller in cash or by check, or shall wire or mail funds to the seller's account in the amount of at least 80 percent of the value of the grain at the time of delivery. The grain buyer shall complete final settlement as rapidly as possible through ordinary diligence. ~~Any transaction which is not a cash sale in compliance with the provisions of this subdivision constitutes a voluntary extension of credit which is not afforded protection under the grain buyer's bond, and which must comply with sections 223.175 and 223.177.~~

Sec. 62. Minnesota Statutes 1998, section 223.175, is amended to read:

223.175 [WRITTEN VOLUNTARY EXTENSION OF CREDIT CONTRACTS; FORM.]

A written confirmation required under section 223.177, subdivision 2, and a written voluntary extension of credit contract must include those items prescribed by the commissioner by rule. A contract shall include a statement of the legal and financial responsibilities of grain buyers and sellers established in this chapter. A contract shall also

the following statement in not less than ten point, all capital type, framed in a box with space provided for the seller's

CONTRACT IS NOT COVERED BY ANY GRAIN BUYER'S BOND." If a written contract is provided at the time grain is delivered to the grain buyer, the seller shall sign the contract in the space provided beneath the statement. A transaction does not the provisions a voluntary of credit, the issuance signing a voluntary of credit is a sale.

Sec. 63. Minnesota Statutes 1998, section 232.21, is amended by adding a subdivision to read:

Subd. 14. [OPEN STORAGE.] storage" means grain agricultural products by a operator a depositor which warehouse have not issued or purchase made the records documented accordingly.

Subdivision 1. [DISCRIMINATION PROHIBITED.] Except as in paragraph a public grain warehouse operator must receive for storage, so far as the capacity of the grain warehouse will permit, all sound grain tendered in warehouseable condition without discrimination against any person tendering the grain.

(b) The requirements in paragraph (a) do not apply to storage capacity owned by producers that is managed by the public grain warehouse operator but is not under the same ownership as the grain warehouse.

Sec. 65. Minnesota Statutes 1998, section 232.23, subdivision 3, is amended to read:

Subd. 3. [GRAIN DELIVERED CONSIDERED ~~SOLD~~ STORED.] All grain delivered to a public grain warehouse operator shall be considered ~~sold~~ stored at the time of delivery, unless arrangements have been made with the public grain warehouse operator prior to or at the time of delivery to apply the grain on contract, for shipment or consignment or for storage cash sale. Grain may be held in open storage or placed on a warehouse receipt. Warehouse receipts must be issued for all grain held in open storage within six months of delivery to the warehouse unless the depositor has signed a statement that the depositor does not desire a warehouse receipt. The warehouse operator's tariff applies for any grain that is retained in open storage or under warehouse receipt.

Sec. 66. Minnesota Statutes 1998, section 232.23, subdivision 6, is amended to read:

Subd. 6. [LIABILITY.] A public grain warehouse operator ~~issuing a grain warehouse receipt~~ is liable to the depositor for the delivery of the kind, grade, and net quantity of grain called for by the grain warehouse receipt: ~~or scale ticket marked "store."~~

Sec. 67. Minnesota Statutes 1999 Supplement, section 500.24, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Farming" means the production of (1) agricultural products; (2) livestock or livestock products; (3) milk or milk products; or (4) fruit or other horticultural products. It does not include the processing, refining, or packaging of said products, nor the provision of spraying or harvesting services by a processor or distributor of farm products. It does not include the production of timber or forest products, the production of poultry or poultry products, or the feeding and caring for livestock that are delivered to a corporation for slaughter or processing for up to 20 days before slaughter or processing.

(b) "Family farm" means an unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.

(c) "Family farm corporation" means a corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the ~~voting~~ stock is held by and the majority of the stockholders are persons ~~or~~ the spouses of persons, or current beneficiaries of one or more family farm trusts in which the trustee holds stock

in a family farm corporation, related to each other within the third degree of kindred according to the rules of the civil law, and at least one of said the related persons is residing on or actively operating the farm, and none of whose stockholders are corporations; provided that a family farm corporation shall not cease to qualify as such hereunder by reason of any devise or bequest:

(1) transfer of shares of voting stock to a person or the spouse of a person related within the third degree of kindred according to the rules of civil law to the person making the transfer, or to a family farm trust of which the shareholder, spouse, or related person is a current beneficiary; or

(2) distribution from a family farm trust of shares of stock to a beneficiary related within the third degree of kindred according to the rules of civil law to a majority of the current beneficiaries of the trust, or to a family farm trust of which the shareholder, spouse, or related person is a current beneficiary.

For the purposes of this section, a transfer may be made with or without consideration, either directly or indirectly, during life or at death, whether or not in trust, of the shares in the family farm corporation, and stock owned by a family farm trust are considered to be owned in equal shares by the current beneficiaries.

(d) "Family farm trust" means:

(1) a trust in which:

(i) a majority of the current beneficiaries are persons or spouses of persons who are related to each other within the third degree of kindred according to the rules of civil law;

(ii) all of the current beneficiaries are natural persons or nonprofit corporations or trusts described in Internal Revenue Code, section 170(c), as amended, and the regulations under that section; and

(iii) one of the family member current beneficiaries is residing on or actively operating the farm; or

(2) a charitable remainder trust as defined in Internal Revenue Code, section 664, as amended, and the regulations under that section, and a charitable lead trust as set forth in Internal Revenue Code, section 170(f), and the regulations under that section, if the lead period does not exceed ten years and the majority of remainder beneficiaries are related to the grantor within the third degree of kindred according to the rules of civil law.

For the purposes of this section, if a distributee trust becomes entitled to, or at the discretion of any person may receive, a distribution from income or principal of a family farm trust, then the distributee trust must independently qualify as a family farm trust.

(e) "Authorized farm corporation" means a corporation meeting the following standards:

(1) it has no more than five shareholders, provided that for the purposes of this section, a husband and wife are considered one shareholder;

(2) all its shareholders, other than any estate, are natural persons;

(3) it does not have more than one class of shares;

(4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts;

(5) shareholders holding 51 percent or more of the interest in the corporation reside on the farm or are actively engaging in farming;