

(6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(7) none of its shareholders are shareholders in other authorized farm corporations that directly or indirectly in combination with the corporation own more than 1,500 acres of agricultural land.

(f) "Authorized livestock farm corporation" means a corporation formed for the production of livestock and meeting the following standards:

(1) it is engaged in the production of livestock other than dairy cattle;

(2) all its shareholders, other than any estate, are natural persons or family farm corporations;

(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 75 percent or more of the control, financial, and capital investment in the corporation are farmers residing in Minnesota and at least 51 percent of the required percentage of farmers are actively engaged in livestock production;

(6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(7) none of its shareholders are shareholders in other authorized farm corporations that directly or indirectly in combination with the corporation own more than 1,500 acres of agricultural land.

(g) "Agricultural land" means real estate used for farming or capable of being used for farming in this state.

(h) "Pension or investment fund" means a pension or employee welfare benefit fund, however organized, a mutual fund, a life insurance company separate account, a common trust of a bank or other trustee established for the investment and reinvestment of money contributed to it, a real estate investment trust, or an investment company as defined in United States Code, title 15, section 80a-3.

(i) "Farm homestead" means a house including adjoining buildings that has been used as part of a farming operation or is part of the agricultural land used for a farming operation.

(j) "Family farm partnership" means a limited partnership formed for the purpose of farming and the ownership of agricultural land in which the majority of the interests in the partnership is held by and the majority of the partners are persons ~~or~~ the spouses of persons, or current beneficiaries of one or more family farm trusts in which the trustee holds an interest in a family farm partnership related to each other within the third degree of kindred according to the rules of the civil law, at least one of the related persons is residing on ~~or the farm~~, actively operating the farm, or the agricultural land was owned by one or more of the related persons for a period of five years before its transfer to the limited partnership, and none of the partners are corporations. A family farm partnership does not cease to qualify as a family farm partnership because of a ~~devise or bequest~~.

(1) transfer of a partnership interest in the partnership to a person or 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 partner, spouse, or related person is a current beneficiary; or

(2) distribution from a family farm trust of a partnership interest 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 partner, 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 a partnership interest in the family farm partnership, and interest owned by a family farm trust is considered to be owned in equal shares by the current beneficiaries.

(j) (k) "Authorized farm partnership" means a limited partnership meeting the following standards:

(1) it has been issued a certificate from the secretary of state or is registered with the county recorder and farming and ownership of agricultural land is stated as a purpose or character of the business;

(2) it has no more than five partners;

(3) all its partners, other than any estate, are natural persons;

(4) its revenue from rent, royalties, dividends, interest, and annuities ~~do~~ does not exceed 20 percent of its gross receipts;

(5) its general partners hold at least 51 percent of the interest in the land assets of the partnership and reside on the farm or are actively engaging in farming not more than 1,500 acres as a general partner in an authorized limited partnership;

(6) its limited partners do not participate in the business of the limited partnership including operating, managing, or directing management of farming operations;

(7) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(8) none of its limited partners are limited partners in other authorized farm partnerships that directly or indirectly in combination with the partnership own more than 1,500 acres of agricultural land.

(1) "Family farm limited liability company" means a limited liability company founded for the purpose of farming and the ownership of agricultural land in which the majority of the membership interests are held by and the majority of the members 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 limited liability company related to each other within the third degree of kindred according to the rules of the civil law, at least one of the related persons is actively operating the farm, and none of the members are corporations or limited liability companies. A family farm limited liability company does not cease to qualify as a family farm limited liability company because of:

(1) a transfer of a membership interest to a person or 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 member, spouse, or related person is a current beneficiary; or

(2) distribution from a family farm trust of a membership interest 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 member, 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 a membership interest in the family farm limited liability company, and interest owned by a family farm trust is considered to be owned in equal shares by the current beneficiaries. Except for a state or federally chartered financial institution acquiring an encumbrance for the purpose of security or an interest under paragraph (x), a member of a family farm limited liability company may not transfer a membership interest, including a financial interest, to a person who is not otherwise eligible to be a member under this paragraph.

(m) "Authorized farm limited liability company" means a limited liability company meeting the following standards:

(1) it has no more than five members;

(2) all its members, other than any estate, are natural persons;

(3) it does not have more than one class of membership interests;

(4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts;

(5) members holding 51 percent or more of both the governance rights and financial rights in the limited liability company reside on the farm or are actively engaged in farming;

(6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(7) none of its members are members in other authorized farm limited liability companies that directly or indirectly in combination with the authorized farm limited liability company own more than 1,500 acres of agricultural land.

Except for a state or federally chartered financial institution acquiring an encumbrance for the purpose of security or an interest under paragraph (x), a member of an authorized farm limited liability company may not transfer a membership interest, including a financial interest, to a person who is not otherwise eligible to be a member under this paragraph.

~~(k)~~ (n) "Farmer" means a natural person who regularly participates in physical labor or operations management in the person's farming operation and files "Schedule F" as part of the person's annual Form 1040 filing with the United States Internal Revenue Service.

~~(l)~~ (o) "Actively engaged in livestock production" means performing day-to-day physical labor or day-to-day operations management that significantly contributes to livestock production and the functioning of a livestock operation.

~~(m)~~ (p) "Research or experimental farm" means a corporation, limited partnership, or pension or investment fund, or limited liability company that owns or operates agricultural land for research or experimental purposes, provided that any commercial sales from the operation are incidental to the research or experimental objectives of the corporation. A corporation, limited partnership, limited liability company, or pension or investment fund seeking initial approval by the commissioner to operate agricultural land for research or experimental purposes must first submit to the commissioner a prospectus or proposal of the intended method of operation containing information required by the commissioner including a copy of any operational contract with individual participants.

~~(n)~~ (q) "Breeding stock farm" means a corporation or limited partnership, or limited liability company, that owns or operates agricultural land for the purpose of raising breeding stock, including embryos, for resale to farmers or for the purpose of growing seed, wild rice, nursery plants, or sod. An entity that is organized to raise livestock other than dairy cattle under this paragraph that does not qualify as an authorized farm corporation must:

(1) sell all castrated animals to be fed out or finished to farming operations that are neither directly nor indirectly owned by the business entity operating the breeding stock operation; and

(2) report its total production and sales annually to the commissioner.

(~~o~~) (r) "Aquatic farm" means a corporation ~~or~~ limited partnership, or limited liability company, that owns or leases agricultural land as a necessary part of an aquatic farm as defined in section 17.47, subdivision 3.

(~~p~~) (s) "Religious farm" means a corporation formed primarily for religious purposes whose sole income is derived from agriculture.

(~~q~~) (t) "Utility corporation" means a corporation regulated under Minnesota Statutes 1974, chapter 216B, that owns agricultural land for purposes described in that chapter, or an electric generation or transmission cooperative that owns agricultural land for use in its business if the land is not used for farming except under lease to a family farm unit, a family farm corporation, ~~or a family farm trust~~, a family farm partnership, or a family farm limited liability company.

(r) "~~Benevolent trust~~" means a pension fund or family trust established by the owners of a family farm, ~~authorized farm corporation, authorized livestock farm corporation, or family farm corporation that holds an interest in title to agricultural land on which one or more of those owners or shareholders have resided or have been actively engaged in farming as required by paragraph (b), (c), (d), or (e).~~

(~~s~~) (u) "Development organization" means a corporation, limited partnership, limited liability company, or pension or investment fund that ~~owns~~ has an interest in agricultural land for which the corporation, limited partnership, limited liability company, or pension or investment fund has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an incorporated area. A corporation, limited partnership, limited liability company, or pension or investment fund may hold agricultural land in the amount necessary for its nonfarm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, the land may not be used for farming except under lease to a family farm unit, a family farm corporation, a family farm trust, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, ~~or an authorized farm partnership, a family farm limited liability company, or an authorized farm limited liability company~~, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation that has entered into an agreement with the United States under the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, United States Code, title 42, sections 3901 to 3914) as amended, or a subsidiary or assign of such a corporation.

(~~t~~) (v) "Exempt land" means agricultural land owned or leased by a corporation as of May 20, 1973, agricultural land owned or leased by a pension or investment fund as of May 12, 1981, ~~or~~ agricultural land owned or leased by a limited partnership as of May 1, 1988, or agricultural land owned or leased by a trust as of the effective date of this act, including the normal expansion of that ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, for a corporation; May 12, 1981, for a pension or investment fund; ~~or~~ May 1, 1988, for a limited partnership, or the effective date of this act for a trust, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules. A corporation, limited partnership, or pension or investment fund that is eligible to own or lease agricultural land under this section prior to May 1997, or a corporation that is eligible to own or lease agricultural land as a benevolent trust under this section prior to the effective date of this act, may continue to own or lease agricultural land subject to the same conditions and limitations as previously allowed.

(~~u~~) (w) "Gifted land" means agricultural land acquired as a gift, either by grant or devise, by an educational, religious, or charitable nonprofit corporation, limited partnership, limited liability company, or pension or investment fund if all land so acquired is disposed of within ten years after acquiring the title.

(~~v~~) (x) "Repossessed land" means agricultural land acquired by a corporation, limited partnership, limited liability company, or pension or investment fund by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim on the land, whether created by mortgage or otherwise if all land so acquired is disposed of within five years after acquiring the title. The five-year limitation is a covenant running with the title to the land against any grantee, assignee, or successor of the pension or investment fund, corporation, ~~or~~ limited partnership, or limited liability company. The land so acquired must not be used for farming during the five-year

period, except under a lease to a family farm unit, a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, ~~or~~ an authorized farm partnership, a family farm limited liability company, or an authorized farm limited liability company. Notwithstanding the five-year divestiture requirement under this paragraph, a financial institution may continue to own the agricultural land if the agricultural land is leased to the immediately preceding former owner, but must dispose of the agricultural land within ten years of acquiring the title. Livestock acquired by a pension or investment fund, corporation, ~~or~~ limited partnership, or limited liability company in the collection of debts, or by a procedure for the enforcement of lien or claim on the livestock whether created by security agreement or otherwise after August 1, 1994, must be sold or disposed of within one full production cycle for the type of livestock acquired or 18 months after the livestock is acquired, whichever is ~~later~~ earlier.

~~(w)~~ (y) "Commissioner" means the commissioner of agriculture.

~~(x)~~ (z) "~~Demonstration~~ Nonprofit corporation" means a nonprofit corporation organized under state nonprofit corporation law ~~and formed primarily for the purpose of demonstrating historical farming practices or qualified for tax-exempt status under federal tax law that uses the land for a specific nonfarming purpose or leases the agricultural land to a family farm unit, a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm limited liability company, an authorized farm limited liability company, a family farm partnership, or an authorized farm partnership.~~

(aa) "Current beneficiary" means a person who at any time during a year is entitled to, or at the discretion of any person may, receive a distribution from the income or principal of the trust. It does not include a distributee trust, other than a trust described in section 170(c) of the Internal Revenue Code, as amended, but does include the current beneficiaries of the distributee trust. It does not include a person in whose favor a power of appointment could be exercised until the holder of the power of appointment actually exercises the power of appointment in that person's favor. It does not include a person who is entitled to receive a distribution only after a specified time or upon the occurrence of a specified event until the time or occurrence of the event. For the purposes of this section, a distributee trust is a current beneficiary of a family farm trust.

(bb) "De minimis" means that any corporation, pension or investment fund, limited liability company, or limited partnership that directly or indirectly owns, acquires, or otherwise obtains any interest in 40 acres or less of agricultural land and annually receives less than \$150 per acre in gross revenue from rental or agricultural production.

Sec. 68. Minnesota Statutes 1999 Supplement, section 500.24, subdivision 3, is amended to read:

Subd. 3. [FARMING AND OWNERSHIP OF AGRICULTURAL LAND BY CORPORATIONS RESTRICTED.]
(a) No corporation, limited liability company, pension or investment fund, ~~trust,~~ or limited partnership shall engage in farming; nor shall any corporation, limited liability company, pension or investment fund, ~~trust,~~ or limited partnership, directly or indirectly, own, acquire, or otherwise obtain any interest, in agricultural land other than a bona fide encumbrance taken for purposes of security. This subdivision does not apply to general partnerships. This subdivision does not apply to any agricultural land, corporation, limited partnership, ~~trust, limited liability company,~~ or pension or investment fund that meet any of the definitions in subdivision 2, paragraphs (b) to ~~(f), (i), (j) to (m), (m) to (v)~~ (p) to (x), ~~and (x) (z), and (bb),~~ has a conservation plan prepared for the agricultural land, and reports as required under subdivision 4.

(b) A corporation, pension or investment fund, trust, limited liability company, or limited partnership that cannot meet any of the definitions in subdivision 2, paragraphs (b) to (f), (i) to (m), (p) to (x), (z), and (bb), may petition the commissioner for an exemption from this subdivision. The commissioner may issue an exemption if the entity meets the following criteria:

(1) the exemption would not contradict the purpose of this section; and

(2) the petitioning entity would not have a significant impact upon the agriculture industry and the economy.

The commissioner shall review annually each entity that is issued an exemption under this paragraph to ensure that the entity continues to meet the criteria in clauses (1) and (2). If an entity fails to meet the criteria, the commissioner shall withdraw the exemption and the entity is subject to enforcement proceedings under subdivision 5. The commissioner shall submit a report with a list of each entity that is issued an exemption under this paragraph to the chairs of the senate and house agricultural policy committees by October 1 of each year.

Sec. 69. Minnesota Statutes 1998, section 500.24, subdivision 3a, is amended to read:

Subd. 3a. [LEASE AGREEMENT; CONSERVATION PRACTICE PROTECTION CLAUSE.] A corporation, pension or investment fund, ~~or limited partnership, or limited liability company~~ other than a ~~family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, or an authorized farm partnership~~ those meeting any of the definitions in subdivision 2, paragraphs (c) to (f) or (j) to (m), when leasing farm land to a family farm unit, a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, ~~or an authorized farm partnership, a family farm limited liability company, or an authorized farm limited liability company~~, under provisions of subdivision 2, paragraph ~~(x)~~ (x), must include within the lease agreement a provision prohibiting intentional damage or destruction to a conservation practice on the agricultural land.

Sec. 70. Minnesota Statutes 1998, section 500.24, subdivision 3b, is amended to read:

Subd. 3b. [PROTECTION OF CONSERVATION PRACTICES.] A corporation, pension or investment fund, or limited partnership, ~~or limited liability company~~ other than a ~~family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, or authorized farm partnership~~ those meeting any of the definitions in subdivision 2, paragraphs (c) to (f) or (j) to (m), which, during the period of time it holds agricultural land under subdivision 2, paragraph ~~(x)~~ (x), intentionally destroys a conservation practice as defined in section 103F.401, subdivision 3, to which the state has made a financial contribution, must pay the commissioner, for deposit in the general fund, an amount equal to the state's total contributions to that conservation practice plus interest from the time of investment in the conservation practice. Interest must be calculated at an annual percentage rate of 12 percent.

Sec. 71. Minnesota Statutes 1998, section 500.24, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] (a) The chief executive officer of every pension or investment fund, corporation, ~~or limited partnership, limited liability company, or entity that is seeking to qualify for an exemption from the commissioner, and the trustee of a family farm trust~~ that holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry, or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this state after May 20, 1973, shall file with the commissioner a report containing the following information and documents:

(1) the name of the pension or investment fund, corporation, ~~or limited partnership, or limited liability company~~ and its place of incorporation, certification, or registration;

(2) the address of the pension or investment plan headquarters or of the registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation ~~or limited partnership, or limited liability company~~, the address of its principal office in its place of incorporation, certification, or registration;

(3) the acreage and location listed by quarter-quarter section, township, and county of each lot or parcel of agricultural land or land used for the keeping or feeding of poultry in this state owned or leased by the pension or investment fund, limited partnership, ~~or corporation, or limited liability company~~;

(4) the names and addresses of the officers, administrators, directors, or trustees of the pension or investment fund, or of the officers, shareholders owning more than ten percent of the stock, including the percent of stock owned by each such shareholder, ~~and~~ the members of the board of directors of the corporation, ~~and~~ the members of the limited liability company, and the general and limited partners and the percentage of interest in the partnership by each partner;

(5) the farm products which the pension or investment fund, limited partnership, ~~or~~ corporation, or limited liability company produces or intends to produce on its agricultural land;

(6) with the first report, a copy of the title to the property where the farming operations are or will occur indicating the particular exception claimed under subdivision 3; and

(7) with the first or second report, a copy of the conservation plan proposed by the soil and water conservation district, and with subsequent reports a statement of whether the conservation plan was implemented.

The report of a corporation, trust, limited liability company, or partnership seeking to qualify hereunder as a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, ~~or an authorized farm partnership, a family farm limited liability company, an authorized farm limited liability company, or a family farm trust or under an exemption from the commissioner~~ shall contain the following additional information: the number of shares ~~or the~~ partnership interests, or governance and financial rights owned by persons or current beneficiaries of a family farm trust residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses; the name, address, and number of shares owned by each shareholder ~~or~~ partnership interests owned by each partner; or governance and financial rights owned by each member, and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest, and annuities. No pension or investment fund, limited partnership, ~~or~~ corporation, or limited liability company shall commence farming in this state until the commissioner has inspected the report and certified that its proposed operations comply with the provisions of this section.

(b) Every pension or investment fund, limited partnership, trust, or corporation, or limited liability company as described in paragraph (a) shall, prior to April 15 of each year, file with the commissioner a report containing the information required in paragraph (a), based on its operations in the preceding calendar year and its status at the end of the year. A pension or investment fund, limited partnership, ~~or~~ corporation, or limited liability company that does not file the report by April 15 must pay a \$500 civil penalty. The penalty is a lien on the land being farmed under subdivision 3 until the penalty is paid.

(c) The commissioner may, for good cause shown, issue a written waiver or reduction of the civil penalty for failure to make a timely filing of the annual report required by this subdivision. The waiver or reduction is final and conclusive with respect to the civil penalty, and may not be reopened or modified by an officer, employee, or agent of the state, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The report required under paragraph (b) must be completed prior to a reduction or waiver under this paragraph. The commissioner may enter into an agreement under this paragraph only once for each corporation or partnership.

(d) Failure to file a required report or the willful filing of false information is a gross misdemeanor.

Sec. 72. Minnesota Statutes 1998, section 500.24, subdivision 5, is amended to read:

Subd. 5. [ENFORCEMENT.] With reason to believe that a corporation, limited partnership, limited liability company, trust, or pension or investment fund is violating subdivision 3, the attorney general shall commence an action in the district court in which any agricultural lands relative to such violation are situated, or if situated in two or more counties, in any county in which a substantial part of the lands are situated. The attorney general shall file for record with the county recorder or the registrar of titles of each county in which any portion of said lands are located a notice of the pendency of the action as provided in section 557.02. If the court finds that the lands in question are being held in violation of subdivision 3, it shall enter an order so declaring. The attorney general shall file for record any such order with the county recorder or the registrar of titles of each county in which any portion

of said lands are located. Thereafter, the pension or investment fund, limited partnership, or corporation owning such land shall have a period of five years from the date of such order to divest itself of such lands. The aforementioned five-year limitation period shall be deemed a covenant running with the title to the land against any pension or investment fund, limited partnership, or corporate grantee or assignee or the successor of such pension or investment fund, limited partnership, or corporation. Any lands not so divested within the time prescribed shall be sold at public sale in the manner prescribed by law for the foreclosure of a mortgage by action. In addition, any prospective or threatened violation may be enjoined by an action brought by the attorney general in the manner provided by law.

Sec. 73. Minnesota Statutes 1999 Supplement, section 500.245, subdivision 1, is amended to read:

Subdivision 1. [DISPOSAL OF LAND.] (a) A state or federal agency, limited partnership, ~~or a corporation,~~ or limited liability company may not lease or sell agricultural land or a farm homestead before offering or making a good faith effort to offer the land for sale or lease to the immediately preceding former owner at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor. The offer must be made on the notice to offer form under subdivision 2. The requirements of this subdivision do not apply to a sale or lease by a corporation that is a family farm corporation or an authorized farm corporation or to a sale or lease by the commissioner of agriculture of property acquired by the state under the family farm security program under chapter 41. This subdivision applies only to a sale or lease when the seller or lessor acquired the property by enforcing a debt against the agricultural land or farm homestead, including foreclosure of a mortgage, accepting a deed in lieu of foreclosure, terminating a contract for deed, or accepting a deed in lieu of terminating a contract for deed. Selling or leasing property to a third party at a price is prima facie evidence that the price is acceptable to the seller or lessor. The seller must provide written notice to the immediately preceding former owner that the agricultural land or farm homestead will be offered for sale at least 14 days before the agricultural land or farm homestead is offered for sale.

(b) An immediately preceding former owner is the entity with record legal title to the agricultural land or farm homestead before acquisition by the state or federal agency or corporation except: if the immediately preceding former owner is a bankruptcy estate, the debtor in bankruptcy is the immediately preceding former owner; and if the agricultural land or farm homestead was acquired by termination of a contract for deed or deed in lieu of termination of a contract for deed, the immediately preceding former owner is the purchaser under the contract for deed. For purposes of this subdivision, only a family farm, family farm corporation, ~~or family farm partnership~~ or family farm limited liability company can be an immediately preceding former owner.

(c) An immediately preceding former owner may elect to purchase or lease the entire property or an agreed to portion of the property. If the immediately preceding former owner elects to purchase or lease a portion of the property, the election must be reported in writing to the seller or lessor prior to the time the property is first offered for sale or lease. If election is made to purchase or lease a portion of the property, the portion must be contiguous and compact so that it does not unreasonably reduce access to or the value of the remaining property.

(d) For purposes of this subdivision, the term "a price no higher than the highest price offered by a third party" means the acceptable cash price offered by a third party or the acceptable time-price offer made by a third party. A cash price offer is one that involves simultaneous transfer of title for payment of the entire amount of the offer. If the acceptable offer made by a third party is a time-price offer, the seller or lessor must make the same time-price offer or an equivalent cash offer to the immediately preceding former owner. An equivalent cash offer is equal to the total of the payments made over a period of the time-price offer discounted by yield curve of the United States treasury notes and bonds of similar maturity on the first business day of the month in which the offer is personally delivered or mailed for time periods similar to the time period covered by the time-price offer, plus 2.0 percent. A time-price offer is an offer that is financed entirely or partially by the seller and includes an offer to purchase under a contract for deed or mortgage. An equivalent cash offer is not required to be made if the state participates in an offer to a third party through the rural finance authority.

(e) This subdivision applies to a seller when the property is sold and to a lessor each time the property is leased, for the time period specified in section 500.24, subdivision 2, paragraph (v), after the agricultural land is acquired except:

(1) an offer to lease to the immediately preceding former owner is required only until the immediately preceding owner fails to accept an offer to lease the property or the property is sold;

(2) an offer to sell to the immediately preceding former owner is required until the property is sold; and

(3) if the immediately preceding former owner elects to lease or purchase a portion of the property, this subdivision does not apply to the seller with regard to the balance of the property after the election is made under paragraph (c).

(f) The notice of an offer under subdivision 2 that is personally delivered with a signed receipt or sent by certified mail with a receipt of mailing to the immediately preceding former owner's last known address is a good faith offer.

(g) This subdivision does not apply to a sale or lease that occurs after the seller or lessor has held the property for the time period specified in section 500.24, subdivision 2, paragraph ~~(v)~~ (x).

(h) For purposes of this subdivision, if the immediately preceding former owner is a bankruptcy estate the debtor in the bankruptcy is the immediately preceding owner.

(i) The immediately preceding former owner must exercise the right to lease all or a portion of the agricultural land or a homestead located on agricultural land in writing within 15 days after an offer to lease under this subdivision is mailed with a receipt of mailing or personally delivered. If election is made to lease only the homestead or a portion of the agricultural land, the portion to be leased must be clearly identified in writing. The immediately preceding former owner must exercise the right to buy the agricultural land, a portion of the agricultural land, or a farm homestead located on agricultural land, in writing, within 65 days after an offer to buy under this subdivision is mailed with a receipt of mailing or is personally delivered. Within ten days after exercising the right to lease or buy by accepting the offer, the immediately preceding owner must fully perform according to the terms of the offer including paying the amounts due. A seller may sell and a lessor may lease the agricultural land or farm homestead subject to this subdivision to the third party in accordance with their lease or purchase agreement if:

(1) the immediately preceding former owner does not accept an offer to lease or buy before the offer terminates; or

(2) the immediately preceding former owner does not perform the obligations of the offer, including paying the amounts due, within ten days after accepting the offer.

(j) A certificate indicating whether or not the property contains agricultural land or a farm homestead that is signed by the county assessor where the property is located and recorded in the office of the county recorder or the registrar of titles where the property is located is prima facie evidence of whether the property is agricultural land or a farm homestead.

(k) As prima facie evidence that an offer to sell or lease agricultural land or a farm homestead has terminated, a receipt of mailing the notice under subdivision 2 and an affidavit, signed by a person authorized to act on behalf of a state, federal agency, or corporation selling or leasing the agricultural land or a farm homestead may be filed in the office of the county recorder or registrar of titles of the county where the agricultural land or farm homestead is located. The affidavit must state that:

(1) notice of an offer to buy or lease the agricultural land or farm homestead was provided to the immediately preceding former owner at a price not higher than the highest price offered by a third party that is acceptable;

(2) the time during which the immediately preceding former owner is required to exercise the right to buy or lease the agricultural land or farm homestead has expired;

(3) the immediately preceding former owner has not exercised the right to buy or lease the agricultural land or farm homestead as provided in this subdivision or has accepted an offer and has not fully performed according to the terms of the offer; and

(4) the offer to the immediately preceding former owner has terminated.

(1) The right of an immediately preceding former owner to receive an offer to lease or purchase agricultural land under this subdivision or to lease or purchase at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor may be extinguished or limited by an express statement signed by the immediately preceding owner that complies with the plain language requirements of section 325G.31. The right may not be extinguished or limited except by:

(1) an express statement in a deed in lieu of foreclosure of the agricultural land;

(2) an express statement in a deed in lieu of a termination of a contract for deed for the agricultural land;

(3) an express statement conveying the right to the state or federal agency or corporation owning the agricultural land that is required to make an offer under this subdivision; however, the preceding former owner may rescind the conveyance by notifying the state or federal agency or corporation in writing within 20 calendar days after signing the express statement;

(4) to cure a title defect, an express statement conveying the right may be made to a person to whom the agricultural land has been transferred by the state or federal agency or corporation; or

(5) an express statement conveying the right to a contract for deed vendee to whom the agricultural land or farm homestead was sold under a contract for deed by the immediately preceding former owner if the express statement and the contract for deed are recorded.

(m) The right of an immediately preceding former owner to receive an offer to lease or purchase agricultural land under this subdivision may not be assigned or transferred except as provided in paragraph (l), but may be inherited.

(n) An immediately preceding former owner, except a former owner who is actively engaged in farming as defined in section 500.24, subdivision 2, paragraph (a), and who agrees to remain actively engaged in farming on a portion of the agricultural land or farm homestead for at least one year after accepting an offer under this subdivision, may not sell agricultural land acquired by accepting an offer under this subdivision if the arrangement of the sale was negotiated or agreed to prior to the former owner accepting the offer under this subdivision. A person who sells property in violation of this paragraph is liable for damages plus reasonable attorney fees to a person who is damaged by a sale in violation of this paragraph. There is a rebuttable presumption that a sale by an immediately preceding former owner is in violation of this paragraph if the sale takes place within 270 days of the former owner accepting the offer under this subdivision. This paragraph does not apply to a sale by an immediately preceding former owner to the owner's spouse, the owner's parents, the owner's sisters and brothers, the owner's spouse's sisters and brothers, or the owner's children.

Sec. 74. Minnesota Statutes 1998, section 500.245, subdivision 2, is amended to read:

Subd. 2. [NOTICE OF OFFER.] (a) The state, a federal agency, limited partnership, ~~or a corporation,~~ or limited liability company subject to subdivision 1 must provide a notice of an offer to sell or lease agricultural land substantially as follows, after inserting the appropriate terms within the parentheses:

"NOTICE OF OFFER TO (LEASE, BUY) AGRICULTURAL LAND

TO: (. . . Immediately preceding former owner. . .)

FROM: (. . . The state, federal agency, limited partnership, ~~or corporation,~~ or limited liability company subject to subdivision 1. . .)

DATE: (. . . date notice is mailed or personally delivered. . .)

(. . . The state, federal agency, limited partnership, ~~or~~ corporation, or limited liability company. . .) HAS ACQUIRED THE AGRICULTURAL LAND DESCRIBED BELOW AND HAS RECEIVED AN ACCEPTABLE OFFER TO (LEASE, SELL) THE AGRICULTURAL LAND FROM ANOTHER PARTY. UNDER MINNESOTA STATUTES, SECTION 500.245, SUBDIVISION 1, AN OFFER FROM (. . .the state, federal agency, limited partnership, ~~or~~ corporation, or limited liability company. . .) MUST BE MADE TO YOU AT A PRICE NO HIGHER THAN THE HIGHEST OFFER MADE BY ANOTHER PARTY.

THE AGRICULTURAL LAND BEING OFFERED CONTAINS APPROXIMATELY (. . .approximate number of acres. . .) ACRES AND IS INFORMALLY DESCRIBED AS FOLLOWS:

(Informal description of the agricultural land being offered that reasonably describes the land. This description does not need to be a legal description.)

(. . .The state, federal agency, limited partnership, ~~or~~ corporation, or limited liability company. . .) OFFERS TO (SELL, LEASE) THE AGRICULTURAL LAND DESCRIBED ABOVE FOR A CASH PRICE OF \$(. . .cash price or equivalent cash price for lease and lease period, or cash price or equivalent cash price for sale of land. . .), WHICH IS NOT HIGHER THAN THE PRICE OFFERED BY ANOTHER PARTY. THE PRICE IS OFFERED ON THE FOLLOWING TERMS:

(Terms, if any, of acceptable offer)

IF YOU WANT TO ACCEPT THIS OFFER YOU MUST NOTIFY (. . .the state, federal agency, limited partnership, ~~or~~ corporation, or limited liability company. . .) IN WRITING THAT YOU ACCEPT THE OFFER OR SIGN UNDERNEATH THE FOLLOWING PARAGRAPH AND RETURN A COPY OF THIS NOTICE BY (15 for a lease, 65 for a sale) DAYS AFTER THIS NOTICE IS PERSONALLY DELIVERED OR MAILED TO YOU. THE OFFER IN THIS NOTICE TERMINATES ON (. . .date of termination - 15 days for lease and 65 days for sale after date of mailing or personal delivery. . .)

ACCEPTANCE OF OFFER

I ACCEPT THE OFFER TO (BUY, LEASE) THE AGRICULTURAL LAND DESCRIBED ABOVE AT THE PRICE OFFERED TO ME IN THIS NOTICE. AS PART OF ACCEPTING THIS OFFER I WILL PERFORM ACCORDING TO THE TERMS OF THE OFFER, INCLUDING MAKING PAYMENTS DUE UNDER THE OFFER, WITHIN TEN DAYS AFTER THE DATE I ACCEPT THIS OFFER. I UNDERSTAND THAT NEGOTIATING OR AGREEING TO AN ARRANGEMENT TO SELL THE AGRICULTURAL LAND TO ANOTHER PERSON PRIOR TO ACCEPTING THIS OFFER MAY BE A VIOLATION OF LAW AND I MAY BE LIABLE TO A PERSON DAMAGED BY THE SALE.

.....
Signature of Former Owner Accepting Offer

.....
Date"

IMPORTANT NOTICE

ANY ACTION FOR THE RECOVERY OF THE AGRICULTURAL LAND DESCRIBED ABOVE OR ANY ACTION FOR DAMAGES, EXCEPT FOR DAMAGES FOR FRAUD, REGARDING THIS OFFER MUST BE COMMENCED BY A LAWSUIT BEFORE THE EXPIRATION OF THREE YEARS AFTER THIS LAND IS SOLD TO ANOTHER PARTY. UPON FILING A LAWSUIT, YOU MUST ALSO FILE A NOTICE OF LIS PENDENS WITH THE COUNTY RECORDER OR REGISTRAR OF TITLES IN THE COUNTY WHERE THE LAND IS LOCATED.

(b) For an offer to sell, a copy of the purchase agreement containing the price and terms of the highest offer made by a third party that is acceptable to the seller and a signed affidavit by the seller affirming that the purchase agreement is true, accurate, and made in good faith must be included with the notice under this subdivision. At the seller's discretion, reference to the third party's identity may be deleted from the copy of the purchase agreement.

(c) For an offer to lease, a copy of the lease containing the price and terms of the highest offer made by a third party that is acceptable to the lessor and a signed affidavit by the lessor affirming that the lease is true, accurate, and made in good faith must be included with the notice under this subdivision. At the lessor's discretion, reference to the third party's identity may be deleted from the copy of the lease agreement.

(d) The affidavit under paragraphs (b) and (c) is subject to section 609.48.

Sec. 75. [SEED POTATOES; CLEARWATER COUNTY.]

Notwithstanding the seed potato certification requirements under Minnesota Statutes, section 21.1196, in calendar year 2000, seed potatoes may be planted in Clearwater county without certification if the seed potatoes have had at least field inspection as required for certified seed potatoes, have passed the field inspection standards of disease tolerance, and are free from ring rot.

Sec. 76. [EFFECTIVE DATE.]

Section 22 is effective the day following final enactment and applies to claims for corrective action costs incurred after that date. Sections 67 to 74 are effective the day following final enactment."

Delete the title and insert:

"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; including bison in certain definitions of livestock; changing meeting provisions and duties of the board of grain standards; expanding a grants-in-aid program; changing certain fees; making technical changes to pesticide and fertilizer laws; changing certain reimbursement payments; changing seed testing provisions; providing for delegation of certain duties; 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; changing rural finance authority loan provisions; clarifying status of certain grain buying transactions; changing certain grain storage provisions; changing the corporate and partnership farming law; providing alternative seed potato regulation in Clearwater county; amending Minnesota Statutes 1998, sections 17.101, subdivision 5; 17A.03, subdivision 5; 17A.05, subdivision 2; 17B.07; 17B.12; 18.023, subdivision 3a; 18C.005, subdivision 34, and by adding subdivisions; 18C.201, by adding subdivisions; 18C.215, subdivisions 1, 2, and by adding a subdivision; 18C.411, subdivision 1; 18C.421, subdivision 1; 18D.201, subdivision 3; 18D.331, by adding a subdivision; 18E.04, subdivision 4; 21.86, subdivision 1; 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; 31B.02, subdivision 4; 41B.03, subdivisions 1 and 2; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 2; 41B.045, subdivision 2; 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."

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

House Conferees: TIM FINSETH, ROBERT NESS AND STEPHEN G. WENZEL.

Senate Conferees: DALLAS C. SAMS, STEVE MURPHY AND JOHN C. HOTTINGER.

Finseth moved that the report of the Conference Committee on H. F. No. 3312 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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.

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 115 yeas and 16 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Biernat	Gray	Jaros	Kubly	Mullery	Wejcman
Carruthers	Greenfield	Kahn	Mariani	Paymar	
Dawkins	Greiling	Kelliher	McGuire	Wagenius	

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

Abrams 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. 3505

A bill for an act relating to commerce; regulating certain disclosures; authorizing insurance against vicarious liability for certain damages; specifying the license term and fees of a managing general agent; regulating securities broker-dealers and investment advisers; authorizing the commissioner to withdraw certain inactive registration applications; extending a real estate continuing education pilot project; regulating the contractor recovery fund; making collection agencies responsible for the acts of collectors; providing standards of conduct for notarial acts; regulating unclaimed property; amending Minnesota Statutes 1998, sections 45.027, subdivision 7a; 60H.03, by adding a subdivision; 60K.03, subdivision 4; 80A.04, subdivisions 2 and 3; 80A.07, subdivision 1; 80A.10, subdivision 2; 80C.05, subdivision 4; 80C.07; 82.22, subdivision 13; 82A.04, subdivision 4, and by adding a subdivision; 82B.14; 83.23, by adding a subdivision; 308A.711, subdivision 1; 326.975, subdivision 1; and 345.515; Minnesota Statutes 1999 Supplement, sections 60A.06, subdivision 1; and 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 332; and 359.

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. 3505, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 3505 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 45.027, subdivision 7a, is amended to read:

Subd. 7a. [AUTHORIZED DISCLOSURES OF INFORMATION AND DATA.] (a) The commissioner may release and disclose any active or inactive investigative information and data on licensees to any national securities exchange or national securities association registered under the Securities Exchange Act of 1934 when necessary for the requesting agency in initiating, furthering, or completing an investigation.

(b) The commissioner may release any active or inactive investigative data relating to the conduct of the business of insurance to the Office of the Comptroller of the Currency or the Office of Thrift Supervision in order to facilitate the initiation, furtherance, or completion of the investigation.

Sec. 2. Minnesota Statutes 1998, section 60A.052, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS.] The commissioner may by order take any or all of the following actions: (a) deny, suspend, or revoke a certificate of authority; (b) censure the insurance company; ~~or~~ (c) impose a civil penalty as provided for in section 45.027, subdivision 6; or (d) under a written agreement with the insurance company based upon the company's financial condition, impose conditions or restrictions on the insurance company's authority to transact business in Minnesota. In order to take this action the commissioner must find that the order is in the public interest, and the insurance company:

(1) has a board of directors or principal management that is incompetent, untrustworthy, or so lacking in insurance company managerial experience as to make its operation hazardous to policyholders, its stockholders, or to the insurance buying public;

(2) is controlled directly or indirectly through ownership, management, reinsurance transactions, or other business relations by any person or persons whose business operations are or have been marked by manipulation of any assets, reinsurance, or accounts as to create a hazard to the company's policyholders, stockholders, or the insurance buying public;

(3) is in an unsound or unsafe condition;

(4) has the actual liabilities that exceed the actual funds of the company;

(5) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it was made, contained any misrepresentation or was false, misleading, or fraudulent;

(6) has pled guilty, with or without explicitly admitting guilt, pled nolo contendere, or been convicted of a felony, gross misdemeanor, or misdemeanor involving moral turpitude, or similar conduct;

(7) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the insurance business;

(8) has violated or failed to comply with any order of the insurance regulator of any other state or jurisdiction;

(9) has had a certificate of authority denied, suspended, or revoked, has been censured or reprimanded, has been the subject of any other discipline imposed by, or has paid or has been required to pay a monetary penalty or fine to, another state;

(10) agents, officers, or directors refuse to submit to examination or perform any related legal obligation; or

(11) has violated or failed to comply with, any of the provisions of the insurance laws including chapter 45 or chapters 60A to 72A or any rule or order under those chapters.

Sec. 3. Minnesota Statutes 1999 Supplement, section 60A.052, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OR REVOCATION OF AUTHORITY OR CENSURE.] If the commissioner determines that one of the conditions listed in subdivision 1 exists, the commissioner may issue an order requiring the insurance company to show cause why any or all of the following should not occur: (1) revocation or suspension of any or all certificates of authority granted to the foreign or domestic insurance company or its agent; (2) censuring of the insurance company; (3) cancellation of all or some of the company's insurance contracts then in force in this state; ~~or~~ (4) the imposition of a civil penalty; or (5) under a written agreement with the insurance company based upon the company's financial condition, imposition of conditions or restrictions on the insurance company's authority to transact business in Minnesota. The order shall be calculated to give reasonable notice of the time and place for hearing thereon, and shall state the reasons for the entry of the order. All hearings shall be conducted in accordance

with chapter 14. The insurer may waive its right to the hearing. If the insurer is under the supervision or control of the insurance department of the insurer's state of domicile, that insurance department, acting on behalf of the insurer, may waive the insurer's right to the hearing. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the insurance company fails to appear at a hearing after having been duly notified of it, the company shall be considered in default, and the proceeding may be determined against the company upon consideration of the order to show cause, the allegations of which may be considered to be true.

Sec. 4. Minnesota Statutes 1998, section 60A.129, subdivision 5, is amended to read:

Subd. 5. [CONSOLIDATED FILING.] (a) The commissioner may allow an insurer to file a consolidated loss reserve certification required by subdivision 2, in lieu of separate loss certifications and may allow an insurer to file consolidated or combined audited financial statements required by subdivision 3, paragraph (a), in lieu of separate annual audited financial statements, where it can be demonstrated that an insurer is part of a group of insurance companies that has a pooling or 100 percent reinsurance agreement which substantially affects the solvency and integrity of the reserves of the insurer and the insurer cedes all of its direct and assumed business to the pool. An affiliated insurance company not meeting these requirements may be included in the consolidated or combined audited financial statements, if the company's total admitted assets are less than five percent of the consolidated group's total admitted assets. If these circumstances exist, then the company may file a written application to file a consolidated loss reserve certification and/or consolidated or combined audited financial statements. This application shall be for a specified period.

(b) A consolidated annual audit filing shall include a columnar consolidated or combining worksheet. Amounts shown on the audited consolidated or combined financial statement shall be shown on the worksheet. Amounts for each insurer shall be stated separately. Noninsurance operations may be shown on the worksheet on a combined or individual basis. Explanations of consolidating or eliminating entries shall be shown on the worksheet. A reconciliation of any differences between the amounts shown in the individual insurer columns of the worksheet and comparable amounts shown on the annual statement of the insurers shall be included on the worksheet.

Sec. 5. Minnesota Statutes 1998, section 60H.03, is amended by adding a subdivision to read:

Subd. 4. [TERM AND FEES.] The term of a managing general agent license issued under this section and the license fees imposed are the same as those applicable to a licensed insurance agent under chapter 60K.

Sec. 6. Minnesota Statutes 1998, section 60K.03, subdivision 4, is amended to read:

Subd. 4. [TERM.] All licenses issued pursuant to this section remain in force until voluntarily terminated by the licensee, not renewed as prescribed in section 60K.06, or until suspended or revoked by the commissioner. A voluntary termination occurs when the license is surrendered to the commissioner with the request that it be terminated or when the licensee dies, or when the licensee is dissolved or its existence is terminated. In the case of a nonresident license, a voluntary termination also occurs upon the happening of the event described in subdivision 3, paragraph (c).

Every licensed agent shall notify the commissioner within ~~30~~ ten days of a change of name, address, or information contained in the application.

Sec. 7. [60K.081] [BROKERAGE BUSINESS.]

Every insurance agent licensed to transact business in this state may procure the insurance of risks, or parts of risks, in the class or classes of insurance for which the agent is licensed, from an insurer authorized to transact business in this state, when the agent is not an appointed agent of the insurer, but the insurance must be consummated only through an appointed agent of the insurer.

Sec. 8. Minnesota Statutes 1998, section 60K.14, subdivision 1, is amended to read:

Subdivision 1. [PERSONAL SOLICITATION OF INSURANCE SALES.] (a) [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(1) "agent" means a person, copartnership, or corporation required to be licensed pursuant to section 60K.02; and

(2) "personal solicitation" means any contact by an agent, or any person acting on behalf of an agent, made for the purpose of selling or attempting to sell insurance, when either the agent or a person acting for the agent contacts the buyer by telephone or in person, except: (i) an attempted sale in which the buyer personally knows the identity of the agent, the name of the general agency, if any, which the agent represents, and the fact that the agent is an insurance agent; (ii) an attempted sale in which the prospective purchaser of insurance initiated the contact; or (iii) a personal contact which takes place at the agent's place of business.

(b) [DISCLOSURE REQUIREMENT.] Before a personal solicitation, the agent or person acting for an agent shall, at the time of initial personal contact with the potential buyer, clearly and expressly disclose in writing:

(1) the name ~~and state insurance agent license number~~ of the person making the contact;

(2) the name of the agent, general agency, or insurer that person represents; and

(3) the fact that the agent, agency, or insurer is in the business of selling insurance.

If the initial personal contact is made by telephone, the disclosures required by this subdivision need not be made in writing.

(c) [FALSE REPRESENTATION OF GOVERNMENT AFFILIATION.] No agent or person acting for an agent shall make any communication to a potential buyer that indicates or gives the impression that the agent is acting on behalf of a government agency.

Sec. 9. Minnesota Statutes 1999 Supplement, section 60K.19, subdivision 8, is amended to read:

Subd. 8. [MINIMUM EDUCATION REQUIREMENT.] Each person subject to this section shall complete a minimum of 30 credit hours of courses accredited by the commissioner during each 24-month licensing period; ~~two hours of which must be devoted to state law, regulations, and rules applicable to the line or lines of insurance for which the agent is licensed.~~ Any person whose initial licensing period extends more than six months shall complete 15 hours of courses accredited by the commissioner during the initial license period. Any person teaching or lecturing at an accredited course qualifies for 1-1/2 times the number of credit hours that would be granted to a person completing the accredited course. No more than 15 credit hours per licensing period may be credited to a person for courses sponsored by, offered by, or affiliated with an insurance company or its agents. Courses sponsored by, offered by, or affiliated with an insurance company or agent may restrict its students to agents of the company or agency.

Sec. 10. Minnesota Statutes 1998, section 61A.092, subdivision 6, is amended to read:

Subd. 6. [APPLICATION.] This section applies to a policy, certificate of insurance, or similar evidence of coverage issued to a Minnesota resident or issued to provide coverage to a Minnesota resident. This section does not apply to: (1) a certificate of insurance or similar evidence of coverage that meets the conditions of section 61A.093, subdivision 2; or (2) a group life insurance policy that contains a provision permitting the certificate holder, upon termination or layoff from employment, to retain the coverage provided under the group policy by paying premiums directly to the insurer, provided that the employer shall give the employee notice of the employee's and each related certificate holder's right to continue the insurance by paying premiums directly to the insurer. A related certificate holder is an insured spouse or dependent child of the employee. Upon termination of this group policy, each covered employee, spouse, and dependent child is entitled to have issued to them a life conversion policy as prescribed in section 61A.09, subdivision 1, paragraph (h).

Sec. 11. Minnesota Statutes 1998, section 62A.136, is amended to read:

62A.136 [DENTAL AND VISION PLAN COVERAGE.]

The following provisions do not apply to health plans providing dental or vision coverage only: sections 62A.041; 62A.0411; 62A.047; 62A.149; 62A.151; 62A.152; 62A.154; 62A.155; 62A.17, subdivision 6; 62A.21, subdivision 2b; 62A.26; 62A.28; ~~and 62A.285~~; 62A.30; 62A.304; 62A.3093; and 62E.16.

Sec. 12. Minnesota Statutes 1998, section 62C.11, subdivision 1, is amended to read:

Subdivision 1. A service plan corporation shall annually on or before the last day of March, file with the commissioner a financial statement, in such form as the commissioner shall prescribe, verified by not less than two of its principal officers, showing the financial condition of the corporation as of December 31 of the preceding year. ~~The statement shall include an audit report certified by an independent certified public accountant and reconciled and adjusted to conform to the financial statement.~~

Sec. 13. Minnesota Statutes 1998, section 62C.142, subdivision 2a, is amended to read:

Subd. 2a. [CONTINUATION PRIVILEGE.] Every subscriber contract, other than a contract whose continuance is contingent upon continued employment or membership, shall contain a provision which permits continuation of coverage under the contract for the subscriber's former spouse and children upon entry of a valid decree of dissolution of marriage, ~~if the decree requires the subscriber to provide continued coverage for those persons~~. The coverage may be continued until the earlier of the following dates:

(a) ~~the date of remarriage of either the subscriber or the subscriber's former spouse~~ becomes covered under any other group health plan; or

(b) the date coverage would otherwise terminate under the subscriber contract.

The contract must require the group contract holder to, upon request, provide the insured with written verification from the insurer of the cost of this coverage promptly at the time of eligibility for this coverage and at any time during the continuation period. In no event shall the amount of premium charged exceed 102 percent of the cost to the plan for such period of coverage for other similarly situated spouses and dependent children with respect to whom the marital relationship has not dissolved, without regard to whether such cost is paid by the employer or employee.

Sec. 14. Minnesota Statutes 1998, section 62E.04, subdivision 4, is amended to read:

Subd. 4. [MAJOR MEDICAL COVERAGE.] Each insurer and fraternal shall affirmatively offer coverage of major medical expenses to every applicant who applies to the insurer or fraternal for a new unqualified policy, which has a lifetime benefit limit of less than \$1,000,000, at the time of application and annually to every holder of such an unqualified policy of accident and health insurance renewed by the insurer or fraternal. The coverage shall provide that when a covered individual incurs out-of-pocket expenses of \$5,000 or more within a calendar year for services covered in section 62E.06, subdivision 1, benefits shall be payable, subject to any copayment authorized by the commissioner, up to a maximum lifetime limit of \$500,000. The offer of coverage of major medical expenses may consist of the offer of a rider on an existing unqualified policy or a new policy which is a qualified plan.

Sec. 15. Minnesota Statutes 1998, section 62H.10, subdivision 4, is amended to read:

Subd. 4. [BROKER.] "Broker" means an agent engaged in brokerage business pursuant to section ~~60K.08~~ 60K.081.

Sec. 16. Minnesota Statutes 1999 Supplement, section 62J.535, subdivision 2, is amended to read:

Subd. 2. [COMPLIANCE.] (a) Concurrent with the ~~effective dates~~ date of required compliance established under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, for uniform electronic billing standards, all health care providers must conform to the uniform billing standards developed under subdivision 1.

(b) Notwithstanding paragraph (a), the requirements for the uniform remittance advice report shall be effective 12 months after the date of the required compliance of the standards for the electronic remittance advice transaction are effective under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time.

Sec. 17. Minnesota Statutes 1998, section 62S.02, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] A qualified long-term care insurance policy may not be offered, issued, delivered, or renewed in this state unless the policy satisfies the requirements of this chapter and the filing provisions of section 62A.02. A qualified long-term care insurance policy must cover qualified long-term care services.

Sec. 18. Minnesota Statutes 1998, section 64B.30, subdivision 1, is amended to read:

Subdivision 1. [VISITATION AND EXAMINATION.] The commissioner, or any person the commissioner may appoint, shall have the power of visitation and examination into the affairs of any domestic society. The commissioner shall conduct an examination at least ~~once in every three years~~ as often as is required in section 60A.031, subdivision 1. The commissioner may:

(1) employ assistance for the purposes of examination and the commissioner, or any person the commissioner may appoint, shall have free access to any books, papers, and documents that relate to the business of the association; and

(2) summon and qualify as witnesses, under oath, and examine its officers, agents, and employees, or other persons, in relation to the affairs, transactions, and condition of the association.

Sec. 19. Minnesota Statutes 1998, section 65B.29, subdivision 2, is amended to read:

Subd. 2. [INSURANCE REQUIRED.] No motor vehicle service contract may be issued, sold, or offered for sale in this state unless the provider of the service contract is insured under a motor vehicle service contract reimbursement insurance policy issued by an insurer authorized to do business in this state. Insurers issuing such a policy are required to have capital and surplus equal to at least \$5,000,000 at the end of the preceding year. Capital and surplus must be calculated using the accounting standards required by section 60A.13.

Sec. 20. Minnesota Statutes 1998, section 65B.29, subdivision 3, is amended to read:

Subd. 3. [FILING REQUIREMENTS.] No motor vehicle service contract may be issued, sold, or offered for sale in this state unless a true and correct copy of the service contract and the provider's reimbursement insurance policy have been filed with the commissioner and either (1) the commissioner has approved it or (2) 60 days have elapsed and the commissioner has not disapproved it as misleading or violative of public policy. The commissioner may, by written notice to the provider, extend the review for an additional period not to exceed 60 days.

Sec. 21. Minnesota Statutes 1998, section 72A.20, subdivision 17, is amended to read:

Subd. 17. [RETURN OF PREMIUMS.] (a) Refusing, upon surrender of an individual policy of life insurance in the case of the insured's death, or in the case of a surrender prior to death, of an individual insurance policy not covered by the standard nonforfeiture laws under section 61A.24, to refund to the owner all unearned premiums paid on the policy covering the insured as of the time of the insured's death or surrender if the unearned premium is for a period of more than one month. The return of unearned premium must be delivered to the insured within 30 days following receipt by the insurer of the insured's request for cancellation.

(b) Refusing, upon termination or cancellation of a policy of automobile insurance under section 65B.14, subdivision 2, or a policy of homeowner's insurance under section 65A.27, subdivision 4, or a policy of accident and sickness insurance under section 62A.01, or a policy of comprehensive health insurance under chapter 62E, to refund to the insured all unearned premiums paid on the policy covering the insured as of the time of the termination or cancellation if the unearned premium is for a period of more than one month. The return of unearned premium must be delivered to the insured within 30 days following receipt by the insurer of the insured's request for cancellation.

(c) This subdivision does not apply to policies of insurance providing coverage only for motorcycles or other seasonally rated or limited use vehicles where the rate is reduced to reflect seasonal or limited use.

(d) For purposes of this section, a premium is unearned during the period of time the insurer has not been exposed to any risk of loss. Except for premiums for motorcycle coverage or other seasonally rated or limited use vehicles where the rate is reduced to reflect seasonal or limited use, the unearned premium is determined by multiplying the premium by the fraction that results from dividing the period of time from the date of termination to the date the next scheduled premium is due by the period of time for which the premium was paid.

(e) The owner may cancel a policy referred to in this section at any time during the policy period. This provision supersedes any inconsistent provision of law or any inconsistent policy provision.

Sec. 22. Minnesota Statutes 1999 Supplement, section 72A.20, subdivision 23, is amended to read:

Subd. 23. [DISCRIMINATION IN AUTOMOBILE INSURANCE POLICIES.] (a) No insurer that offers an automobile insurance policy in this state shall:

(1) use the employment status of the applicant as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason.

(b) No insurer that offers an automobile insurance policy in this state shall:

(1) use the applicant's status as a residential tenant, as the term is defined in section 504B.001, subdivision 12, as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason; or

(3) make any discrimination in offering or establishing rates, premiums, dividends, or benefits of any kind, or by way of rebate, for the same reason.

(c) No insurer that offers an automobile insurance policy in this state shall:

(1) use the failure of the applicant to have an automobile policy in force during any period of time before the application is made as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason.

~~This provision Paragraph (c)~~ does not apply if the applicant was required by law to maintain automobile insurance coverage and failed to do so.

An insurer may require reasonable proof that the applicant did not fail to maintain this coverage. The insurer is not required to accept the mere lack of a conviction or citation for failure to maintain this coverage as proof of failure to maintain coverage. The insurer must provide the applicant with information identifying the documentation that is required to establish reasonable proof that the applicant did not fail to maintain the coverage.

(d) No insurer that offers an automobile insurance policy in this state shall use an applicant's prior claims for benefits paid under section 65B.44 as an underwriting standard or guideline if the applicant was 50 percent or less negligent in the accident or accidents causing the claims.

(e) No insurer shall refuse to issue any standard or preferred policy of motor vehicle insurance or make any discrimination in the acceptance of risks, in rates, premiums, dividends, or benefits of any kind, or by way of rebate:

(1) between persons of the same class, or

(2) on account of race, or

(3) on account of physical handicap if the handicap is compensated for by special training, equipment, prosthetic device, corrective lenses, or medication and if the physically handicapped person:

(i) is licensed by the department of public safety to operate a motor vehicle in this state, and

(ii) operates only vehicles that are equipped with auxiliary devices and equipment necessary for safe and effective operation by the handicapped person, or

(4) on account of marital dissolution.

Sec. 23. Minnesota Statutes 1998, section 72A.499, subdivision 1, is amended to read:

Subdivision 1. [NOTICE AND INFORMATION.] (a) In the event of an adverse underwriting decision, the insurer or insurance agent responsible for the decision shall provide in writing to the applicant, policyholder, or individual proposed for coverage:

(1) the specific reason or reasons for the adverse underwriting decision, a summary of the person's rights under sections 72A.497 and 72A.498, and that upon request the person may receive the specific items of personal information that support those reasons and the specific sources of the information; or

(2) the specific reason or reasons for the adverse underwriting decision, the specific items of personal and privileged information that support those reasons, the names and addresses of the sources that supplied the specific items of information specified, and a summary of the rights established under sections 72A.497 and 72A.498.

(b) In addition to the requirements of paragraph (a), if the adverse underwriting decision is either solely or partially based upon a report of credit worthiness, credit standing, or credit capacity that an insurer receives from a consumer reporting agency, the insurer or insurance agent responsible for the decision shall provide in writing to the applicant, policyholder, or individual proposed for coverage the primary reason or reasons for the credit score or other credit based information used by the insurer in the insurer's adverse underwriting decision.

Sec. 24. Minnesota Statutes 1998, section 79A.04, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL SECURING OF LIABILITY.] Each year every private self-insuring employer shall secure incurred liabilities for the payment of compensation and the performance of ~~the its~~ obligations and the obligations of all self-insuring employers imposed under chapter 176 by renewing the prior year's security deposit or by making a new deposit of security. If a new deposit is made, it must be posted within 60 days of the filing of the self-insured employer's annual report with the commissioner, but in no event later than July 1.

Sec. 25. Minnesota Statutes 1998, section 79A.04, subdivision 2, is amended to read:

Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 110 percent of the private self-insurer's estimated future liability. ~~Up to ten percent of that~~ The deposit may be used to secure payment of all administrative and legal costs, and unpaid assessments required by section 79A.12, subdivision 2, relating to or arising from ~~the employer's~~

its or other employers' self-insuring. As used in this section, "private self-insurer" includes both current and former members of the self-insurers' security fund; and "private self-insurers' estimated future liability" means the private self-insurers' total of estimated future liability as determined by an Associate or Fellow of the Casualty Actuarial Society every year for group member private self-insurers and, for a nongroup member private self-insurer's authority to self-insure, every year for the first five years. After the first five years, the nongroup member's total shall be as determined by an Associate or Fellow of the Casualty Actuarial Society at least every two years, and each such actuarial study shall include a projection of future losses during the period until the next scheduled actuarial study, less payments anticipated to be made during that time.

All data and information furnished by a private self-insurer to an Associate or Fellow of the Casualty Actuarial Society for purposes of determining private self-insurers' estimated future liability must be certified by an officer of the private self-insurer to be true and correct with respect to payroll and paid losses, and must be certified, upon information and belief, to be true and correct with respect to reserves. The certification must be made by sworn affidavit. In addition to any other remedies provided by law, the certification of false data or information pursuant to this subdivision may result in a fine imposed by the commissioner of commerce on the private self-insurer up to the amount of \$5,000, and termination of the private self-insurers' authority to self-insure. The determination of private self-insurers' estimated future liability by an Associate or Fellow of the Casualty Actuarial Society shall be conducted in accordance with standards and principles for establishing loss and loss adjustment expense reserves by the Actuarial Standards Board, an affiliate of the American Academy of Actuaries. The commissioner may reject an actuarial report that does not meet the standards and principles of the Actuarial Standards Board, and may further disqualify the actuary who prepared the report from submitting any future actuarial reports pursuant to this chapter. Within 30 days after the actuary has been served by the commissioner with a notice of disqualification, an actuary who is aggrieved by the disqualification may request a hearing to be conducted in accordance with chapter 14. Based on a review of the actuarial report, the commissioner of commerce may require an increase in the minimum security deposit in an amount the commissioner considers sufficient.

Estimated future liability is determined by first taking the total amount of the self-insured's future liability of workers' compensation claims and then deducting the total amount which is estimated to be returned to the self-insurer from any specific excess insurance coverage, aggregate excess insurance coverage, and any supplementary benefits or second injury benefits which are estimated to be reimbursed by the special compensation fund. Supplementary benefits or second injury benefits will not be reimbursed by the special compensation fund unless the special compensation fund assessment pursuant to section 176.129 is paid and the reports required thereunder are filed with the special compensation fund. In the case of surety bonds, bonds shall secure administrative and legal costs in addition to the liability for payment of compensation reflected on the face of the bond. In no event shall the security be less than the last retention limit selected by the self-insurer with the workers' compensation reinsurance association, provided that the commissioner may allow former members to post less than the workers' compensation reinsurance association retention level if that amount is adequate to secure payment of the self-insurers' estimated future liability, as defined in this subdivision, including payment of claims, administrative and legal costs, and unpaid assessments required by section 79A.12, subdivision 2. The posting or depositing of security pursuant to this section shall release all previously posted or deposited security from any obligations under the posting or depositing and any surety bond so released shall be returned to the surety. Any other security shall be returned to the depositor or the person posting the bond.

As a condition for the granting or renewing of a certificate to self-insure, the commissioner may require a private self-insurer to furnish any additional security the commissioner considers sufficient to insure payment of all claims under chapter 176.

Sec. 26. Minnesota Statutes 1998, section 79A.04, subdivision 7, is amended to read:

Subd. 7. [PERFECTION OF SECURITY.] Upon the commissioner sending a request to renew, request to post, or request to increase a security deposit, a perfected security interest is created in the private self-insured's assets in favor of the commissioner to the extent of any then unsecured portion of the self-insured's incurred liabilities. That perfected security interest is transferred to any cash or securities thereafter posted by the private self-insured with the state treasurer and is released only upon either of the following:

(1) the acceptance by the commissioner of a surety bond or irrevocable letter of credit for the full amount of the incurred liabilities for the payment of compensation; or

(2) the return of cash or securities by the commissioner.

The private self-insured employer loses all right, title, and interest in and any right to control all assets or obligations posted or left on deposit as security. ~~In the event of a declaration of bankruptcy or insolvency by a court of competent jurisdiction that a private self-insurer is the subject of a voluntary or involuntary petition under the United States Bankruptcy Code, title 11, or a court of competent jurisdiction has declared the private self-insurer to be bankrupt or insolvent, or in the event of the issuance of a certificate of default by the commissioner, the commissioner shall liquidate the deposit as provided in this chapter, and transfer it to the self-insurer's security fund for application to the self-insured employer's incurred liability and other current or future obligations of the self-insurers' security fund. In the event that a private self-insurer is the subject of a voluntary or involuntary petition under the United States Bankruptcy Code, title 11, or a court of competent jurisdiction has declared the private self-insurer to be bankrupt or insolvent, or in the event of the issuance of a certificate of default by the commissioner, all right, title, and interest in and any right to control all assets or obligations which have been posted or deposited as security must be transferred to the self-insurers' security fund.~~

Sec. 27. Minnesota Statutes 1998, section 79A.04, subdivision 9, is amended to read:

Subd. 9. [INSOLVENCY, BANKRUPTCY, OR DEFAULT; UTILIZATION OF SECURITY DEPOSIT.] The commissioner of labor and industry shall notify the commissioner and the security fund if the commissioner of labor and industry has knowledge that any private self-insurer has failed to pay workers' compensation benefits as required by chapter 176. ~~If the commissioner determines that a private self-insurer is the subject of a voluntary or involuntary petition under the United States Bankruptcy Code, title 11, or the commissioner determines that a court of competent jurisdiction has declared the private self-insurer to be bankrupt or insolvent, and the private self-insurer has failed to pay workers' compensation as required by chapter 176 or, if the commissioner issues a certificate of default against a private self-insurer for failure to pay workers' compensation as required by chapter 176, or failure to pay an assessment to the self-insurers' security fund when due, then the security deposit shall be utilized to administer and pay the private self-insurers' workers' compensation or assessment obligations or any other current or future obligations of the self-insurers' security fund.~~

Sec. 28. Minnesota Statutes 1998, section 79A.11, subdivision 2, is amended to read:

Subd. 2. [SECURITY DEPOSITS.] The security fund shall have the right and obligation to obtain ~~from~~ and retain the security deposit of an insolvent private self-insurer ~~the amount of to apply to~~ the private self-insurer's current or future compensation obligations, including reasonable administrative and legal costs, paid or assumed by the security fund and to other current or future obligations of the security fund. Reimbursement of administrative costs, including legal costs, shall be subject to approval by a majority of the security fund's voting trustees. The security fund shall be a party in interest in any action to obtain the security deposit for the payment of compensation obligations of an insolvent self-insurer.

Sec. 29. Minnesota Statutes 1998, section 79A.11, is amended by adding a subdivision to read:

Subd. 2a. [REPLACEMENT INSURANCE POLICY.] The insolvent self-insurer may obtain an insurance policy as described in section 79A.06, subdivision 5, to discharge further workers' compensation obligations assumed by the self-insurers' security fund on behalf of the insolvent insurer. At the self-insurers' security fund's option and in its sole discretion, any part of the insolvent self-insurer's security deposit may be used to fund the acquisition of this policy. After the security deposit has been used to: (1) fund the acquisition of this policy; (2) pay all direct and indirect administrative and professional expenses of the fund related to the insolvent self-insurer; and (3) to the extent not covered by the insurance policy, pay the insolvent self-insurer's losses, allocated loss expense and unallocated loss expense, any part of the insolvent self-insurer's security deposit that remains must be promptly returned to the insolvent self-insurer.

Sec. 30. Minnesota Statutes 1999 Supplement, section 79A.22, subdivision 2, is amended to read:

Subd. 2. [FINANCIAL STANDARDS.] Commercial self-insurance groups shall have and maintain:

(1) combined net worth of all of the members in an amount at least equal to ~~12~~ ten times the group's selected retention level of the workers' compensation reinsurance association. For purposes of this clause, the amount of any retained surplus by the group is considered part of the combined net worth of all the members;

(2) sufficient assets and liquidity in the group's common claims fund to promptly and completely meet all obligations of its members under this chapter and chapter 176.

Sec. 31. Minnesota Statutes 1998, section 79A.22, subdivision 3, is amended to read:

Subd. 3. [NEW MEMBERSHIP.] The commercial self-insurance group shall file with the commissioner the name of any new employer that has been accepted in the group prior to the initiation date of membership along with the member's signed indemnity agreement and evidence the member has deposited sufficient premiums with the group as required by the commercial self-insurance group's bylaws or plan of operation. The security deposit of the group ~~will~~ shall be increased quarterly to an amount equal to 50 percent of the new ~~member's premium~~ members' premiums for that quarter. If the total increase of new members' premiums for the first quarter is less than five percent of the total annual premium of the group, no quarterly increase is necessary until the cumulative quarterly increases for that calendar year exceed five percent of the total premium of the group. The ~~department of commerce commissioner~~ may, at its the commissioner's option, review the financial statement of any applicant whose premium equals 25 percent or more of the group's total premium.

Sec. 32. Minnesota Statutes 1998, section 79A.22, subdivision 11, is amended to read:

Subd. 11. [DISBURSEMENT OF FUND SURPLUS.] (a) One hundred percent of any surplus money for a fund year in excess of 125 percent of the amount necessary to fulfill all obligations under the Workers' Compensation Act, chapter 176, for that fund year may be declared refundable to a member at any time. The date shall be no earlier than 18 months following the end of such fund year. The first disbursement of fund surplus may not be made prior to the ~~completion of an operational audit by the commissioner~~ written approval of the commissioner. There can be no more than one refund made in any 12-month period. When all the claims of any one fund year have been fully paid, as certified by an actuary, all surplus money from that fund year may be declared refundable.

(b) The commercial self-insurance group shall give notice to the commissioner of any refund. Said notice shall be accompanied by a statement from the commercial self-insurer group's certified public accountant certifying that the proposed refund is in compliance with paragraph (a).

Sec. 33. Minnesota Statutes 1999 Supplement, section 79A.23, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED REPORTS TO COMMISSIONER.] Each commercial self-insurance group shall submit the following documents to the commissioner.

(a) An annual report shall be submitted by April 1 showing the incurred losses, paid and unpaid, specifying indemnity and medical losses by classification, payroll by classification, and current estimated outstanding liability for workers' compensation on a calendar year basis, in a manner and on forms available from the commissioner. In addition each group will submit a quarterly interim loss report showing incurred losses for all its membership.

(b) Each commercial self-insurance group shall submit within 45 days of the end of each quarter:

(1) a schedule showing all the members who participate in the group, their date of inception, and date of withdrawal, if applicable;

(2) a separate section identifying which members were added or withdrawn during that quarter; and

(3) an internal financial statement and copies of the fiscal agent's statements supporting the balances in the common claims fund.

(c) The commercial self-insurance group shall submit an annual certified financial audit report of the commercial self-insurance group fund by April 1 of the following year. The report must be accompanied by an expense schedule showing the commercial self-insurance group's operational costs for the same year including service company charges, accounting and actuarial fees, fund administration charges, reinsurance premiums, commissions, and any other costs associated with the administration of the group program.

(d) An officer of the commercial self-insurance group shall, under oath, attest to the accuracy of each report submitted under paragraphs (a), (b), and (c). Upon sufficient cause, the commissioner shall require the commercial self-insurance group to submit a certified audit of payroll and claim records conducted by an independent auditor approved by the commissioner, based on generally accepted accounting principles and generally accepted auditing standards, and supported by an actuarial review and opinion of the future contingent liabilities. The basis for sufficient cause shall include the following factors:

(1) where the losses reported appear significantly different from similar types of groups;

(2) where major changes in the reports exist from year to year, which are not solely attributable to economic factors; or

(3) where the commissioner has reason to believe that the losses and payroll in the report do not accurately reflect the losses and payroll of the commercial self-insurance group.

If any discrepancy is found, the commissioner shall require changes in the commercial self-insurance group's business plan or service company recordkeeping practices.

(e) Each commercial self-insurance group shall submit by September 15 a copy of the group's annual federal and state income tax returns or provide proof that it has received an exemption from these filings.

(f) With the annual loss report each commercial self-insurance group shall report to the commissioner any worker's compensation claim where the full, undiscounted value is estimated to exceed \$50,000, in a manner and on forms prescribed by the commissioner.

(g) Each commercial self-insurance group shall submit by May 1 a list of all members and the percentage of premium each represents to the total group's premium for the previous calendar year.

(h) Each commercial self-insurance group shall submit by October 15 the following documents prepared by the group's certified public accountant:

(1) a compiled combined financial statement of group members and a list of members included in this statement. An "Agreed Upon Procedures" report, as determined by the commissioner, indicating combined net worth, total assets, ~~cash flow~~, and net income of the group members may be filed in lieu of the compiled combined financial statement; and

(2) a report that the statements which were combined have met the requirements of subdivision 2.

(i) If any group member comprises over 25 percent of total group premium, that member's financial statement must be reviewed or audited, and, at the commissioner's option, must be filed with the ~~department of commerce commissioner~~ by October 15 of the following year.

(j) Each commercial self-insurance group shall submit a copy of each member's accountant's report letter from the reports used in compiling the combined financial statements. This requirement does not apply to any group that has been in existence for at least three years.

Sec. 34. Minnesota Statutes 1999 Supplement, section 79A.23, subdivision 2, is amended to read:

Subd. 2. [REQUIRED REPORTS FROM MEMBERS TO GROUP.] (a) Each member of the commercial self-insurance group shall, by September 15, submit to the group its most recent annual financial statement, together with other financial information the group may require. These financial statements submitted must not have a fiscal year end date older than January 15 of the group's calendar year end. Individual group members constituting at least 25 percent of the group's annual premium shall submit to the group reviewed or audited financial statements. The remaining members must submit compilation level statements.

(b) For groups that have been in existence for at least three years, individual group members may satisfy the requirements of paragraph (a) by submitting compiled, reviewed, or audited statements or the most recent federal income tax return filed by the member.

Sec. 35. Minnesota Statutes 1999 Supplement, section 79A.23, subdivision 3, is amended to read:

Subd. 3. [OPERATIONAL AUDIT.] (a) The commissioner, prior to authorizing surplus distribution of a commercial self-insurance group's first fund year or no later than after the third anniversary of the group's authority to self-insure, ~~shall~~ may conduct an operational audit of the commercial self-insurance group's claim handling and reserve practices as well as its underwriting procedures to determine if they adhere to the group's business plan. The commissioner may select outside consultants to assist in conducting the audit. After completion of the audit, the commissioner shall either renew or revoke the commercial self-insurance group's authority to self-insure. The commissioner may also order any changes deemed necessary in the claims handling, reserving practices, or underwriting procedures of the group.

(b) The cost of the operational audit shall be borne by the commercial self-insurance group.

Sec. 36. Minnesota Statutes 1999 Supplement, section 79A.24, subdivision 2, is amended to read:

Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 125 percent of the commercial self-insurance group's estimated future liability for the payment of compensation as determined by an actuary. ~~If all the members of the commercial self-insurance group have submitted reviewed or audited financial statements to the group's accountant~~ has been in existence for three years, this minimum deposit shall be 110 percent of the commercial self-insurance group's estimated future liability for the payment of workers' compensation as determined by an actuary. The group must file a letter with the commissioner from the group's accountant which confirms that the compiled combined financial statements were prepared from members reviewed or audited financial statements only before the lower security deposit is allowed. Each actuarial study shall include a projection of future losses during a one-year period until the next scheduled actuarial study, less payments anticipated to be made during that time. Deduction should be made for the total amount which is estimated to be returned to the commercial self-insurance group from any specific excess insurance coverage, aggregate excess insurance coverage, and any supplementary benefits which are estimated to be reimbursed by the special compensation fund. Supplementary benefits will not be reimbursed by the special compensation fund unless the special compensation fund assessment pursuant to section 176.129 is paid and the required reports are filed with the special compensation fund. In the case of surety bonds, bonds shall secure administrative and legal costs in addition to the liability for payment of compensation reflected on the face of the bond. In no event shall the security be less than the group's selected retention limit of the workers' compensation reinsurance association. The posting or depositing of security under this section shall release all previously posted or deposited security from any obligations under the posting or depositing and any surety bond so released shall be returned to the surety. Any other security shall be returned to the depositor or the person posting the bond.

Sec. 37. Minnesota Statutes 1998, section 80A.04, subdivision 2, is amended to read:

Subd. 2. It is unlawful for any broker-dealer or issuer to employ an agent as a representative in this state unless the agent is licensed. The licensing of an agent is not effective during any period when the agent is not associated with a specified broker-dealer licensed under this chapter or a specified issuer. No agent shall at any time represent more than one broker-dealer or issuer, except that where broker-dealers affiliated by direct common control are

licensed under this chapter, an agent may represent the broker-dealer. When an agent begins or terminates employment with a broker-dealer or issuer, or begins or terminates those activities which make that person an agent, the agent as well as the broker-dealer or issuer shall promptly notify the commissioner or the commissioner's designated representative.

A broker-dealer or investment adviser is affiliated by direct common control when 80 percent or more of the equity of each broker-dealer or investment adviser is beneficially owned by the same person or group of persons.

Sec. 38. Minnesota Statutes 1998, section 80A.04, subdivision 3, is amended to read:

Subd. 3. It is unlawful for any person to transact business in this state as an investment adviser unless that person is so licensed or licensed as a broker-dealer ~~under this chapter as described in section 80A.14, subdivision 9, clause (3),~~ or unless: (1) that person's only clients in this state are investment companies as defined in the Investment Company Act of 1940, other investment advisers, broker-dealers, banks, trust companies, savings associations, federal covered advisers insurance companies, corporations with a class of equity securities registered under section 12(b) or 12(g) of the Securities Exchange Act of 1934, small business investment companies, and government agencies or instrumentalities, whether acting for themselves or as trustees with investment control, or other institutional buyers; or (2) that person has no place of business in this state and during the preceding 12-month period has had fewer than six clients who are residents of this state.

Sec. 39. Minnesota Statutes 1998, section 80A.07, subdivision 1, is amended to read:

Subdivision 1. [GENERAL GROUNDS.] The commissioner may by order deny, suspend, or revoke any license or may censure the licensee, if the commissioner finds (a) that the order is in the public interest and (b) that the applicant or licensee or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:

(1) has filed an application for license which as of its effective date, or as of any date after filing in the case of an order denying effectiveness, was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact;

(2) has willfully violated or failed to comply with any provision of this chapter or a predecessor law or any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or order under any of these statutes, of which that person has notice and is subject;

(3) has been convicted, within the past ten years, of any misdemeanor involving a security or any aspect of the securities business, or any felony;

(4) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the securities business;

(5) is the subject of an order of the commissioner denying, suspending, or revoking a license as a broker-dealer, agent or investment adviser;

(6) is the subject of an order entered within the past five years by the securities administrator of any other state or by the securities and exchange commission, or any national securities exchange or national securities association registered under the Securities Exchange Act of 1934, denying or revoking registration or license as a broker-dealer, agent, or investment adviser, or is the subject of an order of the securities and exchange commission or any national securities exchange or national securities association registered under the Securities Exchange Act of 1934, suspending, barring, or expelling that person from a national securities exchange or association registered under the Securities Exchange Act of 1934, or is the subject of a United States post office fraud order. The commissioner may

not institute a revocation or suspension proceeding under this clause more than one year from the date of the order relied on, and may not enter an order under this clause on the basis of an order under another state law unless the order was based on facts which would currently constitute a ground for an order under this section;

(7) has engaged in dishonest or fraudulent practices in the securities business;

(8) has failed to maintain the minimum net capital or to comply with the limitation on aggregate indebtedness which the commissioner by rule prescribes;

(9) is not qualified on the basis of such factors as training, experience, and knowledge of the securities business;

(10) has failed reasonably to supervise agents, investment adviser representatives, or employees to assure their compliance with this chapter;

(11) has failed to pay the proper filing fee, but the commissioner shall vacate the order when the deficiency has been corrected;

(12) has offered or sold securities in this state through any unlicensed agent;

(13) has made any material misrepresentation to the commissioner, or upon request reasonably made by the commissioner, has withheld or concealed information from, or refused to furnish information to, the commissioner;

(14) has failed to reasonably supervise agents, investment adviser representatives, or employees if that person has assumed or has been designated to carry out the supervisory procedures of the broker-dealer or investment adviser; or

(15) has failed, within 20 business days after receiving written instructions from a customer, to do any of the following:

(a) transfer or deliver securities that have been purchased;

(b) transfer or deliver any free credit balances reflecting completed transactions; or

(c) transfer or deliver a customer's account securities positions and balances to another broker-dealer.

This clause shall not serve as a basis for denial, suspension, or revocation of a broker-dealer's or agent's license if: (i) the transfer or delivery is between broker-dealers and meets the rules and requirements established by the New York Stock Exchange with regard to the transfer or delivery; or (ii) the delivery of securities to a customer cannot be accomplished within 20 business days, and the broker-dealer or agent has notified the customer in writing of the inability to deliver the securities and the reasons for the nondelivery within 20 business days of receiving the customer's written instructions.

Sec. 40. Minnesota Statutes 1998, section 80A.10, subdivision 2, is amended to read:

Subd. 2. A registration statement under this section shall contain the following information and be accompanied by the following documents in addition to the information specified in section 80A.12 and the consent to service of process required by section 80A.27, subdivision 7:

(a) ~~Two copies~~ One copy of the latest form of prospectus filed under the Securities Act of 1933;

(b) If the commissioner by rule or otherwise requires, a copy of the articles of incorporation and bylaws (or their substantial equivalent) currently in effect, a copy of any agreements with or among underwriters, a copy of any indenture or other instrument governing the issuance of the security to be registered, and a specimen or copy of the security;

(c) If the commissioner requests, any other information, or copies of any other documents, filed under the Securities Act of 1933; and

(d) An undertaking to forward all amendments to the federal prospectus, other than an amendment which merely delays the effective date of the registration statement, not later than the first business day after the day they are forwarded to or filed with the securities and exchange commission or such longer period as the commissioner permits.

Sec. 41. Minnesota Statutes 1999 Supplement, section 80A.15, subdivision 2, is amended to read:

Subd. 2. The following transactions are exempted from sections 80A.08 and 80A.16:

(a) Any sales, whether or not effected through a broker-dealer, provided that:

(1) no person shall make more than ten sales of securities in Minnesota of the same issuer pursuant to this exemption, exclusive of sales according to clause (2), during any period of 12 consecutive months; provided further, that in the case of sales by an issuer, except sales of securities registered under the Securities Act of 1933 or exempted by section 3(b) of that act, (i) the seller reasonably believes that all buyers are purchasing for investment, and (ii) the securities are not advertised for sale to the general public in newspapers or other publications of general circulation or otherwise, or by radio, television, electronic means or similar communications media, or through a program of general solicitation by means of mail or telephone; ~~and~~ or

(2) no issuer shall make more than 25 sales of its securities in Minnesota according to this exemption, exclusive of sales pursuant to clause (1), during any period of 12 consecutive months; provided further, that the issuer meets the conditions in clause (1) and, in addition meets the following additional conditions: (i) files with the commissioner, ten days before a sale according to this clause, a statement of issuer on a form prescribed by the commissioner; and (ii) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective buyers in this state in connection with a sale according to this clause except reasonable and customary commissions paid by the issuer to a broker-dealer licensed under this chapter.

(b) Any nonissuer distribution of an outstanding security if (1) either Moody's, Fitch's, or Standard & Poor's Securities Manuals, or other recognized manuals approved by the commissioner contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date not more than 18 months prior to the date of the sale, and a profit and loss statement for the fiscal year preceding the date of the balance sheet, and (2) the issuer or its predecessor has been in active, continuous business operation for the five-year period next preceding the date of sale, and (3) if the security has a fixed maturity or fixed interest or dividend provision, the issuer has not, within the three preceding fiscal years, defaulted in payment of principal, interest, or dividends on the securities.

(c) The execution of any orders by a licensed broker-dealer for the purchase or sale of any security, pursuant to an unsolicited offer to purchase or sell; provided that the broker-dealer acts as agent for the purchaser or seller, and has no direct material interest in the sale or distribution of the security, receives no commission, profit, or other compensation from any source other than the purchaser and seller and delivers to the purchaser and seller written confirmation of the transaction which clearly itemizes the commission, or other compensation.

(d) Any nonissuer sale of notes or bonds secured by a mortgage lien if the entire mortgage, together with all notes or bonds secured thereby, is sold to a single purchaser at a single sale.

(e) Any judicial sale, exchange, or issuance of securities made pursuant to an order of a court of competent jurisdiction.

(f) The sale, by a pledge holder, of a security pledged in good faith as collateral for a bona fide debt.

(g) Any offer or sale to a bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

(h) An offer or sale of securities by an issuer made in reliance on the exemptions provided by Rule 505 or 506 of Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, sections 230.501 to 230.508, subject to the conditions and definitions provided by Rules 501 to 503 of Regulation D, if the offer and sale also satisfies the conditions and limitations in clauses (1) to (10).

(1) The exemption under this paragraph is not available for the securities of an issuer if any of the persons described in Rule 252(c) to (f) of Regulation A promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, sections 230.251 to 230.263:

(i) has filed a registration statement that is the subject of a currently effective order entered against the issuer, its officers, directors, general partners, controlling persons, or affiliates, according to any state's law within five years before the filing of the notice required under clause (5), denying effectiveness to, or suspending or revoking the effectiveness of, the registration statement;

(ii) has been convicted, within five years before the filing of the notice required under clause (5), of a felony or misdemeanor in connection with the offer, sale, or purchase of a security or franchise, or a felony involving fraud or deceit, including but not limited to forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(iii) is subject to an effective administrative order or judgment entered by a state securities administrator within five years before the filing of the notice required under clause (5), that prohibits, denies, or revokes the use of an exemption from securities registration, that prohibits the transaction of business by the person as a broker-dealer or agent, or that is based on fraud, deceit, an untrue statement of a material fact, or an omission to state a material fact; or

(iv) is subject to an order, judgment, or decree of a court entered within five years before the filing of the notice required under clause (5), temporarily, preliminarily, or permanently restraining or enjoining the person from engaging in or continuing any conduct or practice in connection with the offer, sale, or purchase of a security, or the making of a false filing with a state.

A disqualification under paragraph (h) involving a broker-dealer or agent is waived if the broker-dealer or agent is or continues to be licensed in the state in which the administrative order or judgment was entered against the person or if the broker-dealer or agent is or continues to be licensed in this state as a broker-dealer or agent after notifying the commissioner of the act or event causing disqualification.

The commissioner may waive a disqualification under paragraph (h) upon a showing of good cause that it is not necessary under the circumstances that use of the exemption be denied.

A disqualification under paragraph (h) may be waived if the state securities administrator or agency of the state that created the basis for disqualification has determined, upon a showing of good cause, that it is not necessary under the circumstances that an exemption from registration of securities under the state's laws be denied.

It is a defense to a violation of paragraph (h) based upon a disqualification if the issuer sustains the burden of proof to establish that the issuer did not know, and in the exercise of reasonable care could not have known, that a disqualification under paragraph (h) existed.

(2) This exemption must not be available to an issuer with respect to a transaction that, although in technical compliance with this exemption, is part of a plan or scheme to evade registration or the conditions or limitations explicitly stated in paragraph (h).

(3) No commission, finder's fee, or other remuneration shall be paid or given, directly or indirectly, for soliciting a prospective purchaser, unless the recipient is appropriately licensed, or exempt from licensure, in this state as a broker-dealer.

(4) Nothing in this exemption is intended to or should be in any way construed as relieving issuers or persons acting on behalf of issuers from providing disclosure to prospective investors adequate to satisfy the antifraud provisions of the securities law of Minnesota.

(5) The issuer shall file with the commissioner a notice on form D as adopted by the Securities and Exchange Commission according to Regulation D, Code of Federal Regulations, title 17, section 230.502. The notice must be filed not later than 15 days after the first sale in this state of securities in an offering under this exemption. Every notice on form D must be manually signed by a person duly authorized by the issuer and must be accompanied by a consent to service of process on a form prescribed by the commissioner.

(6) A failure to comply with a term, condition, or requirement of paragraph (h) will not result in loss of the exemption for an offer or sale to a particular individual or entity if the person relying on the exemption shows that: (i) the failure to comply did not pertain to a term, condition, or requirement directly intended to protect that particular individual or entity, and the failure to comply was insignificant with respect to the offering as a whole; and (ii) a good faith and reasonable attempt was made to comply with all applicable terms, conditions, and requirements of paragraph (h), except that, where an exemption is established only through reliance upon this provision, the failure to comply shall nonetheless constitute a violation of section 80A.08 and be actionable by the commissioner.

(7) The issuer, upon request by the commissioner, shall, within ten days of the request, furnish to the commissioner a copy of any and all information, documents, or materials furnished to investors or offerees in connection with the offer and sale according to paragraph (h).

(8) Neither compliance nor attempted compliance with the exemption provided by paragraph (h), nor the absence of an objection or order by the commissioner with respect to an offer or sale of securities undertaken according to this exemption, shall be considered to be a waiver of a condition of the exemption or considered to be a confirmation by the commissioner of the availability of this exemption.

(9) The commissioner may, by rule or order, increase the number of purchasers or waive any other condition of this exemption.

(10) The determination whether offers and sales made in reliance on the exemption set forth in paragraph (h) shall be integrated with offers and sales according to other paragraphs of this subdivision shall be made according to the integration standard set forth in Rule 502 of Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.502. If not subject to integration according to that rule, offers and sales according to paragraph (h) shall not otherwise be integrated with offers and sales according to other exemptions set forth in this subdivision.

(i) Any offer (but not a sale) of a security for which a registration statement has been filed under sections 80A.01 to 80A.31, if no stop order or refusal order is in effect and no public proceeding or examination looking toward an order is pending; and any offer of a security if the sale of the security is or would be exempt under this section. The commissioner may by rule exempt offers (but not sales) of securities for which a registration statement has been filed as the commissioner deems appropriate, consistent with the purposes of sections 80A.01 to 80A.31.

(j) The offer and sale by a cooperative organized under chapter 308A or under the laws of another state, of its securities when the securities are offered and sold only to its members, or when the purchase of the securities is necessary or incidental to establishing membership in the cooperative, or when such securities are issued as patronage dividends. This paragraph applies to a cooperative organized under the laws of another state only if the cooperative has filed with the commissioner a consent to service of process under section 80A.27, subdivision 7, and has, not less than ten days prior to the issuance or delivery, furnished the commissioner with a written general description of the transaction and any other information that the commissioner requires by rule or otherwise. This exemption only applies when the issuing cooperative is seeking to raise up to \$1,000,000.

(l) The issuance and delivery of any securities of one corporation to another corporation or its security holders in connection with a merger, exchange of shares, or transfer of assets whereby the approval of stockholders of the other corporation is required to be obtained, provided, that the commissioner has been furnished with a general description of the transaction and with other information as the commissioner by rule prescribes not less than ten days prior to the issuance and delivery.

(m) Any transaction between the issuer or other person on whose behalf the offering is made and an underwriter or among underwriters.

(n) The distribution by a corporation of its or other securities to its own security holders as a stock dividend or as a dividend from earnings or surplus or as a liquidating distribution; or upon conversion of an outstanding convertible security; or pursuant to a stock split or reverse stock split.

(o) Any offer or sale of securities by an affiliate of the issuer thereof if: (1) a registration statement is in effect with respect to securities of the same class of the issuer and (2) the offer or sale has been exempted from registration by rule or order of the commissioner.

(p) Any transaction pursuant to an offer to existing security holders of the issuer, including persons who at the time of the transaction are holders of convertible securities, nontransferable warrants, or transferable warrants exercisable within not more than 90 days of their issuance, if: (1) no commission or other remuneration (other than a standby commission) is paid or given directly or indirectly for soliciting any security holder in this state; and (2) the commissioner has been furnished with a general description of the transaction and with other information as the commissioner may by rule prescribe no less than ten days prior to the transaction.

(q) Any nonissuer sales of any security, including a revenue obligation, issued by the state of Minnesota or any of its political or governmental subdivisions, municipalities, governmental agencies, or instrumentalities.

(r) Any transaction as to which the commissioner by rule or order finds that registration is not necessary in the public interest and for the protection of investors.

(s) An offer or sale of a security issued in connection with an employee's stock purchase, savings, option, profit sharing, pension, or similar employee benefit plan, if the following conditions are met:

(1) the issuer, its parent corporation or any of its majority-owned subsidiaries offers or sells the security according to a written benefit plan or written contract relating to the compensation of the purchaser; and

(2) the class of securities offered according to the plan or contract, or if an option or right to purchase a security, the class of securities to be issued upon the exercise of the option or right, is registered under section 12 of the Securities Exchange Act of 1934, or is a class of securities with respect to which the issuer files reports according to section 15(d) of the Securities Exchange Act of 1934; or

(3) the issuer fully complies with the provisions of Rule 701 as adopted by the Securities and Exchange Commission, Code of Federal Regulations, title 12, section 230.701.

The issuer shall file not less than ten days before the transaction, a general description of the transaction and any other information that the commissioner requires by rule or otherwise or, if applicable, a Securities and Exchange Form S-8. Annually, within 90 days after the end of the issuer's fiscal year, the issuer shall file a notice as provided with the commissioner.

(t) Any sale of a security of an issuer that is a pooled income fund, a charitable remainder trust, or a charitable lead trust that has a qualified charity as the only charitable beneficiary.

(u) Any sale by a qualified charity of a security that is a charitable gift annuity if the issuer has a net worth, otherwise defined as unrestricted fund balance, of not less than \$300,000 and either: (1) has been in continuous operation for not less than three years; or (2) is a successor or affiliate of a qualified charity that has been in continuous operation for not less than three years.

Sec. 42. Minnesota Statutes 1998, section 80C.05, subdivision 4, is amended to read:

Subd. 4. ~~An application for registration that has not become effective will be considered withdrawn~~ If no activity occurs with respect to ~~the~~ an application for registration for a period of 120 days, the commissioner may by order declare the application withdrawn.

Sec. 43. Minnesota Statutes 1998, section 80C.07, is amended to read:

80C.07 [AMENDMENT OF REGISTRATION.]

A person with a registration in effect shall, within 30 days after the occurrence of any material change in the information on file with the commissioner, notify the commissioner in writing of the change by an application to amend the registration accompanied by a fee of \$100. The commissioner may by rule define what shall be considered a material change for such purposes, and may determine the circumstances under which a revised public offering statement must accompany the application. If the amendment is approved by the commissioner, it shall become effective upon the issuance by the commissioner of an order amending the registration.

The commissioner may withdraw an amendment application that has not become effective. If no activity occurs with respect to the application for a period of 120 days, the commissioner may by order declare the application withdrawn.

Sec. 44. Minnesota Statutes 1998, section 82.22, subdivision 13, is amended to read:

Subd. 13. [CONTINUING EDUCATION.] (a) After their first renewal date, all real estate salespersons and all real estate brokers shall be required to successfully complete 30 hours of real estate continuing education, either as a student or a lecturer, in courses of study approved by the commissioner, during each 24-month license period. At least 15 of the 30 credit hours must be completed during the first 12 months of the 24-month licensing period. Salespersons and brokers whose initial license period extends more than 12 months are required to complete 15 hours of real estate continuing education during the initial license period. Those licensees who will receive a 12-month license on July 1, 1995, because of the staggered implementation schedule must complete 15 hours of real estate continuing education as a requirement for renewal on July 1, 1996. Licensees may not claim credit for continuing education not actually completed as of the date their report of continuing education compliance is filed.

(b) The commissioner shall adopt rules defining the standards for course and instructor approval, and may adopt rules for the proper administration of this subdivision. The commissioner may not approve a course which can be completed by the student at home or outside the classroom without the supervision of an instructor approved by the department of commerce. The commissioner has discretion to establish a pilot program to explore delivery of accredited courses using new delivery technology, including interactive technology. This pilot program expires on August 1, ~~2000~~ 2001.

(c) Any program approved by Minnesota continuing legal education shall be approved by the commissioner of commerce for continuing education for real estate brokers and salespeople if the program or any part thereof relates to real estate.

(d) As part of the continuing education requirements of this section, the commissioner shall require that all real estate brokers and salespersons receive:

(1) at least two hours of training during each license period in courses in laws or regulations on agency representation and disclosure; and

(2) at least two hours of training during each license period in courses in state and federal fair housing laws, regulations, and rules, or other antidiscrimination laws.

Clause (1) does not apply to real estate salespersons and real estate brokers engaged solely in the commercial real estate business who file with the commissioner a verification of this status along with the continuing education report required under paragraph (a).

(e) The commissioner is authorized to establish a procedure for renewal of course accreditation.

Sec. 45. Minnesota Statutes 1998, section 82A.04, subdivision 4, is amended to read:

~~Subd. 4. [EFFECTIVE DATE.] Unless an order denying registration under section 82A.12 is in effect, or unless declared effective by order of the commissioner prior thereto, the application for registration shall automatically become effective upon the expiration of 15 business days following filing with the commissioner, but an applicant may consent in writing to the delay of registration until the time the commissioner may issue an order of registration. If the commissioner requests additional information with respect to the application, the application shall become effective upon the expiration of 15 business days following the filing with the commissioner of the additional information unless an order denying registration under section 82A.12 is in effect or unless declared effective by order of the commissioner prior thereto. The registration is effective on the date the commissioner declares by order.~~

Sec. 46. Minnesota Statutes 1998, section 82A.04, is amended by adding a subdivision to read:

Subd. 5. [WITHDRAWAL OF APPLICATION.] If no activity occurs with respect to an application for a period of 120 days, the commissioner may by order declare the application withdrawn. No part of the filing fee will be returned by the commissioner if a registration application is withdrawn according to this subdivision.

Sec. 47. Minnesota Statutes 1998, section 82B.14, is amended to read:

82B.14 [EXPERIENCE REQUIREMENT.]

(a) As a prerequisite for licensing as a registered real property appraiser or licensed real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 2,000 hours of experience in real property appraisal.

As a prerequisite for licensing as a certified residential real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 2,500 hours of experience in real property appraisal.

As a prerequisite for licensing as a certified general real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 3,000 hours of experience in real property appraisal. At least 50 percent, or 1,500 hours, must be in nonresidential appraisal work.

(b) Each applicant for license under section 82B.11, subdivision 3, 4, or 5, shall give under oath a detailed listing of the real estate appraisal reports or file memoranda for which experience is claimed by the applicant. Upon request, the applicant shall make available to the commissioner for examination, a sample of appraisal reports that the applicant has prepared in the course of appraisal practice.

(c) Applicants may not receive credit for experience accumulated while unlicensed, if the experience is based on activities which required a license under this section.

Sec. 48. Minnesota Statutes 1998, section 83.23, is amended by adding a subdivision to read:

Subd. 5. [WITHDRAWAL OF APPLICATION.] If no activity occurs with respect to an application for a period of 120 days, the commissioner may by order declare the application withdrawn. No part of the filing fee will be returned by the commissioner if a registration application is withdrawn according to this subdivision.

Sec. 49. Minnesota Statutes 1998, section 308A.711, subdivision 1, is amended to read:

Subdivision 1. [ALTERNATE PROCEDURE TO DISBURSE PROPERTY.] Notwithstanding the provisions of section 345.43, a cooperative may, in lieu of paying or delivering to the commissioner of commerce the unclaimed property specified in its report of unclaimed property, distribute the unclaimed property to a corporation or organization that is exempt from taxation under section 290.05, subdivision 1, paragraph (b), or 2. A cooperative making the election to distribute unclaimed property shall, within ~~20 days after the time specified in section 345.42 for claiming the property from the holder,~~ 85 days following the publication of lists of abandoned property file with the commissioner of commerce:

- (1) a verified written explanation of the proof of claim of an owner establishing a right to receive the abandoned property;
- (2) any errors in the presumption of abandonment;
- (3) the name, address, and exemption number of the corporation or organization to which the property was or is to be distributed; and
- (4) the approximate date of distribution.

Sec. 50. Minnesota Statutes 1998, section 326.975, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) In addition to any other fees, each applicant for a license under sections 326.83 to 326.98 shall pay a fee to the contractor's recovery fund. The contractor's recovery fund is created in the state treasury and must be administered by the commissioner in the manner and subject to all the requirements and limitations provided by section 82.34 with the following exceptions:

(1) each licensee who renews a license shall pay in addition to the appropriate renewal fee an additional fee which shall be credited to the contractor's recovery fund. The amount of the fee shall be based on the licensee's gross annual receipts for the licensee's most recent fiscal year preceding the renewal, on the following scale:

Fee	Gross Receipts
\$100	under \$1,000,000
\$150	\$1,000,000 to \$5,000,000
\$200	over \$5,000,000

Any person who receives a new license shall pay a fee based on the same scale;

(2) the sole purpose of this fund is to compensate any aggrieved owner or lessee of residential property located within this state who obtains a final judgment in any court of competent jurisdiction against a licensee licensed under section 326.84, on grounds of fraudulent, deceptive, or dishonest practices, conversion of funds, or failure of performance arising directly out of any transaction when the judgment debtor was licensed and performed any of the activities enumerated under section 326.83, subdivision 19, on the owner's residential property or on residential property rented by the lessee, or on new residential construction which was never occupied prior to purchase by the owner, or which was occupied by the licensee for less than one year prior to purchase by the owner, and which cause of action arose on or after April 1, 1994;

(3) nothing may obligate the fund for more than \$50,000 per claimant, nor more than \$50,000 per licensee; and

(4) nothing may obligate the fund for claims based on a cause of action that arose before the licensee paid the recovery fund fee set in clause (1), or as provided in section 326.945, subdivision 3.

(b) Should the commissioner pay from the contractor's recovery fund any amount in settlement of a claim or toward satisfaction of a judgment against a licensee, the license shall be automatically suspended upon the effective date of an order by the court authorizing payment from the fund. No licensee shall be granted reinstatement until the licensee has repaid in full, plus interest at the rate of 12 percent a year, twice the amount paid from the fund on the licensee's account, and has obtained a surety bond issued by an insurer authorized to transact business in this state in the amount of at least \$40,000.

Sec. 51. [332.355] [AGENCY RESPONSIBILITY FOR COLLECTORS.]

The commissioner may take action against a collection agency for any violations of debt collection laws by its debt collectors. The commissioner may also take action against the debt collectors themselves for these same violations.

Sec. 52. Minnesota Statutes 1998, section 345.515, is amended to read:

345.515 [AGREEMENTS TO LOCATE REPORTED PROPERTY.]

It is unlawful for a person to seek or receive from another person or contract with a person for a fee or compensation for locating property, knowing it to have been reported or paid or delivered to the commissioner pursuant to chapter 345 prior to ~~seven months after the date of published notice by the commissioner as required by section 345.42~~ 24 months after the date the property is paid or delivered to the commissioner.

No agreement entered into after ~~seven months from the date of published notice by the~~ 24 months after the date the property is paid or delivered to the commissioner is valid if a person thereby undertakes to locate property included in a report for a fee or other compensation exceeding ten percent of the value of the recoverable property unless the agreement is in writing and signed by the owner and discloses the nature and value of the property and the name and address of the holder thereof as such facts have been reported. Nothing in this section shall be construed to prevent an owner from asserting at any time that an agreement to locate property is based upon an excessive or unjust consideration.

Sec. 53. [359.085] [STANDARDS OF CONDUCT FOR NOTARIAL ACTS.]

Subdivision 1. [ACKNOWLEDGMENTS.] In taking an acknowledgment, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the acknowledgment is the person whose true signature is on the instrument.

Subd. 2. [VERIFICATIONS.] In taking a verification upon oath or affirmation, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the verification is the person whose true signature is on the statement verified.

Subd. 3. [WITNESSING OR ATTESTING SIGNATURES.] In witnessing or attesting a signature the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the signature is that of the person appearing before the officer and named in the document.

Subd. 4. [CERTIFYING OR ATTESTING DOCUMENTS.] In certifying or attesting a copy of a document or other item, the notarial officer must determine that the proffered copy is a full, true, and accurate transcription or reproduction of that which was copied.

Subd. 5. [MAKING OR NOTING PROTESTS OF NEGOTIABLE INSTRUMENTS.] In making or noting a protest of a negotiable instrument the notarial officer must determine the matters set forth in section 336.3-505.

Subd. 6. [SATISFACTORY EVIDENCE.] A notarial officer has satisfactory evidence that a person is the person whose true signature is on a document if that person (i) is personally known to the notarial officer, (ii) is identified upon the oath or affirmation of a credible witness personally known to the notarial officer, or (iii) is identified on the basis of identification documents.

Subd. 7. [PROHIBITED ACTS.] A notarial officer may not acknowledge, witness or attest to the officer's own signature, or take a verification of the officer's own oath or affirmation.

Sec. 54. Laws 1999, chapter 177, section 89, is amended to read:

Sec. 89. [EFFECTIVE DATES.]

(a) Sections 1, 3, 5 to 8, 20, 22 to 28, 31, 34, 35, 38, 39, 44 to 51, 54 to 56, 58 to 60, 66, 67, 69 to 87, and 88, paragraph (b), are effective the day following final enactment.

(b) Sections 13 to 15 are effective the day following final enactment and apply to plans of merger approved on or after that date by the board of directors of the first of the constituent corporations to grant such approval. Merging or consolidating insurance corporations may, however, elect to have the changes made by sections 13 to 15 not apply to a merger or consolidation arising out of a joint agreement entered into prior to January 1, 2000.

(c) Section 32 is effective July 1, ~~2000~~ 2001.

(d) Section 33 is effective December 1, 1999, and applies to all license renewals on or after that date.

(e) Section 30 is effective as follows:

(1) The amendment to Minnesota Statutes, section 60K.03, subdivision 2, paragraph (d), is effective January 1, 2000.

(2) The amendment to Minnesota Statutes, section 60K.03, subdivision 2, paragraph (e), is effective the day following final enactment.

Sec. 55. [REPEALER.]

Minnesota Statutes 1998, sections 62A.285, subdivision 4; 62A.651; and 65B.13, are repealed.

Sec. 56. [EFFECTIVE DATE.]

Sections 1, 2, 3, 5, 7 to 9, 11 to 13, 15 to 18, 22, 24, 36, 37, 38, 40 to 44, 47, and 50 to 55 are effective the day following enactment. Section 19 is effective January 1, 2001."

Delete the title and insert:

"A bill for an act relating to commerce; providing enforcement authority to the commissioner; providing technical changes; regulating certain disclosures; specifying the license term and fees of a managing general agent; regulating motor vehicle service contracts; regulating underwriting practices; regulating insurance brokerage business; regulating workers' compensation self-insurance; regulating securities broker-dealers and investment advisers; authorizing the commissioner to withdraw certain inactive registration applications; regulating real estate and insurance agent continuing education; regulating the contractor recovery fund; making collection agencies responsible for the acts of collectors; providing standards of conduct for notarial acts; regulating unclaimed property; amending Minnesota Statutes 1998, sections 45.027, subdivision 7a; 60A.052, subdivision 1; 60A.129, subdivision 5; 60H.03, by adding a subdivision; 60K.03, subdivision 4; 60K.14, subdivision 1; 61A.092, subdivision 6; 62A.136; 62C.11, subdivision 1; 62C.142, subdivision 2a; 62E.04, subdivision 4; 62H.10, subdivision 4; 62S.02, subdivision 1; 64B.30, subdivision 1; 65B.29, subdivisions 2 and 3; 72A.20, subdivision 17; 72A.499, subdivision 1; 79A.04, subdivisions 1, 2, 7, and 9; 79A.11, subdivision 2, and by adding a subdivision; 79A.22, subdivisions 3 and 11; 80A.04, subdivisions 2 and 3; 80A.07, subdivision 1; 80A.10, subdivision 2; 80C.05, subdivision 4; 80C.07; 82.22, subdivision 13; 82A.04, subdivision 4, and by adding a subdivision; 82B.14; 83.23, by adding a subdivision; 308A.711, subdivision 1; 326.975, subdivision 1; and 345.515; Minnesota Statutes 1999 Supplement, sections 60A.052, subdivision 2; 60K.19, subdivision 8; 62J.535, subdivision 2; 72A.20, subdivision 23; 79A.22,

subdivision 2; 79A.23, subdivisions 1, 2, and 3; 79A.24, subdivision 2; and 80A.15, subdivision 2; Laws 1999, chapter 177, section 89; proposing coding for new law in Minnesota Statutes, chapters 60K; 332; and 359; repealing Minnesota Statutes 1998, sections 62A.285, subdivision 4; 62A.651; and 65B.13."

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

House Conferees: GREGORY M. DAVIDS, BILL HAAS AND MATT ENTENZA.

Senate Conferees: EDWARD C. OLIVER, LINDA SCHEID AND DEANNA L. WIENER.

Davids moved that the report of the Conference Committee on H. F. No. 3505 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 3505, A bill for an act relating to commerce; regulating certain disclosures; authorizing insurance against vicarious liability for certain damages; specifying the license term and fees of a managing general agent; regulating securities broker-dealers and investment advisers; authorizing the commissioner to withdraw certain inactive registration applications; extending a real estate continuing education pilot project; regulating the contractor recovery fund; making collection agencies responsible for the acts of collectors; providing standards of conduct for notarial acts; regulating unclaimed property; amending Minnesota Statutes 1998, sections 45.027, subdivision 7a; 60H.03, by adding a subdivision; 60K.03, subdivision 4; 80A.04, subdivisions 2 and 3; 80A.07, subdivision 1; 80A.10, subdivision 2; 80C.05, subdivision 4; 80C.07; 82.22, subdivision 13; 82A.04, subdivision 4, and by adding a subdivision; 82B.14; 83.23, by adding a subdivision; 308A.711, subdivision 1; 326.975, subdivision 1; and 345.515; Minnesota Statutes 1999 Supplement, sections 60A.06, subdivision 1; and 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 332; and 359.

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 128 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Mullery

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2591

A bill for an act relating to local government; changing economic development authority of certain nonmetro counties; creating the Koochiching county economic development commission; authorizing Yellow Medicine county to establish an economic development commission; amending Minnesota Statutes 1998, section 298.17; proposing coding for new law in Minnesota Statutes, chapter 469.

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. 2591, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2591 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1998, section 298.17, is amended to read:

298.17 [OCCUPATION TAXES TO BE APPORTIONED.]

All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university. Of the moneys apportioned to the general fund by this section there is annually appropriated and credited to the iron range resources and rehabilitation board account in the special revenue fund an amount equal to that which would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22. The money appropriated pursuant to this section shall be used (1) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134 or (2) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the iron range resources and rehabilitation board regarding the loans. Payment to the iron range resources and rehabilitation board account shall be made by May 15 annually.

Of the money allocated to Koochiching county, one-third must be paid to the ~~small business development center/economic development office currently located at the Rainy River community college for its operations~~ Koochiching county economic development commission.

Sec. 2. [ECONOMIC DEVELOPMENT COMMISSION.]

Subdivision 1. [CREATION.] The Koochiching county economic development commission consists of:

- (1) two Koochiching county commissioners, appointed by the chair of the commission;
- (2) two members of the International Falls city council, appointed by the mayor;
- (3) two residents of Koochiching county, appointed by the other members of the commission;
- (4) one state legislator representing Koochiching county, appointed by the other members of the board.

Members serve at the pleasure of the appointing authority.

Subd. 2. [DUTIES.] The commission shall:

- (1) hire economic development staff;
- (2) establish economic development priorities for Koochiching county; and
- (3) approve economic development projects for Koochiching county.

Subd. 3. [CLOSED MEETINGS; RECORDING.] The commission may, by a majority vote in a public meeting, decide to hold a closed meeting for purposes of discussing data described in subdivision 4 or security information, trade secret information, or labor relations information, as defined in Minnesota Statutes, section 13.37, subdivision 1. The time and place of the closed meeting must be announced at the public meeting. A written roll of members present at the closed meeting must be made available to the public after the closed meeting. The proceedings of a closed meeting must be tape recorded. The data on the tape are nonpublic data or private data on individuals as defined in Minnesota Statutes, section 13.02, subdivision 9 or 12, whichever is applicable.

Subd. 4. [APPLICATION AND INVESTIGATIVE DATA.] Financial data, statistics, and information furnished to the commission in connection with assistance or proposed assistance, including credit reports; financial statements; statements of net worth; income tax returns, either personal or corporate; and any other business and personal financial records, are private data with regard to data on individuals under Minnesota Statutes, section 13.02, subdivision 12, or nonpublic data with regard to data not on individuals under Minnesota Statutes, section 13.02, subdivision 9.

Sec. 3. [YELLOW MEDICINE COUNTY; ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT AND POWERS.]

Subdivision 1. [ESTABLISHMENT.] The board of county commissioners of Yellow Medicine county may establish an economic development authority in the manner provided in Minnesota Statutes, sections 469.090 to 469.1081, and may impose limits on the authority enumerated in Minnesota Statutes, section 469.092. The economic development authority has all of the powers and duties granted to or imposed upon economic development authorities under Minnesota Statutes, sections 469.090 to 469.1081. The county economic development authority may create and define the boundaries of economic development districts at any place or places within the county, provided that a project as recommended by the county authority that is to be located within the corporate limits of a city may not be commenced without the approval of the governing body of the city. Minnesota Statutes, section 469.174, subdivision 10, and the contiguity requirement specified under Minnesota Statutes, section 469.101, subdivision 1, do not apply to limit the areas that may be designated as county economic development districts.

Subd. 2. [POWERS.] If an economic development authority is established as provided in subdivision 1, the county may exercise all of the powers relating to an economic development authority granted to a city under Minnesota Statutes, sections 469.090 to 469.1081, or other law, including the power to levy a tax to support the activities of the authority.

Sec. 4. [469.1082] [COUNTY ECONOMIC DEVELOPMENT SERVICE PROVIDER; NONMETRO ALTERNATIVE CREATION.]

Subdivision 1. [AUTHORITY TO CREATE.] A county located outside the metropolitan area may form a county economic development authority or grant a housing and redevelopment authority the powers specified in subdivision 4, clause (2), if it receives a recommendation to do so from a committee formed under subdivision 2. An economic development authority established under this section has all the powers and rights of an authority under sections 469.090 to 469.1081, except the authority granted under section 469.094 if so limited under subdivision 4. This section is in addition to any other authority to create a county economic development authority or service provider.

Subd. 2. [LOCAL COMMITTEES.] Upon notice to all local government units and development agencies within the county, a county may adopt a resolution to create a committee to recommend options for a county economic development service provider.

The committee shall consist of no fewer than 11 and no more than 15 members appointed by the county board. At least one city official, at least one housing and redevelopment official, and at least one township official from the county to be served by the county economic service provider shall be included on the committee. Members may also represent school districts, political subdivisions that currently provide services under sections 469.001 to 469.047 and 469.090 to 469.1081, nonprofit or for-profit housing and economic development organizations, business, and labor organizations located within the county. Political subdivision representatives must be selected by their local governments and must constitute at least 50 percent of the total committee membership. The county may appoint no more than two county commissioners. The committee shall select a chair at its initial meeting.

Subd. 3. [COMMITTEE REPORT.] The committee shall issue its report within 90 days of its initial meeting. The committee may request one 60-day extension from the county board. The report must contain the committee's recommendation for the preferred organizational option for a county economic development service provider, including the distance of the radius of the extraterritorial parcel that may be controlled by each affected city in subdivision 5. This extraterritorial parcel may not exceed two miles from the city boundary. The report must contain written findings on issues considered by the committee including, but not limited to, the following:

(1) identification of the current level of economic development, housing, and community development programs and services provided by existing agencies, any existing gaps in programs and services, and the capacity and ability of those agencies to expand their activities; and

(2) the recommended organizational option for providing needed economic development, housing, and community development services in the most efficient, effective manner.

Subd. 4. [ORGANIZATIONAL OPTIONS.] The committee may only recommend:

(1) establishment of a county economic development authority to operate under sections 469.090 to 469.1081, except that the county shall not have the powers of section 469.094 without the consent of an existing county housing and redevelopment authority operating within that county. For the purposes of a county economic development authority's operation, the county is considered to be the city and the county board is considered to be the city council;

(2) requiring an existing county housing and redevelopment authority or multicounty housing and redevelopment authority to operate under sections 469.090 to 469.1081;

(3) that the county pursue special legislation; or

(4) no change in the existing structure.

Subd. 5. [AREA OF OPERATION.] The area of operation of a county economic development service provider created under this section shall include all cities within a county that have adopted resolutions electing to participate. A city may adopt a resolution electing to withdraw participation. The withdrawal election may be made every fifth year following adoption of the resolution electing participation. The withdrawal election is effective on the anniversary date of the original resolution provided notice is given to the county economic development authority not less than 90 nor more than 180 days prior to that anniversary date. The city electing to withdraw retains any rights, obligations, and liabilities it obtained or incurred during its participation. Any city within the county shall have the option to adopt a resolution to prohibit the county economic development service provider created under this section from operating within its boundaries and (1) within an agreed upon urban service area, or (2) within the boundary approved in the committee report referenced in subdivision 3. If a city prohibits a county economic development service provider created under this section from operating within its boundaries, the city's property taxpayers shall not be subject to the property tax levied for the county economic development service provider.

Subd. 6. [CITY ECONOMIC DEVELOPMENT AUTHORITIES.] If a county economic development service provider has been established under this section, existing city economic development authorities shall continue to function and operate under sections 469.090 to 469.1081. Additional city economic development authorities may be created within the area of operation of the county economic development service provider created under this section without the explicit concurrence of the county economic development service provider.

Subd. 7. [CONTINUATION OF EXISTING COUNTY AND MULTICOUNTY HOUSING AND REDEVELOPMENT AUTHORITIES.] Existing county and multicounty housing and redevelopment authorities shall continue to function and operate under the provisions of sections 469.001 to 469.047.

Sec. 5. [EFFECTIVE DATE.]

(a) Section 2 is effective upon approval of the Koochiching county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

(b) Section 3 is effective the day after the governing body of Yellow Medicine county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 2

Section 1. [3.884] [LEGISLATIVE COMMISSION ON MINNESOTA-ONTARIO MATTERS.]

Subdivision 1. [ESTABLISHMENT.] A legislative advisory commission on Minnesota-Ontario matters is established. The commission is made up of 12 Minnesota members appointed as provided in subdivision 2, with the intent of meeting with a like commission of Ontario citizens appointed as provided by the appropriate government authority of Ontario for the purpose of making recommendations regarding Minnesota-Ontario issues of mutual interest involving natural resources, transportation, economic development, and social matters. A report and appropriate recommendations must be made annually to the appointing bodies.

Subd. 2. [MINNESOTA APPOINTEES.] Six of the Minnesota members must be appointed by the speaker of the house, three from among the members of the house of representatives and three from Minnesota citizens with interest in and knowledge of Minnesota-Ontario issues; and six members appointed by the subcommittee on committees of the committee on rules and administration of the senate, three from among the members of the senate and three from Minnesota citizens with an interest in and knowledge of Minnesota-Ontario issues. The most senior house member shall convene the first meeting of the commission.

Subd. 3. [TERMS.] Minnesota legislative members shall serve for the term of the legislative office to which they were elected. The terms, compensation, and removal of the nonlegislative members of the commission shall be as provided in section 15.059. Notwithstanding section 15.059, subdivision 5, the commission shall continue to exist.

Subd. 4. [OFFICERS.] (a) There must be cochairs of the commission. The Ontario section must have a chair and the Minnesota section must have a chair. The Ontario chair must conduct meetings held in Canada and the Minnesota chair must conduct meetings held in the United States.

(b) There must be vice-chairs of the respective sections. There must be elected one secretary from the commission at large.

(c) Officers shall be elected by the respective contingent.

(d) The Minnesota chair shall alternate every two years between house and senate appointees.

Subd. 5. [STAFF.] The commission may hire the staff necessary to carry out its duties.

Sec. 2. [APPROPRIATION.]

\$100,000 is appropriated from the general fund to the Minnesota contingent of the legislative commission on Minnesota-Ontario matters established in section 1 for expenses of the Minnesota members of the commission established in section 1. The money is available until expended.

Sec. 3. [EFFECTIVE DATE; CONTINGENCY.]

Sections 1 and 2 are effective the day after a like commission is authorized by the appropriate authority of the government of Ontario."

Delete the title and insert:

"A bill for an act relating to government; creating the Koochiching county economic development commission and changing the allocation of certain money to go to it; authorizing Yellow Medicine county to establish an economic development authority; changing economic development authority of certain nonmetropolitan counties; establishing a legislative commission on Minnesota-Ontario matters; appropriating money; amending Minnesota Statutes 1998, section 298.17; proposing coding for new law in Minnesota Statutes, chapters 3; and 469."

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

House Conferees: IRV ANDERSON, MARTY SEIFERT AND WILLIAM KUISLE.

Senate Conferees: BOB LESSARD, JIM VICKERMAN AND JOHN C. HOTTINGER.

Anderson, I., moved that the report of the Conference Committee on H. F. No. 2591 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2591, A bill for an act relating to local government; changing economic development authority of certain nonmetro counties; creating the Koochiching county economic development commission; authorizing Yellow Medicine county to establish an economic development commission; amending Minnesota Statutes 1998, section 298.17; proposing coding for new law in Minnesota Statutes, chapter 469.

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 5 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Dehler	Holberg	Ozment	Westerberg	Wilkin
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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 the passage by the Senate of the following House File, herewith returned:

H. F. No. 3229, A bill for an act relating to Hennepin county; providing for payment of county obligations by electronic transfer or credit card; amending Minnesota Statutes 1998, section 383B.116, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 383B.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 3409, A bill for an act relating to human services; modifying provisions in continuing care services for persons with disabilities; amending Minnesota Statutes 1998, sections 62D.09, subdivision 8; 252.28, by adding a subdivision; and 256B.0625, subdivision 19a; Minnesota Statutes 1999 Supplement, sections 62Q.73, subdivision 2; 245.462, subdivision 4; 245.4871, subdivision 4; 256B.0625, subdivision 19c; 256B.0627, subdivisions 1, 5, 8, and 11; 256B.501, subdivision 8a; 256B.5011, subdivision 2; 256B.5013, subdivision 1, and by adding subdivisions; and 256B.77, subdivision 8.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

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.

The Senate has appointed as such committee:

Senators Novak, Wiener and Johnson, D. H.

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. 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 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. 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.

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:

S. F. No. 2677.

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. 2677

A bill for an act relating to crime prevention; recodifying the driving while impaired crimes and related provisions; making numerous clarifying, technical, and substantive changes in the pursuit of simplification; amending Minnesota Statutes 1998, section 629.471; Minnesota Statutes 1999 Supplement, sections 260B.171, subdivision 7; 260B.225, subdivision 4; and 609.035, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 169A; repealing Minnesota Statutes 1998, sections 168.042; 169.01, subdivisions 61, 68, 82, 83, 86, 87, 88, and 89; 169.121, subdivisions 1, 1a, 1b, 1d, 2, 3b, 3c, 5, 5a, 5b, 6, 7, 8, 9, 10, 10a, 11, and 12; 169.1211; 169.1215; 169.1216; 169.1217, subdivisions 2, 3, 4, 5, 6, and 8; 169.1218; 169.1219; 169.122, subdivisions 1, 2, 3, and 4; 169.123, subdivisions 2, 2a, 2b, 2c, 3, 4, 5, 5a, 5b, 6, 7, 8, and 10; 169.124; 169.125; 169.126; 169.1261; 169.1265; 169.128; and 169.129, subdivision 3; Minnesota Statutes 1999 Supplement, sections 169.121, subdivisions 1c, 3, 3d, 3f, and 4; 169.1217, subdivisions 1, 7, 7a, and 9; 169.122, subdivision 5; 169.123, subdivisions 1 and 5c; and 169.129, subdivision 1.

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. 2677, 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. 2677 be further amended as follows:

Page 2, line 35, delete "15" and insert "ten"

Page 8, line 5, delete "15" and insert "ten"

Page 9, line 36, delete "15" and insert "ten"

Page 11, lines 6 and 24, delete "15" and insert "ten"

Page 12, lines 5 and 31, delete "15" and insert "ten"

Page 13, line 2, delete "15" and insert "ten"

Page 14, line 9, delete "15" and insert "ten"

Page 15, line 6, delete "15" and insert "ten"

Page 18, line 4, delete "15" and insert "ten"

Page 24, line 32, delete "15" and insert "ten"

Page 25, line 24, delete "15" and insert "ten"

Page 33, line 22, delete "15" and insert "ten"

Page 39, lines 14, 26, and 31, delete "15" and insert "ten"

Page 43, line 35, delete "15" and insert "ten"

Page 44, line 3, delete "15" and insert "ten"

Page 51, line 25, delete "15" and insert "ten"

Page 64, after line 28, insert:

"Section 1. Minnesota Statutes 1998, section 171.305, as amended by Laws 1999, chapter 238, article 2, section 91, is amended to read:

171.305 [IGNITION INTERLOCK DEVICE; PILOT PROGRAM; LICENSE CONDITION.]

Subdivision 1. [DEFINITION.] "Ignition interlock device" or "device" means breath alcohol ignition equipment designed to prevent a motor vehicle's ignition from being started by a person whose alcohol concentration exceeds the calibrated setting on the device.

Subd. 2. [PILOT PROGRAM.] The commissioner of public safety shall establish a statewide pilot program for the use of an ignition interlock device by a person whose driver's license or driving privilege has been canceled and denied by the commissioner for an alcohol or controlled substance-related incident. The commissioner shall conduct the program from October 1, 2000, until December 31, 2001. The commissioner shall evaluate the program and shall report to the legislature by February 1, 1995 2002, on whether changes in the program are necessary and whether the program should be permanent. No limited license shall be issued under this program after August 1, 1995 October 1, 2001. For purposes of a pilot program established by this subdivision, the department is exempt from rulemaking requirements found in Minnesota Statutes, chapter 14.

Subd. 3. [PERFORMANCE STANDARDS.] The commissioner shall specify performance standards for ignition interlock devices, including standards relating to accuracy, safe operation of the vehicle, and degree of difficulty rendering the device inoperative. The interlock ignition device must be designed to operate from a 12-volt DC vehicle battery and be capable of locking a motor vehicle's ignition when a minimum alcohol concentration of 0.020 grams of ethyl alcohol per 210 liters of breath is introduced into the device. The device must also require a breath sample to determine alcohol concentration at variable time intervals ranging from five to 30 minutes while the engine is running. The device must also be capable of recording information for later review that includes the date and time of any use of the vehicle or any attempt to use the vehicle, including all times that the vehicle engine was started or stopped and the alcohol concentration of each breath sample provided.

Subd. 4. [CERTIFICATION.] The commissioner shall certify ignition interlock devices that meet the performance standards and may charge the manufacturer of the ignition interlock device a certification fee. A manufacturer who submits a device for certification must provide an application for certification on a form prescribed by the department.

Subd. 5. [ISSUANCE OF LIMITED LICENSE.] The commissioner may issue a limited license to a person whose driver's license has been canceled and denied due to an alcohol or controlled substance-related incident under section 171.04, subdivision 1, clause (10), under the following conditions:

- (1) at least one-half of the person's required abstinence period has expired;
- (2) the person has successfully completed ~~all rehabilitation requirements~~ chemical dependency treatment and is currently participating in a generally recognized support group based on ongoing abstinence; and
- (3) the person agrees to drive only a motor vehicle equipped with a functioning and certified ignition interlock device.

Subd. 6. [MONITORING.] The ignition interlock device must be monitored for proper use and accuracy by an entity approved by the commissioner.

Subd. 7. [PAYMENT.] The commissioner shall require that the person issued a limited license under subdivision 5 pay all costs associated with use of the device.

Subd. 8. [PROOF OF INSTALLATION.] A person approved for a limited license must provide proof of installation prior to issuance of the limited license.

Subd. 9. [MISDEMEANOR.] (a) A person who knowingly lends, rents, or leases a motor vehicle that is not equipped with a functioning ignition interlock device to a person with a limited license issued under subdivision 5 is guilty of a misdemeanor.

(b) A person who tampers with, circumvents, or bypasses the ignition interlock device, or assists another to tamper with, circumvent, or bypass the device, is guilty of a misdemeanor.

(c) The penalties of this subdivision do not apply if the action was taken for emergency purposes or for mechanical repair, and the person limited to the use of an ignition interlock device does not operate the motor vehicle while the device is disengaged.

Subd. 10. [CANCELLATION OF LIMITED LICENSE.] The commissioner shall cancel a limited license issued under this section if the device registers a positive reading for use of alcohol or the person violates any conditions of the limited license."

Page 66, line 26, delete "15" and insert "ten"

Page 67, line 9, delete "15" and insert "ten"

Page 67, line 32, delete "15" and reinstate "~~ten~~"

Page 68, after line 5, insert:

"Sec. 6. [WORKING GROUP ON DWI FELONY.]

Subdivision 1. [MEMBERSHIP.] (a) A driving while impaired working group is created consisting of the following individuals or their designees:

(1) two members of the senate, one from the majority caucus and one from the minority caucus, chosen by the subcommittee on committees of the senate committee on rules and administration;

(2) two members of the house of representatives, one from the majority caucus and one from the minority caucus, chosen by the speaker of the house;

(3) the commissioner of corrections;

(4) the commissioner of public safety;

(5) the commissioner of finance;

(6) the attorney general;

(7) the chief justice of the Minnesota supreme court;

(8) the executive director of the sentencing guidelines commission;

(9) two county attorneys, one from a metropolitan county and one from a nonmetropolitan county, chosen by the Minnesota county attorney's association;

(10) one city attorney, chosen by the league of Minnesota cities;

(11) two public defenders, one from a metropolitan county and one from a nonmetropolitan county, chosen by the state public defender;

(12) one sheriff, chosen by the Minnesota sheriff's association;

(13) two county commissioners, one from a metropolitan county and one from a nonmetropolitan county, chosen by the association of Minnesota counties;

(14) one head of a community corrections agency, chosen by the chairs of the senate crime prevention and judiciary budget division and the house judiciary finance committee;

(15) one probation officer, chosen by the Minnesota association of community corrections act counties; and

(16) one representative of a chemical dependency treatment program, chosen by the commissioner of human services.

(b) The working group may choose a chair from among its members.

Subd. 2. [STUDY AND RECOMMENDATIONS REQUIRED.] (a) The working group shall study and make recommendations on the implementation of a felony-level impaired driving penalty, including but not limited to:

(1) the number of prior offenses within a ten-year time period that should occur before a felony-level impaired driving penalty is appropriate;

- (2) the most cost-effective manner for dealing with treatment, probation, and incarceration issues;
- (3) the circumstances under which stayed sentences for felony-level impaired driving offenses are appropriate;
- (4) the degree to which, if at all, felony-level impaired driving offenses should be part of the sentencing guidelines grid;
- (5) the circumstances under which, if at all, mandatory prison sentences for felony-level impaired driving offenses are appropriate and, if so, recommended sentence lengths;
- (6) appropriate incarceration, treatment, and supervision options for felony-level impaired driving offenders;
- (7) the statutory maximum sentence appropriate for felony-level impaired driving offenses; and
- (8) the impact on prisons, jails, and community corrections agencies of the recommended alternatives.

(b) The working group shall study how other states address repeat impaired driving offenders, including how the crimes and penalties are statutorily defined, how these offenders are incarcerated and supervised, how their chemical dependency treatment needs are addressed, and any research on the effectiveness of these measures.

Subd. 3. [REPORT.] By September 1, 2000, the working group shall forward its final report to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding.

Subd. 4. [PLAN FOR PLACEMENT AND SUPERVISION OF FELONY DWI OFFENDERS.] (a) The commissioner of corrections, in consultation with the commissioner of human services, shall develop a correctional plan to respond to the recommendations submitted by the working group under subdivision 3. The plan shall address the following matters and shall outline the fiscal implications of each:

(1) the placement and management of felony-level impaired driving offenders who would be committed to the commissioner's custody, including an identification of the facilities in which these offenders would be confined, such as state prisons, other state-owned or state-operated residential facilities, and private facilities that currently are not part of the state correctional system;

(2) the specific measures the commissioner would undertake to respond to the chemical dependency treatment needs of offenders committed to the commissioner's custody, including how these measures would comply with the treatment standards used in other public or private treatment programs;

(3) the placement and management in local correctional facilities of felony-level impaired driving offenders whose sentences would be stayed, including an analysis of current jail resources, the need for expanded capacity, and the availability of private facilities; and

(4) the supervision of felony-level impaired driving offenders in the community, including the provision of private treatment and other services.

(b) By December 1, 2000, the commissioner shall forward the plan to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding."

Page 72, line 23, before "Minnesota" insert "(a)"

Page 72, after line 34, insert:

"(b) Minnesota Rules, parts 7409.3700; 7409.3710; 7409.3720; 7409.3730; 7409.3740; 7409.3750; 7409.3760; and 7409.3770, are repealed."

Page 72, after line 35, insert:

"(a) Sections 1 and 8, paragraph (b), are effective July 1, 2000. Section 6 is effective the day following final enactment."

Page 72, line 36, delete "This act is" and insert:

"(b) The remaining provisions of this act are"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "changes" insert "and additions" and after the semicolon, insert "imposing criminal penalties;"

Page 1, line 6, delete "section" and insert "sections 171.305, as amended; and"

Page 1, line 24, before the period, insert "; Minnesota Rules, parts 7409.3700; 7409.3710; 7409.3720; 7409.3730; 7409.3740; 7409.3750; 7409.3760; and 7409.3770"

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

Senate Conferees: DAVE JOHNSON, DAVID L. KNUTSON, RANDY C. KELLY, THOMAS M. NEUVILLE AND STEVE MURPHY.

House Conferees: DOUG FULLER, RICH STANEK, SHERRY BROECKER, DAN LARSON AND PHIL CARRUTHERS.

Fuller moved that the report of the Conference Committee on S. F. No. 2677 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2677, A bill for an act relating to crime prevention; recodifying the driving while impaired crimes and related provisions; making numerous clarifying, technical, and substantive changes in the pursuit of simplification; amending Minnesota Statutes 1998, section 629.471; Minnesota Statutes 1999 Supplement, sections 260B.171, subdivision 7; 260B.225, subdivision 4; and 609.035, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 169A; repealing Minnesota Statutes 1998, sections 168.042; 169.01, subdivisions 61, 68, 82, 83, 86, 87, 88, and 89; 169.121, subdivisions 1, 1a, 1b, 1d, 2, 3b, 3c, 5, 5a, 5b, 6, 7, 8, 9, 10, 10a, 11, and 12; 169.1211; 169.1215; 169.1216; 169.1217, subdivisions 2, 3, 4, 5, 6, and 8; 169.1218; 169.1219; 169.122, subdivisions 1, 2, 3, and 4; 169.123, subdivisions 2, 2a, 2b, 2c, 3, 4, 5, 5a, 5b, 6, 7, 8, and 10; 169.124; 169.125; 169.126; 169.1261; 169.1265; 169.128; and 169.129, subdivision 3; Minnesota Statutes 1999 Supplement, sections 169.121, subdivisions 1c, 3, 3d, 3f, and 4; 169.1217, subdivisions 1, 7, 7a, and 9; 169.122, subdivision 5; 169.123, subdivisions 1 and 5c; and 169.129, subdivision 1.

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 125 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Abeler	Biernat	Bradley	Carlson	Chaudhary	Daggett
Abrams	Bishop	Broecker	Carruthers	Clark, J.	Davids
Anderson, B.	Boudreau	Buesgens	Cassell	Clark, K.	Dawkins

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

Those who voted in the negative were:

Anderson, I.	Bakk	Krinkie	Rukavina	Solberg	Tomassoni
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The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

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

S. F. No. 2854.

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. 2854

A bill for an act relating to civil commitment; requiring the commissioner of corrections before releasing persons convicted of criminal sexual conduct or sentenced as patterned offenders to send his determination whether a petition under the sexual psychopath law is necessary to certain county attorneys; allowing county attorneys or their designee to have access to certain information for purposes of determining whether good cause exists to file a commitment proceeding; amending Minnesota Statutes 1998, sections 244.05, subdivision 7; and 253B.185, by adding a subdivision.

May 8, 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. 2854, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 2854 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 253B.185, is amended by adding a subdivision to read:

Subd. 1b. [COUNTY ATTORNEY ACCESS TO DATA.] Notwithstanding sections 144.335; 245.467, subdivision 6; 245.4876, subdivision 7; 260B.171; 260B.235, subdivision 8; 260C.171; and 609.749, subdivision 6, or any provision of chapter 13 or other state law, prior to filing a petition for commitment as a sexual psychopathic personality or as a sexually dangerous person, and upon notice to the proposed patient, the county attorney or the county attorney's designee may move the court for an order granting access to any records or data, to the extent it relates to the proposed patient, for the purpose of determining whether good cause exists to file a petition and, if a petition is filed, to support the allegations set forth in the petition.

The court may grant the motion if: (1) the department of corrections refers the case for commitment as a sexual psychopathic personality or a sexually dangerous person; or (2) upon a showing that the requested category of data or records may be relevant to the determination by the county attorney or designee. The court shall decide a motion under this subdivision within 48 hours after a hearing on the motion. Notice to the proposed patient need not be given upon a showing that such notice may result in harm or harassment of interested persons or potential witnesses.

Data collected pursuant to this subdivision shall retain their original status and, if not public, are inadmissible in any court proceeding unrelated to civil commitment, unless otherwise permitted."

Delete the title and insert:

"A bill for an act relating to civil commitment; allowing a county attorney or designee prior to filing a petition for commitment as a sexual psychopathic personality or sexually dangerous person to have access to patient records for determining whether good cause exists to file a petition; requiring the court to decide a motion for access to patient records within 48 hours after hearing on motion; amending Minnesota Statutes 1998, section 253B.185, by adding a subdivision."

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

Senate Conferees: RANDY C. KELLY, DON BETZOLD AND THOMAS M. NEUVILLE.

House Conferees: WES SKOGLUND, DAVE BISHOP AND STEVE SMITH.

Skoglund moved that the report of the Conference Committee on S. F. No. 2854 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2854, A bill for an act relating to civil commitment; requiring the commissioner of corrections before releasing persons convicted of criminal sexual conduct or sentenced as patterned offenders to send his determination whether a petition under the sexual psychopath law is necessary to certain county attorneys; allowing county attorneys or their designee to have access to certain information for purposes of determining whether good cause exists to file a commitment proceeding; amending Minnesota Statutes 1998, sections 244.05, subdivision 7; and 253B.185, by adding a subdivision.

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

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

Mr. Speaker:

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

S. F. No. 2575.

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. 2575

A bill for an act relating to economic development; regulating eligibility of farmers for the dislocated worker program; amending Minnesota Statutes 1999 Supplement, section 268.975, subdivision 3.

May 8, 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. 2575, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 2575 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1999 Supplement, section 268.975, subdivision 3, is amended to read:

Subd. 3. [DISLOCATED WORKER.] "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been terminated or who has received a notice of termination from public or private sector employment, is eligible for or has exhausted entitlement to reemployment compensation, and is unlikely to return to the previous industry or occupation;

(2) has been terminated or has received a notice of termination of employment as a result of any plant closing or any substantial layoff at a plant, facility, or enterprise;

(3) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age; or

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters, subject to rules to be adopted by the commissioner; or

(5) has been self-employed as a farmer or rancher and, even though that employment has not ceased, has experienced a significant reduction in income due to inadequate crop or livestock prices, crop failures, or significant loss in crop yields due to pests, disease, adverse weather, or other natural phenomenon. This clause expires July 31, 2003.

Sec. 2. [TEMPORARY PRIORITY FOR CERTAIN FARMERS OR RANCHERS.]

In fiscal year 2001, the commissioner of economic security shall give priority for grants under Minnesota Statutes, section 268.9783, to proposals that provide retraining to dislocated workers eligible under Minnesota Statutes, section 268.975, subdivision 3, clause (5). The commissioner retains any existing authority to exercise discretion about making any grant and this section does not require the commissioner to make any specific grant. The match requirement of Minnesota Statutes, section 268.9783, subdivision 6, clause (1), does not apply to grants given preference under this section."

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

Senate Conferees: LEROY A. STUMPF, JERRY R. JANEZICH AND ARLENE J. LESEWSKI.

House Conferees: JIM TUNHEIM, DAN McELROY AND BOB GUNTHER.

Tunheim moved that the report of the Conference Committee on S. F. No. 2575 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2575, A bill for an act relating to economic development; regulating eligibility of farmers for the dislocated worker program; amending Minnesota Statutes 1999 Supplement, section 268.975, subdivision 3.

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 109 yeas and 21 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, B.	Buesgens	Holberg	Olson	Sykora	Workman
Boudreau	Dehler	Holsten	Paulsen	Vandever	
Bradley	Gerlach	Krinkie	Reuter	Westerberg	
Broecker	Haake	Lindner	Seagren	Wilkin	

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

Mr. Speaker:

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

S. F. No. 2893.

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. 2893

A bill for an act relating to business subsidies; providing clarification to the obligation of government agencies and businesses related to certain business subsidies; amending Minnesota Statutes 1999 Supplement, sections 116J.993, subdivision 3; 116J.994, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, and by adding a subdivision; and 116J.995.

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. 2893, 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. 2893 be further amended as follows:

Page 2, line 25, reinstate the stricken language and delete "issued" and insert "bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999"

Page 2, delete lines 26 and 27

Page 2, line 28, delete "authority"

Page 3, line 30, after the period, insert "The wage floor may be stated as a specific dollar amount or may be stated as a formula that will generate a specific dollar amount."

Page 11, line 33, delete "June" and insert "May"

Page 11, line 35, delete "June 1, 2001" and insert "May 1, 2003"

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

Senate Conferees: JOHN C. HOTTINGER, DAVE JOHNSON AND JERRY R. JANEZICH.

House Conferees: DAN MCELROY, JULIE STORM AND BOB GUNTHER.

McElroy moved that the report of the Conference Committee on S. F. No. 2893 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2893, A bill for an act relating to business subsidies; providing clarification to the obligation of government agencies and businesses related to certain business subsidies; amending Minnesota Statutes 1999 Supplement, sections 116J.993, subdivision 3; 116J.994, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, and by adding a subdivision; and 116J.995.

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	Anderson, I.	Bishop	Broecker	Carruthers	Clark, J.
Abrams	Bakk	Boudreau	Buesgens	Cassell	Clark, K.
Anderson, B.	Biernat	Bradley	Carlson	Chaudhary	Daggett

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

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 Speaker pro tempore Abrams.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON 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.

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. 849, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

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

House Conferees: BARB HAAKE, RON ABRAMS AND ANDREW WESTERBERG.

Senate Conferees: STEVEN G. NOVAK AND DAVE JOHNSON.

Haake moved that the report of the Conference Committee on H. F. No. 849 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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.

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 103 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Howes	McGuire	Rhodes	Trimble
Abrams	Dorman	Huntley	Molnau	Rifenberg	Tuma
Anderson, B.	Entenza	Jaros	Mulder	Rostberg	Tunheim
Anderson, I.	Erhardt	Jennings	Murphy	Rukavina	Van Dellen
Bakk	Erickson	Kielkucki	Ness	Schumacher	Vandever
Biernat	Finseth	Knoblach	Nornes	Seagren	Wagenius
Bishop	Folliard	Krinkie	Olson	Seifert, J.	Wenzel
Boudreau	Fuller	Kuisle	Opatz	Seifert, M.	Westerberg
Bradley	Gerlach	Larsen, P.	Osskopp	Skoe	Westfall
Broecker	Goodno	Leighton	Osthoff	Smith	Westrom
Buesgens	Gray	Leppik	Otremba	Solberg	Winter
Carruthers	Gunther	Lindner	Ozment	Stanek	Workman
Cassell	Haake	Luther	Paulsen	Stang	Spk. Sviggum
Clark, J.	Haas	Mahoney	Pawlenty	Storm	
Daggett	Hackbarth	Mares	Paymar	Swapinski	
Davids	Harder	Mariani	Pelowski	Swenson	
Dawkins	Hasskamp	Marko	Pugh	Sykora	
Dehler	Holberg	McElroy	Reuter	Tingelstad	

Those who voted in the negative were:

Carlson	Greenfield	Juhnke	Larson, D.	Peterson	Wilkin
Chaudhary	Greiling	Kahn	Lenczewski	Rest	
Clark, K.	Hilty	Kelliher	Lieder	Skoglund	
Dorn	Holsten	Koskinen	Milbert	Tomassoni	
Gleason	Johnson	Kubly	Mullery	Wejeman	

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. 2591, A bill for an act relating to local government; changing economic development authority of certain nonmetro counties; creating the Koochiching county economic development commission; authorizing Yellow Medicine county to establish an economic development commission; amending Minnesota Statutes 1998, section 298.17; proposing coding for new law in Minnesota Statutes, chapter 469.

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. 2891, A bill for an act relating to transportation; appropriating money for state road construction, public transit, and other purposes; establishing an intergovernmental cooperative facilities loan fund; establishing a major transportation projects commission; restricting expenditures for commuter rail and light rail transit; canceling bonding authorization for light rail transit; directing a study of freeway ramp meters in the metropolitan area; providing for a grant to the University of Minnesota for design and engineering of personal rapid transit; directing a study of high-occupancy vehicle lane use by certain vehicles; providing for approval of and payment under supplemental goods or services agreements of the commissioner of transportation; authorizing suspension of motor vehicle registration when tax is paid by dishonored check; exempting dealers in firefighting equipment from motor vehicle dealer licensing; providing for commuter rail plan dispute resolution; providing for inspection of vehicles of motor carriers; requiring the budget for light rail transit to include cost of utility relocation; requiring a municipality to issue permits for a specific business or use that uses river transportation as a major mode of transportation once a special permit has been issued and an environmental assessment worksheet has been completed; expanding eligibility for replacement transit service program; requiring a report on metro mobility; establishing working group to assess impact of DM&E rail line project; requiring study and legislative report on statewide public safety radio system; clarifying a definition of state license and service fees; sunsetting a department fee and an account; amending Minnesota Statutes 1998, sections 16A.6701, subdivision 1; 161.32, by adding a subdivision; 168.27, subdivision 8; 168A.29, subdivision 1; 169.781, by adding a subdivision; 174.35; 216B.16, by adding a subdivision; 221.131, subdivision 4; 221.132; and 473.388, subdivision 2; Minnesota Statutes 1999 Supplement, sections 168.17; 174.88; 174.86, subdivision 2, and by adding a subdivision; and 221.0252, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 161; 174; and 462; repealing Minnesota Statutes 1998, section 299A.70.

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. 3505, A bill for an act relating to commerce; regulating certain disclosures; authorizing insurance against vicarious liability for certain damages; specifying the license term and fees of a managing general agent; regulating securities broker-dealers and investment advisers; authorizing the commissioner to withdraw certain inactive registration applications; extending a real estate continuing education pilot project; regulating the contractor recovery fund; making collection agencies responsible for the acts of collectors; providing standards of conduct for notarial acts; regulating unclaimed property; amending Minnesota Statutes 1998, sections 45.027, subdivision 7a; 60H.03, by adding a subdivision; 60K.03, subdivision 4; 80A.04, subdivisions 2 and 3; 80A.07, subdivision 1; 80A.10, subdivision 2; 80C.05, subdivision 4; 80C.07; 82.22, subdivision 13; 82A.04, subdivision 4, and by adding a subdivision; 82B.14; 83.23, by adding a subdivision; 308A.711, subdivision 1; 326.975, subdivision 1; and 345.515; Minnesota Statutes 1999 Supplement, sections 60A.06, subdivision 1; and 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 332; and 359.

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. 3213, A bill for an act relating to natural resources; modifying timber provisions; requiring certain rule changes for public use of recreational areas; amending Minnesota Statutes 1998, sections 90.121; 90.14; 90.151, subdivisions 1 and 4; 90.161, subdivisions 1 and 2; 90.162; 90.173; 90.181; 90.201, subdivision 2, and by adding a subdivision; 90.252; and 90.281; proposing coding for new law in Minnesota Statutes, chapter 90.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Ozment moved that the House concur in the Senate amendments to H. F. No. 3213 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 3213, A bill for an act relating to natural resources; providing for the establishment of heritage forest areas in specified counties; modifying timber provisions; requiring a report on the process for public involvement in timber harvest plans; requiring certain rule changes for public use of recreational areas; amending Minnesota Statutes 1998, sections 90.121; 90.14; 90.151, subdivisions 1 and 4; 90.161, subdivisions 1 and 2; 90.162; 90.173; 90.181; 90.201, subdivision 2, and by adding a subdivision; 90.252; 90.281; 97A.135, subdivision 2a; and 477A.11, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapters 90; and 97A.

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

The question was taken on the repassage of the bill and the roll was called. There were 100 yeas and 31 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Hilty	Leppik	Otremba	Storm
Abrams	Dorn	Holberg	Luther	Ozment	Swenson
Biernat	Entenza	Holsten	Mahoney	Paulsen	Sykora
Bishop	Erhardt	Howes	Mares	Pawlenty	Tingelstad
Boudreau	Finseth	Jaros	Mariani	Paymar	Tuma
Bradley	Folliard	Juhnke	McCollum	Pugh	Tunheim
Broecker	Fuller	Kahn	McElroy	Rest	Vandever
Carlson	Gleason	Kalis	McGuire	Rhodes	Wagenius
Carruthers	Goodno	Kelliher	Milbert	Rostberg	Wejcmán
Cassell	Gray	Kielkucki	Molnau	Schumacher	Westerberg
Chaudhary	Greenfield	Knoblach	Mulder	Seagren	Westfall
Clark, J.	Greiling	Koskinen	Mullery	Seifert, J.	Westrom
Clark, K.	Gunther	Kubly	Ness	Skoe	Wilkin
Daggett	Haake	Larsen, P.	Nornes	Skoglund	Workman
Davids	Haas	Larson, D.	Opatz	Solberg	Spk. Sviggum
Dawkins	Hackbarth	Leighton	Osskopp	Stanek	
Dempsey	Harder	Lenczewski	Osthoff	Stang	

Those who voted in the negative were:

Anderson, B.	Gerlach	Kuise	Pelowski	Smith	Winter
Anderson, I.	Hasskamp	Lieder	Peterson	Swapinski	
Bakk	Huntley	Lindner	Reuter	Tomassoni	
Buesgens	Jennings	Marko	Rifenberg	Trimble	
Dehler	Johnson	Murphy	Rukavina	Van Dellen	
Erickson	Krinkie	Olson	Seifert, M.	Wenzel	

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

Mr. Speaker:

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

S. F. No. 1048.

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. 1048

A bill for an act relating to utilities; creating advisory selection process for public utility commissioners; regulating ex parte communications with commissioners; amending Minnesota Statutes 1998, sections 216A.03, subdivisions 1 and 1a; and 216A.037; proposing coding for new law in Minnesota Statutes, chapter 216A.

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. 1048, 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. 1048 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 216A.037, is amended to read:

216A.037 [~~RULES~~; EX PARTE COMMUNICATIONS; CODE OF CONDUCT; RULES.]

Subdivision 1. [~~EX PARTE COMMUNICATIONS PROHIBITIONS~~; RULES.] (a) The commission shall adopt rules under chapter 14 prescribing permissible and impermissible ex parte communications. The ex parte rules may prohibit only ex parte communications by commission members with a party, directly or indirectly, between a commissioner and a participant under the commission's rules of practice and procedure relating to:

- (1) a material issue during a pending contested case proceeding;
- (2) a material issue in a rulemaking proceeding after the beginning of commission deliberations;
- (3) a material issue in a disputed formal petition; and
- (4) any other communication impermissible by law.

(b) The commission may apply ex parte prohibitions, prospectively and after notice to affected parties, to other commission proceedings as the commission deems necessary.

(c) A contested case is pending from the time the commission refers the matter to the office of administrative hearings until the commission has issued its final order, and the time to petition for reconsideration has expired or the commission has issued an order finally disposing an application for reconsideration, whichever is later.

Subd. 2. [~~CONFLICT-OF-INTEREST COMMUNICATIONS PROHIBITED~~.] A commissioner shall not communicate, directly or indirectly, with a person or entity who is a party to a pending proceeding before the commission regarding past or future benefits or compensation to be received from that person or entity. The commission may dismiss a proceeding if an applicant, petitioner, or complainant violates this subdivision.

Subd. 3. [~~CODE OF CONDUCT RULES~~.] Except as limited by subdivision 1, the commission shall adopt rules prescribing a code of conduct for commissioners and employees of the commission. The code of conduct must include standards to preserve the quasi-judicial function of the commission.

Subd. 4. [~~COMPLAINT PROCEDURE; HEARING; SANCTIONS~~.] (a) Any person seeking sanctions for alleged violations of the rules adopted under this section may file a complaint with the commission.

(b) A complaint seeking sanctions must include the following information: the name and address of the complainant; the name and address of complainant's counsel, if any; the name and address of each person alleged to have violated the ex parte prohibition (respondents); the name and address of each respondent's counsel, if known; the facts constituting the alleged violation; and the sanctions sought by the complainant.

(c) A complaint filed under this section must be filed with the commission and mailed to each respondent, the department, the office of the attorney general, and all persons on the commission's service list for the proceeding.

(d) Within seven days of service of the complaint, a respondent shall file an answer with the commission and serve it on the complainant, the department, the office of the attorney general, and all persons on the commission's service list for the proceeding.

(e) The commission shall refer the complaint and any reply to the office of administrative hearings.

(f) The administrative law judge assigned to the ex parte complaint proceeding by the office of administrative hearings shall conduct a hearing investigation and shall issue a report within 30 days after the matter is referred. If the administrative law judge determines that the report cannot be properly completed within that time period, the judge shall report that fact to the commission within the 30-day period and shall file a final report within a reasonable time thereafter, no later than 60 days after the referral to the office of administrative hearings.

(g) The report of the administrative law judge shall describe the relevant facts of the case and shall set forth the judge's findings as to whether ex parte violations occurred. The findings and decisions of the judge as to whether ex parte violations have occurred are binding on the commission. The judge shall also discuss and make recommendations regarding the imposition of sanctions in accordance with paragraph (h). The judge shall include in the report a discussion of the recusal of any commissioner or the removal of decision-making personnel from this case.

(h) In the report under paragraph (g), the administrative law judge may only recommend that the commission impose one of the following sanctions if the judge finds that the condition specified for the sanction is met:

(1) dismiss the proceeding if the prohibited ex parte communication has so prejudiced the proceeding that the commission cannot consider it impartially;

(2) issue an adverse ruling on a pending issue that is the subject of the prohibited ex parte communication if other parties are prejudiced by the prohibited ex parte communication;

(3) strike evidence or pleadings if the evidence or pleadings are tainted by the prohibited ex parte communication;
or

(4) issue a public statement of censure, if the prohibited ex parte communication is determined to be part of a continuing pattern of improper ex parte communication or if the prohibited ex parte violation consists of a single prohibited communication and mitigating circumstances exist that:

(i) negate the need for a more severe sanction;

(ii) do not prejudice the proceeding to the extent that the commission is unable to consider it impartially;

(iii) do not prejudice other parties; or

(iv) do not taint the evidence or pleadings.

(i) If the administrative law judge finds the complainant's allegation of an ex parte violation was interposed for any improper purpose, such as to harass or cause unnecessary delay or needless increase in the cost of the proceeding, the judge may recommend that the commission issue an appropriate sanction against the complainant."

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, line 3, delete everything before "regulating"

Page 1, line 5, delete everything after the first comma

Page 1, delete lines 6 and 7 and insert "section 216A.037."

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

Senate Conferees: DAVE JOHNSON, STEVE MURPHY AND DAVID L. KNUTSON.

House Conferees: LOREN JENNINGS AND GREGORY M. DAVIDS.

Jennings moved that the report of the Conference Committee on S. F. No. 1048 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1048, A bill for an act relating to utilities; creating advisory selection process for public utility commissioners; regulating ex parte communications with commissioners; amending Minnesota Statutes 1998, sections 216A.03, subdivisions 1 and 1a; and 216A.037; proposing coding for new law in Minnesota Statutes, chapter 216A.

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 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Mr. Speaker:

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

S. F. No. 3002.

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. 3002

A bill for an act relating to natural resources; adding to and deleting from state parks; amending Minnesota Statutes 1998, section 85.012, subdivision 32a.

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. 3002, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 3002 be further amended as follows:

Page 6, after line 15, insert:

"Sec. 4. [BOATHOUSE LEASES; SOUDAN UNDERGROUND MINE STATE PARK.]

(a) Notwithstanding Minnesota Statutes, sections 85.011; 85.012, subdivision 1; and 86A.05, subdivision 2, the leased boathouse lots located at Stuntz bay in the Soudan underground mine state park are extended for the lifetime of the current leaseholder. The commissioner of natural resources shall not cancel a lease, except for noncompliance with the lease agreement.

(b) A lease, described under paragraph (a), may be transferred only once by the current leaseholder to a person within the third degree of kindred according to civil law or to first cousins. When possession is transferred, the transferee shall notify the commissioner and pay to the department of natural resources an annual lease fee. The commissioner may offer and, after agreement with the leaseholder, lease equivalent alternative boathouse sites to a leaseholder.

(c) By January 15, 2001, the commissioner of natural resources shall report to the senate and house environment and natural resources policy and finance committees on boathouse leases in state parks. The report shall include information on:

(1) the number of boathouse leases;

(2) the number of leases that have forfeited;

(3) the expiration dates of the leases;

(4) the historical significance of the boathouses;

(5) recommendations on the inclusion of the land described in paragraph (d) within the park boundary; and

(6) any other relevant information on the leases.

(d) The commissioner of natural resources shall contact U.S.X. Corporation and local units of government regarding the inclusion of the following lands within Soudan underground mine state park:

(1) all lands located South of Vermillion Lake shoreline in Section 13, Township 62 North, Range 15 West;

(2) all lands located South of Vermillion Lake shoreline in the S1/2-SE1/4 of Section 14, Township 62 North, Range 15 West;

(3) NE1/4-SE1/4 and E1/2-NE1/4 of Section 22, Township 62 North, Range 15 West;

(4) all lands located South of Vermillion Lake shoreline in Section 23, Township 62 North, Range 15 West;

(5) all of Section 24, Township 62 North, Range 15 West;

(6) all lands North of trunk highway No. 169 located in Section 25, Township 62 North, Range 15 West;

(7) all lands North of trunk highway No. 169 located in Section 26, Township 62 North, Range 15 West;

(8) NE1/4-SE1/4 and SE1/4-NE1/4 of Section 27, Township 62 North, Range 15 West; and

(9) NW1/4 of Section 19, Township 62 North, Range 14 West."

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "providing for the administration of certain boathouse lot leases in Soudan underground mine state park;"

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

Senate Conferees: DENNIS R. FREDERICKSON, DOUGLAS J. JOHNSON AND BOB LESSARD.

House Conferees: HOWARD SWENSON, DENNIS OZMENT AND THOMAS BAKK.

Swenson moved that the report of the Conference Committee on S. F. No. 3002 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 3002, A bill for an act relating to natural resources; adding to and deleting from state parks; amending Minnesota Statutes 1998, section 85.012, subdivision 32a.

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 119 yeas and 12 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Buesgens	Holberg	Mahoney	Mulder	Reuter	Trimble
Gerlach	Krinkie	McCollum	Osthoff	Rifenberg	Wilkin

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. 2699

A bill for an act relating to public administration; appropriating money for health and human services, agriculture, environment and natural resources, criminal justice, state government, and economic development; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing penalties; amending Minnesota Statutes 1998, sections 13.82, subdivision 3b; 15.0591, subdivision 2; 15A.0815, subdivisions 2 and 3; 16A.10, by adding a subdivision; 16A.11, subdivision 3; 16A.124, by adding a subdivision; 16A.126, subdivision 2; 16B.052; 16B.31, by adding a subdivision; 16B.335, subdivision 5; 16B.42, subdivisions 2 and 3; 16B.48, subdivision 4; 16B.485; 17A.03, subdivision 5; 18E.04, subdivision 4; 41A.09, subdivision 3a; 41B.03, subdivisions 1 and 2; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 2; 41B.045, subdivision 2; 43A.38, subdivision 1; 60H.03, by adding a subdivision; 80A.122, by adding a subdivision; 80A.28, subdivision 1; 85A.02, subdivision 5a; 103E.011, by adding a subdivision; 115B.17, subdivision 19; 119A.05, subdivision 1; 119A.37, subdivision 4; 120B.22,

subdivision 1; 121A.15, subdivisions 4 and 10; 125A.74, subdivisions 1 and 2; 138.17, subdivision 10; 144.551, subdivision 1; 144A.071, by adding a subdivision; 169.01, subdivision 37; 169.121, subdivision 3b; 169.129, by adding a subdivision; 169.21, subdivisions 2 and 3; 169.89, subdivision 2; 179A.18, subdivision 1; 181.932, subdivision 1; 182.661, subdivision 1; 182.666, subdivision 2, and by adding a subdivision; 193.143; 198.03, subdivision 1; 221.173; 242.41; 242.43; 242.44; 254B.03, subdivision 1; 256.01, by adding a subdivision; 256.011, subdivision 3; 256.741, by adding a subdivision; 256.955, subdivisions 1 and 2; 256.9753, subdivision 3; 256.995, subdivision 1; 256B.431, by adding subdivisions; 256B.69, subdivision 5d; 256J.08, by adding a subdivision; 256J.15, by adding a subdivision; 256J.32, by adding a subdivision; 256J.40; 256J.45, subdivision 3; 256J.46, by adding subdivisions; 256J.47, subdivision 1; 256J.49, subdivision 13; 256J.50, subdivisions 5 and 7; 256J.52, by adding a subdivision; 256L.05, subdivision 5; 257.75, subdivision 6; 268.362, subdivision 2; 345.31, by adding a subdivision; 345.39, subdivision 1; 349A.02, subdivision 1; 352.91, subdivision 3c, and by adding subdivisions; 352D.02, subdivision 1; 352D.04, subdivision 2; 356.30, subdivision 1; 383B.225, subdivision 2; 390.005, subdivision 3; 390.33, subdivision 1; 422A.101, subdivision 3; 471.345, by adding a subdivision; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; 490.124, subdivision 1; 518B.01, subdivision 21; 609.02, subdivisions 3 and 4a; 609.03; 609.033; 609.0331; 609.0332, subdivision 1; 609.034; 609.135, by adding a subdivision; 609.2231, subdivision 1; 609.378, subdivision 1; 611A.07, subdivision 1; 611A.32, subdivisions 1, 2, 3, and 5; 611A.33; 611A.34, subdivisions 1, 2, and 3; 611A.345; 611A.35; 611A.36, subdivisions 1 and 2; 626.556, by adding a subdivision; 629.342, subdivision 2; and 629.72, subdivision 6; Minnesota Statutes 1999 Supplement, sections 3.971, subdivision 8; 10A.01, subdivisions 2 and 21; 13.99, subdivision 108, and by adding a subdivision; 15.059, subdivision 5a; 16A.103, subdivision 1; 16A.129, subdivision 3; 16B.616, subdivisions 3 and 4; 62J.535, subdivision 2; 62J.694, subdivision 2; 116.073, subdivision 1; 116J.421, subdivision 2; 119B.011, subdivision 15; 119B.02, subdivision 1; 125B.21, subdivision 1; 144.395, by adding a subdivision; 144.396, subdivisions 11 and 12; 144A.04, subdivision 5; 147.09; 169.121, subdivisions 3, 3d, and 3f; 169.1217, subdivision 7; 169.129, subdivision 1; 179A.04, subdivision 3; 181.932, subdivision 2; 214.01, subdivision 2; 241.272, subdivision 6; 242.192; 256.01, subdivision 2; 256.019; 256.955, subdivisions 4, 8, and 9; 256B.0916, subdivision 1; 256B.69, subdivision 5b; 256D.03, subdivision 4; 256J.02, subdivision 2; 256J.08, subdivision 86; 256J.21, subdivision 2; 256J.26, subdivision 1; 256J.33, subdivision 4; 256J.34, subdivisions 1 and 4; 256J.46, subdivisions 1, 2, and 2a; 256J.52, subdivisions 3 and 5; 256J.56; 256L.07, subdivision 1; 326.105; 473.3993, subdivision 3; 609.135, subdivision 2; 626.556, subdivision 2; and 626.558, subdivision 1; Laws 1997, chapter 200, article 1, section 5, subdivision 3; Laws 1997, chapter 225, article 4, section 4, as amended; Laws 1998, chapter 389, article 16, section 31, subdivision 2, as amended; Laws 1999, chapter 216, article 1, sections 2, subdivision 3; 9; 14; Laws 1999, chapter 223, article 1, section 6, subdivision 1; article 2, section 81, as amended; article 3, section 8; Laws 1999, chapter 231, sections 2, subdivision 2; 6, as amended; 11, subdivision 3; Laws 1999, chapter 245, article 1, section 2, subdivisions 3, 5, and 10; article 4, section 121; and Laws 1999, chapter 250, article 1, sections 11; 14, subdivision 3; 18; and 116; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 10A; 16A; 41B; 43A; 85; 136F; 144; 145; 169; 181; 182; 198; 242; 252; 256J; 256K; 260B; 326; 345; 473; and 611A; proposing coding for new law as Minnesota Statutes, chapter 146A; repealing Minnesota Statutes 1998, sections 16B.37, subdivisions 1, 2, and 3; 16B.88; 16E.01, subdivisions 2 and 3; 16E.03, subdivisions 1 and 3; 16E.04, subdivision 1; 16E.05; 16E.06; 16E.07, subdivisions 1, 2, 3, 5, 6, 7, 8, 9, 10, and 11; 136F.59, subdivision 3; 168A.40, subdivisions 1 and 3; 184A.01; 184A.02; 184A.03; 184A.04; 184A.05; 184A.06; 184A.07; 184A.08; 184A.09; 184A.10; 184A.11; 184A.12; 184A.13; 184A.14; 184A.15; 184A.16; 184A.17; 184A.18; 184A.19; 184A.20; 241.41; 241.42; 241.43; 241.44; 241.441; 241.45; 256J.46, subdivision 1a; 352.91, subdivision 4; 465.795; 465.796; 465.797, subdivisions 2, 3, 4, 5, 6, and 7; 465.7971; 465.798; 465.799; 465.801; 465.802; 465.803; 465.81; 465.82, subdivisions 1, 2, and 3; 465.83; 465.84; 465.85; 465.86; 465.87; and 465.88; Minnesota Statutes 1999 Supplement, sections 16E.01, subdivision 1; 16E.02; 16E.03, subdivisions 2, 4, 5, 6, 7, and 8; 16E.04, subdivision 2; 16E.07, subdivision 4; 16E.08; 43A.318; 144.396, subdivision 13; 168A.40, subdivision 2; 465.797, subdivisions 1 and 5a; and 465.82, subdivision 4; Laws 1997, chapter 203, article 7, section 27; Laws 1999, chapter 135, section 9; Laws 1999, chapter 245, article 5, section 24; and Laws 1999, chapter 250, article 1, section 15, subdivision 4; Minnesota Rules, parts 3800.3810; 7672.0100; 7672.0200; 7672.0300; 7672.0400; 7672.0500; 7672.0600; 7672.0700; 7672.0800; 7672.0900; 7672.1000; 7672.1100; 7672.1200; 7672.1300; 7674.0100; 7674.0200; 7674.0300; 7674.0400; 7674.0500; 7674.0600; 7674.0700; 7674.0800; 7674.0900; 7674.1000; 7674.1100; and 7674.1200.

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. 2699, 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. 2699 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS

Section 1. [ECONOMIC DEVELOPMENT; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2000, or June 30, 2001, respectively. The term "first year" means the fiscal year ending June 30, 2000, and "second year" means the fiscal year ending June 30, 2001.

SUMMARY BY FUND

	2000	2001	TOTAL
General	\$737,000	\$3,476,000	\$4,213,000
TANF	-0-	500,000	500,000
Workforce Development Fund	-0-	1,827,000	1,827,000
Workers' Compensation Fund	-0-	90,000	90,000
TOTAL	\$737,000	\$5,893,000	\$6,630,000

APPROPRIATIONS
Available for the Year
Ending June 30

2000 2001

Sec. 2. TRADE AND ECONOMIC DEVELOPMENT -0- 2,771,000

This appropriation is for the purposes stated in this section, and is added to the appropriation in Laws 1999, chapter 223, article 1, section 2.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(a) Labor Force Assessments

-0- 750,000

This appropriation is for grants to local or regional economic development agencies to support the development and use of labor force assessments that will allow the agencies to recognize areas in which the skill sets or education of the available workforce are underused. Projects are eligible for grants of up to 60 percent of the total project costs. The commissioner shall develop criteria for these grants that will maximize their effectiveness in assisting local economic development efforts. The criteria shall give a preference to projects that have the support and involvement of multiple economic development agencies across a geographic region where appropriate, provided that the size of the area covered by a project does not interfere with the usefulness of the information generated. This is a one-time appropriation and is not added to the agency's budget base.

(b) Catalyst Grants

-0- 1,000,000

This appropriation is for catalyst grants to local governments and recognized Indian tribal governments to expand Internet access in areas of rural Minnesota that are otherwise unlikely to receive access through existing technology. Catalyst grants are for capital expenditures related to providing Internet access to residences and businesses using either traditional fiber optic cable or wireless technology. Eligible capital expenditures include equipment and construction costs, but do not include the costs of planning, engineering, or preliminary design. The commissioner shall award catalyst grants according to a competitive grant process and shall create criteria for the award of grants. These criteria shall include a preference for projects that will provide both business and residential Internet access, provided that a project is presumed to provide business access only if it will enable access of at least 512 kilobytes per second. The maximum catalyst grant for any project is \$250,000 or 25 percent of the eligible capital expenditures, whichever is less. This is a one-time appropriation and is not added to the agency's budget base.

(c) Tourism Loan Account

-0- 1,021,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

This appropriation is for transfer to the tourism loan account established under Minnesota Statutes, section 116J.617, subdivision 5, for the tourism loan program under Minnesota Statutes, section 116J.617. This is a one-time appropriation and shall be targeted to northern Minnesota.

(d) Cancellation

Of the unspent and unencumbered portions of the appropriations in Laws 1997, chapter 200, article 1, section 2, subdivision 2, for the pathways program under Minnesota Statutes, section 116L.04, subdivision 1a, \$800,000 is canceled and returned to the general fund.

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

Sec. 3. MINNESOTA TECHNOLOGY	-0-	200,000
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This appropriation is for the e-Business Institute. This is a one-time appropriation and is not added to the agency's budget base.

Sec. 4. HOUSING FINANCE AGENCY	-0-	500,000
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This appropriation is for the family homeless prevention and assistance program under Minnesota Statutes, section 462A.204, and is available until June 30, 2001. This appropriation is from the state's federal TANF block grant under title I of Public Law Number 104-193 to the commissioner of human services, to reimburse the housing development fund for assistance under this program for families receiving TANF assistance under the MFIP program. The commissioner of human services shall make quarterly reimbursements to the housing development fund. The commissioner of human services shall not make any reimbursement which the commissioner determines would be subject to a penalty under Code of Federal Regulations, section 262.1. This is a one-time appropriation.

Sec. 5. BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, AND INTERIOR DESIGN	-0-	130,000
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This appropriation is for enforcement activities of the board.

Sec. 6. BOARD OF BOXING	-0-	65,000
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This amount is added to the appropriation in Laws 1999, chapter 223, article 1, section 10.

Sec. 7. DEPARTMENT OF ECONOMIC SECURITY	1,037,000	1,977,000
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(a) Youthbuild

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

Of this amount, \$200,000 in the first year is a one-time appropriation for grants to existing Youthbuild programs that have experienced a loss of federal funds and are unable to fulfill their missions under Minnesota Statutes, sections 268.361 to 268.366.

(b) Alien Labor Certification

Of this amount, \$150,000 the second year is a one-time appropriation for alien labor certification, and is available as matching funds are provided on at least a dollar-for-dollar basis from nonstate sources.

(c) Displaced Homemaker Programs

Of this amount, \$1,827,000 the second year is an appropriation from the workforce development fund for displaced homemaker programs under Minnesota Statutes, section 268.96. The general fund appropriation of \$1,827,000 for displaced homemaker programs in fiscal year 2001 in Laws 1999, chapter 223, article 1, section 4, subdivision 4, is canceled and returned to the general fund. The services, locations, and operations of the displaced homemaker programs shall not be changed because of the change of appropriation fund source by this paragraph. The workforce development fund shall be the ongoing funding source for displaced homemaker programs under Minnesota Statutes, section 268.96.

(d) Summer Youth Employment

\$837,000 in the first year is for summer youth employment programs. This is a one-time appropriation and is not added to the agency's budget base. This appropriation is available immediately.

Sec. 8. Laws 1997, chapter 200, article 1, section 5, subdivision 3, is amended to read:

Subd. 3. State Services for the Blind

3,735,000	3,816,000
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This appropriation may be supplemented by funds provided by the Friends of the Communication Center, for support of Services for the Blind's Communication Center, which serves all blind and visually handicapped Minnesotans. The commissioner shall report to the legislature on a biennial basis the funds provided by the Friends of the Communication Center.

The commissioner may not require employees to participate in intensive blindness sensitivity training in which the employees are blindfolded or otherwise simulate blindness, unless the employee is a manager or counselor; except that the commissioner may require the training for up to 14 employees who are not managers

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

or counselors but have direct contact with blind clients seeking services, and up to four employees at the store located at the state services for the blind.

A person may not serve more than ~~a total of six consecutive~~ years as a member of the rehabilitation advisory council for the blind or its predecessor, the council for the blind. ~~Service prior to the effective date of this section is included in the six-year limit, except that a person currently serving on the rehabilitation advisory council for the blind may serve out the person's current term and serve one additional term. After six consecutive years of service, a person may not be reappointed to the council until a period of one year has elapsed.~~

Sec. 9. Laws 1999, chapter 223, article 1, section 6, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	18,927,000	17,460,000
	<u>18,627,000</u>	<u>16,760,000</u>
Summary by Fund		
General	17,245,000	15,831,000
	<u>16,945,000</u>	<u>15,131,000</u>
Petro Cleanup	1,015,000	1,045,000
Workers' Compensation	567,000	584,000
Special Revenue	100,000	-0-

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions, except that with respect to general fund appropriations, the commissioner must reduce the amounts spent from the amounts specified by a total of \$300,000 in the first year and \$700,000 in the second year. The general fund base for the department shall be \$14,853,000 in fiscal year 2002 and \$14,877,000 in fiscal year 2003.

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

Sec. 10. MINNESOTA HISTORICAL SOCIETY	-0-	850,000
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\$850,000 in the second year is for salary adjustments.

Sec. 11. DEPARTMENT OF FINANCE	-0-	10,000
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This appropriation is for up to \$10,000 for the commissioner of finance to consult with the commissioner of employee relations and the Minnesota Historical Society to consider the causes of ongoing shortfalls in the salary and benefit accounts at the Minnesota Historical Society, and to compare the salaries and benefits at agencies in other states that have comparable missions. The commissioner shall report findings, including

Sec. 17. [WORKFORCE CENTER LOCATIONS.]

The commissioner of the department of administration shall assist the commissioner of economic security and the board of trustees of the Minnesota state colleges and universities system to develop and report to the legislature by January 15, 2001, on a ten-year plan for the possible location of workforce centers or affiliate locations on Minnesota college and university campuses where appropriate.

The plan must identify space requirements, current workforce center lease expiration dates, and the campuses that can immediately accommodate workforce centers, and recommend timelines for colocating workforce centers with Minnesota state colleges and universities system facilities.

If additional space would be required to accommodate the workforce center, the plan must outline alternative capital financing mechanisms, including private build-lease.

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

Sec. 18. [UNEMPLOYMENT INSURANCE; FOOD SERVICES.]

Notwithstanding the provisions of Minnesota Statutes, section 268.085, subdivision 8, wage credits from an employer are not subject to the provisions of Minnesota Statutes, section 268.085, subdivision 7, if those wage credits were earned during the school year by an employee of a private employer performing work pursuant to a contract between the employer and an elementary or secondary school and the employment was related to food services provided to the school by the employer. This section expires December 31, 2001.

Sec. 19. [EXEMPTION FROM ADDITIONAL BENEFITS REQUIREMENTS; HENNEPIN PAPER.]

Notwithstanding Minnesota Statutes, section 268.125, an applicant is eligible to receive additional benefits for any week under Minnesota Statutes, section 268.125, if:

- (1) the applicant was laid off due to lack of work from the Hennepin Paper Company in Morrison county;
- (2) the applicant is a member of a group certified on May 4, 1999, under the North American Free Trade Agreement or the Trade Adjustment Act as having been impacted by foreign imports;
- (3) the applicant has exhausted all rights to regular benefits under Minnesota Statutes, section 268.07, and does not qualify for a new benefit account under Minnesota Statutes, section 268.07, and is not entitled to receive unemployment benefits under any other state or federal law;
- (4) the applicant is presently attending training or is on vacation from training pursuant to the North American Free Trade Agreement or the Trade Adjustment Act;
- (5) the applicant has filed a continued request for benefits under Minnesota Statutes, section 268.086, for the week;
- (6) a majority of the applicant's wage credits were from the Hennepin Paper Company;
- (7) the applicant is not subject to a disqualification under Minnesota Statutes, section 268.095; and
- (8) the applicant meets the eligibility requirements under Minnesota Statutes, section 268.085, except for subdivision 1, clause (2).

The disqualification provisions under Minnesota Statutes, section 268.095, apply to this section.

The applicant's weekly additional benefit amount shall be the same as the applicant's weekly benefit amount under Minnesota Statutes, section 268.07.

The maximum amount of the additional benefits available shall be 26 times the applicant's weekly benefit amount under Minnesota Statutes, section 268.07.

Additional benefits under this section are payable from the fund.

This section expires January 1, 2001.

Sec. 20. [EXEMPTION FROM ADDITIONAL BENEFITS REQUIREMENTS; EVTAC MINING.]

Notwithstanding Minnesota Statutes, section 268.125, subdivisions 1, and 3, clauses (1) and (5), an applicant is eligible to receive additional benefits under Minnesota Statutes, section 268.125, effective the week following the week in which the applicant exhausted regular benefits if:

(1) the applicant was laid off due to lack of work from the Evtac Mining Company in St. Louis county between the months of June and August of 1999; and

(2) the commissioner of economic security finds that the applicant satisfies the conditions of Minnesota Statutes, section 268.125, subdivision 3, clauses (2) to (4).

This section does not apply to any applicant who, with respect to any period prior to September 1, 2000, receives, or has an agreement to receive, a retirement pension financed in whole or in part by the Evtac Mining Company.

Sec. 21. [EFFECTIVE DATE.]

Sections 19 and 20 and any appropriation and related rider for fiscal year 2000 are effective the day following final enactment.

ARTICLE 2

JOBS AND ECONOMIC DEVELOPMENT POLICY PROVISIONS

Section 1. Minnesota Statutes 1998, section 16C.05, subdivision 3, is amended to read:

Subd. 3. [EXCEPTION.] The requirements of subdivision 2 do not apply to contracts of the department of economic security distributing state and federal funds for the purpose of subcontracting the provision of program services to eligible recipients. For these contracts, the commissioner of economic security is authorized to directly enter into agency contracts and encumber available funds. For contracts distributing state or federal funds pursuant to the federal Economic Dislocation and Worker Adjustment Assistance Act, United States Code, title 29, section 1651 et seq., or sections 268.9771, 268.978, 268.9781, and 268.9782, the commissioner of economic security is authorized to directly enter into agency contracts with approval of the workforce development council and encumber available funds to ensure a rapid response to the needs of dislocated workers. The commissioner of economic security shall adopt internal procedures to administer and monitor funds distributed under these contracts. This exception also applies to any contracts entered into by the commissioner of children, families, and learning and the jobs skills partnership board that were previously entered into by the commissioner of economic security.

Sec. 2. Minnesota Statutes 1998, section 60H.03, is amended by adding a subdivision to read:

Subd. 4. [TERM AND FEES.] The term of a managing general agent license issued under this section and the license fees imposed are the same as those applicable to a licensed insurance agent under chapter 60K.

Sec. 3. Minnesota Statutes 1998, section 80A.122, is amended by adding a subdivision to read:

Subd. 4a. [EXPIRATION.] (a) A filing made in connection with the securities of an open-end investment company under subdivision 1 expires the next June 30 unless renewed. To renew a notice filing, an issuer shall:

(1) before expiration of a current notice filing, file with the commissioner the documents specified by the commissioner under subdivision 1, clause (2), together with any fees required by section 80A.28, subdivision 1, paragraph (c); and

(2) no later than September 1 following expiration, file a sales report for the prior fiscal year with the commissioner specifying:

(i) the registered sales;

(ii) the actual sales; and

(iii) the balance that could be sold without an additional filing under section 80A.28, subdivision 1, paragraph (c).

(b) No portion of the unsold balance of shares indicated on the issuer's sales report may be lawfully sold in this state in connection with a renewed notice filing until fees have been paid to renew the shares.

Sec. 4. Minnesota Statutes 1998, section 80A.28, subdivision 1, is amended to read:

Subdivision 1. (a) There shall be a filing fee of \$100 for every application for registration or notice filing. There shall be an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the maximum combined fees shall not exceed \$300.

(b) When an application for registration is withdrawn before the effective date or a preeffective stop order is entered under section 80A.13, subdivision 1, all but the \$100 filing fee shall be returned. If an application to register securities is denied, the total of all fees received shall be retained.

(c) Where a filing is made in connection with a federal covered security under section 18(b)(2) of the Securities Act of 1933, there is a fee of \$100 for every initial filing. If the filing is made in connection with redeemable securities issued by an open end management company or unit investment trust, as defined in the Investment Company Act of 1940, there is an additional annual fee of 1/20 of one percent of the maximum aggregate offering price at which the securities are to be offered in this state during the notice filing period. The fee must be paid at the time of the initial filing and thereafter in connection with each renewal no later than July 1 of each year and must be sufficient to cover the shares the issuer expects to sell in this state over the next 12 months. If during a current notice filing the issuer determines it is likely to sell shares in excess of the shares for which fees have been paid to the commissioner, the issuer shall submit an amended notice filing to the commissioner under section 80A.122, subdivision 1, clause (3), together with a fee of 1/20 of one percent of the maximum aggregate offering price of the additional shares. Shares for which a fee has been paid, but which have not been sold at the time of expiration of the notice filing, may not be sold unless an additional fee to cover the shares has been paid to the commissioner as provided in this section and section 80A.122, subdivision 4a. If the filing is made in connection with redeemable securities issued by such a company or trust, there is no maximum fee for securities filings made according to this paragraph. If the filing is made in connection with any other federal covered security under Section 18(b)(2) of the Securities Act of 1933, there is an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the combined fees shall not exceed \$300. Beginning with fiscal year 2001 and continuing each fiscal year thereafter, as of the last day of each fiscal year, the commissioner shall determine the total amount of all fees that were collected under this paragraph in connection with any filings made for that fiscal year for securities of an open-end investment company on behalf of a security that is a federal covered security pursuant to section 18(b)(2) of the Securities Act of 1933. To the extent the total fees collected by

the commissioner in connection with these filings exceed \$25,000,000 in a fiscal year, the commissioner shall refund, on a pro rata basis, to all persons who paid any fees for that fiscal year, the amount of fees collected by the commissioner in excess of \$25,000,000. No individual refund is required of amounts of \$100 or less for a fiscal year.

Sec. 5. Minnesota Statutes 1999 Supplement, section 116J.421, subdivision 2, is amended to read:

Subd. 2. [GOVERNANCE.] The center is governed by a board of directors appointed to six-year terms by the governor comprised of:

- (1) a representative from each of the two largest statewide general farm organizations;
- (2) a representative from a regional initiative organization selected under section 116J.415, subdivision 3;
- (3) the president of Mankato State University;
- (4) a representative from the general public residing in a town of less than 5,000 located outside of the metropolitan area;
- (5) a member of the house of representatives appointed by the speaker of the house and a member of the senate appointed by the subcommittee on committees of the senate committee on rules and administration appointed for two-year terms;
- (6) three representatives from business, including one representing rural manufacturing and one rural retail and service business;
- (7) three representatives from private foundations with a demonstrated commitment to rural issues;
- (8) one representative from a rural county government; and
- (9) one representative from a rural regional government.

The board shall appoint one additional member to the board of directors who shall represent the general public.

If the board concludes at any time that the composition of the board does not adequately reflect the ethnic and gender diversity of rural Minnesota, the board may appoint up to four additional members in order to better reflect this diversity. Members appointed by the board under this paragraph shall serve six-year terms. The board may not appoint additional members such that the board would have a total of more than 20 members.

Sec. 6. Minnesota Statutes 1998, section 116L.04, subdivision 1, is amended to read:

Subdivision 1. [PARTNERSHIP PROGRAM.] (a) The partnership program may provide grants-in-aid to educational or other nonprofit ~~training~~ educational institutions using the following guidelines:

- (1) the educational or other nonprofit educational institution is a provider of training within the state in either the public or private sector;
 - (2) the program involves skills training that is an area of employment need; and
 - (3) preference will be given to educational or other nonprofit training institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.
- (b) A single grant to any one institution shall not exceed \$400,000.

Sec. 7. [116L.16] [DISTANCE-WORK GRANTS.]

The job skills partnership board may make grants-in-aid for distance-work projects. The purpose of the grants is to promote distance-work projects involving technology in rural areas and may include a consortium of organizations partnering in the development of rural technology industry. Grants may be used to identify and train rural workers in technology and provide rural workers with physical connections to telecommunications infrastructure, where necessary, in order to be self-employed or employed from their homes or satellite offices. Grants must be made according to Minnesota Statutes, sections 116L.02 and 116L.04, except that:

(1) the business match may include, but is not limited to, additional management or technology staff costs; start-up equipment costs such as telecommunications infrastructure, additional software, or computer upgrades; consulting fees for implementation of distance-work policies or identification and skill assessment of potential employees; and the joint financial contribution of two or more businesses acting as a consortium;

(2) cash or in-kind contributions by partnering organizations may be used as a match;

(3) eligible grantees may be educational or nonprofit educational training organizations; and

(4) grants-in-aid may be packaged with loans under Minnesota Statutes, section 116L.06, subdivision 6.

The board shall, to the extent there are sufficient applications, make grant awards to as many parts of the state as possible. Subject to the requirement for geographic distribution of grants, preference shall be given to grant applications that provide the most cost-effective training proposals, that provide the best prospects for high-paying jobs with high retention rates, or that are from more economically distressed rural areas or communities.

Grantees must meet reporting and evaluation requirements established by the board.

Sec. 8. [136F.77] [EQUITY INVESTMENTS.]

Subdivision 1. [POWERS OF BOARD.] The board may acquire an interest in a product or a private business entity for the purpose of developing and providing educational materials and related programs or services to further the mission of the Minnesota state colleges and universities and foster the economic growth of the state. The board may enter into joint venture agreements with private corporations to develop educational materials and related programs or services. Any proceeds from the investments or ventures are appropriated to the board. The state is not liable for any obligations or liabilities that arise from investments under this section. The board must report annually by September 1 to the legislature regarding its earnings from partnerships and the disposition of those earnings.

Subd. 2. [CONSULTATION REQUIRED.] Prior to entering into a joint venture agreement under this section, the board shall consult with appropriate exclusive bargaining representatives and must address topics such as employee protections, instructional services, information availability, and reporting conflicts of interest.

Subd. 3. [NO ABROGATION.] Nothing in this section shall abrogate the provisions of sections 43A.047 and 136F.581.

Sec. 9. [144.994] [PROFESSIONAL BOXING REGULATION.]

Subdivision 1. [GENERALLY.] The commissioner of health shall regulate professional boxing matches in Minnesota. For the purposes of this section, "professional boxing matches" means boxing contests held in Minnesota between individuals for financial compensation, but does not include boxing contests regulated by an amateur sports organization.

Subd. 2. [COMPLIANCE WITH FEDERAL LAW.] The commissioner shall act as Minnesota's state boxing commission for the purposes of the Professional Boxing Safety Act, United States Code, title 15, sections 6301 to 6313, and shall ensure that safety standards, registration procedures, and other regulations required by federal law are sufficient to protect the health and safety of boxers.

Subd. 3. [LIMITATION.] The commissioner shall not impose regulations substantially more stringent than necessary to protect boxers' health and safety and to fully comply with federal requirements.

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

Sec. 10. Minnesota Statutes 1998, section 181A.12, subdivision 1, is amended to read:

Subdivision 1. [FINES; PENALTY.] Any employer who hinders or delays the department or its authorized representative in the performance of its duties under sections 181A.01 to 181A.12 or refuses to admit the commissioner or an authorized representative to any place of employment or refuses to make certificates or lists available as required by sections 181A.01 to 181A.12, or otherwise violates any provisions of sections 181A.01 to 181A.12 or any rules issued pursuant thereto shall be assessed a fine to be paid to the commissioner for deposit in the general fund. The fine may be recovered in a civil action in the name of the department brought in the district court of the county where the violation is alleged to have occurred or the district court where the commissioner has an office. Fines are in the amounts as follows:

(a) employment of minors under the age of 14 (each employee)	50 <u>500</u>
(b) employment of minors under the age of 16 during school hours while school is in session (each employee)	50 <u>500</u>
(c) employment of minors under the age of 16 before 7:00 a.m. (each employee)	50 <u>500</u>
(d) employment of minors under the age of 16 after 9:00 p.m. (each employee)	50 <u>500</u>
(e) employment of a high school student under the age of 18 in violation of section 181A.04, subdivision 6 (each employee)	100 <u>1,000</u>
(f) employment of minors under the age of 16 over eight hours a day (each employee)	50 <u>500</u>
(g) employment of minors under the age of 16 over 40 hours a week (each employee)	50 <u>500</u>
(h) employment of minors under the age of 18 in occupations hazardous or detrimental to their well-being as defined by rule (each employee)	100 <u>1,000</u>
(i) employment of minors under the age of 16 in occupations hazardous or detrimental to their well-being as defined by rule (each employee)	100 <u>1,000</u>

(j) minors under the age of 18 injured in hazardous employment (each employee)	500 <u>5,000</u>
(k) minors employed without proof of age (each employee)	25 <u>250</u>

An employer who refuses to make certificates or lists available as required by sections 181A.01 to 181A.12 shall be assessed a \$500 fine.

EFFECTIVE DATE: This section is effective October 1, 2000.

Sec. 11. [182.6545] [RIGHTS OF NEXT OF KIN UPON DEATH.]

In the case of a death of an employee, the department shall make reasonable efforts to locate the employee's next of kin and shall mail to them copies of the following:

- (1) citations and notification of penalty;
- (2) notices of hearings;
- (3) complaints and answers;
- (4) settlement agreements;
- (5) orders and decisions; and
- (6) notices of appeals.

In addition, the next of kin shall have the right to request a consultation with the department regarding citations and notification of penalties issued as a result of the investigation of the employee's death. For the purposes of this section, "next of kin" refers to the nearest proper relative as that term is defined by section 253B.03, subdivision 6, paragraph (c).

Sec. 12. Minnesota Statutes 1998, section 182.661, subdivision 1, is amended to read:

Subdivision 1. If, after an inspection or investigation, the commissioner issues a citation under section 182.66, the commissioner shall notify the employer by certified mail of the penalty, if any, proposed to be assessed under section 182.666 and that the employer has 20 calendar days within which to file a notice of contest and certification of service, on a form provided by the commissioner, indicating that the employer wishes to contest the citation, type of violation, proposed assessment of penalty, or the period of time fixed in the citation given for correction of violation. A copy of the citation and the proposed assessment of penalty shall also be mailed to the authorized employee representative ~~and including~~, in the case of the death of an employee, ~~to the next of kin if requested~~. If within 20 calendar days from the receipt of the penalty notice issued by the commissioner the employer fails to file the notice of contest, and no notice of contest is filed by any employee or authorized representative of employees under subdivision 3 within such time, the citation and assessment, as proposed, shall be deemed a final order of the commissioner and not subject to review by any court or agency.

Sec. 13. Minnesota Statutes 1998, section 182.666, subdivision 2, is amended to read:

Subd. 2. Any employer who has received a citation for a serious violation of its duties under section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, shall be assessed a fine not to exceed \$7,000 for each violation. ~~If the violation causes or contributes to the cause of the death of an employee, the employer shall be assessed a fine of up to \$25,000.~~

Sec. 14. Minnesota Statutes 1998, section 182.666, is amended by adding a subdivision to read:

Subd. 2a. Notwithstanding any other provision of this section, if any (1) serious, willful, or repeated violation other than a violation of section 182.653, subdivision 2; or (2) any failure to correct a violation pursuant to subdivision 4 causes or contributes to the death of an employee, the minimum total nonnegotiable fine which shall be assessed for all citations connected to the death of an employee is \$50,000 if there is a willful or repeated violation or \$25,000 if there is no willful or repeated violation.

Sec. 15. Minnesota Statutes 1998, section 216C.41, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY WINDOW.] Payments may be made under this section only for electricity generated:

(a) from a qualified hydroelectric facility that is operational and generating electricity before ~~January 1~~ December 31, 2001; or

(b) from a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2005.

Sec. 16. [268.028] [ALIEN LABOR CERTIFICATION; PERFORMANCE STANDARDS.]

The department of economic security shall have as a goal to process completed applications for certification for permanent alien laborers within 60 days of receipt of the completed application.

Sec. 17. Minnesota Statutes 1999 Supplement, section 268.085, subdivision 4, is amended to read:

Subd. 4. [SOCIAL SECURITY BENEFITS.] (a) Any applicant aged 62 or over shall be required to state when filing an application for benefits and when filing continued requests for benefits whether the applicant is receiving, has filed for, or intends to file for, primary social security old age or disability benefits for any week during the benefit year.

(b) There shall be deducted from an applicant's weekly benefit amount 50 percent of the weekly equivalent of the primary social security old age or disability benefit the applicant has received, has filed for, or intends to file for, with respect to that week.

(c) Notwithstanding paragraph (b), an applicant shall be ineligible for benefits for any week with respect to which the applicant is receiving, has received, or has filed for primary social security disability benefits.

This paragraph shall not apply if the Social Security Administration approved the collecting of primary social security disability benefits each month the applicant was employed during the base period.

(d) Information from the Social Security Administration shall be considered conclusive, absent specific evidence showing that the information was erroneous.

(e) Any applicant who receives primary social security old age or disability benefits for periods that the applicant has been paid reemployment compensation benefits shall be considered overpaid those reemployment compensation benefits under section 268.18, subdivision 1.

EFFECTIVE DATE: This section is effective the day following final enactment and is retroactive to August 1, 1999.

Sec. 18. Minnesota Statutes 1998, section 268.362, subdivision 2, is amended to read:

Subd. 2. [GRANT APPLICATIONS; AWARDS.] Interested eligible organizations must apply to the commissioner for the grants. The advisory committee must review the applications and provide to the commissioner a list of recommended eligible organizations that the advisory committee determines meet the requirements for

receiving a grant. The total grant award for any program may not exceed ~~\$80,000~~ \$150,000 per year. In awarding grants, the advisory committee and the commissioner must give priority to:

- (1) continuing and expanding effective programs by providing grant money to organizations that are operating or have operated a successful program that meets the program purposes under section 268.364; and
- (2) distributing programs throughout the state through start-up grants for programs in areas that are not served by an existing program.

To receive a grant under this section, the eligible organization must match the grant money with at least an equal amount of nonstate money. The commissioner must verify that the eligible organization has matched the grant money. Nothing in this subdivision shall prevent an eligible organization from applying for and receiving grants for more than one program. A grant received by an eligible organization from the federal Youthbuild Project under United States Code, title 42, section 5091, is nonstate money and may be used to meet the state match requirement. State grant money awarded under this section may be used by grantee organizations for match requirements of a federal Youthbuild Project.

Sec. 19. Minnesota Statutes 1999 Supplement, section 268.98, subdivision 3, is amended to read:

Subd. 3. [COST LIMITATIONS.] (a) For purposes of sections 268.9781 and 268.9782, funds allocated to a grantee are subject to the following limitations:

- (1) a maximum of 15 percent for administration in a worker adjustment services plan and ten percent in a dislocation event services grant;
 - (2) a minimum of 50 percent for provision of training assistance;
 - (3) ~~no more than ten percent statewide may be allocated annually~~ a maximum of 15 percent may be allocated for support services, as defined in section 268.975, subdivision 13; ~~except, that if the commissioner finds it essential for a specific grant or plan the maximum that may be allocated for support services is 20 percent;~~ and
 - (4) the balance used for provision of basic readjustment assistance.
- (b) A waiver of the cost limitation on providing training assistance may be requested. The waiver may not permit less than 30 percent of the funds be spent on training assistance.
- (c) The commissioner shall prescribe the form and manner for submission of an application for a waiver under paragraph (b). Criteria for granting a waiver shall be established by the commissioner in consultation with the workforce development council.

Sec. 20. Minnesota Statutes 1999 Supplement, section 326.105, is amended to read:

326.105 [FEES.]

The fee for licensure or renewal of licensure as an architect, professional engineer, land surveyor, landscape architect, or geoscience professional is ~~\$104~~ \$120 per biennium. The fee for certification as a certified interior designer or for renewal of the certificate is ~~\$104~~ \$120 per biennium. The fee for an architect applying for original certification as a certified interior designer is \$50 per biennium. The initial license or certification fee for all professions is ~~\$104~~ \$120. The renewal fee shall be paid biennially on or before June 30 of each even-numbered year. The renewal fee, when paid by mail, is not timely paid unless it is postmarked on or before June 30 of each even-numbered year. The application fee is \$25 for in-training applicants and \$75 for professional license applicants.

The fee for monitoring licensing examinations for applicants is \$25, payable by the applicant.

Sec. 21. [326.2441] [INSPECTION FEE SCHEDULE.]

Subdivision 1. [SCHEDULE.] State electrical inspection fees shall be paid according to subdivisions 2 to 13.

Subd. 2. [FEE FOR EACH SEPARATE INSPECTION.] The minimum fee for each separate inspection of an installation, replacement, alteration, or repair is \$20.

Subd. 3. [FEE FOR SERVICES, GENERATORS, OTHER POWER SUPPLY SOURCES, OR FEEDERS TO SEPARATE STRUCTURES.] The inspection fee for the installation, addition, alteration, or repair of each service, change of service, temporary service, generator, other power supply source, or feeder to a separate structure is:

- (1) 0 ampere to and including 400 ampere capacity, \$25;
- (2) 401 ampere to and including 800 ampere capacity, \$50; and
- (3) ampere capacity above 800, \$75.

Where multiple disconnects are grouped at a single location and are supplied by a single set of supply conductors the cumulative rating of the overcurrent devices shall be used to determine the supply ampere capacity.

Subd. 4. [FEE FOR CIRCUITS, FEEDERS, FEEDER TAPS, OR SETS OF TRANSFORMER SECONDARY CONDUCTORS.] The inspection fee for the installation, addition, alteration, or repair of each circuit, feeder, feeder tap, or set of transformer secondary conductors, including the equipment served, is:

- (1) 0 ampere to and including 200 ampere capacity, \$5; and
- (2) ampere capacity above 200, \$10.

Subd. 5. [LIMITATIONS TO FEES OF SUBDIVISIONS 3 AND 4.] (a) The fee for a one-family dwelling and each dwelling unit of a two-family dwelling with a supply of up to 500 amperes where a combination of ten or more sources of supply, feeders, or circuits are installed, added, altered, repaired, or extended is \$80. This fee applies to each separate installation for new dwellings and additions, alterations, or repairs to existing dwellings and includes not more than two inspections. The fee for additional inspections or other installations is that specified in subdivisions 2 to 4. The installer may submit fees for additional inspections when filing the request for electrical inspection.

(b) The fee for each dwelling unit of a multifamily dwelling with three to 12 dwelling units is \$50 and the fee for each additional dwelling unit is \$25. These fees include only inspection of the wiring within individual dwelling units and the final feeder to that unit. This limitation is subject to the following conditions:

(1) the multifamily dwelling is provided with common service equipment and each dwelling unit is supplied by a separate feeder. The fee for multifamily dwelling services or other power source supplies and all other circuits is that specified in subdivisions 2 to 4; and

(2) this limitation applies only to new installations for multifamily dwellings where the majority of the individual dwelling units are available for inspection during each inspection trip.

(c) A separate request for electrical inspection form must be filed for each dwelling unit that is supplied with an individual set of service entrance conductors. These fees are the one-family dwelling rate specified in paragraph (a).

Subd. 6. [ADDITIONS TO FEES OF SUBDIVISIONS 3 TO 5.] (a) The fee for the electrical supply for each manufactured home park lot is \$25. This fee includes the service or feeder conductors up to and including the service equipment or disconnecting means. The fee for feeders and circuits that extend from the service or disconnecting means is that specified in subdivision 4.

(b) The fee for each recreational vehicle site electrical supply equipment is \$5. The fee for recreational vehicle park services, feeders, and circuits is that specified in subdivisions 3 and 4.

(c) The fee for each street, parking lot, or outdoor area lighting standard is \$1, and the fee for each traffic signal standard is \$5. Circuits originating within the standard or traffic signal controller shall not be used when computing the fee.

(d) The fee for transformers for light, heat, and power is \$10 for transformers rated up to ten kilovolt-amperes and \$20 for transformers rated in excess of ten kilovolt-amperes.

(e) The fee for transformers and electronic power supplies for electric signs and outline lighting is \$5 per unit.

(f) The fee for alarm, communication, remote control, and signaling circuits or systems, and circuits of less than 50 volts, is 50 cents for each system device or apparatus.

(g) The fee for each separate inspection of the bonding for a swimming pool, spa, fountain, an equipotential plane for an agricultural confinement area, or similar installation shall be \$20. Bonding conductors and connections require an inspection before being concealed.

(h) The fee for all wiring installed on center pivot irrigation booms is \$40.

(i) The fee for retrofit modifications to existing lighting fixtures is 25 cents per lighting fixture.

Subd. 7. [INVESTIGATION FEES: WORK WITHOUT A REQUEST FOR ELECTRICAL INSPECTION.] (a) Whenever any work for which a request for electrical inspection is required by the board has begun without the request for electrical inspection form being filed with the board, a special investigation shall be made before a request for electrical inspection form is accepted by the board.

(b) An investigation fee, in addition to the full fee required by subdivisions 1 to 6, shall be paid before an inspection is made. The investigation fee is two times the hourly rate specified in subdivision 10 or the inspection fee required by subdivisions 1 to 6, whichever is greater, not to exceed \$1,000. The payment of the investigation fee does not exempt any person from compliance with all other provisions of the board rules or statutes nor from any penalty prescribed by law.

Subd. 8. [REINSPECTION FEE.] When reinspection is necessary to determine whether unsafe conditions have been corrected and the conditions are not the subject of an appeal pending before the board or any court, a reinspection fee of \$20 may be assessed in writing by the inspector.

Subd. 9. [SUPPLEMENTAL FEE.] When inspections scheduled by the installer are preempted, obstructed, prevented, or otherwise not able to be completed as scheduled due to circumstances beyond the control of the inspector, a supplemental inspection fee of \$20 may be assessed in writing by the inspector.

Subd. 10. [SPECIAL INSPECTION.] For inspections not covered in this section, or for requested special inspections or services, the fee shall be \$30 per hour, including travel time, plus 31 cents per mile traveled, plus the reasonable cost of equipment or material consumed. This provision is applicable to inspection of empty conduits and other jobs as may be determined by the board. This fee may also be assessed when installations are not accessible by roadway and require alternate forms of transportation.

Subd. 11. [INSPECTION OF TRANSITORY PROJECTS.] (a) For inspection of transitory projects including, but not limited to, festivals, fairs, carnivals, circuses, shows, production sites, and portable road construction plants, the inspection procedures and fees are as specified in paragraphs (b) to (i).

(b) The fee for inspection of each generator or other source of supply is that specified in subdivision 3. A like fee is required at each engagement or setup.

(c) In addition to the fee for generators or other sources of supply, there must be an inspection of all installed feeders, circuits, and equipment at each engagement or setup at the hourly rate specified in subdivision 10, with a two-hour minimum.

(d) An owner, operator, or appointed representative of a transitory enterprise including, but not limited to, festivals, fairs, carnivals, circuses, production companies, shows, portable road construction plants, and similar enterprises shall notify the board of its itinerary or schedule and make application for initial inspection a minimum of 14 days before its first engagement or setup. An owner, operator, or appointed representative of a transitory enterprise who fails to notify the board 14 days before its first engagement or setup may be subject to the investigation fees specified in subdivision 7. The owner, operator, or appointed representative shall request inspection and pay the inspection fee for each subsequent engagement or setup at the time of the initial inspection. For subsequent engagements or setups not listed on the itinerary or schedule submitted to the board and where the board is not notified at least 48 hours in advance, a charge of \$100 may be made in addition to all required fees.

(e) Amusement rides, devices, concessions, attractions, or other units must be inspected at their first appearance of the year. The inspection fee is \$20 per unit with a supply of up to 60 amperes and \$30 per unit with a supply above 60 amperes.

(f) An additional fee at the hourly rate specified in subdivision 10 must be charged for additional time spent by each inspector if equipment is not ready or available for inspection at the time and date specified on the application for initial inspection or the request for electrical inspection form.

(g) In addition to the fees specified in paragraphs (a) and (b), a fee of two hours at the hourly rate specified in subdivision 10 must be charged for inspections required to be performed on Saturdays, Sundays, holidays, or after regular business hours.

(h) The fee for reinspection of corrections or supplemental inspections where an additional trip is necessary may be assessed as specified in subdivision 8.

(i) The board may retain the inspection fee when an owner, operator, or appointed representative of a transitory enterprise fails to notify the board at least 48 hours in advance of a scheduled inspection that is canceled.

Subd. 12. [HANDLING FEE.] The handling fee to pay the cost of printing and handling of the form requesting an inspection is \$1.

Subd. 13. [NATIONAL ELECTRICAL CODE USED FOR INTERPRETATION OF PROVISIONS.] For purposes of interpretation of this section and Minnesota Rules, chapter 3800, the most recently adopted edition of the National Electrical Code shall be prima facie evidence of the definitions, interpretations, and scope of words and terms used.

Sec. 22. Minnesota Statutes 1998, section 345.31, is amended by adding a subdivision to read:

Subd. 6a. [MONEY ORDER.] "Money order" includes an express money order and a personal money order, on which the remitter is the purchaser. The term does not include a bank order or any other instrument sold by a financial organization if the seller has obtained the name and address of the payee.

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

Sec. 23. [345.321] [DORMANCY CHARGE FOR MONEY ORDERS.]

Notwithstanding any law to the contrary, a holder may annually deduct, from a money order presumed abandoned, a charge imposed by reason of the owner's failure to claim the property within a specified time. The holder may deduct the charge only if: (1) there is a valid and enforceable written contract between the holder and the owner under which the holder may impose the charge; (2) the holder regularly imposes the charge; and (3) the charge is not regularly reversed or otherwise canceled. The total amount of the deduction is limited to an amount that is not unconscionable.

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

Sec. 24. Minnesota Statutes 1998, section 345.39, subdivision 1, is amended to read:

Subdivision 1. [PRESUMED ABANDONMENT.] All intangible personal property, not otherwise covered by sections 345.31 to 345.60, including any income or increment thereon, but excluding any charges that may lawfully be withheld, that is held or owing in this state in the ordinary course of the holder's business and has remained unclaimed by the owner for more than three years after it became payable or distributable is presumed abandoned. Property covered by this section includes, but is not limited to: (a) unclaimed worker's compensation; (b) deposits or payments for repair or purchase of goods or services; (c) credit checks or memos, or customer overpayments; (d) unidentified remittances, unrefunded overcharges; (e) unpaid claims, unpaid accounts payable or unpaid commissions; (f) unpaid mineral proceeds, royalties or vendor checks; and (g) credit balances, accounts receivable and miscellaneous outstanding checks. This section does not include money orders. "Intangible property" does not include gift certificates, gift cards, or layaway accounts issued or maintained by any person in the business of selling tangible property or services at retail and such items shall not be subject to this section.

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

Sec. 25. Laws 1999, chapter 223, article 2, section 81, as amended by Laws 1999, chapter 249, section 12, is amended to read:

Sec. 81. [EFFECTIVE DATES.]

Section 48 is effective March 1, 2000.

Sections 59, 61, 62, 64, 65, and 79 are effective the day following final enactment.

Section 67 is effective June 30, 1999.

Section 80, paragraph (a), is effective July 1, 1999.

Section 80, ~~paragraphs paragraph~~ (b) ~~and (c), are~~ is effective July 1, 2000.

Section 80, paragraph (c), is effective July 1, 2001.

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

Sec. 26. [ASSUMPTION OF RESPONSIBILITIES BY COMMISSIONER OF HEALTH.]

The commissioner of health shall consult with appropriate knowledgeable individuals on an ongoing basis regarding the development and enforcement of boxing regulations. Responsibility for the regulation of professional boxing is transferred to the commissioner of health as of July 1, 2001, pursuant to Minnesota Statutes, section 15.039, except that Minnesota Statutes, section 15.039, subdivision 7, shall not apply to this transfer of responsibilities.

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

Sec. 27. [INFORMATION TO BE PROVIDED.]

The commissioner of labor and industry shall by September 1, 2000, complete a diligent and concerted effort to provide an informational brochure to every employer in Minnesota who is subject to the provisions of Minnesota Statutes, chapter 181A. The brochure shall describe the requirements of Minnesota Statutes, chapter 181A, shall describe the effects of section 10, and shall provide a telephone number that employers may call for additional information regarding compliance with Minnesota Statutes, chapter 181A.

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

Sec. 28. [INSTRUCTION TO REVISOR.]

The revisor shall change references in Minnesota Rules from Minnesota Rules, part 3800.3810, to Minnesota Statutes, section 326.2441.

Sec. 29. [REPEALER.]

Minnesota Rules, part 3800.3810, is repealed.

ARTICLE 3

ENVIRONMENT, NATURAL RESOURCES, AND AGRICULTURE

Section 1. [APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively, and if an earlier appropriation was made for that purpose for that year, the appropriation in this article is added to it.

	APPROPRIATIONS	
	Available for the Year	
	Ending June 30	
	2000	2001
Sec. 2. POLLUTION CONTROL AGENCY	307,000	-0-

\$306,000 is to administer the wastewater infrastructure fund. This is a one-time appropriation and is available until June 30, 2001.

The agency must allocate \$104,000 of the appropriation in Laws 1999, chapter 231, section 2, for WIF construction program administration.

\$1,000 is appropriated from the general fund in fiscal year 2000 for the air quality permitting process required to allow an existing resource recovery facility in Hennepin county to operate at its

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

maximum yearly capacity as provided in section 30. This is a one-time appropriation and is available until June 30, 2001. This amount shall be reimbursed by the applicant for the permit.

\$865,000 from the balance in the environmental fund shall be canceled to the general fund by June 30, 2001.

Sec. 3. BOARD OF WATER AND SOIL RESOURCES	2,650,000	400,000
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\$400,000 in fiscal year 2001 is for professional and technical services to replace wetlands under Minnesota Statutes, section 103G.222, subdivision 1. This is a one-time appropriation.

\$2,650,000 in fiscal year 2000 is for the purposes of sections 40 to 43. This is a one-time appropriation and remains available until expended. Administrative costs may not exceed ten percent of the appropriation.

Sec. 4. NATURAL RESOURCES	5,414,000	-0-
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\$3,955,000 in fiscal year 2000 is for the settlement of legal costs incurred by the Mille Lacs Band, St. Croix Band, Bad River Band, Red Cliff Band, Lac du Flambeau Band, Sokaogon Chippewa Community, and the Lac Courte Oreilles Band related to the 1837 Treaty litigation.

The money necessary for the interest payment on the settlement of legal costs in the 1837 Treaty litigation is appropriated in fiscal year 2000. The amount of the interest payment shall be determined by applying an interest amount of \$614.30 for each day beginning December 10, 1999, through the day of payment of the legal costs.

\$1,459,000 in fiscal year 2000 is for grants to Lake, Cook, and St. Louis counties for emergency communications equipment, emergency response equipment, and emergency planning and training to respond to a major wildfire. Of this amount, \$227,000 is for a grant to Lake county, \$430,000 is for a grant to Cook county, and \$802,000 is for a grant to St. Louis county. St. Louis county must use a portion of the grant to purchase a NOAA warning system that can be used by all of the counties receiving grants under this section. This appropriation is available until June 30, 2001.

The commissioner may use up to 50 percent of a snowmobile maintenance and grooming grant under Minnesota Statutes, section 84.83, that was available as of December 31, 1999, to reimburse the intended recipient for the actual cost of snowmobile

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

trail grooming equipment. The costs must be incurred in fiscal year 2000 and recipients seeking reimbursement under this paragraph must provide acceptable documentation of the costs to the commissioner. All applications for reimbursement under this paragraph must be received no later than September 1, 2000.

Sec. 5. AGRICULTURE

870,000

869,000

\$120,000 in fiscal year 2000 and \$374,000 in fiscal year 2001 are for expansion of the state meat inspection program. If the appropriation for either year is insufficient, the appropriation for the other year is available.

\$200,000 in fiscal year 2001 is for grants to one or more cooperative associations organized under Minnesota Statutes, chapter 308A, primarily for the purpose of facilitating the production and marketing of short rotation woody crops. The grants must be matched by \$1 of nonstate money for each dollar. This is a one-time appropriation and remains available until expended.

\$150,000 in fiscal year 2001 is for a grant to the Center for Farm Financial Management at the University of Minnesota for purposes of a comprehensive effort to develop software and training materials to help farmers improve their profitability through sophisticated business planning. The software and training will complement existing FINPACK farm management tools. No later than March 1, 2001, the center must report to the agriculture policy and finance committees of the senate and the house of representatives on the software development program. This is a one-time appropriation and is available until March 31, 2001.

\$300,000 in fiscal year 2000 is to establish an agricultural water quality and quantity management, research, demonstration, and education program. Of this appropriation, \$150,000 is for projects at the Lamberton site and \$150,000 is for projects at the Waseca site. The commissioner may contract with the University of Minnesota or other parties for the implementation of parts of the program. This appropriation is available until spent and is a one-time appropriation.

\$150,000 in fiscal year 2000 is for the farm advocates program. This is a one-time appropriation and is available until June 30, 2001.

\$170,000 in fiscal year 2001 is to expand the concept of the Minnesota grown pilot program under Laws 1998, chapter 401, section 6. This is a one-time appropriation.

Sec. 9. 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, buffalo, and goats.

Sec. 10. 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;

(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. 11. Minnesota Statutes 1998, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] (a) The commissioner of agriculture shall make cash payments to producers of ethanol, anhydrous alcohol, and wet alcohol located in the state. These payments shall apply only to ethanol, anhydrous alcohol, and wet alcohol fermented in the state and produced at plants that have begun production by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production is:

(1) except as provided in paragraph (b), for each gallon of ethanol or anhydrous alcohol produced on or before June 30, 2000, or ten years after the start of production, whichever is later, 20 cents per gallon; and

(2) for each gallon produced of wet alcohol on or before June 30, 2000, or ten years after the start of production, whichever is later, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon.

The producer payments for anhydrous alcohol and wet alcohol under this section may be paid to either the original producer of anhydrous alcohol or wet alcohol or the secondary processor, at the option of the original producer, but not to both.

No payments shall be made for production that occurs after June 30, 2010.

(b) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant ~~and the increased production begins by June 30, 2000~~, the payment under paragraph (a), clause (1), applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(c) The commissioner shall make payments to producers of ethanol or wet alcohol in the amount of 1.5 cents for each kilowatt hour of electricity generated using closed-loop biomass in a cogeneration facility at an ethanol plant located in the state. Payments under this paragraph shall be made only for electricity generated at cogeneration facilities that begin operation by June 30, 2000. The payments apply to electricity generated on or before the date ten years after the producer first qualifies for payment under this paragraph. Total payments under this paragraph in any fiscal year may not exceed \$750,000. For the purposes of this paragraph:

(1) "closed-loop biomass" means any organic material from a plant that is planted for the purpose of being used to generate electricity or for multiple purposes that include being used to generate electricity; and

(2) "cogeneration" means the combined generation of:

(i) electrical or mechanical power; and

(ii) steam or forms of useful energy, such as heat, that are used for industrial, commercial, heating, or cooling purposes.

(d) ~~Except for new production capacity approved under paragraph (i), clause (1), the total~~ Payments under paragraphs (a) and (b) to all producers may not exceed ~~\$34,000,000~~ \$37,000,000 in a fiscal year. Total payments under paragraphs (a) and (b) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol, anhydrous alcohol, and wet alcohol production during the preceding three calendar months. A producer with more than one plant shall file a separate claim for each plant. ~~A producer shall file a separate claim for the original production capacity of each plant and for each additional increment of production that qualifies under paragraph (b).~~ A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol, anhydrous alcohol, and wet alcohol production in Minnesota during the quarter covered by the claim, including anhydrous alcohol and wet alcohol produced or received from an outside source. A producer shall file a separate claim for any amount claimed under paragraph (c). For each claim and statement of total ethanol, anhydrous alcohol, and wet alcohol production filed under this subdivision, the volume of ethanol, anhydrous alcohol, and wet alcohol production or amounts of electricity generated using closed-loop biomass must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (j), the total quarterly payment to a producer under this paragraph, excluding amounts paid under paragraph (c), may not exceed \$750,000. ~~Except for new production capacity approved under paragraph (i), clause (1), if the total amount for which all other producers are eligible in~~

a quarter under paragraphs (a) and (b) exceeds \$8,500,000, the commissioner shall make payments for production capacity that is subject to this restriction in the order in which the portion of production capacity covered by each claim went into production.

(g) If the total amount for which all producers are eligible in a quarter under paragraph (c) exceeds the amount available for payments, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed-loop biomass.

(h) After July 1, 1997, new production capacity is only eligible for payment under this subdivision if the commissioner receives:

- (1) an application for approval of the new production capacity;
- (2) an appropriate letter of long-term financial commitment for construction of the new production capacity; and
- (3) copies of all necessary permits for construction of the new production capacity.

The commissioner may approve new production capacity based on the order in which the applications are received.

(i) ~~After April 22, 1998, the commissioner may only approve: (1) up to 12,000,000 gallons of new production capacity at one plant that has not previously received approval or payment for any production capacity; or (2) new production capacity at existing plants not to exceed planned expansions reported to the commissioner by February 1997. The commissioner may not approve any new production capacity after July 1, 1998, except that a producer with an approved production capacity of at least 12,000,000 gallons per year but less than 15,000,000 gallons per year prior to July 1, 1998, is approved for 15,000,000 gallons of production capacity.~~

(j) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the eighth quarter of each fiscal biennium to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the eighth quarter of the biennium that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first seven quarters of the biennium due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal biennium, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(k) For the purposes of this subdivision "new production capacity" means annual ethanol production capacity that was not allowed under a permit issued by the pollution control agency prior to July 1, 1997, or for which construction did not begin prior to July 1, 1997.

Sec. 12. Minnesota Statutes 1998, section 41B.03, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY GENERALLY.] To be eligible for a program in sections 41B.01 to 41B.23:

(1) a borrower must be a resident of Minnesota or a domestic family farm corporation, as defined in section 500.24, subdivision 2; and

(2) 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; ~~and~~

~~(3) the borrower must not receive assistance under sections 41B.01 to 41B.23 exceeding an aggregate of \$100,000 in loans during the borrower's lifetime.~~

Sec. 13. Minnesota Statutes 1998, section 41B.03, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY FOR RESTRUCTURED LOAN.] In addition to the eligibility requirements of subdivision 1, a prospective borrower for a restructured loan must:

(1) have received at least 50 percent of average annual gross income from farming for the past three years or, for homesteaded 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;

(2) 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;

(3) have projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, that do not exceed 95 percent of the borrower's projected annual income considering prior production history and projected prices for farm production, except that the authority may reduce the 95 percent requirement if it finds that other significant factors in the loan application support the making of the loan; ~~and~~

(4) demonstrate substantial difficulty in meeting projected annual expenses without restructuring the loan; and

(5) 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.

Sec. 14. Minnesota Statutes 1998, section 41B.039, subdivision 2, is amended to read:

Subd. 2. [STATE PARTICIPATION.] The state may participate in a new real estate loan with an eligible lender to a beginning farmer 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 lender's retained portion of the loan.

Sec. 15. Minnesota Statutes 1998, section 41B.04, subdivision 8, is amended to read:

Subd. 8. [STATE'S PARTICIPATION.] With respect to loans that are eligible for restructuring under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority shall enter into a participation agreement or 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. 16. 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. 17. 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. 18. 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. 19. [41B.048] [AGROFORESTRY LOAN PROGRAM.]

Subdivision 1. [PURPOSE.] The purpose of the agroforestry loan program is to provide low interest financing to farmers during the growing period required to convert agricultural land to agroforestry.

Subd. 2. [ESTABLISHMENT.] The authority shall establish and implement an agroforestry loan program to help finance the production of short rotation woody crops. The authority may contract with a fiscal agent to provide an efficient delivery system for this program.

Subd. 3. [RULES.] The authority may adopt rules necessary for administration of the program established under subdivision 2.

Subd. 4. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Fiscal agent" means any lending institution or other organization of a for-profit or nonprofit nature that is in good standing with the state of Minnesota that has the appropriate business structure and trained personnel suitable to providing efficient disbursement of loan funds and the servicing and collection of loans over an extended period of time.

(c) "Growing cycle" means the number of years from planting to harvest.

(d) "Harvest" means the day that the crop arrives at the scale of the buyer of the crop.

(e) "Short rotation woody crops" or "crop" means hybrid poplar and other woody plants that are harvested for their fiber within 15 years of planting.

Subd. 5. [ELIGIBILITY.] To be eligible for this program a borrower must:

(1) be a resident of Minnesota or any entity eligible to own farm land under section 500.24;

(2) be or plan to become a grower of short rotation woody crops on agricultural land that is suitable for the profitable production of short rotation woody crops;

(3) be a member of a producer-owned cooperative that will contract to market the short rotation woody crop to be planted by the borrower;

(4) demonstrate an ability to repay the loan;

(5) not receive assistance under this program for more than \$150,000 in the producer's lifetime;

(6) agree to work with appropriate local, state, and federal agencies, and the marketing cooperative, to develop an acceptable establishment and maintenance plan;

(7) agree not to plant short-rotation woody crops within one-quarter of a mile of state or federally protected prairie; and

(8) meet any other requirements the authority may impose by administrative procedure or by rule.

Subd. 6. [LOANS.] (a) The authority may disburse loans through a fiscal agent to farmers and agricultural landowners who are eligible under subdivision 5. The total accumulative loan principal must not exceed \$75,000 per loan.

(b) The fiscal agent may impose a loan origination fee in the amount of one percent of the total approved loan. This fee is to be paid by the borrower to the fiscal agent at the time of loan closing.

(c) The loan may be disbursed over a period not to exceed 12 years.

(d) A borrower may receive loans, depending on the availability of funds, for planted areas up to 160 acres for up to:

(1) the total amount necessary for establishment of the crop;

(2) the total amount of maintenance costs, including weed control, during the first three years; and

(3) 70 percent of the estimated value of one year's growth of the crop for years four through 12.

(e) Security for the loan must be the crop, a personal note executed by the borrower, an interest in the land upon which the crop is growing, and whatever other security is required by the fiscal agent or the authority. All recording fees must be paid by the borrower.

(f) The authority may prescribe forms and establish an application process for applicants to apply for a loan.

(g) The authority may impose a reasonable nonrefundable application fee for each application for a loan under this program. The application fee is initially \$50. Application fees received by the authority must be deposited in the agroforestry loan program revolving fund established in subdivision 7.

(h) Loans under the program must be made using money in the agroforestry loan program revolving fund established in subdivision 7.

(i) The interest payable on loans made by the authority for the agroforestry loan program must, if funded by revenue bond proceeds, be at a rate not less than the rate on the revenue bonds, and may be established at a higher rate necessary to pay costs associated with the issuance of the revenue bonds and a proportionate share of the cost of administering the program. The interest payable on loans for the agroforestry loan program funded from sources other than revenue bond proceeds must be at a rate determined by the authority.

(j) Loan principal balance outstanding plus all assessed interest must be repaid within 120 days of harvest, but no later than 15 years from planting.

Subd. 7. [REVOLVING FUND.] There is established in the state treasury an agroforestry loan program revolving fund that is eligible to receive appropriations or the proceeds of bond sales. All repayments of financial assistance granted under subdivision 2, including principal and interest, must be deposited into this fund. Interest earned on money in the fund accrues to the fund, and money in the fund is appropriated to the commissioner for purposes of the agroforestry loan program, including costs incurred by the authority to establish and administer the program.

Subd. 8. [REVENUE BONDS.] The authority may issue revenue bonds to finance the agroforestry loan program in accordance with sections 41B.08 to 41B.15, 41B.17, and 41B.18. Bonds may be refunded by the issuance of refunding bonds in the manner authorized by chapter 475.

Sec. 20. [BIG BOG STATE RECREATION AREA.]

Subdivision 1. [85.013] [Subd. 2c.] [BIG BOG STATE RECREATION AREA, BELTRAMI COUNTY.] Big Bog state recreation area is established in Beltrami county.

Subd. 2. [PURPOSE.] The Big Bog state recreation area is created to expand and diversify regional recreational opportunities and to enrich the cultural, biological, and historical opportunities for visitors to an area of the state that has suffered severe economic distress. The Big Bog recreational area will also enhance public appreciation and provide for the long-term protection of a unique ecosystem.

Subd. 3. [BOUNDARIES.] The following described lands are located within the boundaries of Big Bog state recreation area, all in Beltrami county:

(1) Government Lots 1, 2, and 3 of Section 8, Township 154 North, Range 30 West, EXCEPT a tract in Government Lot 3 beginning 100 feet North of the South boundary of Government Lot 3 on the east right-of-way line of State Trunk Highway 72; thence northerly 200 feet along said trunk highway; thence East to the westerly right-of-way line of old Trunk Highway 72; thence southerly 200 feet along said right-of-way line; thence westerly to the point of beginning;

(2) all of Sections 25, 26, and 27; the east Half, the Northwest Quarter, and the North Half of the Southwest Quarter of Section 34; the North Half and the Southwest Quarter of Section 35; the North Half, the East Half of the Southwest Quarter, the Southwest Quarter of the Southwest Quarter, the West Half of the Southeast Quarter, and the Southeast Quarter of the Southeast Quarter of Section 36, all in Township 156 North, Range 31 West; and

(3) all of Sections 1 and 2; the East Half of Section 3; the East Half, the Southeast Quarter of the Northwest Quarter, the East Half of the Southwest Quarter, and the Southwest Quarter of the Southwest Quarter of Section 10; and all of Sections 11, 12, 13, 14, and 15, all in Township 155 North, Range 31 West.

Subd. 4. [ADMINISTRATION.] The commissioner of natural resources shall administer the area according to Minnesota Statutes, section 86A.05, subdivision 3, subject to existing rules and regulations for state recreation areas.

Subd. 5. [CONTINUED LEASE OF LAND IN BIG BOG STATE RECREATION AREA.] Notwithstanding Minnesota Statutes, sections 85.011, 85.013, 85.053, and 86A.05, the commissioner of natural resources may continue to lease, upon the terms and conditions as the commissioner may prescribe and in the form approved by the attorney general, land within the Big Bog state recreation area that is included in lease number 144-15-109 to Waskish township.

Sec. 21. [RED RIVER STATE RECREATION AREA.]

Subdivision 1. [85.013] [Subd. 20a.] [RED RIVER STATE RECREATION AREA, POLK COUNTY.] The Red River state recreation area is established in Polk county.

Subd. 2. [BOUNDARIES.] The following described lands are located within the boundaries of the Red River state recreation area, all in Polk county:

(1) Lots 3 to 14 of Block 2 including streets and alleys adjacent thereto in Riverside Addition;

(2) Block 1 including streets and alleys adjacent thereto in Surprenant's Addition;

- (3) Lots 1 to 24 including streets and alleys adjacent thereto in Grigg's Addition;
- (4) Lots 2, 4, 6, 8, 10, and 12 of Block 1, Block 3, Lots 1 to 10 of Block 4, and Lots 1 to 12 in Blocks A and B including streets and alleys adjacent thereto in Grand Forks East;
- (5) Lots 1 to 5 of Block 1 and Blocks 2 to 14 including streets and alleys adjacent thereto in Lake Park Addition;
- (6) Lots 1 to 7 and Lots 19 to 24 of Block 2 including streets and alleys adjacent thereto in E.B. Frederick's Addition;
- (7) Lots 1 to 3 of Block 1 and Blocks 2, 3, and 4 including streets and alleys adjacent thereto in Budge's First Addition;
- (8) Lots 1 to 4 of Block 1 including streets and alleys adjacent thereto in River Heights 1st Addition;
- (9) Blocks 1 and 2 including streets and alleys adjacent thereto in Thompson's Addition;
- (10) Lots 1 to 12 of Block 1, Lots 4 to 12 of Block 2, Block 3, and Lots 1 to 4 of Block 4 in Edwards Outlots and Outlots 4 to 8 including streets and alleys adjacent thereto in Auditor's Plat of Outlots;
- (11) Auditor's Plat of Mrs. Hines' Outlot;
- (12) Lots 6, 8, 10, 12, 14, 16, 18, 20, 22, and 24 of Block 3 and Lots 1 to 8 of Block 2 including streets and alleys adjacent thereto in the Original Townsite of East Grand Forks;
- (13) Blocks 1 to 8 including streets and alleys adjacent thereto in Woodland Addition;
- (14) Lots 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, and 23 of Block 31 and Blocks 32 to 38 including streets and alleys adjacent thereto in Traill's Addition;
- (15) Blocks 2 to 16 including streets and alleys adjacent thereto in Elm Grove;
- (16) Block 1, Lots 1 to 11 of Block 2, and Lots 1 to 11 of Block 3 including streets and alleys adjacent thereto in O'Leary and Ryan's Addition to Elm Grove;
- (17) Lots 6 to 10 of Block 1, Lots 8 to 35 of Block 2, Blocks 3, 4, and 5 including streets and alleys adjacent thereto in Folsom Park Addition;
- (18) Lots 1 to 6 of Block 1 in Jerome's Addition;
- (19) Lots 1 to 4 of Block 3 in Prestige Addition;
- (20) Lots 1 to 14 of Block 1 in Riverview Addition;
- (21) Lots 6 to 16 of Block 3 in Riverview 3rd Addition;
- (22) Lots 1 to 4 of Block 1 in Riverview 4th Addition;
- (23) Lots 1 and 2 of Block 1 in Riverview 5th Addition;
- (24) Lots 1 to 9 of Block 1 and Outlot A in Riverview 6th Addition;
- (25) Lots 1 to 18 of Block 1 and Lots 1 to 5 of Block 2 including streets and alleys adjacent thereto in Timberline 2nd Addition;

- (26) Lots 14 to 16 of Block 1 including streets and alleys adjacent thereto in Timberline Addition;
- (27) Lots 19 and 20 including streets and alleys adjacent thereto in Murphy's Outlots;
- (28) Lots 1 to 10 of Block 1 including streets and alleys thereto in Croy's 2nd Addition;
- (29) Lots 1 to 6 of Block 1 including the streets and alleys adjacent thereto in Point of Woods 2nd Addition;
- (30) Lots 1 to 6 of Block 1 including the streets and alleys adjacent thereto in Point of Woods Addition;
- (31) the unplatted portions of Government Lots 1, 2, and 3 of Section 35, Township 152 North, Range 50 West;
- (32) all of Government Lot 7, the unplatted portion of Government Lot 9, and that part of Government Lots 6 and 8 and the Southeast Quarter of the Southeast Quarter lying southwesterly of the southwesterly right-of-way line of the Burlington Northern and Santa Fe Railroad of Section 1, Township 151 North, Range 50 West;
- (33) the unplatted portions of Government Lots 2, 3, 4, 5, and 6 of Section 2, Township 151 North, Range 50 West;
- (34) all of Government Lots 1 and 2 of Section 11, Township 151 North, Range 50 West;
- (35) all of Government Lots 1, 7, and 11, the unplatted portions of Government Lots 3, 5, 9, and 10, and the Northeast Quarter of the Northwest Quarter of Section 12, Township 151 North, Range 50;
- (36) all of Government Lots 1 and 2, the Southwest Quarter of the Northwest Quarter, and the Northwest Quarter of the Southwest Quarter of Section 13, Township 151 North, Range 50 West;
- (37) all of Government Lots 1, 2, 3, and 4 of Section 14; Township 151 North, Range 50 West;
- (38) that part of Government Lot 7 lying southwesterly of the southwesterly right-of-way line of the Burlington Northern and Santa Fe Railroad of Section 6, Township 151 North, Range 49 West; and
- (39) all of Government Lots 2, 6, 7, and 9, the Northwest Quarter of the Northeast Quarter, the Northeast Quarter of the Northeast Quarter, the unplatted portions of Government Lots 3 and 5, and that part of Government Lot 1 and the Northeast Quarter of the Northwest Quarter lying southwesterly of the southwesterly right-of-way line of the Burlington Northern and Santa Fe Railroad of Section 7, Township 151 North, Range 49 West.

Subd. 3. [ADMINISTRATION.] The commissioner of natural resources shall administer the area according to Minnesota Statutes, section 86A.05, subdivision 3, subject to existing rules and regulations for state recreation areas. The commissioner shall appoint a citizens' oversight committee to assist with developing and managing the area. The committee shall serve without compensation and is exempt from Minnesota Statutes, section 15.059.

Sec. 22. Minnesota Statutes 1998, section 85.015, is amended by adding a subdivision to read:

Subd. 8a. [MILL TOWNS TRAIL.] (a) The trail shall originate at a point commonly known as Faribault Junction in Rice county, the termination point of the Sakatah Singing Hills Trail, and shall extend through the towns of Faribault, Dundas, Northfield, Waterford, and Randolph, to the termination point of the Cannon Valley Trail in Cannon Falls. The trail may be located within the Cannon river wild, scenic, and recreational land use district.

(b) The trail shall be developed primarily for riding and hiking. Motorized vehicles, except snowmobiles, are prohibited from the trail.

Sec. 23. Minnesota Statutes 1998, section 85.34, subdivision 1, is amended to read:

Subdivision 1. The commissioner of natural resources with the approval of the Executive Council may lease for purposes of restoration, preservation, historical, recreational, educational, and commercial use and development, that portion of Fort Snelling state park known as the upper bluff consisting of officer's row ~~and, area J, the polo grounds,~~ the adjacent golf course, and ~~residential, storage and service~~ all buildings and improvements located thereon, all lying within an area bounded by Minneapolis-St. Paul International Airport, trunk ~~highway~~ highways numbered 5 ~~and 55, Taylor avenue, Minnehaha avenue,~~ and Bloomington Road. The lease or leases shall be in a form approved by the attorney general and for a term of not to exceed 99 years. The lease or leases may provide for the provision of capital improvements or other performance by the tenant or tenants in lieu of all or some of the payments of rent that would otherwise be required.

Sec. 24. Minnesota Statutes 1998, section 85.34, is amended by adding a subdivision to read:

Subd. 4. All receipts derived from the leasing or operation of the property described in subdivision 1 shall be deposited in the state treasury and be credited to the state parks working capital account designated in section 85.22, subdivision 1. Receipts and expenses from the leasing or operation of the property described in subdivision 1 shall be tracked separately within the account. Money in the account derived from the leasing or operation of the property described in subdivision 1 is annually appropriated for the payment of expenses attributable to the leasing and operation of the property described in subdivision 1, included but not limited to the maintenance, repair, and rehabilitation of historic buildings and landscapes. Any excess receipts in this account are annually appropriated for historic preservation purposes within state parks.

Sec. 25. Minnesota Statutes 1998, section 85.34, is amended by adding a subdivision to read:

Subd. 5. The commissioner of natural resources may provide an exception, in whole or in part, to the rules for use of state parks and other recreational areas for property leased pursuant to subdivision 1. The exception may be provided by commissioner's order and shall be effective for the term of the lease or such lesser period of time specified by the commissioner.

Sec. 26. Minnesota Statutes 1998, section 97A.055, subdivision 2, is amended to read:

Subd. 2. [RECEIPTS.] The state treasurer shall credit to the game and fish fund all money received under the game and fish laws including receipts from:

- (1) licenses issued;
- (2) fines and forfeited bail;
- (3) sales of contraband, wild animals, and other property under the control of the division;
- (4) fees from advanced education courses for hunters and trappers;
- (5) reimbursements of expenditures by the division; ~~and~~
- (6) contributions to the division; and
- (7) revenue credited to the game and fish fund under section 297A.44, subdivision 1, paragraph (e), clause (1).

Sec. 27. Minnesota Statutes 1998, section 103E.011, is amended by adding a subdivision to read:

Subd. 5. [USE OF EXTERNAL SOURCES OF FUNDING.] Notwithstanding other provisions of this chapter, a drainage authority may accept and use funds from sources other than, or in addition to, those derived from assessments based on the benefits of the drainage system for the purposes of wetland preservation or restoration or creation of water quality improvements or flood control. The sources of funding authorized under this subdivision may also be used outside the benefited area but must be within the watershed of the drainage system.

Sec. 28. Minnesota Statutes 1999 Supplement, section 116.073, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ISSUE.] (a) Pollution control agency staff designated by the commissioner and department of natural resources conservation officers may issue citations to a person who:

(1) disposes of solid waste as defined in section 116.06, subdivision 22, at a location not authorized by law for the disposal of solid waste without permission of the owner of the property;

(2) fails to report or recover ~~oil or hazardous substance~~ discharges as required under section 115.061; or

(3) fails to take discharge preventive or preparedness measures required under chapter 115E.

(b) In addition, pollution control agency staff designated by the commissioner may issue citations to owners and operators of facilities dispensing petroleum products who violate sections 116.46 to 116.50 and Minnesota Rules, chapters 7150 and 7151 and parts 7001.4200 to 7001.4300. ~~The citations for violation of sections 116.46 to 116.50 and Minnesota Rules, chapter 7150, may be issued only after the owners and operators have had a 90-day period to correct all the violations stated in a letter issued previously by pollution control agency staff.~~ A citation issued under this subdivision must include a requirement that the person cited remove and properly dispose of or otherwise manage the waste or discharged oil or hazardous substance, reimburse any government agency that has disposed of the waste or discharged oil or hazardous substance and contaminated debris for the reasonable costs of disposal, or correct any ~~underground~~ storage tank violations.

(c) Until June 1, 2004, citations for violation of sections 115E.045 and 116.46 to 116.50 and Minnesota Rules, chapters 7150 and 7151, may be issued only after the owners and operators have had a 90-day period to correct violations stated in writing by pollution control agency staff, unless there is a discharge associated with the violation or the violation is of Minnesota Rules, part 7151.6400, subpart 1, item B, or 7151.6500.

Sec. 29. Minnesota Statutes 1998, section 297A.44, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in paragraphs (b) to ~~(e)~~ (f), all revenues, including interest and penalties, derived from the excise and use taxes imposed by sections 297A.01 to 297A.44 shall be deposited by the commissioner in the state treasury and credited to the general fund.

(b) All excise and use taxes derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project, from and after the date on which a conditional commitment for a loan guaranty for the project is made pursuant to section 41A.04, subdivision 3, shall be deposited in the Minnesota agricultural and economic account in the special revenue fund. The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account shall be reduced by any refunds and by the costs incurred by the department of revenue to administer and enforce the assessment and collection of the taxes.

(c) All revenues, including interest and penalties, derived from the excise and use taxes imposed on sales and purchases included in section 297A.01, subdivision 3, paragraphs (d) and (k), clauses (1) and (2), must be deposited by the commissioner in the state treasury, and credited as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance must be credited to the general fund.

(d) The revenues, including interest and penalties, collected under section 297A.135, subdivision 5, shall be deposited by the commissioner in the state treasury and credited to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.135, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent, and for fiscal year 2002 and thereafter, 87 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.259, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota zoological garden, the Como park zoo and conservatory, and the Duluth zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

Sec. 30. Minnesota Statutes 1998, section 383B.235, is amended by adding a subdivision to read:

Subd. 3. [EXISTING FACILITY MAY USE CAPACITY.] Notwithstanding subdivisions 1 and 2, an existing resource recovery facility may reclaim, burn, use, process, or dispose of mixed municipal solid waste to the full extent of its maximum yearly capacity as of January 1, 2000. The facility must continue to comply with all federal and state environmental laws and regulations and must obtain a conditional use permit from the municipality where the facility is located.

Sec. 31. Laws 1998, chapter 389, article 16, section 31, subdivision 2, as amended by Laws 1999, chapter 180, section 1, is amended to read:

Subd. 2. [EXCHANGE OF COUNTY LAKESHORE LAND FOR LEASED LAKESHORE LOTS.] (a) For the purposes of this section:

(1) "county land" includes, but is not limited to, tax-forfeited land administered by any county;

(2) "leased lakeshore lots" means lands leased by the state, including lots for which leases have been canceled, pursuant to Minnesota Statutes, section 92.46, subdivision 1; and

(3) "plan for exchange" means a listing of parcels proposed for exchange with legal descriptions, county estimates of values, and maps and acreage for each parcel. By July 1, 1999, counties shall include exchange plans for all lakeshore lease lots that are in substantial compliance with official controls. The plan shall also include a timeline that provides for the completion of the exchange of all remaining lakeshore lease lots by December 31, 2000.

(b) By July 1, 1999, a county board with leased lakeshore lots must petition the land exchange board with a plan for an exchange of county land for leased lakeshore lots in the county that are not listed by the commissioner pursuant to subdivision 1. Notwithstanding Minnesota Statutes, section 94.342, the land proposed for the exchange must be land bordering on or adjacent to meandered or other public waters. A county board proposing an exchange under this section may include tax-forfeited land administered by another county in the proposal with the consent of that county board.

(c) In determining the value of the leased lakeshore lots for purposes of the exchange, the land exchange board must review an appraisal of each lot prepared by an appraiser licensed by the commissioner of commerce. The selection of the appraiser must be agreed to by the commissioner of natural resources and the county board of the county containing the leased lakeshore lot. The commissioner of natural resources must pay the costs of appraisal and may recover these costs as provided in this section. The commissioner must submit appraisals under this paragraph to the land exchange board by June 1, 1999.

(d) The land exchange board must determine whether the land offered for exchange by a county under this section is lakeshore of substantially equal value to the leased lakeshore lots included in the county's petition. In making this determination, the land exchange board must review an appraisal of the land offered for exchange prepared by an appraiser licensed by the commissioner of commerce. The selection of the appraiser must be agreed to by the commissioner of natural resources and the county board of the county containing the leased lakeshore lots. The county must pay the costs of this appraisal and may recover those costs as provided in this section.

(e) Before the proposed exchange may be submitted to the land exchange board, the commissioner of natural resources must ensure that, whenever possible, state lands are added to the leased lakeshore lots when necessary to provide conformance with zoning official controls. The lands added to the leased lakeshore lots must be included in the appraised value of the lots. If the commissioner is unable to add the necessary land to a lot, the lot shall be treated as if purchased at the time the state first leased the site, for the purposes of local zoning and other ordinances at the time of sale of the lot by the county.

(f) Additional state or county lands, including state riparian land leased for a commercial use, may be added to the exchanges if mutually agreed upon by the commissioner and the affected county board to meet county zoning standards or other regulatory needs for the lots, for use of the land by the county or state, or to avoid leaving unmanageable parcels of land in state or county ownership after an exchange, or to dispose of state commercial riparian leases. The additional county land may include nonriparian land, if the land is adjacent to county land exchanged under this section and is beneficial to or enhances the value of the school trust land. Notwithstanding Minnesota Statutes, chapter 282, or any other law to the contrary, a county board may sell all or part of any additional land to an owner of a lakeshore lot sold by the county under this section, or sold by the state at a lakeshore lot sale, or to the lessee of a commercial lease.

(g) In the event that commercial leased state land is proposed for exchange, the state and county must submit to the land exchange board prior to exchanges, without regard to the dates provided in this section, the reports, appraisals, and plan for exchange required by this section. The county is not required to sell the commercially leased lands it receives from the state within the times stated in this section.

(h) The land exchange board must determine whether the lots are of substantially equal value and may approve the exchange, notwithstanding the requirements of Minnesota Statutes, sections 94.342 to 94.347, relating to the approval process. If the board approves the exchange, the commissioner must exchange the leased lakeshore lots

for the county lands, together with any additional state land provided for under this section, subject to the requirements of the Minnesota Constitution, article XI, section 10, relating to the reservation of mineral and water power rights.

(i) The deeds between the state and counties for land exchanges under this section are exempt from the deed tax imposed by Minnesota Statutes, section 287.21.

(j) The deeds issued by the state and counties for the land exchanges and sales to a lessee made pursuant to this section are exempt from the requirements imposed for well disclosure by Minnesota Statutes, section 103I.235, well sealing by Minnesota Statutes, section 103I.311, and individual sewage treatment system disclosure by Minnesota Statutes, section 115.55, subdivision 6.

Sec. 32. Laws 1998, chapter 404, section 7, subdivision 23, as amended by Laws 1999, chapter 231, section 194, and Laws 1999, chapter 240, article 1, section 20, is amended to read:

Subd. 23. Metro Regional Trails

5,000,000

For grants to the metropolitan council for acquisition and development of a capital nature of trail connections in the metropolitan area as specified in this subdivision. The purpose of the grants is to improve trails in the metropolitan park and open space system and connect them with existing state and regional trails. Priority shall be given to matching funds for an ISTEAA grant.

The funds shall be allocated by the council as follows:

(1) \$1,050,000 is allocated to Ramsey county as follows:

(i) \$400,000 to complete six miles of trails between the Burlington Northern Regional Trail and Bald Eagle-Otter Lake Regional Park;

(ii) \$150,000 to complete a one-mile connection between Birch Lake and the Lake Tamarack segment of Bald Eagle-Otter Lake Regional Park;

(iii) \$500,000 to acquire real property and design and construct or renovate recreation facilities along the Mississippi River in cooperation with the city of St. Paul;

(2) \$1,050,000 is allocated to the city of St. Paul as follows:

(i) \$250,000 to construct a bridge over Lexington Parkway in Como Regional Park; and

(ii) \$800,000 to enhance amenities for the trailhead at the Lilydale-Harriet Island Regional Park pavilion;

(3) \$1,400,000 is allocated to Anoka county to construct:

(i) a pedestrian tunnel under Highway 65 on the Rice Creek West Regional Trail in the city of Fridley; ~~and~~

(ii) restrooms, trailhead, signs, and amenities at the trailhead to the Rice Creek West Regional Trail; and

(iii) a pedestrian bridge on the Mississippi River Regional Trail crossing over Mississippi Street in the city of Fridley; and

(4) \$1,500,000 is allocated to the suburban Hennepin regional park district as follows:

(i) \$1,000,000 to connect North Hennepin Regional Trail to Luce Line State Trail and Medicine Lake; and

(ii) \$500,000 is for the cost of development and acquisition of the Southwest regional trail in the city of St. Louis Park. The trail must connect the Minneapolis regional trail system at Cedar Lake park to the Hennepin parks regional trail system at the Hopkins trail head.

Sec. 33. Laws 1999, chapter 231, section 2, subdivision 2, is amended to read:

Subd. 2. Protection of the Water

	15,984,000	16,008,000
Summary by Fund		
General	13,074,000	13,283,000 <u>12,983,000</u>
State Government		
Special Revenue	44,000	45,000
Environmental	2,616,000	2,680,000 <u>2,980,000</u>
Petroleum tank	250,000	-0-

\$2,348,000 the first year and \$2,348,000 the second year are for grants to local units of government for the clean water partnership program. The amount of this appropriation above the base is for Phase II implementation projects. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

\$1,470,000 the first year and \$1,841,000 the second year are for grants for county administration of the feedlot permit program. These amounts are transferred to the board of water and soil resources for disbursement in accordance with Minnesota Statutes, section 103B.3369, in cooperation with the pollution control agency. Grants must be matched with a combination of local cash and/or in-kind contributions. Counties receiving these grants shall submit an annual report to the pollution control agency regarding activities conducted under the grant, expenditures made, and local match contributions. First priority for funding shall be given to counties that have requested and received delegation from

the pollution control agency for processing of animal feedlot permit applications under Minnesota Statutes, section 116.07, subdivision 7. Delegated counties shall be eligible to receive a grant of either: \$50 multiplied by the number of livestock or poultry farms with sales greater than \$10,000, as reported in the 1997 Census of Agriculture, published by the United States Bureau of Census; or \$80 multiplied by the number of feedlots with greater than ten animal units as determined by a level 2 or level 3 feedlot inventory conducted in accordance with the Feedlot Inventory Guidebook published by the board of water and soil resources, dated June 1991. To receive the additional funding that is based on the county feedlot inventory, the county shall submit a copy of the inventory to the pollution control agency. Any remaining money is for distribution to all counties on a competitive basis through the challenge grant process for the conducting of feedlot inventories, development of delegated county feedlot programs, and for information and education or technical assistance efforts to reduce feedlot-related pollution hazards. Any money remaining after the first year is available for the second year.

\$94,000 the first year and \$97,000 the second year are for compliance activities and air quality monitoring to address hydrogen sulfide emissions from animal feedlots. The air quality monitoring must include the use of portable survey instruments.

\$1,043,000 the first year and \$1,048,000 the second year are for water monitoring activities.

\$320,000 the first year and \$322,000 the second year are for community technical assistance and education, including grants and technical assistance to communities for local and basin-wide water quality protection.

\$201,000 the first year and \$202,000 the second year are for individual sewage treatment system (ISTS) administration. Of this amount, \$86,000 in each year is transferred to the board of water and soil resources for assistance to local units of government through competitive grant programs for ISTS program development.

\$200,000 in each year is for individual sewage treatment system grants. Any unexpended balance in the first year does not cancel, but is available in the second year.

\$250,000 the first year and \$500,000 the second year are for studies to determine total maximum daily load allocations to improve water quality.

\$300,000 each the first year is from the general fund and \$300,000 the second year from the environmental fund are for continuing research on malformed frogs. This is a one-time appropriation.

\$126,000 is for administration of the wastewater infrastructure fund (WIF) construction program. This is a one-time appropriation.

\$250,000 the first year, notwithstanding Minnesota Statutes, section 115C.08, subdivision 4, is from the petroleum tank release fund for the following purposes: (1) to purchase and distribute emergency spill response equipment, such as spill containment booms, sorbent pads, and installation tools, along the Mississippi river upstream of drinking water intakes at the locations designated by the agency in consultation with the Mississippi River Defense Network; (2) to purchase mobile trailers to contain the equipment in clause (1) so that rapid deployment can occur; and (3) to conduct spill response training for those groups of responders receiving the spill response equipment described in clause (1). The agency shall develop and administer protocol for the use of the equipment among all potential users, including private contract firms, public response agencies, and units of government. Any money remaining after the first year is available for the second year. This is a one-time appropriation.

\$100,000 for the biennium is for a grant to the city of Garrison for the Garrison, Kathio, West Mille Lacs Lake Sanitary District for the cost of environmental studies, planning, and legal assistance for sewage treatment purposes. This is a one-time appropriation.

Until July 1, 2001, the agency shall not approve additional fees on animal feedlot operations.

Sec. 34. Laws 1999, chapter 231, section 6, as amended by Laws 1999, chapter 249, section 10, is amended to read:

Sec. 6. BOARD OF WATER AND SOIL RESOURCES	18,896,000	18,228,000
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\$5,480,000 the first year and \$5,480,000 the second year are for natural resources block grants to local governments. Of this amount, \$50,000 each year is for a grant to the North Shore Management Board, \$35,000 each year is for a grant to the St. Louis River Board, \$100,000 each year is for a grant to the Minnesota River Basin Joint Powers Board, and \$27,000 each year is for a grant to the Southeast Minnesota Resources Board.

The board shall reduce the amount of the natural resource block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's 1998 allocation.

Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount that would be raised by a levy under Minnesota Statutes, section 103B.3369.

\$3,867,000 the first year and \$3,867,000 the second year are for grants to soil and water conservation districts for general purposes, nonpoint engineering, and for implementation of the RIM conservation reserve program. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts.

\$4,120,000 the first year and \$4,120,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management. Of this amount, \$32,000 the first year ~~is~~ and up to \$90,000 the second year are for a grant grants to the Blue Earth county soil and water conservation districts for stream bank stabilization on the LeSueur river within the city limits of St. Clair; and at least \$1,500,000 the first year and \$1,500,000 the second year are for state cost-share grants for cost-sharing contracts for water quality management on feedlots. ~~Priority must be given to feedlot operators who have received notices of violation and for feedlots in counties that are conducting or have completed a level 2 or level 3 feedlot inventory.~~ This appropriation is available until expended. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$100,000 the first year and \$100,000 the second year are for a grant to the Red river basin board to develop a Red river basin water management plan and to coordinate water management activities in the states and provinces bordering the Red river. This appropriation is only available to the extent it is matched by a proportionate amount in United States currency from the states of North Dakota and South Dakota and the province of Manitoba. The unencumbered balance in the first year does not cancel but is available for the second year. This is a one-time appropriation.

\$189,000 the first year and \$189,000 the second year are for grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for floodplain management. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$1,203,000 the first year and \$450,000 the second year are for the administrative costs of easement and grant programs.

Any unencumbered balance in the board's program of grants does not cancel at the end of the first year and is available for the second year for the same grant program. If the appropriation in either year is insufficient, the appropriation for the other year is available for it.

Sec. 35. Laws 1999, chapter 231, section 11, subdivision 3, is amended to read:

Subd. 3. Agricultural Marketing and Development

6,521,000

5,410,000

Notwithstanding Minnesota Statutes, section 41A.09, subdivision 3a, the total payments from the ethanol development account to all producers may not exceed ~~\$68,447,000~~ \$72,106,000 for the biennium ending June 30, 2001. If, prior to the end of the biennium, the total amount for which all producers are eligible ~~in a quarter~~ exceeds the amount ~~available for payments remaining in the appropriation~~, the commissioner shall make the payments for the quarter in which the shortfall occurs on a pro rata basis. In fiscal year 2000, the commissioner shall first reimburse producers for eligible unpaid claims accumulated through June 30, 1999.

\$500,000 the first year is appropriated to the rural finance authority for making a loan under Minnesota Statutes, section 41B.044. Principal and interest payments on the loan must be deposited in the ~~ethanol development account for producer payments under Minnesota Statutes, section 41B.09~~ general fund.

By July 15, 1999, the commissioner shall transfer the unencumbered cash balance in the ethanol development fund established in Minnesota Statutes, section 41B.044, to the general fund.

\$200,000 the first year is for a grant from the commissioner to the Minnesota Turkey Growers Association for assistance to an entity that constructs a facility that uses poultry litter as a fuel for the generation of electricity. This amount must be matched by \$1 of nonstate money for each dollar of state money. This is a one-time appropriation.

\$50,000 the first year is for the commissioner, in consultation with the commissioner of economic development, to conduct a study of the need for a commercial shipping port at which agricultural cooperatives or individual farmers would have access to port facilities. This is a one-time appropriation.

\$71,000 the first year and \$71,000 the second year are for transfer to the Minnesota grown matching account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.109.

\$100,000 the first year is for a grant to the University of Minnesota extension service for its farm safety and health program. This is a one-time appropriation.

\$225,000 the first year and \$75,000 the second year are for grants to the Minnesota agricultural education leadership council for the planning and implementation of initiatives enhancing and expanding agricultural education in rural and urban areas of the state. Funds not used in the first year are available for the second year. This is a one-time appropriation.

\$480,000 the first year and \$420,000 the second year are to the commissioner of agriculture for programs to aggressively promote, develop, expand, and enhance the marketing of agricultural products from Minnesota producers and processors. The commissioner must enter into collaborative efforts with the department of trade and economic development, the world trade center corporation, and other public or private entities knowledgeable in market identification and development. The commissioner may also contract with or make grants to public or private organizations involved in efforts to enhance communication between producers and markets and organizations that identify, develop, and promote the marketing of Minnesota agricultural crops, livestock, and produce in local, regional, national, and international marketplaces. Grants may be provided to appropriate organizations including those functioning as marketing clubs, to a cooperative known as Minnesota Marketplace, and to recognized associations of producers or processors of organic foods or Minnesota grown specialty crops. Beginning October 15, 1999, and 15 days after the close of each calendar quarter thereafter, the commissioner shall provide to the senate and house committees with jurisdiction over agriculture policy and funding interim reports of the progress toward accomplishing the goals of this item. The commissioner shall deliver a final report on March 1, 2001. If the appropriation for either year is insufficient, the appropriation for the other year is available. This is a one-time appropriation that remains available until expended.

\$60,000 the second year is for grants to farmers for demonstration projects involving sustainable agriculture. If a project cost is more than \$25,000, the amount above \$25,000 must be matched at the rate of one state dollar for each dollar of nonstate money. Priorities must be given for projects involving multiple parties. Up to \$20,000 each year may be used for dissemination of information about the demonstration grant projects. If the appropriation for either year is insufficient, the appropriation for the other is available.

\$160,000 each year is for value-added agricultural product processing and marketing grants under Minnesota Statutes, section 17.101, subdivision 5.

\$450,000 the first year and \$300,000 the second year are for continued research of solutions and alternatives for manure management and odor control. This is a one-time appropriation.

\$50,000 the first year and \$50,000 the second year are for annual cost-share payments to resident farmers for the costs of organic certification. The annual cost-share payments per farmer shall be two-thirds of the cost of the certification or \$200, whichever is less. A certified farmer is eligible to receive annual certification cost-share payments for up to five years. \$15,000 each year is for organic market and program development. This appropriation is available until expended.

\$30,000 the first year is to assess producer production contracts under section 205. This appropriation is available until June 30, 2001.

Sec. 36. Laws 1999, chapter 231, section 14, is amended to read:

Sec. 14. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	3,830,000	4,330,000
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Summary by Fund

General	3,630,000	4,130,000
<u>Special Revenue</u> <u>Agricultural</u>	200,000	200,000

The agricultural utilization research institute must collaborate with the commissioner of agriculture on issues of market development and technology transfer.

\$200,000 the first year and \$200,000 the second year are for hybrid tree management research and development of an implementation plan for establishing hybrid tree plantations in the state. This appropriation is available to the extent matched by \$2 of nonstate contributions, either cash or in kind, for each \$1 of state money.

Sec. 37. [AGRICULTURAL STORAGE TANK REMOVAL; REIMBURSEMENT.]

Subdivision 1. [DEFINITION.] As used in this section, "agricultural storage tank" means an underground petroleum storage tank with a capacity of more than 1,100 gallons that has been registered with the pollution control agency by January 1, 2000, and is located on a farm where the contents of the tank are used by the tank owner or operator predominantly for farming purposes and are not commercially distributed.

Subd. 2. [REIMBURSEMENT.] Notwithstanding Minnesota Statutes, section 115C.09, subdivision 1, paragraph (b), clause (1), and pursuant to the remaining provisions of Minnesota Statutes, chapter 115C, the petroleum tank release compensation board shall reimburse an owner or operator of an agricultural storage tank for 90 percent of the total reimbursable cost of removal project costs incurred for the tank prior to January 1, 2001, including, but not limited to, tank removal, closure in place, backfill, resurfacing, and utility restoration costs, regardless of whether a release has occurred at the site. Notwithstanding Minnesota Statutes, section 115C.09, subdivision 3, the board may not reimburse an eligible applicant under this section for more than \$7,500 of costs per tank.

Sec. 38. [SMALL GASOLINE STORAGE TANK REMOVAL; REIMBURSEMENT.]

Until June 30, 2001, the petroleum tank release compensation board may reimburse a tank owner from the petroleum tank release cleanup fund for 95 percent of the costs identified in Minnesota Statutes 1998, section 115C.09, subdivision 3f, paragraph (c), if the tank owner:

(1) owned two locations in the state, and no locations in any other state, where motor fuel was dispensed to the public into motor vehicles, watercraft, or aircraft and dispensed motor fuel at that location;

(2) operated the tanks simultaneously for six months or less in 1995; and

(3) dispensed less than 200,000 gallons at both locations.

Sec. 39. [MINNEAPOLIS LEASE.]

A lease to the Minneapolis park and recreation board entered into prior to or after the effective date of this section pursuant to Laws 1999, chapter 231, section 5, subdivision 5, shall be subject to Minnesota Statutes, section 85.34, except as provided in this section. The approval of the executive council shall not be required for the lease or the issuance of a liquor license. Only the operating costs, as defined in the lease, to be paid by the Minneapolis park and recreation board to the state shall be credited to the state parks working capital account. All base rent and percentage of gross sales to be paid by the Minneapolis park and recreation board to the state shall be credited to the general fund. A lease of any portion of officer's row or area J may include a charge to be paid by the tenant for repayment of a portion of the costs incurred by the Minneapolis park and recreation board for the installation of a new water line on the upper bluff. The total amount to be repaid to the Minneapolis park and recreation board by tenants of officer's row and area J shall not exceed \$450,000.

Sec. 40. [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 40 to 43, the terms in this section have the meanings given.

Subd. 2. [AGRICULTURAL LAND.] "Agricultural land" means land that is:

(1) composed of class I, II, or III land as identified in the land capability classification system of the United States Department of Agriculture; or

(2) similar to land described under a land classification system selected by the board of water and soil resources.

Subd. 3. [BOARD.] "Board" means the board of water and soil resources.

Subd. 4. [SHORT ROTATION WOODY CROPS.] "Short rotation woody crops" means hybrid poplar and other woody plants that are harvested for their fiber within 15 years of planting.

Subd. 5. [WINDBREAK.] "Windbreak" means a strip or belt of trees, shrubs, or grass barriers designed and located to reduce snow deposition on highways, improve wildlife habitat or control soil erosion.

Sec. 41. [ELIGIBILITY TERMS.]

(a) Agricultural land eligible for the board's program under section 42 must not exceed 160 acres for individual landowners.

(b) Agricultural land eligible for payment in fiscal year 2000 must have been in a county under presidential disaster declaration in either 1998 or 1999. In fiscal years 2001 and thereafter, payment is available for eligible agricultural land in any county under a presidential disaster declaration related to agriculture.

(c) Eligible land may be set aside for payment under section 42 for a period of three years.

(d) At least five percent of an individual's acreage set aside for payments under this program must be planted with short rotation woody crops or windbreaks. Short rotation woody crops and windbreaks may not be planted within one-quarter of a mile of a state or federally protected prairie. Plantings on each acre may be consistent with an organic farming plan developed under the supervision of an approved organic certification organization and must be in compliance with a conservation plan approved by the local soil and water conservation district and seeded to a vegetative cover at the earliest practicable time.

(e) Land enrolled in the federal conservation reserve program under Public Law Number 99-198, as amended, is not eligible for enrollment under sections 40 to 43.

Sec. 42. [PAYMENTS.]

To the extent appropriated money is available for this purpose, annual payments for eligible land under section 41 that is set aside by the board must be based on the soil rental rates established under the federal conservation reserve program contained in Public Law Number 99-198. An additional annual payment of \$5 per acre may be paid for acreage maintenance.

Payments for conservation plan implementation must be consistent with Minnesota Statutes, section 103C.501.

Sec. 43. [ADMINISTRATION.]

The land payment program in sections 41 and 42 must be administered by soil and water conservation districts under guidelines and grants by the board.

Sec. 44. [REPEALER.]

Section 20 of H. F. No. 3046 of the 2000 regular session, if enacted, is repealed.

Sec. 45. [EFFECTIVE DATE.]

Section 10 is effective the day following final enactment and applies to claims for corrective action costs incurred after that date. Sections 11 and 35 are effective retroactive to July 1, 1999. The remainder of this article is effective the day following final enactment.

ARTICLE 4

APPROPRIATIONS

Section 1. [CRIMINAL JUSTICE APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2000, or June 30, 2001, respectively.

	APPROPRIATIONS Available for the Year Ending June 30	
	2000	2001
Sec. 2. SUPREME COURT	-0-	4,000
\$4,000 is a one-time appropriation to conduct a one-half day judicial seminar on parenting plans.		
Sec. 3. COURT OF APPEALS	-0-	200,000
\$200,000 is to restore legal/judicial support services.		
Sec. 4. DISTRICT COURT	-0-	2,879,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

\$2,670,000 is to reduce judge unit vacancies and restore judicial branch infrastructure funding. The salaries for judges that may be paid from this appropriation are only those approved by Laws 1997, Second Special Session chapter 3, section 16.

\$130,000 is a one-time appropriation to continue the community court in the second judicial district.

\$79,000 is a one-time appropriation for extraordinary prosecution costs in Carlton county.

Sec. 5. PUBLIC SAFETY

Subdivision 1. Total Appropriation	3,813,000	2,711,000
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Summary by Fund

General	3,813,000	825,000
Special Revenue	-0-	1,886,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Driver and Vehicle Services

	-0-	20,000
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\$20,000 is a one-time appropriation for costs related to the recodification of the driving while impaired laws, if S. F. No. 2677 is enacted.

Subd. 3. Emergency Management

	3,813,000	-0-
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\$3,813,000 is for the state match of federal disaster assistance money under Minnesota Statutes, section 12.221. This appropriation is available to fund state obligations incurred through the receipt of federal disaster assistance grants and is added to the appropriation in Laws 1999, chapter 216, article 1, section 7, subdivision 2.

Subd. 4. Criminal Apprehension

	-0-	225,000
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\$200,000 is a one-time appropriation for overtime costs.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

\$25,000 is a one-time appropriation to develop and conduct the court security training program described in article 5, section 10.

Subd. 5. Law Enforcement and Community Grants

Summary by Fund

General	-0-	430,000
Special Revenue	-0-	1,886,000

\$150,000 is a one-time appropriation for juvenile prostitution law enforcement and officer training grants under Minnesota Statutes, section 299A.71.

\$250,000 is a one-time appropriation for a grant to the Ramsey county attorney's office to establish and fund the joint domestic abuse prosecution unit described in article 6, section 10.

\$30,000 is a one-time appropriation for grants under Minnesota Statutes, section 299A.62, to local law enforcement agencies or regional jails for the purchase of dogs trained to detect or locate controlled substances by scent. Grants are limited to one dog per agency. Local law enforcement agencies that previously received a grant under Laws 1999, chapter 216, article 1, section 7, subdivision 6, are ineligible for a grant.

\$1,886,000 is for the automobile theft prevention program described in Minnesota Statutes, section 299A.75. This is a one-time appropriation from the automobile theft prevention account in the special revenue fund. The commissioner may not spend any money the commissioner receives from surcharges in fiscal year 2001, in excess of this appropriation unless the legislature approves of the spending.

Subd. 6. Drug Policy and Violence Prevention

	-0-	150,000
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\$150,000 is a one-time appropriation for distribution as matching funds to counties participating in multijurisdictional narcotics task forces that receive federal Byrne grant funds. These matching funds are available statewide to any county currently participating in a task force, any county seeking to join an existing task force, and any county starting its own task force. These matching funds may be used to enhance enforcement of drug laws by training and educating law enforcement personnel and other interested members of the community.

APPROPRIATIONS	
Available for the Year	
Ending June 30	
2000	2001
Sec. 6. CENTER FOR CRIME VICTIM SERVICES	1,240,000
	-0-
Sec. 7. CORRECTIONS	2,250,000
	-0-

\$1,200,000 is a one-time appropriation for per diem payments for battered women shelter facilities incurred during the administrative transfer of responsibility for these payments from the department of human services to the department of public safety. Any portion of this appropriation that is not expended for payments incurred before July 1, 2000, may be transferred to the department's fiscal year 2001 appropriation for the per diem program. The department of public safety's liability for battered women shelter per diem payments that are incurred through June 30, 2000, and are not paid by the department of human services extends only to this appropriation. The department shall process payments in the order in which they are received until this appropriation is completely expended. No part of the department's fiscal year 2001 per diem program appropriation or any other funding may be used for program expenses incurred before July 1, 2000.

\$40,000 is a one-time appropriation for a grant to the center for applied research and policy analysis at Metropolitan state university for the domestic violence shelter study described in article 6, section 11.

\$1,750,000 is a one-time appropriation for a grant or grants to counties, groups of counties, or a county or group of counties and a tribal government, for up to 30 percent of the construction cost of adult regional detention facilities.

\$500,000 is a one-time appropriation for predesign of a joint headquarters building for the department of corrections and the department of public safety.

The commissioner shall predesign a vocational building at Minnesota correctional facility-St. Cloud.

The fiscal year 2001 general fund appropriation for juvenile residential treatment grants in Laws 1999, chapter 216, article 1, section 13, subdivision 4, is reduced by \$1,942,000. This is a one-time reduction.

Sec. 8. AUTOMOBILE THEFT PREVENTION BOARD

The fiscal year 2000 transfer from the automobile theft prevention account in the special revenue fund to the commissioner of public safety in Laws 1999, chapter 216, article 1, section 18, is reduced by \$100,000.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

By June 30, 2000, the commissioner of finance shall transfer the available unencumbered balance from the automobile theft prevention account in the special revenue fund to the general fund. Minnesota Statutes, section 168A.40, subdivision 4, does not apply to money transferred to the general fund under this paragraph.

Sec. 9. SENTENCING GUIDELINES COMMISSION	-0-	20,000
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\$20,000 is a one-time appropriation for salary increases.

Sec. 10. MINNESOTA SAFETY COUNCIL	-0-	200,000
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\$200,000 is a one-time appropriation for the crosswalk safety awareness program described in article 6, section 9.

Sec. 11. UNIVERSITY OF MINNESOTA	-0-	20,000
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\$20,000 is a one-time appropriation to cover the cost of updating the parent education curriculum.

Sec. 12. Laws 1999, chapter 216, article 1, section 7, subdivision 6, is amended to read:

Subd. 6. Law Enforcement and Community Grants

10,290,000	7,583,000
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\$1,000,000 the first year is for grants to pay the costs of developing or implementing a criminal justice information integration plan as described in Minnesota Statutes, section 299C.65, subdivision 6 or 7. The commissioner shall make a minimum of two grants from this appropriation. This is a one-time appropriation.

The commissioner of public safety shall consider using a portion of federal Byrne grant funds for costs related to developing or implementing a criminal justice information system integration plan as described in Minnesota Statutes, section 299C.65, subdivision 6 or 7.

\$400,000 the first year is for a grant to the city of Marshall to construct, furnish, and equip a regional emergency response training center. The balance, if any, does not cancel but is available for the fiscal year ending June 30, 2001.

\$10,000 the first year is for the commissioner of public safety to reconvene the task force that developed the statewide master plan for fire and law enforcement training facilities under Laws 1998, chapter 404, section 21, subdivision 3, for the purpose of developing specific recommendations concerning the siting, financing and use of these training facilities. The commissioner's report shall include detailed recommendations concerning the following issues:

- (1) the specific cities, counties, or regions of the state where training facilities should be located;
- (2) the reasons why a training facility should be sited in the recommended location, including a description of the public safety training needs in that part of the state;
- (3) the extent to which neighboring cities and counties should be required to collaborate in funding and operating the recommended training facilities;
- (4) an appropriate amount for a local funding match (up to 50 percent) for cities and counties using the training facility to contribute in money or other resources to build, expand, or operate the facility;
- (5) the feasibility of providing training at one or more of the recommended facilities for both law enforcement and fire safety personnel;
- (6) whether the regional or statewide need for increased public safety training resources can be met through the expansion of existing training facilities rather than the creation of new facilities and, if so, which facilities should be expanded; and
- (7) any other issues the task force deems relevant.

By January 15, 2000, the commissioner shall submit the report to the chairs and ranking minority members of the house and senate committees and divisions with jurisdiction over capital investment issues and criminal justice funding and policy.

\$746,000 the first year and \$766,000 the second year are for personnel and administrative costs for the criminal gang oversight council and strike force described in Minnesota Statutes, section 299A.64.

\$1,171,000 the first year and \$2,412,000 are for the grants authorized under Minnesota Statutes, section 299A.66, subdivisions 1 and 2. Of this appropriation, \$1,595,000 each year shall be included in the 2002-2003 biennial base budget.

By January 15, 2000, the criminal gang oversight council shall submit a report to the chairs and ranking minority members of the senate and house committees and divisions with jurisdiction over criminal justice funding and policy describing the following:

- (1) the types of crimes on which the oversight council and strike force have primarily focused their investigative efforts since their inception;
- (2) a detailed accounting of how the oversight council and strike force have spent all funds and donations they have received since their inception, including donations of goods and services;

(3) the extent to which the activities of the oversight council and strike force overlap or duplicate the activities of the fugitive task force or the activities of any federal, state, or local task forces that investigate interjurisdictional criminal activity; and

(4) the long-term goals that the criminal gang oversight council and strike force hope to achieve.

The commissioner of public safety shall consider using a portion of federal Byrne grant funds for criminal gang prevention and intervention activities to (1) help gang members separate themselves, or remain separated, from gangs; and (2) prevent individuals from becoming affiliated with gangs.

\$50,000 the first year is for a grant to the Minnesota Safety Council to continue the crosswalk safety awareness campaign. The Minnesota Safety Council shall work with the department of transportation to develop a long range plan to continue the crosswalk safety awareness campaign.

\$500,000 the first year is for grants under Minnesota Statutes, section 299A.62, subdivision 1. These grants shall be distributed as provided in Minnesota Statutes, section 299A.62, subdivision 2. This is a one-time appropriation.

Up to \$30,000 of the appropriation for grants under Minnesota Statutes, section 299A.62, is for grants to requesting local law enforcement agencies to purchase dogs trained to detect or locate controlled substances by scent. Grants are limited to one dog per county.

\$50,000 the first year and \$50,000 the second year are for grants to the northwest Hennepin human services council to administer the northwest community law enforcement project, to be available until June 30, 2001. This is a one-time appropriation.

\$30,000 the first year is to assist volunteer ambulance services, licensed under Minnesota Statutes, chapter 144E, in purchasing automatic external defibrillators. Ambulance services are eligible for a grant under this provision if they do not already possess an automatic external defibrillator and if they provide a 25 percent match in nonstate funds. This is a one-time appropriation.

\$50,000 the first year and \$50,000 the second year are for grants under Minnesota Statutes, section 119A.31, subdivision 1, clause (12), to organizations that focus on intervention and prevention of teenage prostitution.

The commissioner of public safety shall administer a program to distribute tire deflators to local or state law enforcement agencies selected by the commissioner of public safety ~~and to distribute or otherwise make available a computer-controlled driving simulator to local or state law enforcement agencies or POST-certified skills programs selected by the commissioner of public safety.~~

Before any decisions are made on which law enforcement agencies will receive tire deflators ~~or the driving simulator~~, a committee consisting of a representative from the Minnesota chiefs of police association, a representative from the Minnesota sheriffs association, a representative from the state patrol, and a representative from the Minnesota police and peace officers association shall evaluate the applications. The commissioner shall consult with the committee concerning its evaluation and recommendations on distribution proposals prior to making a final decision on distribution.

Law enforcement agencies that receive tire deflators under this section must: (i) provide any necessary training to their employees concerning use of the tire deflators; (ii) compile statistics on use of the tire deflators and the results; (iii) provide a one-to-one match in nonstate funds; and (iv) report this information to the commissioner as required.

~~Law enforcement agencies or POST-certified skills programs that receive a computer-controlled driving simulator under this section must:~~

~~(1) provide necessary training to their employees in emergency vehicle operations and in the conduct of police pursuits;~~

~~(2) provide a five-year plan for maintaining the hardware necessary to operate the driving simulator;~~

~~(3) provide a five-year plan to update software necessary to operate the driving simulator;~~

~~(4) provide a plan to make the driving simulator available at a reasonable cost and with reasonable availability to other law enforcement agencies to train their officers; and~~

~~(5) provide an estimate of the availability of the driving simulator for use by other law enforcement agencies.~~

By January 15, 2001, the commissioner shall report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over criminal justice matters on the tire deflators ~~and the driving simulator distributed under this section.~~

\$285,000 the first year is for a one-time grant to the city of Minneapolis to implement a coordinated criminal justice system response to the CODEFOR (Computer Optimized Development-Focus on Results) law enforcement strategy. This appropriation is available until expended.

\$795,000 the first year is for a one-time grant to Hennepin county to implement a coordinated criminal justice system response to the CODEFOR (Computer Optimized Development-Focus on Results) law enforcement strategy. This appropriation is available until expended.

\$420,000 the first year is for a one-time grant to the fourth judicial district public defender's office to accommodate the CODEFOR (Computer Optimized Development-Focus on Results) law enforcement strategy. This appropriation is available until expended.

\$150,000 the first year and \$150,000 the second year are for weed and seed grants under Minnesota Statutes, section 299A.63. Money not expended the first year is available for grants during the second year. This is a one-time appropriation.

\$200,000 each year is a one-time appropriation for a grant to the center for reducing rural violence to continue the technical assistance and related rural violence prevention services the center offers to rural communities.

\$500,000 the first year and \$500,000 the second year are to operate the weekend camp program at Camp Ripley described in Laws 1997, chapter 239, article 1, section 12, subdivision 3, as amended by Laws 1998, chapter 367, article 10, section 13. The powers and duties of the department of corrections with respect to the weekend program are transferred to the department of public safety under Minnesota Statutes, section 15.039. The commissioner shall attempt to expand the program to serve 500 juveniles per year within this appropriation.

An additional \$125,000 the first year and \$125,000 the second year are for the weekend camp program at Camp Ripley.

\$500,000 the first year and \$500,000 the second year are for Asian-American juvenile crime intervention and prevention grants under Minnesota Statutes, section 256.486. The powers and duties of the department of human services, with respect to that program, are transferred to the department of public safety under Minnesota Statutes, section 15.039. This is a one-time appropriation.

Sec. 13. Laws 1999, chapter 216, article 1, section 18, is amended to read:

Sec. 18. AUTOMOBILE THEFT PREVENTION BOARD	2,277,000	1,886,000
		<u>-0-</u>

This appropriation is from the automobile theft prevention account in the special revenue fund.

Of this appropriation, up to \$400,000 the first year is transferred to the commissioner of public safety for the purchase and distribution of tire deflators to local or state law enforcement agencies ~~and for the purchase of a computer-controlled driving simulator~~. Any amount not spent by the commissioner of public safety for this purpose shall be returned to the automobile theft prevention account in the special revenue fund and may be used for other automobile theft prevention activities.

The automobile theft prevention board may not spend any money it receives from surcharges in the fiscal year 2000-2001 biennium, unless the legislature approves the spending.

The executive director of the automobile theft prevention board may not sit on the automobile theft prevention board.

Sec. 14. Laws 1999, chapter 216, article 1, section 14, is amended to read:

Sec. 14. CORRECTIONS OMBUDSMAN 470,000 ~~400,000~~ 310,000

If the reduction in the base level funding causes a reduction in the number of employees, then the commissioner of corrections and commissioner of public safety shall make reasonable efforts to transfer the affected employees to positions within the department of corrections or department of public safety.

Sec. 15. Laws 1999, chapter 216, article 1, section 9, is amended to read:

Sec. 9. CRIME VICTIM OMBUDSMAN 404,000 ~~389,000~~ 379,000

\$20,000 the first year is for the crime victims case management system.

ARTICLE 5

COURTS

Section 1. Minnesota Statutes 1998, section 169.89, subdivision 2, is amended to read:

Subd. 2. [PETTY MISDEMEANOR PENALTY; NO JURY TRIAL.] A person charged with a petty misdemeanor is not entitled to a jury trial but shall be tried by a judge without a jury. If convicted, the person is not subject to imprisonment but shall be punished by a fine of not more than ~~\$200~~ \$300.

Sec. 2. Minnesota Statutes 1998, section 609.02, subdivision 3, is amended to read:

Subd. 3. [MISDEMEANOR.] "Misdemeanor" means a crime for which a sentence of not more than 90 days or a fine of not more than ~~\$700~~ \$1,000, or both, may be imposed.

Sec. 3. Minnesota Statutes 1998, section 609.02, subdivision 4a, is amended to read:

Subd. 4a. [PETTY MISDEMEANOR.] "Petty misdemeanor" means a petty offense which is prohibited by statute, which does not constitute a crime and for which a sentence of a fine of not more than ~~\$200~~ \$300 may be imposed.

Sec. 4. Minnesota Statutes 1998, section 609.03, is amended to read:

609.03 [PUNISHMENT WHEN NOT OTHERWISE FIXED.]

If a person is convicted of a crime for which no punishment is otherwise provided the person may be sentenced as follows:

(1) If the crime is a felony, to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both; or

(2) If the crime is a gross misdemeanor, to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both; or

(3) If the crime is a misdemeanor, to imprisonment for not more than 90 days or to payment of a fine of not more than ~~\$700~~ \$1,000, or both; or

(4) If the crime is other than a misdemeanor and a fine is imposed but the amount is not specified, to payment of a fine of not more than \$1,000, or to imprisonment for a specified term of not more than six months if the fine is not paid.

Sec. 5. Minnesota Statutes 1998, section 609.033, is amended to read:

609.033 [INCREASED MAXIMUM PENALTIES FOR MISDEMEANORS.]

Any law of this state which provides for a maximum fine of ~~\$500~~ \$700 as a penalty for a ~~violation~~ misdemeanor shall, on or after August 1, ~~1983~~ 2000, be deemed to provide for a maximum fine of ~~\$700~~ \$1,000.

Sec. 6. Minnesota Statutes 1998, section 609.0331, is amended to read:

609.0331 [INCREASED MAXIMUM PENALTIES FOR PETTY MISDEMEANORS.]

A law of this state that provides, on or after August 1, ~~1987~~ 2000, for a maximum penalty of ~~\$100~~ \$200 for a petty misdemeanor is considered to provide for a maximum fine of ~~\$200~~ \$300.

Sec. 7. Minnesota Statutes 1998, section 609.0332, subdivision 1, is amended to read:

Subdivision 1. [INCREASED FINE.] From August 1, ~~1987~~ 2000, if a state law or municipal charter sets a limit of ~~\$100~~ \$200 or less on the fines that a statutory or home rule charter city, town, county, or other political subdivision may prescribe for an ordinance violation that is defined as a petty misdemeanor, that law or charter is considered to provide that the political subdivision has the power to prescribe a maximum fine of ~~\$200~~ \$300 for the petty misdemeanor violation.

Sec. 8. Minnesota Statutes 1998, section 609.034, is amended to read:

609.034 [INCREASED MAXIMUM PENALTY FOR ORDINANCE VIOLATIONS.]

Any law of this state or municipal charter which limits the power of any statutory or home rule charter city, town, county, or other political subdivision to prescribe a maximum fine of ~~\$500~~ \$700 or less for an ordinance shall on or after August 1, ~~1983~~ 2000, be deemed to provide that the statutory or home rule charter city, town, county, or other political subdivision has the power to prescribe a maximum fine of ~~\$700~~ \$1,000.

Sec. 9. [AUTOMATED VICTIM NOTIFICATION SYSTEM.]

All courts and state and local correctional facilities shall consider implementing an automated victim notification system. The commissioner of public safety, in cooperation with the commissioners of children, families, and learning; corrections; and economic security; shall provide financial assistance to implement these systems. The commissioners shall determine the extent of the financial assistance and the manner in which it will be provided. Participating local governments shall provide a cash or in-kind match as determined by the commissioner of public safety.

Sec. 10. [COURT SECURITY TRAINING PROGRAM.]

The superintendent of the bureau of criminal apprehension shall develop and implement a training program for court and law enforcement personnel. The training program must:

- (1) include methods to increase security within court houses and surrounding property;
- (2) focus on protecting judges, court employees, members of the public, and participants in the legal process; and
- (3) allow individuals who receive it to, in turn, effectively train others.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 8 are effective August 1, 2000, and apply to violations committed on or after that date.

ARTICLE 6

PUBLIC SAFETY

Section 1. Minnesota Statutes 1998, section 168A.40, subdivision 3, is amended to read:

Subd. 3. [SURCHARGE.] Each insurer engaged in the writing of policies of automobile insurance shall collect a surcharge, at the rate of 50 cents per vehicle for every six months of coverage, on each policy of automobile insurance providing comprehensive insurance coverage issued or renewed in this state. The surcharge may not be considered premium for any purpose, including the computation of premium tax or agents' commissions. The amount of the surcharge must be separately stated on either a billing or policy declaration sent to an insured. Insurers shall remit the revenue derived from this surcharge at least quarterly to the ~~board~~ commissioner of public safety for purposes of the automobile theft prevention program described in section 299A.75. For purposes of this subdivision, "policy of automobile insurance" has the meaning given it in section 65B.14, covering only the following types of vehicles as defined in section 168.011:

- (1) a passenger automobile;
- (2) a pick-up truck;
- (3) a van but not commuter vans as defined in section 168.126; or
- (4) a motorcycle,

except that no vehicle with a gross vehicle weight in excess of 10,000 pounds is included within this definition.

Sec. 2. Minnesota Statutes 1998, section 168A.40, subdivision 4, is amended to read:

Subd. 4. [AUTOMOBILE THEFT PREVENTION ACCOUNT.] A special revenue account is created in the state treasury to be credited with the proceeds of the surcharge imposed under subdivision 3. Revenue in the account may be used only for the automobile theft prevention program described in section 299A.75. ~~The board may not spend in any fiscal year more than ten percent of the money in the fund for its administrative and operating costs.~~

Sec. 3. Minnesota Statutes 1998, section 169.21, subdivision 2, is amended to read:

Subd. 2. [RIGHTS IN ABSENCE OF SIGNAL.] (a) Where traffic-control signals are not in place or in operation, the driver of a vehicle shall stop to yield the right-of-way to a pedestrian crossing the roadway within a marked crosswalk or ~~within any crosswalk~~ at an intersection but with no marked crosswalk. The driver must remain stopped until the pedestrian has passed the lane in which the vehicle is stopped. No pedestrian shall suddenly leave a curb or other place of safety and walk or run into the path of a vehicle which is so close that it is impossible for the driver to yield. This provision shall not apply under the conditions as otherwise provided in this subdivision.

(b) When any vehicle is stopped at a marked crosswalk or at ~~any unmarked crosswalk~~ at an intersection with no marked crosswalk to permit a pedestrian to cross the roadway, the driver of any other vehicle approaching from the rear shall not overtake and pass the stopped vehicle.

(c) It is unlawful for any person to drive a motor vehicle through a column of school children crossing a street or highway or past a member of a school safety patrol or adult crossing guard, while the member of the school safety patrol or adult crossing guard is directing the movement of children across a street or highway and while the school safety patrol member or adult crossing guard is holding an official signal in the stop position. A peace officer may arrest the driver of a motor vehicle if the peace officer has probable cause to believe that the driver has operated the vehicle in violation of this paragraph within the past four hours.

(d) A person who violates this subdivision is guilty of a misdemeanor and may be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both. A person who violates this subdivision a second or subsequent time within one year of a previous conviction under this subdivision is guilty of a gross misdemeanor and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

Sec. 4. Minnesota Statutes 1998, section 169.21, subdivision 3, is amended to read:

Subd. 3. [CROSSING BETWEEN INTERSECTIONS.] Every pedestrian crossing a roadway at any point other than within a marked crosswalk or ~~within an unmarked crosswalk~~ at an intersection with no marked crosswalk shall yield the right-of-way to all vehicles upon the roadway.

Any pedestrian crossing a roadway at a point where a pedestrian tunnel or overhead pedestrian crossing has been provided shall yield the right-of-way to all vehicles upon the roadway.

Between adjacent intersections at which traffic-control signals are in operation pedestrians shall not cross at any place except in a marked crosswalk.

Notwithstanding the other provisions of this section every driver of a vehicle shall: (a) exercise due care to avoid colliding with any bicycle or pedestrian upon any roadway and (b) give an audible signal when necessary and exercise proper precaution upon observing any child or any obviously confused or incapacitated person upon a roadway.

Sec. 5. [169.2151] [PEDESTRIAN SAFETY CROSSINGS.]

A local road authority may provide by ordinance for the designation of pedestrian safety crossings on highways under the road authority's jurisdiction where pedestrian safety considerations require extra time for pedestrian crossing in addition to the time recommended under the Minnesota manual of uniform traffic control devices for pedestrian signals. The ordinance may provide for timing of pedestrian signals for such crossings, consistent with the recommendations of the uniform manual for pedestrian signal timing at senior citizen and handicapped pedestrian crossings. Cities other than cities of the first class may designate a pedestrian safety crossing only with the approval of the road authority having jurisdiction over the crossing. The authority of local road authorities to determine pedestrian signal timing under this section is in addition to any other control exercised by local road authorities over the timing of pedestrian signals.

Sec. 6. [299A.71] [JUVENILE PROSTITUTION LAW ENFORCEMENT AND OFFICER TRAINING GRANTS.]

Subdivision 1. [ESTABLISHMENT.] A grant program is established for enhanced law enforcement efforts and peace officer education and training to combat juvenile prostitution. The goal of the grants is to provide peace officers with the knowledge and skills to recognize individuals who sexually exploit youth, charge and prosecute these individuals for promotion and solicitation of prostitution, and effectively communicate with the victims of juvenile prostitution.

Subd. 2. [ELIGIBILITY.] The commissioner of public safety shall make juvenile prostitution prevention grants to local law enforcement agencies to provide enhanced efforts targeted to juvenile prostitution and training and staff development relating to the prevention of juvenile prostitution. The law enforcement agency must utilize all of the grant funding received for efforts to combat juvenile prostitution.

Subd. 3. [GRANT APPLICATION.] A local law enforcement agency must submit an application to the commissioner of public safety in the form and manner the commissioner establishes.

Sec. 7. [299A.75] [AUTOMOBILE THEFT PREVENTION PROGRAM.]

Subdivision 1. [PROGRAM DESCRIBED.] (a) The commissioner of public safety shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest; an analysis of various methods of combating the problem of automobile theft; a plan for providing financial support to combat automobile theft; a plan for eliminating car hijacking; and an estimate of the funds required to implement the plan; and

(5) distribute money from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the state patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft;

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary; and

(viii) conducting educational programs designed to inform automobile owners of methods of preventing automobile theft and to provide equipment, for experimental purposes, to enable automobile owners to prevent automobile theft.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs.

Subd. 2. [ANNUAL REPORT.] By January 15 of each year, the commissioner shall report to the governor and legislature on the activities and expenditures in the preceding year.

Sec. 8. [299E.03] [CAPITOL COMPLEX SECURITY OVERSIGHT COMMITTEE.]

Subdivision 1. [MEMBERSHIP.] (a) The capitol complex security oversight committee consists of the following individuals or their designees:

- (1) the senate majority leader;
 - (2) the speaker of the house of representatives;
 - (3) the chief justice of the supreme court;
 - (4) the chair of the senate committee or division having jurisdiction over criminal justice funding;
 - (5) the chair of the house of representatives committee or division having jurisdiction over criminal justice funding;
 - (6) the commissioner of public safety;
 - (7) the commissioner of administration;
 - (8) the senate sergeant at arms;
 - (9) the house of representatives' sergeant at arms;
 - (10) the chief of the St. Paul police department;
 - (11) the president of a statewide association representing government relations professionals;
 - (12) the director of the capitol complex security division; and
 - (13) the chief supervisor of the state patrol.
- (b) The committee may elect a chair from among its members.

Subd. 2. [DUTIES.] The oversight committee shall:

(1) develop both a short-term and a long-term plan relating to the provision of security in the capitol complex and in other state-owned or leased buildings and property, including providing necessary security to the following: legislators, constitutional officers, members of the judiciary, commissioners of state agencies, state employees, visiting dignitaries, and members of the public;

(2) develop guidelines that may be used to evaluate the methods by which this security is provided;

(3) evaluate the budget for providing this security and make annual budgetary recommendations to the legislature; and

(4) provide oversight to the entity providing capitol area security and annually report to the legislature on the entity's effectiveness.

The plans described in clause (1) must consider potential shifting needs for security and the impact of new security technology.

Subd. 3. [EXPIRATION AND COMPENSATION.] Notwithstanding section 15.059, the oversight committee does not expire. Committee members may not receive compensation for serving, but may receive expense reimbursements as provided in section 15.059.

Sec. 9. [CROSSWALK SAFETY AWARENESS PROGRAM.]

The Minnesota safety council shall continue its crosswalk safety awareness program by:

- (1) developing and distributing crosswalk safety education campaign materials;
- (2) creating and placing advertisements in mass media throughout the state; and
- (3) making grants to local units of government and law enforcement agencies for:
 - (i) implementing pedestrian safety awareness activities;
 - (ii) providing increased signage and crosswalk markings and evaluating their effect on highway safety; and
 - (iii) enhancing enforcement of pedestrian safety laws.

Sec. 10. [JOINT DOMESTIC ABUSE PROSECUTION UNIT.]

Subdivision 1. [ESTABLISHMENT.] A pilot project is established to develop a joint domestic abuse prosecution unit administered by the Ramsey county attorney's office and the St. Paul city attorney's office. The unit has authority to prosecute misdemeanors, gross misdemeanors, and felonies. The unit shall also coordinate efforts with child protection attorneys. The unit may include four cross-deputized assistant city attorneys and assistant county attorneys. A victim/witness advocate, a law clerk, and a legal secretary may provide support.

Subd. 2. [GOALS.] The goals of this pilot project are to:

- (1) recognize children as both victims and witnesses in domestic abuse situations;
- (2) recognize and respect the interests of children in the prosecution of domestic abuse; and
- (3) reduce the exposure to domestic violence for both adult and child victims.

Subd. 3. [REPORT.] The Ramsey county attorney's office and the St. Paul city attorney's office shall report to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice policy and funding on the pilot project. The report may include the number and types of cases referred, the number of cases charged, the outcome of cases, and other relevant outcome measures. A progress report is due January 15, 2001, and a final report is due January 15, 2002.

Subd. 4. [SHARING OF PILOT PROJECT RESULTS.] The Ramsey county attorney's office and the St. Paul city attorney's office shall share the results of the pilot project with the state and other counties and cities.

Sec. 11. [DOMESTIC VIOLENCE SHELTER STUDY.]

By March 15, 2001, the center for applied research and policy analysis at Metropolitan State University, in cooperation with the Minnesota center for crime victim services and the department of public safety, shall study and make recommendations to the chairs and ranking minority members of the senate and house committees and

divisions having jurisdiction over criminal justice funding on issues related to providing shelter for victims of domestic violence. The study must estimate the relative impact of the following, as it relates to providing shelter for victims of domestic violence:

- (1) the incidence of domestic violence;
- (2) law enforcement practices in response to domestic violence;
- (3) the number of victims seeking shelter and whether adequate shelter space exists, and trends regarding this;
- (4) the number of victims who have children also needing shelter;
- (5) the financial status of domestic violence victims;
- (6) the necessary length of stay in shelters; and
- (7) opportunities for victims to leave shelters.

In studying these issues, the center shall analyze costs and demand for shelters in other states having programs comparable to Minnesota's.

Sec. 12. [REVISOR INSTRUCTION.]

In the next edition of Minnesota Statutes, the revisor shall eliminate all references to the automobile theft prevention board and correct all cross references to statutes repealed in section 13.

Sec. 13. [REPEALER.]

Minnesota Statutes 1998, section 168A.40, subdivision 1, and Minnesota Statutes 1999 Supplement, section 168A.40, subdivision 2, are repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 3 to 5 are effective September 1, 2000.

ARTICLE 7

CORRECTIONS

Section 1. [241.018] [PER DIEM CALCULATION.]

(a) The commissioner of corrections shall develop a uniform method to calculate the average department wide per diem cost of incarcerating offenders at state adult correctional facilities. In addition to other costs currently factored into the per diem, it must include an appropriate percentage of capitol costs for all adult correctional facilities and 65 percent of the department's management services budget.

(b) The commissioner also shall use this method of calculating per diem costs for offenders in each state adult correctional facility. When calculating the per diem cost of incarcerating offenders at a particular facility, the commissioner shall include an appropriate percentage of capitol costs for the facility and an appropriate prorated amount, given the facility's population, of 65 percent of the department's management services budget.

(c) The commissioner shall ensure that these new per diem methods are used in all future instances in which per diem charges are reported.

(d) The commissioner shall report information related to these per diems to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding by January 15, 2001.

Sec. 2. Minnesota Statutes 1999 Supplement, section 242.192, is amended to read:

242.192 [CHARGES TO COUNTIES.]

(a) Until June 30, 2001, the commissioner shall charge counties or other appropriate jurisdictions for 65 percent of the actual per diem cost of confinement, excluding educational costs and nonbillable service, of juveniles at the Minnesota correctional facility-Red Wing and of juvenile females committed to the commissioner of corrections. This charge applies to juveniles committed to the commissioner of corrections and juveniles admitted to the Minnesota correctional facility-Red Wing under established admissions criteria. This charge applies to both counties that participate in the Community Corrections Act and those that do not. The commissioner shall ~~annually~~ determine costs, ~~making necessary adjustments to reflect the actual costs of confinement~~ the per diem cost of confinement based on projected population, pricing incentives, market conditions, and the requirement that expense and revenue balance out over a period of two years. All money received under this section must be deposited in the state treasury and credited to the general fund.

(b) Until June 30, 2001, the department of corrections shall be responsible for 35 percent of the per diem cost of confinement described in this section.

Sec. 3. [242.193] [JUVENILE RESIDENTIAL TREATMENT GRANTS.]

Subdivision 1. [GRANTS.] Within the limits of available appropriations, the commissioner of corrections shall make juvenile residential treatment grants to counties to defray the cost of juvenile residential treatment. The commissioner shall distribute 80 percent of the money appropriated for these purposes to noncommunity corrections counties and 20 percent to Community Corrections Act counties. The commissioner shall distribute the money according to the formula contained in section 401.10.

Subd. 2. [REPORT.] By January 15 of each year, each county that received a grant shall submit a report to the commissioner describing the purposes for which the grants were used. By March 15 of each year, the commissioner shall summarize this information and report it to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice funding.

Sec. 4. Minnesota Statutes 1998, section 242.41, is amended to read:

242.41 [THE MINNESOTA CORRECTIONAL FACILITY-RED WING.]

There is established the Minnesota correctional facility-Red Wing at Red Wing, Minnesota, in which may be placed persons committed to the commissioner of corrections by the courts of this state ~~who, in the opinion of the commissioner, may benefit from the programs available thereat~~ or admitted consistent with established admissions criteria. When reviewing placement requests from counties, the commissioner shall take into consideration the purpose of the Minnesota correctional facility-Red Wing which is to educate and provide treatment for serious and chronic juvenile offenders for which the county has exhausted local resources. The general control and management of the facility shall be under the commissioner of corrections.

Sec. 5. Minnesota Statutes 1998, section 242.43, is amended to read:

242.43 [COMMISSIONER, DUTIES.]

The commissioner of corrections shall receive, clothe, maintain, and instruct, ~~at the expense of the state,~~ all children duly committed to the corrections department and placed in a state correctional facility for juveniles and keep them in custody until placed on probation, paroled, or discharged. The commissioner may place any of these

children in suitable foster care facilities or cause them to be instructed in such trades or employment as in the commissioner's judgment will be most conducive to their reformation and tend to the future benefit and advantage of these children. The commissioner may discharge any child so committed, or may recall to the facility at any time any child paroled, placed on probation, or transferred; and, upon recall, may resume the care and control thereof. The discharge of a child by the commissioner shall be a complete release from all penalties and disabilities created by reason of the commitment.

Upon the parole or discharge of any inmate of any state juvenile correctional facility, the commissioner of corrections may pay to each inmate released an amount of money not exceeding the sum of \$10. All payments shall be made from the current expense fund of the facility.

Sec. 6. Minnesota Statutes 1998, section 242.44, is amended to read:

242.44 [PUPILS.]

The commissioner of corrections, so far as the accommodations of the correctional facilities and other means at the commissioner's disposal will permit, ~~shall may receive and keep until they reach 19 years of age, or until placed in homes, or discharged, all persons committed to the commissioner's care and custody by a juvenile court juvenile delinquents and juvenile offenders serving a juvenile disposition under section 260B.130, subdivision 4. The commissioner's housing of these individuals must be consistent with federal and state law, including established admissions criteria for Minnesota correctional facility-Red Wing.~~ The commissioner may place these youths at employment, may provide education suitable to their years and capacity, and may place them in suitable homes. Under rules prescribed by the commissioner, when deemed best for these youths, ~~they persons committed to the commissioner's care and custody by a juvenile court~~ may be paroled or discharged from the facility by the commissioner. All pupils in the facility shall be clothed, instructed, and maintained ~~at the expense of the state by the commissioner of corrections.~~

Sec. 7. [260B.199] [PLACEMENT OF JUVENILE OFFENDERS AT MINNESOTA CORRECTIONAL FACILITY-RED WING.]

Subdivision 1. [WHEN COURT MUST CONSIDER; PROHIBITION ON PLACEMENT AT OUT-OF-STATE FACILITY.] The admissions criteria for the Minnesota correctional facility-Red Wing shall include a requirement that the county of referral must have considered all appropriate local or regional placements and have exhausted potential in-state placements in the geographic region. The court must state on the record that this effort was made and placements rejected before ordering a placement or commitment to the Minnesota correctional facility-Red Wing. Before a court orders a disposition under section 260B.198 or 260B.130, subdivision 4, for a child, the court shall determine whether the child meets the established admissions criteria for the Minnesota correctional facility-Red Wing. If the child meets the admissions criteria, the court shall place the child at the facility and may not place the child in an out-of-state facility, unless the court makes a finding on the record that the safety of the child or the safety of the community can be best met by placement in an out-of-state facility or that the out-of-state facility is located closer to the child's home.

Subd. 2. [REPORT REQUIRED.] (a) A court that places a child in an out-of-state facility shall report the following information to the sentencing guidelines commission:

(1) the out-of-state facility the child was placed at and the reasons for this placement;

(2) the in-state facilities at which placement was considered;

(3) the reasons for not choosing an in-state facility;

(4) the reasons why the child did not meet the established admissions criteria for the Minnesota correctional facility-Red Wing, if applicable; and

(5) if the child met the admissions criteria, the reasons why the safety of the child or the safety of the community could not be met at the Minnesota correctional facility-Red Wing.

(b) By February 15 of each year, the commission shall forward a summary of the reports received from courts under this subdivision for the preceding year to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding.

Sec. 8. [260B.201] [MANDATORY COMMITMENT TO COMMISSIONER OF CORRECTIONS.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given them.

(b) "Chemical dependency treatment" means a comprehensive set of planned and organized services, therapeutic experiences, and interventions that are intended to improve the prognosis, function, or outcome of patients by reducing the risk of the use of alcohol, drugs, or other mind-altering substances and assist the patient to adjust to, and deal more effectively with, life situations.

(c) An offender has "failed or refused to successfully complete" treatment when based on factors within the offender's control, the offender is not able to substantially achieve the program's goals and the program's director determines that based on the offender's prior placement or treatment history, further participation in the program would not result in its successful completion.

(d) "Probation" has the meaning given in section 609.02, subdivision 15.

(e) "Sex offender treatment" means a comprehensive set of planned and organized services, therapeutic experiences, and interventions that are intended to improve the prognosis, function, or outcome of patients by reducing the risk of sexual reoffense and other aggressive behavior and assist the patient to adjust to, and deal more effectively with, life situations.

Subd. 2. [WHEN COMMITMENT REQUIRED.] (a) A court having jurisdiction over a child shall commit the child to the custody of the commissioner of corrections or place the child at the Minnesota correctional facility-Red Wing if the child:

(1) was previously adjudicated delinquent or convicted as an extended jurisdiction juvenile for an offense for which registration under section 243.166 was required;

(2) was placed on probation for the offense and ordered to complete a sex offender or chemical dependency treatment program; and

(3) subsequently failed or refused to successfully complete the program.

(b) If the child was initially convicted as an extended jurisdiction juvenile, the court may execute the child's adult sentence under section 260B.130, subdivision 4. Notwithstanding paragraph (c), if the court does not do this, it shall comply with paragraph (a).

(c) A court may place a child in an out-of-state facility if the court makes a finding on the record that the safety of the child or the safety of the community can be best met by placement in an out-of-state facility or that the out-of-state facility is located closer to the child's home.

Subd. 3. [REPORT REQUIRED.] A court ordering an alternative placement under subdivision 2, paragraph (c), shall report to the sentencing guidelines commission on the placement ordered and the reasons for not committing the child to the custody of the commissioner of corrections. If the alternative placement is to an out-of-state facility, the report must include specific information that the safety of the child or the safety of the community can best be met by placement in an out-of-state facility or that the out-of-state facility is located closer to the child's home. By

February 15 of each year, the commission shall summarize the reports received from courts under this paragraph for the preceding year and forward this summary to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding.

Sec. 9. [LEGISLATIVE INTENT.]

It is the intent of the legislature that this article encourage courts to place juvenile offenders at the Minnesota correctional facility-Red Wing who would otherwise be placed in out-of-state facilities. Except as provided in section 8, it is not the legislature's intent to discourage the placement of juvenile offenders at non-state-operated facilities within Minnesota.

Sec. 10. [STUDY; REPORT.]

(a) The commissioner of corrections, in consultation with the counties, shall study the state's juvenile correctional system as it relates to serious and chronic offenders. The study must analyze and make proposals regarding:

(1) the role of the state and counties in providing services;

(2) the funding of these services;

(3) the extent to which research-based best practices exist and are accessible to counties;

(4) the method and process used to administer the juvenile commitment and parole systems;

(5) the degree to which existing practice reflects the legislature's intent in enacting juvenile justice laws; and

(6) other related issues deemed relevant by the commissioner or the counties.

(b) By January 15, 2001, the commissioner shall report the study's findings and proposals to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy funding.

Sec. 11. [REPORT.]

The commissioner shall report information relating to changes in per diem charges to counties for juveniles placed at the Minnesota correctional facility-Red Wing and the resulting reduction in juvenile residential treatment grants to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding by January 15, 2001. This report shall specifically address any impact on the populations at other state, public, or private juvenile residential facilities and shall specifically include any effect on the population of the Thistledeew Camp caused by the per diem reduction at Red Wing. The report shall also recommend approaches, based on consultation with and input from counties, to achieve financial stability at Minnesota correctional facility-Red Wing.

Sec. 12. [CONVEYANCE OF STATE LAND.]

Subdivision 1. [CONVEYANCE AUTHORIZED.] Notwithstanding Minnesota Statutes, sections 92.45, 94.09, 94.10, and 103F.335, subdivision 3, or any other law to the contrary, the commissioner of administration may convey all, or any part of, the land and the state building located on the land described in subdivision 3, to the central Minnesota regional jail joint powers group comprised of Aitkin, Cass, Crow Wing, Morrison, Todd, and Wadena counties, after the commissioner of human services declares the property surplus to its needs.

Subd. 2. [FORM.] (a) The conveyance shall be in a form approved by the attorney general.

(b) The conveyance shall restrict use of the land to county governmental purposes under a joint powers agreement, including regional jails and community corrections programs, and shall provide that ownership of any portion of the land or building that ceases to be used for such purposes shall revert to the state of Minnesota.

Subd. 3. [LAND DESCRIPTION.] The legal description of the land is: that part of the Southeast Quarter (SE 1/4) of the Northeast Quarter (NE 1/4) of Section 29, Township 45 North, Range 30 West, Crow Wing County, Minnesota, described as follows: Building 5 and Rectangular site area, on a NW to SE axis, where the northwest side of said area is the centerline of Robin Road. Extending southwest, 540'-0" from the midpoint between Building 5 and Building 7, the SW to NE dimension is 540'-0". Extending southeast, 675'-0" from the centerline of Robin Road, the SE to NW dimension is 675'-0". Containing 8.37 acres, more or less. Subject to the right-of-way of the Township road along the east side thereof, subject to other easements, reservations, and restrictions of record, if any. Including a road easement for ingress and egress from state Highway 18 over State Avenue and Robin Road to the junction of Meadowlark Lane.

Subd. 4. [DETERMINATION.] The commissioner of human services has determined that the land described in subdivision 3 and the building on the land will not be needed for future operations of the Brainerd regional human services center. The state's land management interests would best be served by conveying the land to the central Minnesota regional jail joint powers group for governmental use.

ARTICLE 8

APPROPRIATIONS

Section 1. [HEALTH AND HUMAN SERVICES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively, and if an earlier appropriation was made for that purpose for that year, the appropriation in this article is added to it. Where a dollar amount appears in parenthesis, it means a reduction of an earlier appropriation for that purpose for that year.

SUMMARY BY FUND

APPROPRIATIONS	2000	2001	BIENNIAL TOTAL
General	\$10,328,000	\$81,995,000	\$92,323,000
State Government Special Revenue	150,000	-0-	150,000
Health Care Access Fund	1,266,000	3,401,000	4,667,000
Lottery Prize Fund	-0-	248,000	248,000
TOTAL	\$11,744,000	\$85,644,000	\$97,388,000

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Sec. 2. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Total Appropriation	\$11,594,000	\$84,604,000
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Summary by Fund

General	10,328,000	80,955,000
Health Care		
Access	1,266,000	3,401,000
Lottery	-0-	248,000

This appropriation is added to the appropriation in Laws 1999, chapter 245, article 1, section 2.

The amounts that are added to or reduced from the appropriation for each program are specified in the following subdivisions.

Subd. 2. Children's Grants

	1,130,000	3,307,000
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[ADOPTION ASSISTANCE/RELATIVE CUSTODY ASSISTANCE.] Of this appropriation, \$674,000 in fiscal year 2000 and \$1,800,000 in fiscal year 2001 is for the adoption assistance program under Minnesota Statutes, section 259.67, and \$456,000 in fiscal year 2000 and \$912,000 in fiscal year 2001 is for the relative custody assistance program under Minnesota Statutes, section 257.85. This is a one-time appropriation that shall not be added to the base level funding for these programs.

Subd. 3. Basic Health Care Grants

	14,984,000	50,813,000
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Summary by Fund

General	13,718,000	47,412,000
Health Care		
Access	1,266,000	3,401,000

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Subd. 4. State-Operated Services

	-0-	(1,495,000)
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[STATE-OPERATED SERVICES BASE REDUCTION.] The general fund base level appropriation for state operated services programs and activities shall be reduced by \$1,495,000 for fiscal year 2001.

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) RTC Facilities

	-0-	(1,495,000)
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Subd. 5. Continuing Care and Community Support Grants

	(35,029,000)	6,611,000
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Summary by Fund

General	(35,029,000)	6,363,000
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Lottery	-0-	248,000
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Community Services Block Grants

	-0-	901,000
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(b) Aging Adult Service Grants

	-0-	207,000
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[EPILEPSY.] Of the general fund appropriation, \$7,000 in fiscal year 2001 is to the commissioner to provide a three percent reimbursement increase to living skills training programs for persons with intractable epilepsy who need assistance in the transition to independent living.

[HOME SHARE PROGRAM.] Base level funding for the home share program established under Minnesota Statutes, section 256.973, for fiscal year 2002 shall be \$175,000. Notwithstanding section 6, this paragraph expires on June 30, 2002.

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(e) Developmental Disabilities Support Grants	-0-	204,000
(f) Medical Assistance Long-Term Care Waivers and Home Care	(12,385,000)	2,797,000
(g) Medical Assistance Long-Term Care Facilities	(20,790,000)	(3,405,000)
(h) Alternative Care Grants	-0-	1,633,000
(i) Group Residential Housing	(1,854,000)	(295,000)
(j) Chemical Dependency Entitlement Grants	-0-	2,470,000
Subd. 6. Economic Support Grants	30,509,000	25,368,000

The amounts that may be spent from this appropriation for each purpose are as follows:

[ASSISTANCE TO FAMILIES GRANTS TANF FORECAST ADJUSTMENT.] The federal Temporary Assistance to Needy Families (TANF) block grant fund appropriated to the commissioner of human services in Laws 1999, chapter 245, article 1, section 2, subdivision 10, for MFIP cash grants are reduced by \$37,513,000 in fiscal year 2000 and \$30,217,000 in fiscal year 2001.

[FEDERAL TANF FUNDS.] (1) In addition to the Federal Temporary Assistance for Needy Families (TANF) block grant funds appropriated to the commissioner of human services in Laws 1999, chapter 245, article 1, section 2, subdivision 10, federal TANF funds are appropriated to the commissioner in amounts up to \$20,000,000 in fiscal year 2000 and \$80,440,000 in fiscal year 2001. In addition to these funds, the commissioner may draw or transfer any other appropriations of federal TANF funds or transfers of federal TANF funds that are enacted into state law.

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the base level funding for employment services includes \$320,000 each year for this activity. The appropriations in this clause shall not become part of the base for the 2004-2005 biennium.

(6) Of the amounts in clause (1), \$1,000,000 in fiscal year 2001 is for out-of-wedlock pregnancy prevention funds to serve children in TANF-eligible families under Minnesota Statutes, section 256K.35. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for this program is \$1,000,000 each year. The appropriations in this clause shall not become part of the base for the 2004-2005 biennium.

(7) Of the amounts in clause (1), \$1,000,000 in fiscal year 2001 is to provide services to TANF-eligible families who are participating in the supportive housing and managed care pilot project under Minnesota Statutes, section 256K.25. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for this project is \$1,000,000 each year. The appropriations in this clause shall not become part of the base for this project for the 2004-2005 biennium.

[TANF TRANSFER TO SOCIAL SERVICES.] \$7,500,000 is transferred from the state's federal TANF block grant to the state's federal Title XX block grant in fiscal year 2001 and in fiscal year 2002, for purposes of increasing services for families with children whose incomes are at or below 200 percent of the federal poverty guidelines. Notwithstanding section 6, this paragraph expires June 30, 2002.

[TANF MOE.] (a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under United States Code, title 42, section 609(a)(7), the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF MOE expenditures:

(1) MFIP cash and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K; and

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(5) expenditures made on behalf of noncitizen MFIP recipients who qualify for the medical assistance without federal financial participation program under Minnesota Statutes, section 256B.06, subdivision 4, paragraphs (d), (e), and (j).

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF MOE requirements. For the activities listed in paragraph (a), clauses (2) to (6), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31. If nonfederal expenditures for the programs and purposes listed in paragraph (a) are insufficient to meet the state's TANF MOE requirements, the commissioner shall recommend additional allowable sources of nonfederal expenditures to the legislature, if the legislature is or will be in session to take action to specify additional sources of nonfederal expenditures for TANF MOE before a federal penalty is imposed. The commissioner shall otherwise provide notice to the legislative commission on planning and fiscal policy under paragraph (d).

(c) If the commissioner uses authority granted under Laws 1999, chapter 245, article 1, section 10, or similar authority granted by a subsequent legislature, to meet the state's TANF MOE requirements in a reporting period, the commissioner shall inform the chairs of the appropriate legislative committees about all transfers made under that authority for this purpose.

(d) If the commissioner determines that nonfederal expenditures for the programs under Minnesota Statutes, section 256J.025, are insufficient to meet TANF MOE expenditure requirements, and if the legislature is not or will not be in session to take timely action to avoid a federal penalty, the commissioner may report nonfederal expenditures from other allowable sources as TANF MOE expenditures after the requirements of this paragraph are met.

The commissioner may report nonfederal expenditures in addition to those specified under paragraph (a) as nonfederal TANF MOE expenditures, but only ten days after the commissioner of finance has first submitted the commissioner's recommendations for additional allowable sources of nonfederal TANF MOE expenditures to the members of the legislative commission on planning and fiscal policy for their review.

(e) The commissioner of finance shall not incorporate any changes in federal TANF expenditures or nonfederal expenditures for TANF MOE that may result from reporting additional allowable

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sources of nonfederal TANF MOE expenditures under the interim procedures in paragraph (d) into the February or November forecasts required under Minnesota Statutes, section 16A.103, unless the commissioner of finance has approved the additional sources of expenditures under paragraph (d).

(f) The provisions of paragraphs (a) to (e) supersede any contrary provisions in Laws 1999, chapter 245, article 1, section 2, subdivision 10.

(g) The provisions of Minnesota Statutes, section 256.011, subdivision 3, which require that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law do not apply if the grants or aids are federal TANF funds.

(h) Notwithstanding section 6 of this article, paragraphs (a) to (g) expire June 30, 2003.

(i) Paragraphs (a) to (h) are effective the day following final enactment.

(a) Assistance to Families Grants

9,628,000	(2,305,000)
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(b) Work Grants

-0-	(250,000)
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(c) AFDC and Other Assistance

20,000,000	30,734,000
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[TRANSFERS TO MINNESOTA HOUSING FINANCE AGENCY.] (a) By June 30, 2001, the commissioner shall transfer \$50,000,000 of the general funds appropriated under this paragraph to the Minnesota housing finance agency for transfer to the housing development fund. The program funded by this transfer shall be known as the "Bruce F. Vento Year 2000 Affordable Housing Program." Up to \$15,000,000 may be transferred in fiscal year 2000.

(b) Of the funds transferred in paragraph (a), \$5,000,000 in fiscal year 2001 and \$15,000,000 in fiscal year 2002 is for a loan to Habitat for Humanity of Minnesota, Inc. The loan shall be an interest-free deferred loan. The loan shall become due and payable in the event and to the extent that Habitat for Humanity

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of Minnesota, Inc. does not invest repayments and prepayment of mortgage loans financed with this appropriation in new mortgages for additional homebuyers through Habitat for Humanity of Minnesota, Inc. To the extent practicable, funding must be allocated to Habitat for Humanity chapters on the basis of the number of MFIP households residing within a chapter's service area compared to the statewide total of MFIP households and on the basis of a chapter's capacity.

(c) Of the funds transferred in paragraph (a), \$15,000,000 in fiscal year 2001 and \$15,000,000 in fiscal year 2002 is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b. To the extent practicable, the number of units financed with the appropriation under this paragraph within a city, county, or region shall reflect the number of MFIP households residing within the city, county, or region compared to the statewide total of MFIP households. This appropriation must be used to finance rental housing units that serve families:

- (1) receiving MFIP benefits under Minnesota Statutes, section 256J.01, or its successor program; and
- (2) who have lost eligibility for MFIP due to increased income from employment or due to the collection of child or spousal support under part D of title IV of the Social Security Act.

Units produced with this appropriation must remain affordable for a 30-year period.

In order to coordinate the availability of housing developed with the appropriation under this paragraph with MFIP families in need of affordable housing, the commissioner of the Minnesota housing finance agency, with the assistance of the commissioner of human services, shall establish cooperative relationships with county agencies as defined in Minnesota Statutes, section 256J.08, local employment and training service providers as defined in Minnesota Statutes, section 256J.49, local social service agencies, or other organizations that provide assistance to MFIP households.

The commissioner of the Minnesota housing finance agency shall develop strategies to promote occupancy of the units financed by the appropriation under this paragraph by households most in need of subsidized housing. The strategies shall include provisions that encourage households to move into homeownership or unsubsidized housing as the household secures stable employment and achieves self-sufficiency. The commissioner of the Minnesota housing finance agency shall consult with interested parties in developing these strategies.

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(d) The commissioner of the Minnesota housing finance agency and the commissioner of human services shall jointly prepare and submit a report to the governor and the legislature on the results of the funding provided under this section. The report shall include:

- (1) information on the number of units produced;
- (2) the household size and income of the occupants of the units at initial occupancy; and
- (3) to the extent the information is available, measures related to the occupants' attachment to the workforce and public assistance usage, and number of occupant moves.

The report must be submitted annually beginning January 15, 2003.

(e) Section 6, sunset of uncodified language, does not apply to paragraphs (a) to (d). Paragraphs (a) to (d) are effective the day following final enactment.

[WORKING FAMILY CREDIT.] (a) On a regular basis, the commissioner of revenue, with the assistance of the commissioner of human services, shall calculate the value of the refundable portion of the Minnesota working family credits provided under Minnesota Statutes, section 290.0671, that qualifies for federal reimbursement from the temporary assistance to needy families block grant. The commissioner of revenue shall provide the commissioner of human services with such expenditure records and information as are necessary to support draws of federal funds. The commissioner of human services shall reimburse the commissioner of revenue for the costs of providing the information required by this paragraph.

(b) Federal TANF funds, as specified in this paragraph, are appropriated to the commissioner of human services based on calculations under paragraph (a) of working family tax credit expenditures that qualify for reimbursement from the TANF block grant for income tax refunds payable in federal fiscal years beginning October 1, 1999. The draws of federal TANF funds shall be made on a regular basis based on calculations of credit expenditures by the commissioner of revenue. Up to the following amounts of federal TANF draws are appropriated to the commissioner of human services to deposit into the general fund: in fiscal year 2000, \$30,957,000; and in fiscal year 2001, \$33,895,000.

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(d) General Assistance

	557,000	(3,134,000)
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(e) Minnesota Supplemental Aid

	324,000	323,000
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Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total Appropriation	-0-	1,040,000
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Summary by Fund

General	-0-	1,040,000
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This appropriation is added to the appropriation in Laws 1999, chapter 245, article 1, section 3.

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Health Systems and Special Populations	-0-	865,000
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Summary by Fund

General	-0-	865,000
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[POISON INFORMATION CENTERS.] Of the general fund appropriation for the fiscal year beginning July 1, 2000, \$790,000 is to the commissioner for the operation of poison information centers authorized under Minnesota Statutes, section 145.93. This is a one-time appropriation.

[BASE LEVEL REDUCTION.] For fiscal years 2002 and 2003, the base level appropriation for Minnesota poison information centers under Minnesota Statutes, section 145.93 shall be reduced by \$380,000 each year. Section 6, sunset of uncodified language, does not apply to this provision.

[FUNERAL AND PRENEED COMPLAINT RESPONSES.] (a) Of this appropriation, \$75,000 in fiscal year 2001 is to the commissioner for the purposes of responding to complaints as required under Minnesota Statutes, chapter 149A. To the extent that resources are available, the commissioner shall also provide information and technical assistance to the organizations regulated under that chapter. This appropriation shall not become part of base level funding for the 2002-2003 biennium.

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(b) The commissioner shall make recommendations by January 15, 2001, to the chairs of the senate health and family security budget division and the house health and human services finance committee on whether there is a need for additional funding for ongoing implementation of the regulatory provisions of Minnesota Statutes, chapter 149A, and if so, proposals for an alternative funding source to the general fund.

Subd. 3. Health Protection	-0-	175,000
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Summary by Fund

General	-0-	175,000
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[SEXUALLY TRANSMITTED INFECTIONS.] Of the general fund appropriation for the fiscal year beginning July 1, 2000, \$175,000 is to the commissioner to expand access to free screening and testing for sexually transmitted infections. The appropriation must be used in accordance with Minnesota Statutes, section 144.065. This is a one-time appropriation and shall not become part of base-level funding for the 2002-2003 biennium.

Sec. 4. HEALTH-RELATED BOARDS

Subdivision 1. Total Appropriation	150,000	-0-
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This appropriation is added to the appropriation in Laws 1999, chapter 205, article 1, section 5.

The appropriations in this section are from the state government special revenue fund.

[NO SPENDING IN EXCESS OF REVENUES.] The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues or accumulated surplus revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account.

Subd. 2. BOARD OF PSYCHOLOGY	150,000	-0-
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[LEGAL COSTS.] Of this appropriation, \$150,000 for the fiscal year beginning July 1, 1999, is to the board to pay for extraordinary legal costs. This is a one-time appropriation and shall not become part of base-level funding for the 2002-2003 biennium.

Sec. 5. CARRYOVER LIMITATION

None of the appropriations in articles 8 to 11 which are allowed to be carried forward from fiscal year 2000 to fiscal year 2001 shall become part of the base level funding for the 2002-2003 biennial budget, unless specifically directed by the legislature.

Sec. 6. SUNSET OF UNCODIFIED LANGUAGE

All uncodified language contained in this article expires on June 30, 2001, unless a different expiration date is explicit.

Sec. 7. [EFFECTIVE DATE.]

The appropriations and reductions for fiscal year 2000 in this article are effective the day following final enactment.

ARTICLE 9

HEALTH CARE

Section 1. Minnesota Statutes 1998, section 144.551, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTED CONSTRUCTION OR MODIFICATION.] (a) The following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

(b) This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied before July 1, 1990, if a timely appeal results in an order reversing the denial;

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2;

(5) a project involving consolidation of pediatric specialty hospital services within the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the reconstruction, the licenses of both hospitals must be reinstated at the capacity that existed on each site before the relocation;

(7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds from one physical site or complex to another; or (iii) redistribution of hospital beds within the state or a region of the state;

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; and (iv) the relocation or redistribution does not involve the construction of a new hospital building;

(9) a construction project involving up to 35 new beds in a psychiatric hospital in Rice county that primarily serves adolescents and that receives more than 70 percent of its patients from outside the state of Minnesota;

(10) a project to replace a hospital or hospitals with a combined licensed capacity of 130 beds or less if: (i) the new hospital site is located within five miles of the current site; and (ii) the total licensed capacity of the replacement hospital, either at the time of construction of the initial building or as the result of future expansion, will not exceed 70 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is less;

(11) the relocation of licensed hospital beds from an existing state facility operated by the commissioner of human services to a new or existing facility, building, or complex operated by the commissioner of human services; from one regional treatment center site to another; or from one building or site to a new or existing building or site on the same campus; ~~or~~

(12) the construction or relocation of hospital beds operated by a hospital having a statutory obligation to provide hospital and medical services for the indigent that does not result in a net increase in the number of hospital beds; or

(13) a construction project involving the addition of up to 31 new beds in an existing nonfederal hospital in Beltrami county.

Sec. 2. Minnesota Statutes 1998, section 144A.071, subdivision 4a, is amended to read:

Subd. 4a. [EXCEPTIONS FOR REPLACEMENT BEDS.] It is in the best interest of the state to ensure that nursing homes and boarding care homes continue to meet the physical plant licensing and certification requirements by permitting certain construction projects. Facilities should be maintained in condition to satisfy the physical and emotional needs of residents while allowing the state to maintain control over nursing home expenditure growth.

The commissioner of health in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(a) to license or certify beds in a new facility constructed to replace a facility or to make repairs in an existing facility that was destroyed or damaged after June 30, 1987, by fire, lightning, or other hazard provided:

(i) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(ii) at the time the facility was destroyed or damaged the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(iii) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility or repairs;

(iv) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5;

(v) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility; and

(vi) the commissioner determines that the replacement beds are needed to prevent an inadequate supply of beds.

Project construction costs incurred for repairs authorized under this clause shall not be considered in the dollar threshold amount defined in subdivision 2;

(b) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed \$750,000;

(c) to license or certify beds in a project recommended for approval under section 144A.073;

(d) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds;

(e) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed \$750,000. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase beyond the number remaining at the time of the upgrade in licensure. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(f) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of St. Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the transfers allowed under this paragraph;

(g) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements;

(h) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of \$200,000 or more;

(i) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(j) to license and certify new nursing home beds to replace beds in a facility acquired by the Minneapolis community development agency as part of redevelopment activities in a city of the first class, provided the new facility is located within three miles of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under section 256B.431 or 256B.434;

(k) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds;

(l) to license or certify beds in renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1, so long as the cumulative total costs of the facility's remodeling projects do not exceed \$750,000;

(m) to license and certify beds that are moved from one location to another for the purposes of converting up to five four-bed wards to single or double occupancy rooms in a nursing home that, as of January 1, 1993, was county-owned and had a licensed capacity of 115 beds;

(n) to allow a facility that on April 16, 1993, was a 106-bed licensed and certified nursing facility located in Minneapolis to layaway all of its licensed and certified nursing home beds. These beds may be relicensed and recertified in a newly-constructed teaching nursing home facility affiliated with a teaching hospital upon approval by the legislature. The proposal must be developed in consultation with the interagency committee on long-term care planning. The beds on layaway status shall have the same status as voluntarily delicensed and decertified beds, except that beds on layaway status remain subject to the surcharge in section 256.9657. This layaway provision expires July 1, 1998;

(o) to allow a project which will be completed in conjunction with an approved moratorium exception project for a nursing home in southern Cass county and which is directly related to that portion of the facility that must be repaired, renovated, or replaced, to correct an emergency plumbing problem for which a state correction order has been issued and which must be corrected by August 31, 1993;

(p) to allow a facility that on April 16, 1993, was a 368-bed licensed and certified nursing facility located in Minneapolis to layaway, upon 30 days prior written notice to the commissioner, up to 30 of the facility's licensed and certified beds by converting three-bed wards to single or double occupancy. Beds on layaway status shall have the same status as voluntarily delicensed and decertified beds except that beds on layaway status remain subject to the surcharge in section 256.9657, remain subject to the license application and renewal fees under section 144A.07 and shall be subject to a \$100 per bed reactivation fee. In addition, at any time within three years of the effective date of the layaway, the beds on layaway status may be:

(1) relicensed and recertified upon relocation and reactivation of some or all of the beds to an existing licensed and certified facility or facilities located in Pine River, Brainerd, or International Falls; provided that the total project construction costs related to the relocation of beds from layaway status for any facility receiving relocated beds may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073;

(2) relicensed and recertified, upon reactivation of some or all of the beds within the facility which placed the beds in layaway status, if the commissioner has determined a need for the reactivation of the beds on layaway status.

The property-related payment rate of a facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for a facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than three years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(q) to license and certify beds in a renovation and remodeling project to convert 12 four-bed wards into 24 two-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey county; had a licensed capacity of 154 beds; and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(r) to license and certify up to 117 beds that are relocated from a licensed and certified 138-bed nursing facility located in St. Paul to a hospital with 130 licensed hospital beds located in South St. Paul, provided that the nursing facility and hospital are owned by the same or a related organization and that prior to the date the relocation is completed the hospital ceases operation of its inpatient hospital services at that hospital. After relocation, the nursing facility's status under section 256B.431, subdivision 2j, shall be the same as it was prior to relocation. The nursing facility's property-related payment rate resulting from the project authorized in this paragraph shall become effective no earlier than April 1, 1996. For purposes of calculating the incremental change in the facility's rental per diem resulting from this project, the allowable appraised value of the nursing facility portion of the existing health care facility physical plant prior to the renovation and relocation may not exceed \$2,490,000;

(s) to license and certify two beds in a facility to replace beds that were voluntarily delicensed and decertified on June 28, 1991;

(t) to allow 16 licensed and certified beds located on July 1, 1994, in a 142-bed nursing home and 21-bed boarding care home facility in Minneapolis, notwithstanding the licensure and certification after July 1, 1995, of the Minneapolis facility as a 147-bed nursing home facility after completion of a construction project approved in 1993 under section 144A.073, to be laid away upon 30 days' prior written notice to the commissioner. Beds on layaway status shall have the same status as voluntarily delicensed or decertified beds except that they shall remain subject to the surcharge in section 256.9657. The 16 beds on layaway status may be relicensed as nursing home beds and recertified at any time within five years of the effective date of the layaway upon relocation of some or all of the beds to a licensed and certified facility located in Watertown, provided that the total project construction costs related to the relocation of beds from layaway status for the Watertown facility may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073.

The property-related payment rate of the facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for the facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than five years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(u) to license and certify beds that are moved within an existing area of a facility or to a newly constructed addition which is built for the purpose of eliminating three- and four-bed rooms and adding space for dining, lounge areas, bathing rooms, and ancillary service areas in a nursing home that, as of January 1, 1995, was located in Fridley and had a licensed capacity of 129 beds;

(v) to relocate 36 beds in Crow Wing county and four beds from Hennepin county to a 160-bed facility in Crow Wing county, provided all the affected beds are under common ownership;

(w) to license and certify a total replacement project of up to 49 beds located in Norman county that are relocated from a nursing home destroyed by flood and whose residents were relocated to other nursing homes. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(x) to license and certify a total replacement project of up to 129 beds located in Polk county that are relocated from a nursing home destroyed by flood and whose residents were relocated to other nursing homes. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(y) to license and certify beds in a renovation and remodeling project to convert 13 three-bed wards into 13 two-bed rooms and 13 single-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey county, was not owned by a hospital corporation, had a licensed capacity of 64 beds, and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(z) to license and certify up to 150 nursing home beds to replace an existing 285 bed nursing facility located in St. Paul. The replacement project shall include both the renovation of existing buildings and the construction of new facilities at the existing site. The reduction in the licensed capacity of the existing facility shall occur during the construction project as beds are taken out of service due to the construction process. Prior to the start of the construction process, the facility shall provide written information to the commissioner of health describing the process for bed reduction, plans for the relocation of residents, and the estimated construction schedule. The relocation of residents shall be in accordance with the provisions of law and rule; or

(aa) to allow the commissioner of human services to license an additional 36 beds to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3400, in a 198-bed nursing home located in Red Wing, provided that the total number of licensed and certified beds at the facility does not increase;

(bb) to license and certify a new facility in St. Louis county with 44 beds constructed to replace an existing facility in St. Louis county with 31 beds, which has resident rooms on two separate floors and an antiquated elevator that creates safety concerns for residents and prevents nonambulatory residents from residing on the second floor. The project shall include the elimination of three- and four-bed rooms;

(cc) to license and certify four beds in a 16-bed certified boarding care home in Minneapolis to replace beds that were voluntarily delicensed and decertified on or before March 31, 1992. The licensure and certification is conditional upon the facility periodically assessing and adjusting its resident mix and other factors which may contribute to a potential institution for mental disease declaration. The commissioner of human services shall retain

the authority to audit the facility at any time and shall require the facility to comply with any requirements necessary to prevent an institution for mental disease declaration, including delicensure and decertification of beds, if necessary; or

(dd) to license and certify 72 beds in an existing facility in Mille Lacs county with 80 beds as part of a renovation project. The renovation must include construction of an addition to accommodate ten residents with beginning and midstage dementia in a self-contained living unit; creation of three resident households where dining, activities, and support spaces are located near resident living quarters; designation of four beds for rehabilitation in a self-contained area; designation of 30 private rooms; and other improvements.

Sec. 3. Minnesota Statutes 1998, section 144A.071, is amended by adding a subdivision to read:

Subd. 4b. [LICENSED BEDS ON LAYAWAY STATUS.] A licensed and certified nursing facility may lay away, upon prior written notice to the commissioner of health, up to 50 percent of its licensed and certified beds. A nursing facility may not discharge a resident in order to lay away a bed. Notice to the commissioner shall be given 60 days prior to the effective date of the layaway. Beds on layaway shall have the same status as voluntarily delicensed and decertified beds and shall not be subject to license fees and license surcharge fees. In addition, beds on layaway may be removed from layaway at any time on or after one year after the effective date of layaway in the facility of origin, with a 60-day notice to the commissioner. A nursing facility that removes beds from layaway may not place beds on layaway status for one year after the effective date of the removal from layaway. The commissioner may approve the immediate removal of beds from layaway if necessary to provide access to those nursing home beds to residents relocated from other nursing homes due to emergency situations or closure. In the event approval is granted, the one-year restriction on placing beds on layaway after a removal of beds from layaway shall not apply. Beds may remain on layaway for up to five years.

Sec. 4. Minnesota Statutes 1998, section 148B.32, subdivision 1, is amended to read:

Subdivision 1. [UNLICENSED PRACTICE PROHIBITED.] After adoption of rules by the board implementing sections 148B.29 to 148B.39, no individual shall engage in marriage and family therapy practice unless that individual holds a valid license issued under sections 148B.29 to 148B.39.

~~Marriage and family therapists may not be reimbursed under medical assistance, chapter 256B, except to the extent such care is reimbursed under section 256B.0625, subdivision 5, or when marriage and family therapists are employed by a managed care organization with a contract to provide mental health care to medical assistance enrollees, and are reimbursed through the managed care organization.~~

Sec. 5. Minnesota Statutes 1998, section 252.28, is amended by adding a subdivision to read:

Subd. 3b. [OLMSTED COUNTY LICENSING EXEMPTION.] (a) Notwithstanding subdivision 3, the commissioner may license service sites each accommodating up to five residents moving from a 43-bed intermediate care facility for persons with mental retardation or related conditions located in Olmsted county that is closing under section 252.292.

(b) Notwithstanding the provisions of any other state law or administrative rule, the rate provisions of section 256I.05, subdivision 1, apply to the exception in this subdivision.

Sec. 6. Minnesota Statutes 1999 Supplement, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall: