

STATE OF MINNESOTA

EIGHTY-FIRST SESSION — 2000

EIGHTY-EIGHTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MARCH 15, 2000

The House of Representatives convened at 2:00 p.m. and was called to order by Steve Sviggum, Speaker of the House.

Prayer was offered by Imam Matthew Ramadan, Muslim American Society, Minneapolis, Minnesota.

The members of the House gave the pledge of allegiance to the flag of the United States of America.

The roll was called and the following members were present:

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

A quorum was present.

Gunther and Larson, D., were excused until 2:35 p.m. Dempsey was excused until 2:40 p.m.

The Chief Clerk proceeded to read the Journals of the preceding days. Johnson moved that further reading of the Journals be suspended and that the Journals be approved as corrected by the Chief Clerk. The motion prevailed.

REPORT FROM THE CHAIR OF THE
COMMITTEE ON WAYS AND MEANS

March 13, 2000

Edward A. Burdick
Chief Clerk of the House of Representatives
The State of Minnesota

Dear Mr. Burdick:

House Rule 4.03 requires the Chair of the Committee on Ways and Means to certify to the House of Representatives that the Committee has reconciled any finance and revenue bills with the budget resolution and targets.

Please accept this letter as certification that H. F. No. 2688 reconciles with the budget resolution and target for the Judiciary finance bill.

Sincerely,

REPRESENTATIVE DAVE BISHOP
Chair, House Ways and Means Committee

REPORTS OF CHIEF CLERK

S. F. No. 2193 and H. F. No. 1333, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Daggett moved that S. F. No. 2193 be substituted for H. F. No. 1333 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2348 and H. F. No. 4060, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McCollum moved that the rules be so far suspended that S. F. No. 2348 be substituted for H. F. No. 4060 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2385 and H. F. No. 3629, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Olson moved that the rules be so far suspended that S. F. No. 2385 be substituted for H. F. No. 3629 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2500 and H. F. No. 2910, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Luther moved that the rules be so far suspended that S. F. No. 2500 be substituted for H. F. No. 2910 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2511 and H. F. No. 2936, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Workman moved that the rules be so far suspended that S. F. No. 2511 be substituted for H. F. No. 2936 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2652 and H. F. No. 2687, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Wolf moved that the rules be so far suspended that S. F. No. 2652 be substituted for H. F. No. 2687 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2734 and H. F. No. 3212, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Tingelstad moved that the rules be so far suspended that S. F. No. 2734 be substituted for H. F. No. 3212 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2737 and H. F. No. 2635, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Luther moved that the rules be so far suspended that S. F. No. 2737 be substituted for H. F. No. 2635 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2748 and H. F. No. 2994, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Fuller moved that S. F. No. 2748 be substituted for H. F. No. 2994 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2896 and H. F. No. 3226, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Nornes moved that the rules be so far suspended that S. F. No. 2896 be substituted for H. F. No. 3226 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 3300 and H. F. No. 3997, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

McGuire moved that S. F. No. 3300 be substituted for H. F. No. 3997 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

March 13, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Sviggum:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of the Secretary of State the following House File:

H. F. No. 2535, relating to local government; allowing the city of Shorewood to provide for election of council members from wards.

Sincerely,

JESSE VENTURA
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2000 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

| <i>S.F. No.</i> | <i>H.F. No.</i> | <i>Session Laws Chapter No.</i> | <i>Time and Date Approved 2000</i> | <i>Date Filed 2000</i> |
|---------------------|---------------------|-------------------------------------|--|----------------------------|
| | 2535 | 257 | 2:05 p.m. March 13 | March 13 |
| 2554 | | 258 | 2:05 p.m. March 13 | March 13 |

Sincerely,

MARY KIFFMEYER
Secretary of State

REPORTS OF STANDING COMMITTEES

Stanek from the Committee on Crime Prevention to which was referred:

H. F. No. 857, A bill for an act relating to transportation; making seat belt violation a primary offense; amending Minnesota Statutes 1998, section 169.686, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 169.686, subdivision 1, is amended to read:

Subdivision 1. [SEAT BELT REQUIREMENT.] (a) A properly adjusted and fastened seat belt, including both the shoulder and lap belt when the vehicle is so equipped, shall be worn by:

- (1) the driver of a passenger vehicle or commercial motor vehicle;
- (2) a passenger riding in the front seat of a passenger vehicle or commercial motor vehicle; and
- (3) a passenger riding in any seat of a passenger vehicle who is older than three but younger than ~~17~~ 18 years of age.

(b) A person who is 15 years of age or older and who violates paragraph (a), clause (1) or (2) is subject to a fine of \$25. The driver of the passenger vehicle or commercial motor vehicle in which the violation occurred is subject to a \$25 fine for a violation of paragraph (a), clause (2) or (3) by ~~a child of the driver under the age of 15~~ or any child under the age of ~~11~~ 15.

(c) Except as otherwise provided in paragraph (d), a peace officer may not issue a citation for a violation of this section unless the officer lawfully stopped or detained the driver of the motor vehicle for a moving violation other than a violation involving motor vehicle equipment.

(d) Paragraph (c) does not apply to violators who are younger than 18 years of age at the time of the violation.

(e) The department of public safety shall not record a violation of this subdivision on a person's driving record.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective June 1, 2000, and applies to violations committed on or after that date."

Amend the title as follows:

Page 1, line 3, before the semicolon, insert "for violators who are younger than 18 years of age"

With the recommendation that when so amended the bill pass.

The report was adopted.

Broecker from the Committee on Judiciary Finance to which was referred:

H. F. No. 2436, A bill for an act relating to animals; changing disposition of certain animals; providing for preservation of certain evidence; changing regulation of certain dogs; imposing penalties; amending Minnesota Statutes 1998, sections 343.12; 343.235, subdivisions 1 and 3; 347.50; 347.51, subdivisions 1, 2, and by adding subdivisions; 347.52; 347.53; 347.54, subdivisions 1 and 2; and 347.55; proposing coding for new law in Minnesota Statutes, chapters 343; 347; and 609; repealing Minnesota Statutes 1998, sections 347.51, subdivisions 2a, 3, 4, 5, 6, 7, 8, and 9; and 347.54, subdivision 3.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Krinkie from the Committee on State Government Finance to which was referred:

H. F. No. 2500, A bill for an act relating to transportation; restoring pre-1999 language to certain light rail transit project contract requirements; explicitly requiring normal and usual state procurement laws and ethical requirements for light rail transit project contracts; amending Minnesota Statutes 1999 Supplement, section 473.3993, subdivision 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

APPROPRIATIONS

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 act, 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 act is added to it. Where a dollar amount appears in parentheses, it means a reduction of an earlier appropriation for that purpose for that year.

SUMMARY BY FUND

| | 2000 | 2001 | BIENNIAL TOTAL |
|---------|----------------|----------------|-------------------|
| General | \$ (3,191,000) | \$ (5,914,000) | \$ (9,105,000) |
| TOTAL | \$ (3,191,000) | \$ (5,914,000) | \$ (9,105,000) |

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

| | | |
|---------------------|-----------|----|
| Sec. 2. LEGISLATURE | \$ 50,000 | \$ |
|---------------------|-----------|----|

\$50,000 is for the legislative commission on Minnesota-Ontario matters and is available only upon demonstration of a dollar-for-dollar match from nonstate sources. This appropriation is available until June 30, 2001.

From amounts previously appropriated to the house of representatives and carried forward into the biennium beginning July 1, 1999, \$1,500,000 is canceled to the general fund.

From amounts previously appropriated to the senate and carried forward into the biennium beginning July 1, 1999, \$1,500,000 is canceled to the general fund.

The house of representatives must minimize the number of members who are required to change offices if there is a change in which party is the majority caucus for the 2001-2002 legislative session.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Sec. 3. SECRETARY OF STATE

2,000,000

To construct and maintain the Uniform Commercial Code central filing system required by H. F. No. 1394, if enacted, to be available until June 30, 2001.

Beginning with fiscal year 2002, the general fund base for the office of the secretary of state must be reduced by \$2,300,000 in fiscal year 2002 and \$2,300,000 in fiscal year 2003.

Sec. 4. OFFICE OF STRATEGIC AND LONG-RANGE
PLANNING

(2,000,000)

This reduction is for a permanent reduction in staff. In implementing this reduction, the commissioner must not reduce the amounts budgeted for the state demographer, the land management information center, or the environmental quality board by more than five percent each.

The office of strategic and long-range planning must develop a plan for contracting with the University of Minnesota, other educational institutions, and other individuals or entities, for strategic planning activities for the state. This plan shall be submitted to the legislature by January 15, 2001.

Sec. 5. ADMINISTRATION

(2,000,000)

(3,049,000)

Of this amount, \$2,000,000 in fiscal year 2000 is a reduction to the appropriation for year 2000 contingency funds authorized in Laws 1999, chapter 250, article 1, section 12, subdivision 4, \$342,000 in fiscal year 2001 is a reduction for the elimination of the office of citizenship and volunteer services, and \$2,707,000 in fiscal year 2001 is a reduction for the elimination of the office of technology.

The appropriation for the Alliance With Youth must not be reduced. The Alliance With Youth is a separate activity in the department of administration.

If any portion of the \$2,000,000 reduction in year 2000 contingency funds has been expended or encumbered before the effective date of this section, other appropriations to the department for fiscal year 2001 are reduced by the amount of these expenditures or encumbrances.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Sec. 6. CAMPAIGN FINANCE AND DISCLOSURE BOARD

48,000

This appropriation is for legal costs for the board's defense of a constitutional challenge, and for expenses associated with implementation of amendments made to Minnesota Statutes, section 10A.01, and of new Minnesota Statutes, section 10A.035. This appropriation is available until June 30, 2001.

Sec. 7. GAMBLING CONTROL BOARD

45,000

45,000

For workers' compensation claims. Money not expended in the first year is available for expenditure in the second year.

Sec. 8. MINNEAPOLIS EMPLOYEES RETIREMENT FUND

(1,334,000)

(1,892,000)

This is a one-time reduction for fiscal years 2000 and 2001 only in payments made to the Minneapolis employees retirement fund under Minnesota Statutes, section 422A.101, subdivision 3.

Sec. 9. BOARD OF GOVERNMENT INNOVATION AND COOPERATION

(1,018,000)

This reduction is for elimination of the board.

Sec. 10. [3.051] [DAILY SESSIONS.]

The rules of proceedings adopted by the house of representatives and the senate must require that both bodies convene in daily sessions at the identical regular hour.

Sec. 11. [3.052] [RULES.]

The house of representatives and the senate shall adopt rules of procedure that do not require the house in which a bill originates to ask for the appointment of a conference committee on the bill when it refuses to concur in an amendment to the bill by the other house. The rules shall permit either house to reconsider and further amend a bill, or the other house's amendment, until one of the houses chooses instead to ask for the appointment of a conference committee on the bill.

Sec. 12. Minnesota Statutes 1998, section 3.099, subdivision 3, is amended to read:

Subd. 3. [LEADERS.] ~~The senate committee on rules and administration for the senate and the house committee on rules and legislative administration for the house may each designate for their respective body up to three leadership positions to receive up to 140 percent of the compensation of other members. The speaker of the house of representatives, the house majority and minority leaders, and the chair of the house ways and means committee shall receive 140 percent of the compensation of other members.~~

At the commencement of each biennial legislative session, each house of the legislature shall adopt a resolution designating its majority and minority leader.

The majority leader is the person elected by the caucus of members in each house which is its largest political affiliation. The minority leader is the person elected by the caucus which is its second largest political affiliation.

Sec. 13. [3.3060] [JOINT STANDING COMMITTEES.]

The house of representatives and the senate shall adopt rules establishing a system of joint standing committees to consider and report recommendations on bills introduced in either house of the legislature.

Sec. 14. [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.

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 and expiration of the commission shall be as provided in section 15.059.

Subd. 4. [OFFICERS.] 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.

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

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

Sec. 15. Minnesota Statutes 1999 Supplement, section 3.971, subdivision 8, is amended to read:

Subd. 8. [BEST PRACTICES REVIEWS.] (a) The legislative auditor shall conduct best practices reviews that examine the procedures and practices used to deliver local government services, determine the methods of local government service delivery, identify variations in cost and effectiveness, and identify practices to save money or provide more effective service delivery. The legislative auditor shall recommend to local governments service delivery methods and practices to improve the cost-effectiveness of services. ~~The legislative auditor and the board of government innovation and cooperation shall notify each other of projects being conducted relating to improving local government services.~~

(b) The commission shall approve local government services to be reviewed with advice from an advisory council appointed by the legislative auditor and consisting of:

- (1) three representatives from the Association of Minnesota Counties;
- (2) three representatives from the League of Minnesota Cities;

- (3) two representatives from the Association of Metropolitan Municipalities;
- (4) one representative from the Minnesota Association of Townships; and
- (5) one representative from the Minnesota Association of School Administrators.

Sec. 16. [5.27] [DEPOSIT OF UCC FEES.]

Notwithstanding any law to the contrary, all fees received by the secretary of state under chapters 336 and 336A must be deposited in the Uniform Commercial Code account and are continuously appropriated to the secretary of state. This deposit must not occur until the Cambridge bank debt service account is fully funded.

Sec. 17. Minnesota Statutes 1999 Supplement, section 10A.01, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATIVE ACTION.] "Administrative action" means an action by any official, board, commission or agency of the executive branch to enter into a contract for goods or services to be paid for by public funds in an amount greater than \$5,000,000, or adopt, amend, or repeal a rule under chapter 14. "Administrative action" does not include the application or administration of an adopted rule, except in cases of rate setting, power plant and powerline siting, and granting of certificates of need under section 216B.243.

Sec. 18. Minnesota Statutes 1999 Supplement, section 10A.01, subdivision 21, is amended to read:

Subd. 21. [LOBBYIST.] (a) "Lobbyist" means an individual:

(1) engaged for pay or other consideration, or authorized to spend money by another individual, association, political subdivision, or public higher education system, who spends more than five hours in any month or more than \$250, not including the individual's own travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit, by communicating or urging others to communicate with public or local officials; or

(2) who spends more than \$250, not including the individual's own traveling expenses and membership dues, in any year for the purpose of attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit, by communicating or urging others to communicate with public or local officials.

(b) "Lobbyist" does not include:

(1) a public official;

(2) an employee of the state, including an employee of any of the public higher education systems;

(3) an elected local official;

(4) a nonelected local official or an employee of a political subdivision acting in an official capacity, unless the nonelected official or employee of a political subdivision spends more than 50 hours in any month attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit other than the political subdivision employing the official or employee, by communicating or urging others to communicate with public or local officials, including time spent monitoring legislative or administrative action, or the official action of a metropolitan governmental unit, and related research, analysis, and compilation and dissemination of information relating to legislative or administrative policy in this state, or to the policies of metropolitan governmental units;

(5) a party or the party's representative appearing in a proceeding before a state board, commission, or agency of the executive branch unless the board, commission, or agency is taking administrative action;

(6) an individual while engaged in selling goods or services in an amount of \$5,000,000 or less to be paid for by public funds;

(7) a news medium or its employees or agents while engaged in the publishing or broadcasting of news items, editorial comments, or paid advertisements which directly or indirectly urge official action;

(8) a paid expert witness whose testimony is requested by the body before which the witness is appearing, but only to the extent of preparing or delivering testimony; or

(9) a party or the party's representative appearing to present a claim to the legislature and communicating to legislators only by the filing of a claim form and supporting documents and by appearing at public hearings on the claim.

Sec. 19. [10A.035] [FORMER LEGISLATOR; LOBBYIST RESTRICTION.]

For the period of one year after leaving office or employment, a member of the legislature or an unclassified executive branch employee may not act as a lobbyist as defined in section 10A.01, subdivision 21, with regard to attempting to influence legislative action.

Sec. 20. Minnesota Statutes 1998, section 15.0591, subdivision 2, is amended to read:

Subd. 2. [BODIES AFFECTED.] A member meeting the qualifications in subdivision 1 must be appointed to the following boards, commissions, advisory councils, task forces, or committees:

- (1) advisory council on battered women;
- (2) advisory task force on the use of state facilities;
- (3) alcohol and other drug abuse advisory council;
- (4) board of examiners for nursing home administrators;
- (5) board on aging;
- (6) chiropractic examiners board;
- (7) consumer advisory council on vocational rehabilitation;
- (8) council on disability;
- (9) council on affairs of Chicano/Latino people;
- (10) council on Black Minnesotans;
- (11) dentistry board;
- (12) department of economic security advisory council;
- (13) higher education services office;
- (14) housing finance agency;
- (15) Indian advisory council on chemical dependency;

- (16) medical practice board;
- (17) medical policy directional task force on mental health;
- (18) Minnesota employment and economic development task force;
- (19) ~~Minnesota office of citizenship and volunteer services advisory committee;~~
- ~~(20)~~ Minnesota state arts board;
- ~~(21)~~ (20) nursing board;
- ~~(22)~~ (21) optometry board;
- ~~(23)~~ (22) pharmacy board;
- ~~(24)~~ (23) physical therapists council;
- ~~(25)~~ (24) podiatry board;
- ~~(26)~~ (25) psychology board;
- ~~(27)~~ (26) veterans advisory committee.

Sec. 21. Minnesota Statutes 1998, section 15A.0815, subdivision 2, is amended to read:

Subd. 2. [GROUP I SALARY LIMITS.] The salaries for positions in this subdivision may not exceed ~~85~~ 75 percent of the salary of the governor:

- Commissioner of administration;
- Commissioner of agriculture;
- Commissioner of children, families, and learning;
- Commissioner of commerce;
- Commissioner of corrections;
- Commissioner of economic security;
- Commissioner of employee relations;
- Commissioner of finance;
- Commissioner of health;
- Executive director, higher education services office;
- Commissioner, housing finance agency;
- Commissioner of human rights;

Commissioner of human services;
Executive director, state board of investment;
Commissioner of labor and industry;
Commissioner of natural resources;
Director of office of strategic and long-range planning;
Commissioner, pollution control agency;
Commissioner of public safety;
Commissioner, department of public service;
Commissioner of revenue;
Commissioner of trade and economic development;
Commissioner of transportation; and
Commissioner of veterans affairs.

Sec. 22. Minnesota Statutes 1998, section 15A.0815, subdivision 3, is amended to read:

Subd. 3. [GROUP II SALARY LIMITS.] The salaries for positions in this subdivision may not exceed ~~75~~ 65 percent of the salary of the governor:

Ombudsman for corrections;
Executive director of gambling control board;
Commissioner, iron range resources and rehabilitation board;
Commissioner, bureau of mediation services;
Ombudsman for mental health and retardation;
Chair, metropolitan council;
Executive director of pari-mutuel racing;
Executive director, public employees retirement association;
Commissioner, public utilities commission;
Executive director, state retirement system; and
Executive director, teachers retirement association.

Sec. 23. Minnesota Statutes 1998, section 16A.10, is amended by adding a subdivision to read:

Subd. 2a. [INFORMATION TECHNOLOGY PROJECTS.] Notwithstanding any law to the contrary, by November 30 of each even-numbered year, the commissioner must send the chairs of the house of representatives ways and means committee and the senate state government finance committee a list of all agency requests for funding in the next biennium of information and communication technology projects estimated to cost more than \$100,000.

Sec. 24. Minnesota Statutes 1999 Supplement, section 16A.103, subdivision 1, is amended to read:

Subdivision 1. [STATE REVENUE AND EXPENDITURES.] In February and November each year, the commissioner shall prepare a forecast of state revenue and expenditures. The November forecast must be delivered to the legislature and governor no later than the end of the first week of December. The February forecast must be delivered to the legislature and governor by the end of February. Forecasts must be delivered to the legislature and governor on the same day. If requested by the legislative commission on planning and fiscal policy, delivery to the legislature must include a presentation to the commission.

Subd. 1a. [FORECAST PARAMETERS.] The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of inflation and variables outside the control of the legislature. The forecast must include a set aside amount that reflects cost increases as a result of inflation in delivering the current law level of services. This amount may not exceed the amount obtained by applying the Consumer Price Index to those state expenditures that reflect payments for services at the state or local level. An amount to reflect increases in providing services may not be applied to any appropriation for which the law or process determining that appropriation amount already includes a factor to reflect those cost increases.

Subd. 1b. [FORECAST VARIABLE.] In determining the rate of inflation, the application of inflation, the amount of state bonding as it affects debt service, the calculation of investment income, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the chair chairs and lead minority members of the senate state government finance committee; and the chair of the house committee on ways and means committee, and house and senate legislative fiscal staff. This consultation must occur at least six weeks before the forecast is to be released. No later than two weeks prior to the release of the forecast, the commissioner must inform the chairs and lead minority members of the senate state government finance committee and the house ways and means committee, and legislative fiscal staff of any changes in these variables from the previous forecast.

Subd. 1c. [EXPENDITURE DATA.] State agencies must submit any revisions in expenditure data the commissioner determines necessary for the forecast to the commissioner at least four weeks prior to the release of the forecast. The information submitted by state agencies and any modifications to that information made by the commissioner must be made available to legislative fiscal staff no later than three weeks prior to the release of the forecast.

Subd. 1d. [REVENUE DATA.] On a monthly basis, the commissioner must provide legislative fiscal staff with an update of the previous month's state revenues no later than 12 days after the end of that month.

Subd. 1e. [ECONOMIC INFORMATION.] The commissioner must review economic information including economic forecasts with legislative fiscal staff no later than two weeks before the forecast is released. The commissioner must invite the chairs and lead minority members of the senate state government finance committee and the house ways and means committee, and legislative fiscal staff to attend any meetings held with outside economic advisors. The commissioner must provide legislative fiscal staff with monthly economic forecast information received from outside sources.

Subd. 1f. [PERSONAL INCOME.] In addition, the commissioner shall forecast Minnesota personal income for each of the years covered by the forecast and include these estimates in the forecast documents.

Subd. 1g. [PERIOD TO BE FORECAST.] A forecast prepared during the first fiscal year of a biennium must cover that biennium and the next biennium. A forecast prepared during the second fiscal year of a biennium must cover that biennium and the next two bienniums.

Sec. 25. Minnesota Statutes 1998, section 16A.11, subdivision 3, is amended to read:

Subd. 3. [PART TWO: DETAILED BUDGET.] (a) Part two of the budget, the detailed budget estimates both of expenditures and revenues, must contain any statements on the financial plan which the governor believes desirable or which may be required by the legislature. The detailed estimates shall include the governor's budget arranged in tabular form.

(b) The detailed estimates must include a separate line listing the total number of professional or technical service contracts and the total cost of those contracts for the prior biennium and the projected number of professional or technical service contracts and the projected costs of those contracts for the current and upcoming biennium. They must also include a summary of the personnel employed by the agency, reflected as full-time equivalent positions, and the number of professional or technical service consultants for the current biennium.

(c) The detailed estimates for internal service funds must include the number of full-time equivalents by program; detail on any loans from the general fund, including dollar amounts by program; proposed investments in technology or equipment of \$100,000 or more; an explanation of any operating losses or increases in retained earnings; and a history of the rates that have been charged, with an explanation of any rate changes and the impact of the rate changes on affected agencies.

Sec. 26. Minnesota Statutes 1998, section 16A.124, is amended by adding a subdivision to read:

Subd. 3a. [SUPPLEMENTAL AGREEMENT.] If an agency submits a supplemental agreement to an existing contract to the commissioner of administration for approval, the commissioner of administration must act on the supplemental agreement in time for the agency to make payments to the vendor in the manner required under this section.

Sec. 27. Minnesota Statutes 1998, section 16A.126, subdivision 2, is amended to read:

Subd. 2. [IMMEDIATE NEEDS.] To reduce reserves for unforeseen needs, and so reduce these rates, the commissioner may transfer money from the general fund to a revolving fund. Before doing so, the commissioner must decide there is not enough money in the revolving fund for an immediate, necessary expenditure. The amount necessary to make the transfer is appropriated from the general fund to the commissioner of finance. The commissioner shall report the amount and purpose of the transfer to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the department of finance.

Sec. 28. Minnesota Statutes 1999 Supplement, section 16A.129, subdivision 3, is amended to read:

Subd. 3. [CASH ADVANCES.] When the operations of any nongeneral fund account would be impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may use general fund cash reserves to meet cash demands. If funds are transferred from the general fund to meet cash flow needs, the cash flow transfers must be returned to the general fund as soon as sufficient cash balances are available in the account to which the transfer was made. ~~The fund to which general fund cash was advanced must pay interest on the cash advance at a rate comparable to the rate earned by the state on invested treasurer's cash, as determined monthly by the commissioner. An amount necessary to pay the interest is appropriated from the nongeneral fund to which the cash advance was made.~~ Any interest earned on general fund

cash flow transfers accrues to the general fund and not to the accounts or funds to which the transfer was made. The commissioner may advance general fund cash reserves to nongeneral fund accounts where the receipts from other governmental units cannot be collected within the budget period.

Sec. 29. [16A.145] [INFORMATION SYSTEMS PROJECTS.]

Before funds are spent or encumbered for an executive agency information systems development project estimated to cost more than \$1,000,000, the commissioner of finance must ensure that a source outside of state government has completed a risk assessment for the project and that the results of the assessment have been reported to the chairs of the house ways and means and senate state government finance committees. The entity performing the risk assessment must not have a direct or indirect financial interest in the project.

Sec. 30. [16A.633] [CAPITAL FUNDING CONTINGENT ON MAINTAINING DATA.]

Subdivision 1. [STATE AGENCIES.] Each state agency shall provide to the commissioner of administration the data necessary for the commissioner to maintain the department's database on the location, description, and condition of state-owned facilities. The data must be provided by December 15 each year. The commissioner of administration must maintain both the current inventory data and historical data. A state agency is not eligible to receive capital funding unless the agency has provided the data required.

Subd. 2. [MINNESOTA STATE COLLEGES AND UNIVERSITIES.] The board of trustees of the Minnesota state colleges and universities shall establish and maintain data on the location, description, and condition of board-owned facilities that is comparable with the database established by the department of administration. The data must be updated annually and the board must maintain both current inventory data and historical data. The board is not eligible to receive capital funding unless the board has established and maintains the data required.

Subd. 3. [UNIVERSITY OF MINNESOTA.] The board of regents of the University of Minnesota is requested to establish and maintain data on the location, description, and condition of university-owned facilities that is comparable with the database established by the department of administration. The university is requested to update the data annually and maintain both current inventory data and historical data. The board of regents is not eligible to receive capital funding unless the board has established and maintains the data required.

Sec. 31. [16A.6705] [LIMIT.]

(a) The commissioner may not issue bonds to provide money for a project for which the legislature has appropriated more than \$5,000,000 unless a cost-benefit analysis has been completed and shows a positive benefit to the public. The management analysis division of the department of administration must perform or direct the performance of the analysis.

(b) All cost-benefit analysis documents under this section, including preliminary drafts and notes, are public data.

(c) If a cost-benefit analysis does not show a positive benefit to the public, the governor may issue bonds for the project if a cost-effectiveness study has been done that shows a proposed project is the most effective way to provide a necessary public good compared to other means of accomplishing the goals of legislation authorizing the appropriation.

(d) This section does not apply to projects that are in response to a natural disaster if an emergency has been declared by the governor.

Sec. 32. Minnesota Statutes 1998, section 16B.052, is amended to read:

16B.052 [AUTHORITY TO TRANSFER FUNDS.]

The commissioner may, with the approval of the commissioner of finance, transfer from an internal service or enterprise fund account to another internal service or enterprise fund account, any contributed capital appropriated by the legislature. The transfer may be made only to provide working capital or positive cash flow in the account to which the money is transferred. The commissioner shall report the amount and purpose of the transfer to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the department of administration. The transfer must be repaid within 18 months.

Sec. 33. Minnesota Statutes 1998, section 16B.31, is amended by adding a subdivision to read:

Subd. 1a. [DESIGN-BUILD PROHIBITION.] An agency may not use a design-build method of project development and construction. For purposes of this subdivision:

(1) "design-build method" means a project delivery system in which a single contractor is responsible for both the design and construction of the project and in which the design and construction are bid together;

(2) "agency" has the meaning defined in section 16B.01, and includes the Minnesota state colleges and universities and any agency to which the commissioner or other law has delegated contracting authority.

Sec. 34. Minnesota Statutes 1998, section 16B.335, subdivision 5, is amended to read:

Subd. 5. [INFORMATION TECHNOLOGY.] Agency requests for construction and remodeling funds shall include money for cost-effective information technology investments that would enable an agency to reduce its need for office space, provide more of its services electronically, and decentralize its operations. ~~The office of technology must review and approve the information technology portion of construction and major remodeling program plans before the plans are submitted to the chairs of the senate finance committee and the house of representatives ways and means committee for their recommendations and the chair of the house of representatives capital investment committee is notified as required by subdivision 1.~~

Sec. 35. Minnesota Statutes 1998, section 16B.42, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The council shall: assist state and local agencies in developing and updating intergovernmental information systems; facilitate participation of users during the development of major revisions of intergovernmental information systems; review intergovernmental information and computer systems involving intergovernmental funding; encourage cooperative efforts among state and local governments in developing intergovernmental information systems; present local government concerns to state government and state government concerns to local government with respect to intergovernmental information systems; ~~develop and recommend standards and policies for intergovernmental information systems to the office of technology;~~ foster the efficient use of available federal, state, local, and private resources for the development of intergovernmental systems; keep government agencies abreast of the state of the art in information systems; prepare guidelines for intergovernmental systems; assist the commissioner of administration in the development of cooperative contracts for the purchase of information system equipment and software; and assist the legislature by providing advice on intergovernmental information systems issues.

Sec. 36. Minnesota Statutes 1998, section 16B.42, subdivision 3, is amended to read:

Subd. 3. [OTHER DUTIES.] The intergovernmental information systems advisory council shall (1) recommend to the commissioners of state departments, the legislative auditor, and the state auditor a method for the expeditious gathering and reporting of information and data between agencies and units of local government in accordance with cooperatively developed standards; (2) elect an executive committee, not to exceed seven members from its

membership; (3) develop an annual plan, to include administration and evaluation of grants, in compliance with applicable rules; (4) provide technical information systems assistance or guidance to local governments for development, implementation, and modification of automated systems, including formation of consortiums for those systems; (5) appoint committees and task forces, which may include persons other than council members, to assist the council in carrying out its duties; (6) select an executive director to serve the council and may employ other employees it deems necessary, all of whom are in the classified service of the state civil service; and (7) may contract for professional and other similar services on terms it deems desirable; and (8) work with the office of technology to ensure that information systems developed by state agencies that impact local government will be reviewed by the council.

Sec. 37. Minnesota Statutes 1998, section 16B.48, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENTS.] Except as specifically provided otherwise by law, each agency shall reimburse intertechnologies and general services revolving funds for the cost of all services, supplies, materials, labor, and depreciation of equipment, including reasonable overhead costs, which the commissioner is authorized and directed to furnish an agency. The cost of all publications or other materials produced by the commissioner and financed from the general services revolving fund must include reasonable overhead costs. The commissioner of administration shall report the rates to be charged for each revolving fund no later than July 1 each year to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the department of administration. The commissioner of finance shall make appropriate transfers to the revolving funds described in this section when requested by the commissioner of administration. The commissioner of administration may make allotments, encumbrances, and, with the approval of the commissioner of finance, disbursements in anticipation of such transfers. In addition, the commissioner of administration, with the approval of the commissioner of finance, may require an agency to make advance payments to the revolving funds in this section sufficient to cover the agency's estimated obligation for a period of at least 60 days. All reimbursements and other money received by the commissioner of administration under this section must be deposited in the appropriate revolving fund. Any earnings remaining in the fund established to account for the documents service prescribed by section 16B.51 at the end of each fiscal year not otherwise needed for present or future operations, as determined by the commissioners of administration and finance, must be transferred to the general fund.

Sec. 38. Minnesota Statutes 1998, section 16B.485, is amended to read:

16B.485 [INTERFUND LOANS.]

The commissioner may, with the approval of the commissioner of finance, make loans from an internal service or enterprise fund to another internal service or enterprise fund, and the amount necessary is appropriated from the fund that makes the loan. The commissioner shall report the amount and purpose of the loan to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the department of administration. The term of a loan made under this section must be not more than 24 months.

Sec. 39. Minnesota Statutes 1999 Supplement, section 16B.616, subdivision 3, is amended to read:

Subd. 3. [SAFETY REQUIREMENTS.] In places of public accommodation using bleacher seating, all bleachers or bleacher open spaces over ~~30~~ 55 inches above grade or the floor below, and all bleacher guardrails if any part of the guardrail is over 55 inches above grade or the floor below must conform to the following safety requirements:

(1) the open space between bleacher footboards, seats, and guardrails must not exceed four inches, unless approved safety nets are installed, except that bleachers already in existence as of August 1, 2001, with open spaces not exceeding nine inches, are exempt from the requirement of this clause;

(2) bleachers must have vertical perimeter guardrails with no more than four-inch rail spacing between vertical rails or other approved guardrails that address climbability and are designed to prevent accidents; and

(3) the state building official shall determine whether the safety nets and guardrail climbability meet the requirements of the alternate design section of the State Building Code. All new bleachers manufactured, installed, sold, or distributed after ~~January~~ August 1, 2001, must comply with the State Building Code in effect and ~~clauses (1), (2), and (3)~~ this subdivision.

Sec. 40. Minnesota Statutes 1999 Supplement, section 16B.616, subdivision 4, is amended to read:

Subd. 4. [ENFORCEMENT.] (a) A statutory or home rule charter city that is not covered by the code because of action taken under section 16B.72 or 16B.73 is responsible for enforcement in the city of the code's requirements for bleacher safety. In all other areas where the code does not apply because of action taken under section 16B.72 or 16B.73, the county is responsible for enforcement of those requirements.

(b) Municipalities that have not adopted the code may enforce the code requirements for bleacher safety by either entering into a joint powers agreement for enforcement with another municipality that has adopted the code or contracting for enforcement with a qualified and certified building official or state licensed design professional to enforce the code.

(c) Municipalities, school districts, organizations, individuals, and other persons operating or owning places of public accommodation with bleachers that are subject to the safety requirements in subdivision 3 shall provide a signed certification of compliance to the commissioner by January 1, ~~2001~~ 2002. The certification shall be prepared by a qualified and certified building official or state licensed design professional and shall certify that the bleachers have been inspected and are in compliance with the requirements of this section and are structurally sound. For bleachers owned by a school district, the person the district designates to be responsible for buildings and grounds may make the certification.

Sec. 41. Minnesota Statutes 1998, section 43A.38, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purpose of this section the following definitions shall apply:

(a) "Business" means any corporation, partnership, proprietorship, firm, enterprise, franchise, association, organization, self-employed individual or any other legal entity which engages either in nonprofit or profit making activities.

(b) "Confidential information" means any information obtained under government authority which has not become part of the body of public information and which, if released prematurely or in nonsummary form, may provide unfair economic advantage or adversely affect the competitive position of an individual or a business.

(c) "Employee in the executive branch" means an employee as defined in section 43A.02, subdivision 21, and executive branch constitutional officers.

(d) "Private interest" means any interest, including but not limited to a financial interest, which pertains to a person or business whereby the person or business would gain a benefit, privilege, exemption or advantage from the action of a state agency or employee that is not available to the general public.

Sec. 42. [43A.50] [PROPOSALS.]

Subdivision 1. [PROGRAM ESTABLISHMENT.] The commissioner shall establish and promote a program to solicit proposals from state employees and former state employees for ways to reduce the cost of operating state government or for ways of providing the state better or more efficient service. The program must include potential for sharing savings with an employee, former employee, or group of current or former employees whose proposal results in a cost savings to the state. For purposes of this section, state "employee" has the meaning defined in section 43A.02, subdivision 21.

Subd. 2. [PROCESS.] (a) A state employee, former state employee, or a group of state employees or former state employees may submit a proposal to the commissioner for reducing the cost of operating state government or for providing the state better or more efficient service. The commissioner may develop a recommended form for submission of proposals.

(b) The commissioner must decide how to act on each proposal. The commissioner must determine which proposals warrant consideration for award of shared savings payments. In making a determination, the commissioner must consider:

(1) the potential for significant, measurable savings;

(2) the extent to which the proposal goes beyond common ideas for reducing expenditures;

(3) the extent to which the proposal has the potential to reduce expenditures without reducing the quality or level of service that is contemplated by the law establishing the program;

(4) the extent to which people affected by the service are likely to support the proposal, and the potential for including input from affected people in the implementation of the proposal.

(c) If the commissioner determines a proposal does not warrant consideration for a shared savings plan, the commissioner shall forward the proposal to the appropriate state agency for its review and comment. If the commissioner determines a proposal warrants further consideration for shared savings payments, the commissioner shall seek review and comments from the appropriate state agency to further analyze the feasibility of the proposal and the extent to which the potential savings could be measured.

Subd. 3. [SHARED SAVINGS PLANS.] (a) An approved shared savings plan must contain the following elements:

(1) a plan to reduce state government costs;

(2) a method of documenting reduction in costs attributable to the plan;

(3) an agreement that a specified percentage of documented net cost savings over a prescribed period of time will be shared, in the form of a one-time payment, with employees or former employees who suggested the plan.

(b) In approving a shared savings plan, the commissioner shall use the following guidelines in determining the amount of net savings proposed to be shared:

| <u>Projected Annual Savings</u> | <u>Amount to be shared</u> |
|---------------------------------|--|
| <u>\$0 to \$1,000</u> | <u>20 percent, not to exceed \$150</u> |
| <u>\$1,001 to \$10,000</u> | <u>15 percent, not to exceed \$1,000</u> |
| <u>\$10,001 to \$100,000</u> | <u>10 percent, not to exceed \$7,500</u> |
| <u>\$100,001 to \$500,000</u> | <u>7.5 percent, not to exceed \$25,000</u> |
| <u>\$500,001 to \$1 million</u> | <u>5 percent, not to exceed \$37,500</u> |
| <u>Over \$1 million</u> | <u>3.75 percent, not to exceed \$100,000</u> |

The percentage to be shared applies only to the first full year of net savings after the proposal has been fully implemented.

(c) A state employee who is represented by an exclusive representative may not receive payments under a shared savings plan except as provided in a collective bargaining agreement.

Subd. 4. [SHARED SAVINGS PAYMENTS.] (a) Shared savings payments may be made only when the commissioner determines that a proposal has been implemented and that the projected savings under the shared savings plan have been realized. This determination, and the calculation of the amount of savings to be shared, is at the sole discretion of the commissioner.

(b) Shared savings payments must be made from funds appropriated for the operation of the agency program that is the subject of the shared savings plan. Shared savings payments under this section are a permissible use of an appropriation for operation of an agency program.

(c) Shared savings payments may not be made to persons who are covered by the managerial plan established in section 43A.18, subdivision 3, or the excluded administrators plan established in section 43A.18, subdivision 3a, unless the commissioner determines that the proposal involves matters that are outside the scope of the manager's normal job duties. A legislator, constitutional officer, judge, or commissioner of an agency listed in section 15.06, subdivision 1, may not make a shared savings proposal and may not receive shared savings payments, but persons who formerly served in these positions may make proposals and receive shared savings payments.

Subd. 5. [AGENCY COOPERATION.] Upon request of the commissioner, a state agency must cooperate with the commissioner in administration of the suggestion and shared savings program. Requested cooperation may include:

- (1) assisting the commissioner in analyzing the merits of a suggestion;
- (2) explaining to the commissioner how a suggestion has been implemented, or why it is not feasible or desirable to implement a suggestion, whether or not the suggestion results in a shared savings plan; and
- (3) assisting the commissioner in the design and implementation of a shared savings plan.

Subd. 6. [DATA PRACTICES.] The name of an employee or former employee submitting a suggestion to the commissioner is private data on individuals. However, the person's name becomes public data when a shared savings plan is approved by the commissioner. The commissioner must notify affected people who wish to participate in a shared savings plan that their names will become public if the plan is approved.

Subd. 7. [REPORT.] The commissioner shall report annually to the legislature on the implementation of this section. The reports must summarize the proposals submitted, the commissioner's action on each proposal, and the affected state agency's action on each proposal.

Sec. 43. Minnesota Statutes 1998, section 85A.02, subdivision 5a, is amended to read:

Subd. 5a. [EMPLOYEES.] (a) The board shall appoint an administrator who shall serve as the executive secretary and principal administrative officer of the board and, subject to its approval, shall operate the Minnesota zoological garden and enforce all rules and policy decisions of the board. The administrator must be chosen solely on the basis of training, experience, and other qualifications appropriate to the field of zoo management and development. The board shall set the salary of the administrator. The salary of the administrator may not exceed ~~85 percent~~ of the salary of the governor; however, any amount exceeding 65 percent of the salary of the governor must consist of nonstate funds. The administrator shall perform duties assigned by the board and serves in the unclassified service at the pleasure of the board. The administrator, with the participation of the board, shall appoint a development director in the unclassified service or contract with a development consultant to establish mechanisms to foster community participation in and community support for the Minnesota zoological garden. The board may employ other necessary professional, technical, and clerical personnel. Employees of the zoological garden are eligible for salary supplement in the same manner as employees of other state agencies. The commissioner of finance shall determine the amount of salary supplement based on available funds.

(b) The board may contract with individuals to perform professional services and may contract for the purchases of necessary species exhibits, supplies, services, and equipment. The board may also contract for the construction and operation of entertainment facilities on the zoo grounds that are not directly connected to ordinary functions of the zoological garden. The zoo board may not enter into a final agreement for construction of an entertainment facility that is not directly connected to the ordinary functions of the zoo until after final construction plans have been submitted to the chairs of the senate finance and house appropriations committees for their recommendations.

The zoo may not contract for entertainment during the period of the Minnesota state fair that would directly compete with entertainment at the Minnesota state fair.

Sec. 44. Minnesota Statutes 1998, section 119A.05, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY FOR FUNDING CONSOLIDATION.] Notwithstanding existing law governing allocation of funds by local grantees, mode of service delivery, grantee planning and reporting requirements, and other procedural requirements for the grant programs identified in this section, a local grantee may elect to consolidate all or a portion of funding received from the programs under subdivision 5 in a collaboration funding plan, if all conditions specified in this section are satisfied. County boards, school boards, or governing boards of other grantees may elect not to consolidate funding for a program.

For grantees electing consolidation, the commissioner may, ~~with the approval of the board of government innovation and cooperation,~~ waive all provisions of rules inconsistent with the intent of this section. This waiver authority does not apply to rules governing client protections, due process, or inclusion of clients, parents, cultures, and ethnicities in decision making. Funding to a local grantee must be determined according to the funding formulas or allocation rules governing the individual programs listed in section 119A.04.

Sec. 45. Minnesota Statutes 1999 Supplement, section 125B.21, subdivision 1, is amended to read:

Subdivision 1. [STATE COUNCIL MEMBERSHIP.] The membership of the Minnesota education telecommunications council established in Laws 1993, First Special Session chapter 2, is expanded to include representatives of elementary and secondary education. The membership shall consist of three representatives from the University of Minnesota; three representatives of the board of trustees for Minnesota state colleges and universities; one representative of the higher education services offices; one representative appointed by the private college council; one representative selected by the commissioner of administration; eight representatives selected by the commissioner of children, families, and learning, at least one of which must come from each of the six higher education telecommunication regions; ~~a representative from the office of technology;~~ two members each from the senate and the house of representatives selected by the subcommittee on committees of the committee on rules and administration of the senate and the speaker of the house, one member from each body must be a member of the minority party; and three representatives of libraries, one representing regional public libraries, one representing multitype libraries, and one representing community libraries, selected by the governor. The council shall:

(1) develop a statewide vision and plans for the use of distance learning technologies and provide leadership in implementing the use of such technologies;

(2) recommend educational policy relating to telecommunications;

(3) determine priorities for use;

(4) oversee coordination of networks for post-secondary campuses, kindergarten through grade 12 education, and regional and community libraries;

(5) review application for telecommunications access grants under Minnesota Statutes, section 125B.20, and recommend to the department grants for funding;

(6) determine priorities for grant funding proposals; and

(7) work with the information policy office to ensure consistency of the operation of the learning network with standards of an open system architecture.

The council shall consult with representatives of the telecommunication industry in implementing this section.

Sec. 46. Minnesota Statutes 1998, section 138.17, subdivision 10, is amended to read:

Subd. 10. [OPTICAL IMAGE STORAGE.] (a) Any government record, including a record with archival value, may be transferred to and stored on a nonerasable optical imaging system and retained only in that format, if the requirements of this section are met.

(b) All documents preserved on nonerasable optical imaging systems must meet standards for permanent records specified in section 15.17, subdivision 1, and must be kept available for retrieval so long as any law requires. Standards under section 15.17, subdivision 1, may not be inconsistent with efficient use of optical imaging systems.

(c) A government entity storing a record on an optical imaging system shall create and store a backup copy of the record at a site other than the site where the original is kept. The government entity shall retain the backup copy and operable retrieval equipment so long as any law requires the original to be retained. The backup copy required by this paragraph must be preserved either (1) on a nonerasable optical imaging system; or (2) by another reproduction method approved by the records disposition panel.

(d) All contracts for the purchase of optical imaging systems used pursuant to this chapter shall contain terms that insure continued retrievability of the optically stored images ~~and conform to any guidelines that may be established by the office of technology of the department of administration for perpetuation of access to stored data.~~

Sec. 47. Minnesota Statutes 1999 Supplement, section 179A.04, subdivision 3, is amended to read:

Subd. 3. [OTHER DUTIES.] (a) The commissioner shall:

(1) provide mediation services as requested by the parties until the parties reach agreement, and may continue to assist parties after they have submitted their final positions for interest arbitration;

(2) issue notices, subpoenas, and orders required by law to carry out duties under sections 179A.01 to 179A.25;

(3) assist the parties in formulating petitions, notices, and other papers required to be filed with the commissioner;

(4) conduct elections;

(5) certify the final results of any election or other voting procedure conducted under sections 179A.01 to 179A.25;

(6) adopt rules relating to the administration of this chapter and the conduct of hearings and elections;

(7) receive, catalogue, file, and make available to the public all decisions of arbitrators and panels authorized by sections 179A.01 to 179A.25, all grievance arbitration decisions, and the commissioner's orders and decisions;

(8) adopt, subject to chapter 14, a grievance procedure that fulfills the purposes of section 179A.20, subdivision 4, ~~does not provide for the services of the bureau of mediation services and~~ that is available to any employee in a unit not covered by a contractual grievance procedure;

(9) maintain a schedule of state employee classifications or positions assigned to each unit established in section 179A.10, subdivision 2;

(10) collect fees established by rule for empanelment of persons on the labor arbitrator roster maintained by the commissioner or in conjunction with fair share fee challenges;

(11) provide technical support and assistance to voluntary joint labor-management committees established for the purpose of improving relationships between exclusive representatives and employers, at the discretion of the commissioner;

(12) provide to the parties a list of arbitrators as required by section 179A.16, subdivision 4; and

(13) maintain a list of up to 60 arbitrators for referral to employers and exclusive representatives for the resolution of grievance or interest disputes. Each person on the list must be knowledgeable about collective bargaining and labor relations in the public sector, well versed in state and federal labor law, and experienced in and knowledgeable about labor arbitration. To the extent practicable, the commissioner shall appoint members to the list so that the list is gender and racially diverse.

(b) From the names provided by representative organizations, the commissioner shall maintain a list of arbitrators to conduct teacher discharge or termination hearings according to section 122A.40 or 122A.41. The persons on the list must meet at least one of the following requirements:

(1) be a former or retired judge;

(2) be a qualified arbitrator on the list maintained by the bureau;

(3) be a present, former, or retired administrative law judge; or

(4) be a neutral individual who is learned in the law and admitted to practice in Minnesota, who is qualified by experience to conduct these hearings, and who is without bias to either party.

Each year, education Minnesota shall provide a list of up to 14 names and the Minnesota school boards association a list of up to 14 names of persons to be on the list. The commissioner may adopt rules about maintaining and updating the list.

Sec. 48. Minnesota Statutes 1998, section 179A.18, subdivision 1, is amended to read:

Subdivision 1. [WHEN AUTHORIZED.] Essential employees may not strike. Except as otherwise provided by subdivision 2 and section 179A.17, subdivision 2, other public employees may strike only under the following circumstances:

(1)(a) the collective bargaining agreement between their exclusive representative and their employer has expired or, if there is no agreement, impasse under section 179A.17, subdivision 2, has occurred; and

(b) the exclusive representative and the employer have participated in mediation over a period of at least 45 days, provided that the mediation period established by section 179A.17, subdivision 2, governs negotiations under that section, and provided that for the purposes of this subclause the mediation period commences on the day following receipt by the commissioner of a request for mediation; or

(2) the employer violates section 179A.13, subdivision 2, clause (9); or

(3) in the case of state employees,

(a) the legislative coordinating commission ~~on employee relations~~ has rejected a negotiated agreement or arbitration decision during a legislative interim; or

(b) the entire legislature rejects or fails to ratify a negotiated agreement or arbitration decision, which has been approved during a legislative interim by the legislative coordinating commission ~~on employee relations~~, at a special legislative session called to consider it, or at its next regular legislative session, whichever occurs first.

Sec. 49. Minnesota Statutes 1998, section 181.932, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTION.] An employer shall not discharge, discipline, threaten, otherwise discriminate against, or penalize an employee regarding the employee's compensation, terms, conditions, location, or privileges of employment because:

(a) the employee, or a person acting on behalf of an employee, in good faith, reports a violation or suspected violation of any federal or state law or rule adopted pursuant to law to an employer or to any governmental body or law enforcement official;

(b) the employee is requested by a public body or office to participate in an investigation, hearing, inquiry;

(c) the employee refuses an employer's order to perform an action that the employee has an objective basis in fact to believe violates any state or federal law or rule or regulation adopted pursuant to law, and the employee informs the employer that the order is being refused for that reason; ~~or~~

(d) the employee, in good faith, reports a situation in which the quality of health care services provided by a health care facility, organization, or health care provider violates a standard established by federal or state law or a professionally recognized national clinical or ethical standard and potentially places the public at risk of harm; or

(e) a state employee or former state employee submits a proposal to the commissioner of employee relations under section 43A.50.

Sec. 50. Minnesota Statutes 1999 Supplement, section 181.932, subdivision 2, is amended to read:

Subd. 2. [DISCLOSURE OF IDENTITY.] The identity of any employee making a report to a governmental body or law enforcement official under subdivision 1, clause (a) or (d), is private data on individuals as defined in section 13.02. The identity of a state employee or former state employee submitting a proposal under subdivision 1, clause (e), is private data on individuals to the extent provided in section 43A.50. The identity of an employee providing information under subdivision 1, clause (b), is private data on individuals if:

(1) the employee would not have provided the information without an assurance that the employee's identity would remain private, because of a concern that the employer would commit an action prohibited under subdivision 1 or that the employee would be subject to some other form of retaliation; or

(2) the state agency, statewide system, or political subdivision reasonably believes that the employee would not have provided the data because of that concern.

If the disclosure is necessary for prosecution, the identity of the employee may be disclosed but the employee shall be informed prior to the disclosure.

Sec. 51. Minnesota Statutes 1998, section 193.143, is amended to read:

193.143 [STATE ARMORY BUILDING COMMISSION, POWERS.]

Such corporation, subject to the conditions and limitations prescribed in sections 193.141 to 193.149, shall possess all the powers of a body corporate necessary and convenient to accomplish the objectives and perform the duties prescribed by sections 193.141 to 193.149, including the following, which shall not be construed as a limitation upon the general powers hereby conferred:

(1) To acquire by lease, purchase, gift, or condemnation proceedings all necessary right, title, and interest in and to the lands required for a site for a new armory and all other real or personal property required for the purposes contemplated by the Military Code and to hold and dispose of the same, subject to the conditions and limitations herein prescribed; provided that any such real or personal property or interest therein may be so acquired or accepted subject to any condition which may be imposed thereon by the grantor or donor and agreed to by such corporation not inconsistent with the proper use of such property by the state for armory or military purposes as herein provided.

(2) To exercise the right of eminent domain in the manner provided by chapter 117, for the purpose of acquiring any property which such corporation is herein authorized to acquire by condemnation; provided, that the corporation may take possession of any such property so to be acquired at any time after the filing of the petition describing the same in condemnation proceedings; provided further, that this shall not preclude the corporation from abandoning the condemnation of any such property in any case where possession thereof has not been taken.

(3) To construct and equip new armories as authorized herein; to pay therefor out of the funds obtained as hereinafter provided and to hold, manage, and dispose of such armory, equipment, and site as hereinafter provided. The total amount of bonds issued on account of such armories shall not exceed the amount of the cost thereof; provided also, that the total bonded indebtedness of the commission shall not at any time exceed the aggregate sum of ~~\$7,000,000~~ \$15,000,000.

(4) To enter into partnerships with federal and state governments and to match federal and local funds, when available.

(5) To sue and be sued.

~~(5)~~ (6) To contract and be contracted with in any matter connected with any purpose or activity within the powers of such corporations as herein specified; provided, that no officer or member of such corporation shall be personally interested, directly or indirectly, in any contract in which such corporation is interested.

~~(6)~~ (7) To employ any and all professional and nonprofessional services and all agents, employees, workers, and servants necessary and proper for the purposes and activities of such corporation as authorized or contemplated herein and to pay for the same out of any portion of the income of the corporation available for such purposes or activities. The officers and members of such corporation shall not receive any compensation therefrom, but may receive their reasonable and necessary expenses incurred in connection with the performance of their duties; provided however, that whenever the duties of any member of the commission require full time and attention the commission may compensate the member therefor at such rates as it may determine.

~~(7)~~ (8) To borrow money and issue bonds for the purposes and in the manner and within the limitations herein specified, and to pledge any and all property and income of such corporation acquired or received as herein provided to secure the payment of such bonds, subject to the provisions and limitations herein prescribed, and to redeem any such bonds if so provided therein or in the mortgage or trust deed accompanying the same.

~~(8)~~ (9) To use for the following purposes any available money received by such corporation from any source as herein provided in excess of those required for the payment of the cost of such armory and for the payment of any bonds issued by the corporation and interest thereon according to the terms of such bonds or of any mortgage or trust deed accompanying the same:

~~(a)~~ (i) To pay the necessary incidental expenses of carrying on the business and activities of the corporation as herein authorized;

~~(b)~~ (ii) To pay the cost of operating, maintaining, repairing, and improving such new armories;

~~(c)~~ (iii) If any further excess moneys remain, to purchase upon the open market at or above or below the face or par value thereof any bonds issued by the corporation as herein authorized; provided, that any bonds so purchased shall thereupon be canceled.

~~(9)~~ (10) To adopt and use a corporate seal.

~~(10)~~ (11) To adopt all needful bylaws and rules for the conduct of business and affairs of such corporation and for the management and use of all armories while under the ownership and control of such corporation as herein provided, not inconsistent with the use of such armory for armory or military purposes.

~~(11)~~ (12) Such corporation shall issue no stock.

~~(12)~~ (13) No officer or member of such corporation shall have any personal share or interest in any funds or property of the corporation or be subject to any personal liability by reason of any liability of the corporation.

~~(13)~~ (14) The Minnesota state armory building commission created under section 193.142 shall keep all money and credits received by it as a single fund, to be designated as the "Minnesota state armory building commission fund," with separate accounts for each armory; and the commission may make transfers of money from funds appertaining to any armory under its control for use for any other such armory; provided such transfers shall be made only from money on hand, from time to time, in excess of the amounts required to meet payments of interest or principal on bonds or other obligations appertaining to the armory to which such funds pertain and only when necessary to pay expenses of construction, operation, maintenance, and debt service of such other armory; provided further, no such transfer of any money paid for the support of any armory by the municipality in which such armory is situated shall be made by the commission.

~~(14)~~ (15) The corporation created under section 193.142 may designate one or more state or national banks as depositories of its funds, and may provide, upon such conditions as the corporation may determine, that the treasurer of the corporation shall be exempt from personal liability for loss of funds deposited in any such depository due to the insolvency or other acts or omissions of such depository.

~~(15)~~ (16) The governor is empowered to apply for grants of money, equipment, and materials which may be made available to the states by the federal government for leasing, building, and equipping armories for the use of the military forces of the state which are reserve components of the armed forces of the United States, whenever the governor is satisfied that the conditions under which such grants are offered by the federal government, are for the best interests of the state and are not inconsistent with the laws of the state relating to armories, and to accept such grants in the name of the state. The Minnesota state armory building commission is designated as the agency of the state to receive such grants and to use them for armory purposes as prescribed in this chapter, and by federal laws, and regulations not inconsistent therewith.

Sec. 52. Minnesota Statutes 1998, section 221.173, is amended to read:

221.173 [ELECTRONIC SIGNATURE.]

(a) The commissioner may accept in lieu of a required document completed on paper, an electronically transmitted document authenticated by an electronic signature.

~~(b) The commissioner shall consult with the office of technology, which shall provide advice and assistance in establishing criteria and standards for authentication of electronic signatures and establishing to a reasonable certainty the validity, security, and linkage of a specific, unaltered, electronically transmitted document, its unforged signature, and its authorized signer.~~

~~(c)~~ (c) The commissioner may determine the technology or system to be used, which may include a private key/public key system, an encrypted or cryptology-based system, a pen-based, on-screen signature system that captures and verifies an autograph and links it to a specific document, or other system or technology or combination of systems.

~~(d)~~ (c) To the extent consistent with this section, laws and rules pertaining to paper-based documents also pertain to electronically transmitted documents.

Sec. 53. Minnesota Statutes 1998, section 256.9753, subdivision 3, is amended to read:

Subd. 3. [EXPENDITURES.] ~~The board shall consult with the office of citizenship and volunteer services prior to expending money available for the retired senior volunteer programs.~~ Expenditures shall be made (1) to strengthen and expand existing retired senior volunteer programs, and (2) to encourage the development of new programs in areas in the state where these programs do not exist. Grants shall be made consistent with applicable federal guidelines.

Sec. 54. Minnesota Statutes 1998, section 349A.02, subdivision 1, is amended to read:

Subdivision 1. [DIRECTOR.] A state lottery is established under the supervision and control of the director of the state lottery appointed by the governor with the advice and consent of the senate. The director must be qualified by experience and training in the operation of a lottery to supervise the lottery. The director serves in the unclassified service. The annual salary rate authorized for the director is equal to ~~85~~ 95 percent of the salary rate prescribed for the governor.

Sec. 55. Minnesota Statutes 1998, section 422A.101, subdivision 3, is amended to read:

Subd. 3. [STATE CONTRIBUTIONS.] (a) Subject to the limitation set forth in paragraph (c), the state shall pay to the Minneapolis employees retirement fund annually an amount equal to the amount calculated under paragraph (b).

(b) The payment amount is an amount equal to the financial requirements of the Minneapolis employees retirement fund reported in the actuarial valuation of the fund prepared by the commission-retained actuary pursuant to section 356.215 for the most recent year but based on a target date for full amortization of the unfunded actuarial accrued liabilities by June 30, 2020, less the amount of employee contributions required pursuant to section 422A.10, and the amount of employer contributions required pursuant to subdivisions 1a, 2, and 2a. Payments shall be made ~~in four equal installments, occurring on March 15, July 15, September 15, and November 15~~ annually.

(c) The annual state contribution under this subdivision may not exceed ~~\$10,455,000 through fiscal year 1998 and \$9,000,000 beginning in fiscal year 1999~~, plus the cost of the annual supplemental benefit determined under section 356.865.

(d) If the amount determined under paragraph (b) exceeds \$11,910,000, the excess must be allocated to and paid to the fund by the employers identified in subdivisions 1a and 2, other than units of metropolitan government. Each employer's share of the excess is proportionate to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in the annual actuarial valuation prepared by the actuary retained by the legislative commission on pensions and retirement compared to the total unfunded actuarial accrued liability attributed to all employers identified in subdivisions 1a and 2, other than units of metropolitan government. Payments must be made in equal installments as set forth in paragraph (b).

Sec. 56. Minnesota Statutes 1998, section 471.345, is amended by adding a subdivision to read:

Subd. 15. [DESIGN-BUILD PROHIBITION.] A municipality may not use a design-build method of project development and construction. For purposes of this subdivision, "design-build method" means a project delivery system in which a single contractor is responsible for both the design and construction of the project and in which the design and construction are bid together.

Sec. 57. [473.1296] [LIMIT.]

(a) The metropolitan council or a metropolitan agency may not issue bonds to provide money for a project estimated to cost more than \$5,000,000 unless a cost-benefit analysis has been completed and shows a positive benefit to the public.

(b) All cost-benefit analysis documents under this section, including preliminary drafts and notes, are public data.

(c) If a cost-benefit analysis does not show a positive benefit to the public, the metropolitan agency may issue bonds for the project if a cost-effectiveness study has been done that shows a proposed project is the most effective way to provide a necessary public good.

(d) This section does not apply to projects that are in response to a natural disaster if an emergency has been declared by the governor.

Sec. 58. Minnesota Statutes 1999 Supplement, section 473.3993, subdivision 3, is amended to read:

Subd. 3. [FINAL DESIGN PLAN.] (a) "Final design plan" means a light rail transit plan that includes the items in the preliminary design plan and the preliminary engineering plan for the facilities proposed but with greater detail and specificity needed for construction. The final design plan must include, at a minimum:

(1) final plans for the physical design of facilities, including the right-of-way definition; environmental impacts and mitigation measures; intermodal coordination with bus operations and routes; and civil engineering plans for vehicles, track, stations, parking, and access, including handicapped access; and

(2) final plans for civil engineering for electrification, communication, and other similar facilities; operational rules, procedures, and strategies; capital costs; ridership; operating costs and revenues, and sources of funds for operating subsidies; financing for construction and operation; an implementation method; and other similar matters.

The final design plan must be stated with sufficient particularity and detail to allow the proposer to begin the acquisition and construction of operable facilities. ~~If a design-build implementation method is proposed, instead of civil engineering plans the final design plan must state detailed design criteria and performance standards for the facilities.~~

~~The commissioner of transportation may use a design-build method of project development and construction for light rail transit. Notwithstanding any law to the contrary, the commissioner may award a design-build contract on the basis of requests for proposals or requests for qualifications without bids. "Design-build method of project development and construction" means a project delivery system in which a single contractor is responsible for both the design and construction of the project and bids the design and construction together.~~

(b) Notwithstanding other law, chapters 16B and 16C apply to project development and construction for light rail transit.

Sec. 59. Laws 1999, chapter 250, article 1, section 11, is amended to read:

Sec. 11. OFFICE OF STRATEGIC AND LONG-RANGE
PLANNING

6,891,000

4,417,000

\$100,000 the first year is to integrate the office's information technology and is available until June 30, 2003. The director shall report on the progress of the unit to the chairs of the legislative committees responsible for this budget item by January 15, 2000, 2001, and 2002.

\$1,600,000 the first year is for a generic environmental impact statement on animal agriculture.

\$200,000 the first year is to perform program evaluations of agencies in the executive branch.

The program evaluation division will report to the legislature by December 1, 2000, ways to reduce state government expenditures by five to ten percent.

\$100,000 the first year is to provide administrative support to community-based planning efforts.

\$150,000 the first year is for a grant of \$50,000 to the southwest regional development commission for the continuation of the pilot program and two additional grants of \$50,000 each to regional development commissions or, in regions not served by regional development commissions, to regional organizations selected by the director of strategic and long-range planning, to support planning work on behalf of local units of government. The planning work shall include, but need not be limited to:

- (1) development of local zoning ordinances;
- (2) land use plans;
- (3) community or economic development plans;
- (4) transportation and transit plans;
- (5) solid waste management plans;
- (6) wastewater management plans;
- (7) workforce development plans;
- (8) housing development plans and/or market analysis;
- (9) rural health service plans;
- (10) natural resources management plans; or
- (11) development of geographical information systems database to serve a region's needs, including hardware and software purchases and related labor costs.

\$200,000 the first year is to prepare the generic environmental impact statement on urban development required by section 108. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

\$24,000 the first year is for the southwest Minnesota wind monitoring project.

\$100,000 the first year is for a grant to the city of Mankato to complete the Mankato area growth management and planning study, phase 2. The appropriation is available until June 30, 2002. The appropriation must be matched by an in-kind donation of \$100,000 in administrative, technical, and higher educational internship support and supervision. The value of the in-kind donations must be determined by the commissioner of finance.

The city shall serve as fiscal agent to complete the study under the 1997 regional planning joint powers agreement among the cities of Mankato, North Mankato, and Eagle Lake; the counties of Nicollet and Blue Earth; and the towns of Mankato, South Bend, Lime, Decoria, and Belgrade, without limitation on the rights of the parties to that agreement to add or remove members. The study is intended as an alternative to community-based planning. The study is intended to develop information and analysis to provide guidance on such issues as:

(1) the development of joint planning agreements to implement a unified growth management strategy;

(2) joint service ventures, such as planning or zoning administration in urban fringe areas;

(3) orderly growth and annexation agreements between cities and townships;

(4) feedlot regulations in urban fringe areas and future growth corridors;

(5) service strategies for unsewered subdivisions;

(6) other joint ventures for city, county, and township service delivery in fringe areas;

(7) feasibility of a rural township taxing district; and

(8) alternatives to the current community-based planning legislation that would add flexibility and improve the planning process.

The city of Mankato shall report the results of the study to the legislature by January 15, 2002.

Sec. 60. Laws 1999, chapter 250, article 1, section 14, subdivision 3, is amended to read:

Subd. 3. Information and Management Services

16,643,000

9,932,000

~~\$100,000 the first year is for a grant to the city of Mankato to complete the Mankato area growth management and planning study, phase 2. The appropriation is available until June 30, 2002. The appropriation must be matched by an in-kind donation of \$100,000 in administrative, technical, and higher educational internship support and supervision. The value of the in-kind donations must be determined by the commissioner of finance.~~

~~The city shall serve as fiscal agent to complete the study under the 1997 regional planning joint powers agreement among the cities of Mankato, North Mankato, and Eagle Lake; the counties of~~

~~Nicollet and Blue Earth, and the towns of Mankato, South Bend, Lime, Decoria, and Belgrade, without limitation on the rights of the parties to that agreement to add or remove members. The study is intended as an alternative to community-based planning. The study is intended to develop information and analysis to provide guidance on such issues as:~~

~~(1) the development of joint planning agreements to implement a unified growth management strategy;~~

~~(2) joint service ventures, such as planning or zoning administration in urban fringe areas;~~

~~(3) orderly growth and annexation agreements between cities and townships;~~

~~(4) feedlot regulations in urban fringe areas and future growth corridors;~~

~~(5) service strategies for unsewered subdivisions;~~

~~(6) other joint ventures for city, county, and township service delivery in fringe areas;~~

~~(7) feasibility of a rural township taxing district; and~~

~~(8) alternatives to the current community-based planning legislation that would add flexibility and improve the planning process.~~

~~The city of Mankato shall report the results of the study to the legislature by January 15, 2002.~~

\$6,839,000 the first year is a one-time appropriation to upgrade the human resources and payroll system and is available until June 30, 2003. The commissioner shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, 2001, and 2002.

The commissioner of finance shall work with the commissioners of employee relations and administration and shall develop as part of the human resource and payroll systems upgrade, and submit to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000, a long-range plan for the statewide business systems: human resources, payroll, accounting, and procurement. The plan must detail each system's original development costs, its expected life cycle, the estimated cost of upgrading software to newer versions during its life cycle, its operating costs to date, and the factors that are expected to drive future operating costs within the departments of finance, administration, and employee relations. The plan must also include an evaluation of and recommendations on whether, for the

statewide business systems, the state should use software that is developed and maintained in house; proprietary software, either modified or unmodified; a private vendor; or a particular combination of these options.

The commissioner of finance, in consultation with senate and house fiscal staff and the commissioner of administration, shall develop recommendations for inclusion in the governor's fiscal year 2002-2003 budget document on the presentation of internal service funds. The commissioner of finance shall submit the recommendations to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000.

The department shall prepare a separate budget book for the biennium beginning July 1, 2001, containing all of the administration's technology initiatives. The book must also include a complete inventory of state-owned and leased technology, along with a projected replacement schedule. The inventory must include information on how the technology fits into the state's master plan.

Sec. 61. Laws 1999, chapter 250, article 1, section 18, is amended to read:

| | | |
|---------------------------|-----------|-----------|
| Sec. 18. VETERANS AFFAIRS | 5,885,000 | 4,369,000 |
|---------------------------|-----------|-----------|

\$1,544,000 the first year and \$1,544,000 the second year are for emergency financial and medical needs of veterans. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$12,000 the first year and \$13,000 the second year are one-time funding to provide grants to local veterans' organizations that provide transportation services for veterans to veterans administration medical facilities.

The commissioner of veterans affairs, in cooperation with the board of directors of the Minnesota veterans homes and the United States Veterans Administration, shall study the feasibility and desirability of supplementing the missions of the veterans homes and the Veterans Administration hospitals in Minnesota by entering into agreements with health care providers throughout the state to provide free or reduced-cost comprehensive health care to veterans close to their places of residence as a supplement to private health insurance. The commissioner shall report the results of the study and any recommendations to the legislature by January 15, 2000.

With the approval of the commissioner of finance, the commissioner of veterans affairs may transfer the unencumbered balance from the veterans relief program to other department programs during the fiscal year. Before the transfer, the commissioner of veterans affairs shall explain why the

unencumbered balance exists. The amounts transferred must be identified to the chairs of the senate governmental operations budget committee and the house state government finance committee.

\$275,000 the first year and \$275,000 the second year are for a grant to the Vinland National Center.

\$1,485,000 the first year is to make bonus payments authorized under Minnesota Statutes, section 197.79. The appropriation may not be used for administrative purposes. The appropriation does not expire until the commissioner acts on all applications submitted under Minnesota Statutes, section 197.79.

\$105,000 the first year is to administer the bonus program established under Minnesota Statutes, section 197.79. The appropriation does not expire until the commissioner acts on all the applications submitted under Minnesota Statutes, section 197.79.

\$233,000 the first year and \$235,000 the second year are for grants to county veterans offices for training of county veterans service officers and to improve efficiency of county veterans services offices.

Sec. 62. Laws 1999, chapter 250, article 1, section 116, is amended to read:

Sec. 116. [EFFECTIVE DATE.]

(a) Section 41 is effective January 1, 2001. Section 43 is effective July 1, 2000, with respect to preparation of the model policies and procedures by the commissioner of administration, and January 1, 2001, with respect to the other provisions of section 43.

(b) Sections 62 to 64 and 93 are effective ~~January~~ August 1, 2001.

(c) Sections 94 to 100 are effective the day following final enactment.

(d) Sections 47, 49, 55, and 115, paragraphs (d) and (g), are effective July 1, 2001.

(e) Section 61 is effective the day following final enactment and applies only to contracts executed on or after that date.

(f) The commissioner of employee relations may not implement the long-term care insurance plan under section 78 until April 1, 2000.

Sec. 63. [TRANSITION.]

The house of representatives and the senate shall adopt the rules required by sections 11 and 13 during the 2001 legislative session and implement them beginning in the legislative session 2002.

Sec. 64. [AMATEUR SPORTS COMMISSION REPORT.]

The amateur sports commission must report to the legislature by January 15, 2001, on a plan to combine the commission with the Minnesota state high school league.

Sec. 65. [MINORITY RECRUITMENT.]

The commissioner of employee relations must develop and implement a plan to recruit and retain minority employees in state government. As part of the recruitment plan, the commissioner must build connections with minority centers and with entities that work with minority persons looking for jobs or training. As part of the retention plan, the commissioner must work with minority state employees and minority former state employees to: (1) find out what barriers they encountered in seeking state employment; (2) find out what problems these employees have encountered in their work; and (3) develop a program to improve retention rates of minority employees. The commissioner must report the plan to the legislature by January 15, 2001.

Sec. 66. [GOVERNOR'S STAFF.]

During the biennium ending June 30, 2001, the governor's office may not include more than three legislative relations staff. The amount saved by reducing the number of legislative relations staff may be used to provide increased security for the governor.

Sec. 67. [MINNESOTA POET LAUREATE.]

The humanities commission must develop a plan for the selection of a Minnesota Poet Laureate. The commission must present the plan to the legislature by January 15, 2001.

Sec. 68. [SUSPENSION OF TELECOMMUNICATIONS FACILITIES INSTALLATION.]

The commissioners of administration and transportation may not allow further installation of facilities under the contract that is the subject of an Order of the Federal Communications Commission in CC Docket No. 98-1 denying the Petition for Declaratory Ruling filed by the state of Minnesota or amend that contract until the house and senate governmental operations committees approve amendments to the contract that will eliminate the possible anticompetitive effects noted in the FCC order and meet the requirements of section 253 of the federal Telecommunications Act of 1996, Public Law Number 104-104.

Sec. 69. [CLARIFICATION; EFFECT ON REPEAL.]

Laws 1999, chapter 250, article 3, does not repeal rules or fees in effect on the day before the effective date of Laws 1999, chapter 250, article 3.

Sec. 70. [ENERGY RULES FOR RESIDENTIAL BUILDINGS.]

The provisions of Minnesota Rules, chapter 7670, that apply to category 1 buildings govern residential buildings not covered by Minnesota Rules, chapter 7676. The provisions of Minnesota Rules, chapter 7670, that allow category 2 buildings are void and of no effect. All buildings subject to Minnesota Rules, chapter 7670, attaining a building permit on or after April 15, 2000, must meet the requirements for category 1 buildings as set out in Minnesota Rules, chapter 7670.

Sec. 71. [RATIFICATIONS.]

Subdivision 1. [COUNCIL 6.] The labor agreement between the state of Minnesota and the American federation of state, county, and municipal employees, council 6, approved by the legislative coordinating commission subcommittee on employee relations on September 10, 1999, is ratified.

Subd. 2. [RESIDENTIAL SCHOOLS TEACHERS.] The labor agreement between the state of Minnesota and the state residential schools education association, approved by the legislative coordinating commission subcommittee on employee relations on December 13, 1999, is ratified.

Subd. 3. [SUPERVISORS.] The labor agreement between the state of Minnesota and the middle management association, approved by the legislative coordinating commission subcommittee on employee relations on December 13, 1999, is ratified.

Subd. 4. [NURSES.] The labor agreement between the state of Minnesota and the Minnesota nurses association, approved by the legislative coordinating commission subcommittee on employee relations on December 13, 1999, is ratified.

Subd. 5. [COMMUNITY COLLEGE FACULTY.] The labor agreement between the state of Minnesota and the Minnesota community college faculty association, approved by the legislative coordinating commission subcommittee on employee relations on December 13, 1999, is ratified.

Subd. 6. [STATE UNIVERSITY FACULTY.] The labor agreement between the state of Minnesota and the interfaculty organization, approved by the legislative coordinating commission subcommittee on employee relations on December 13, 1999, is ratified.

Subd. 7. [TECHNICAL COLLEGE FACULTY.] The labor agreement between the state of Minnesota and the united technical college educators, approved by the legislative coordinating commission subcommittee on employee relations on December 13, 1999, is ratified.

Subd. 8. [STATE UNIVERSITY ADMINISTRATIVE AND SERVICE FACULTY.] The labor agreement between the state of Minnesota and the Minnesota state university association of administrative and service faculty, approved by the legislative coordinating commission subcommittee on employee relations on December 13, 1999, is ratified.

Subd. 9. [COMMISSIONER'S PLAN.] The commissioner's plan for unrepresented employees, approved by the legislative coordinating commission subcommittee on employee relations on December 13, 1999, and as amended by the subcommittee on January 31, 2000, is ratified.

Subd. 10. [MANAGERIAL PLAN.] The plan for managerial employees, approved by the legislative coordinating commission subcommittee on employee relations on December 13, 1999, and as amended by the subcommittee on January 31, 2000, is ratified.

Subd. 11. [UNREPRESENTED MANAGERS; MINNESOTA STATE COLLEGES AND UNIVERSITIES.] The plan for administrators of the Minnesota state colleges and universities, approved by the legislative coordinating commission subcommittee on employee relations on December 13, 1999, is ratified.

Subd. 12. [PROFESSIONAL EMPLOYEES.] The labor agreement between the state of Minnesota and the Minnesota association of professional employees, approved by the legislative coordinating commission subcommittee on employee relations on January 31, 2000, is ratified.

Subd. 13. [LAW ENFORCEMENT.] The labor agreement between the state of Minnesota and the Minnesota law enforcement association, approved by the legislative coordinating commission subcommittee on employee relations on January 31, 2000, is ratified.

Subd. 14. [CORRECTIONAL GUARDS.] The arbitration award and labor agreement between the state of Minnesota and the American federation of state, county, and municipal employees, council 6, approved by the legislative coordinating commission subcommittee on employee relations on January 31, 2000, is ratified.

Subd. 15. [UNREPRESENTED EMPLOYEES, HIGHER EDUCATION SERVICES OFFICE.] The plan for unrepresented, unclassified employees of the higher education services office, approved by the legislative coordinating commission subcommittee on employee relations on January 31, 2000, is ratified.

Subd. 16. [SALARIES FOR CERTAIN HEADS OF STATE AGENCIES.] The proposals to increase the salaries of certain heads of state agencies, approved by the legislative coordinating commission subcommittee on employee relations on January 31, 2000, are ratified.

Subd. 17. [SALARY FOR THE DIRECTOR OF THE HIGHER EDUCATION SERVICES OFFICE.] The proposal to increase the salary of the director of the higher education services office, recommended by the legislative coordinating commission subcommittee on employee relations on February 22, 2000, is ratified.

Subd. 18. [GOVERNOR.] The salary of the governor is \$150,000.

Sec. 72. [OUTSIDE MANAGEMENT CONTRACT.]

The zoo board must issue a request for proposal by September 1, 2000, for a private vendor to provide management services for the Minnesota Zoological Garden.

Sec. 73. [MEMORANDUM OF UNDERSTANDING.]

The commissioner of employee relations may not execute a memorandum of understanding relating to employee compensation for travel time with an exclusive representative of a bargaining unit until after it has been approved by the legislative coordinating commission under Minnesota Statutes, section 3.855. When the legislature is not in session, failure of the commission to disapprove a memorandum of understanding within 30 days of submission constitutes approval.

Sec. 74. [ALLOCATION OF COSTS OF CERTAIN BOUNDARY ADJUSTMENT MATTERS.]

All costs of any boundary adjustment matter commenced before June 1, 1999, that is concluded after that date under an alternative dispute resolution process as directed by the director of the office of strategic and long-range planning, must be allocated as provided in law and rule prior to the abolition of the Minnesota municipal board. The maximum total amount the parties may be charged by the office of strategic and long-range planning, the office of administrative hearings, or as part of an arbitration is no more than the Minnesota municipal board could have charged if the matter had been heard and decided by the board. Costs that exceed what the municipal board could have charged must be paid by the office of strategic and long-range planning.

Sec. 75. [REPEALER.]

(a) Minnesota Statutes 1998, section 16B.88; and Minnesota Statutes 1999 Supplement, section 43A.318, are repealed.

(b) Minnesota Statutes 1998, sections 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; and 136F.59, subdivision 3; 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; and 16E.08, are repealed.

(c) Minnesota Statutes 1998, sections 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 465.797, subdivisions 1 and 5a; and 465.82, subdivision 4, are repealed.

(d) Laws 1999, chapter 250, article 1, section 15, subdivision 4, is repealed.

(e) Laws 1999, chapter 135, section 9, is repealed.

(f) Minnesota Rules, parts 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, are repealed.

(g) Minnesota Statutes 1998, section 16B.37, subdivisions 1, 2, and 3, are repealed.

Sec. 76. [EFFECTIVE DATE.]

Section 12 is effective January 2, 2001. Section 14 is effective the day after a like commission is authorized by the appropriate authority of the government of Ontario. Section 16 is effective July 1, 2000. Section 19 is effective January 2, 2003, and applies to a person who leaves office or employment after that date. Sections 15, 44, and 75, paragraph (c), are effective June 30, 2000. Sections 70 and 75, paragraphs (e) and (f), are effective April 15, 2000. Sections 33, 56, and 58 are effective the day following final enactment, and apply to any contract for project development and construction entered into on or after that date, including projects for which requests for bids, qualifications, or proposals have been sought before that date. Except as otherwise provided in this article, this article is effective the day following final enactment.

ARTICLE 2

RETIREMENT HEALTH CARE PROVISIONS

Section 1. [352G.01] [DEFINITIONS.]

Subdivision 1. [TERMS.] Unless the language or context clearly indicates that a different meaning is intended, the terms defined in this section, for the purposes of this chapter, have the meanings given them.

Subd. 2. [INCLUDED PARTICIPANTS.] "Included participants" means persons contributing to a retirement plan under chapter 3A, 352, 352B, 352D, or 490 on or after July 1, 2000.

Subd. 3. [ELIGIBLE RETIRED EMPLOYEE.] "Eligible retired employee" means a former employee who is drawing monthly retirement benefits under chapter 3A, 352, 352B, 352D, or 490, and who has at least 15 years of allowable service and was eligible to draw retirement benefits at the time of separation from state service.

Subd. 4. [DISABLED EMPLOYEE.] "Disabled employee" means an employee who has been determined disabled under chapter 3A, 352, 352B, 352D, or 490.

Subd. 5. [INELIGIBLE TERMINATED EMPLOYEE.] "Ineligible terminated employee" means a former state employee who is not eligible for benefits from the health care reimbursement plan.

Subd. 6. [ACCUMULATED CONTRIBUTIONS.] "Accumulated contributions" means the total deductions made from the salary of an employee into the health care reimbursement plan.

Subd. 7. [HEALTH CARE REIMBURSEMENT FUND.] The "health care reimbursement fund" includes the total accumulated contributions and any investment return attributable to the contributions.

Subd. 8. [ALLOWABLE SERVICE.] "Allowable service" means allowable service under chapter 3A, 352, 352B, 352D, or 490 except any allowable service reinstated by repaying a refund on or after July 1, 2000.

Subd. 9. [SALARY.] "Salary" means wages, or other periodic compensation paid to an employee before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs. Lump sum sick leave payments, severance payments, lump sum annual leave payments and overtime payments made at the time of separation from state service, payments in lieu of any employee-paid group insurance coverage,

including the difference between single and family rates that may be paid to an employee with single coverage, and payments made as an employer-paid fringe benefit, workers' compensation payments, employer contributions to a deferred compensation or tax-sheltered annuity program, and amounts contributed under a benevolent vacation and sick leave donation program, are not salary.

Subd. 10. [DESIGNATED BENEFICIARY.] "Designated beneficiary" means the designated beneficiary established by the included participants or eligible retired employees under the retirement plan under chapter 3A, 352, 352B, 352D, or 490.

Subd. 11. [EXECUTIVE DIRECTOR.] "Executive director" means the executive director of the Minnesota state retirement system under section 352.03, subdivision 5.

Subd. 12. [BOARD.] "Board" means the board of directors of the Minnesota state retirement system established under section 352.03.

Subd. 13. [EMPLOYEE.] "Employee" means a person contributing to a retirement plan under chapter 3A, 352, 352B, 352D, or 490.

Sec. 2. [352G.02] [HEALTH CARE REIMBURSEMENT PLAN.]

Subdivision 1. [ESTABLISHMENT.] There is established the health care reimbursement plan for state employees covered under chapter 3A, 352, 352B, 352D, or 490. This plan must meet qualification requirements under the Internal Revenue Code, section 401(h), to ensure that both contributions and benefit payments are tax free.

Subd. 2. [EMPLOYEES COVERED.] Every employee contributing to a plan under chapter 3A, 352, 352B, 352D, or 490 on or after July 1, 2000, is covered by the health care reimbursement plan. Acceptance of employment or continuance in service in which contributions are made under chapter 3A, 352, 352B, 352D, or 490 is deemed consent to have deductions made from salary for deposit to the credit of the account of the employee in the health care reimbursement plan.

Sec. 3. [352G.03] [COVERAGE TERMINATION.]

Coverage of any person under the health care reimbursement plan ends when the person ceases to be an employee or is no longer covered by a pension plan under chapter 3A, 352, 352B, 352D, or 490.

Sec. 4. [352G.04] [APPEALS PROCEDURE.]

If someone wishes to appeal a decision made by the executive director, the appeal procedure established under section 352.031 must be followed.

Sec. 5. [352G.05] [STATE EMPLOYEES HEALTH CARE REIMBURSEMENT FUND, CONTRIBUTIONS BY EMPLOYEE AND EMPLOYER.]

Subdivision 1. [FUND CREATED.] There is created a special fund to be known as the state employees health care reimbursement fund. Employee contributions, investment returns, and any other amounts authorized by law shall be deposited in this account.

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund must be equal to 0.75 percent of salary. These contributions must be made by deduction from salary as provided in section 352.04, subdivision 4.

Subd. 3. [OMITTED SALARY DEDUCTIONS.] If a department fails to take deductions from an employee's salary as provided in this section, the collection of omitted deduction must be made in accordance with section 352.04, subdivision 8, paragraphs (a), (b), and (c).

Subd. 4. [ERRONEOUS DEDUCTIONS; CANCELED WARRANTS.] Deductions taken from the salary of an employee for the health care reimbursement fund in error must, upon discovery and verification by the department making the deduction, be refunded to the employee in accordance with section 352.04, subdivision 9.

Subd. 5. [FUND DISBURSEMENT RESTRICTED.] The health care reimbursement fund must be disbursed only for the purposes provided by law. The expenses of the health care reimbursement plan and any benefits provided by law must be paid from the health care reimbursement fund. Refunds under section 352G.10, subdivisions 1 and 2, must be paid from the contributions prior to being invested in the health care reimbursement fund.

Sec. 6. [352G.06] [STATE TREASURER TO BE TREASURER OF THE HEALTH CARE REIMBURSEMENT FUND.]

The state treasurer and the treasurer's successor is ex officio treasurer of the health care reimbursement fund. The general bond to the state shall cover all liability for actions as treasurer of these funds. Funds of the system received by the treasurer must be set aside in the state treasury and credited to the health care reimbursement fund. The treasurer and the treasurer's successor shall deliver to the executive director copies of all payroll abstracts of the state together with the commissioner of finance's warrants covering the deductions made on these payroll abstracts for the health care reimbursement fund. The executive director shall have a list made of the commissioner of finance's warrants. These warrants must then be deposited with the state treasurer or the treasurer's successor to be credited to the health care reimbursement fund. The treasurer shall pay out of this fund only on warrants issued by the commissioner of finance, upon abstracts signed by the director, or by the finance officer designated by the director during the disability or the absence of the director. Abstracts for investments may be signed by the executive director of the state board of investment.

Sec. 7. [352G.07] [INVESTMENT BOARD TO INVEST FUNDS.]

The director shall, from time to time, certify to the state board of investment any portions of the health care reimbursement fund that in the judgment of the director are not required for immediate use. The state board of investment shall invest and reinvest sums so transferred, or certified, in securities that are duly authorized legal investments under section 11A.24. Amounts invested in the health care reimbursement fund must be accounted for separately from the retirement funds invested by the investment board.

Sec. 8. [352G.08] [HEALTH CARE REIMBURSEMENT PLAN BENEFITS.]

Subdivision 1. [AGE AND SERVICE REQUIREMENTS.] After separation from service, an employee who has attained the age of at least 60, who has at least 15 years of allowable service, and is immediately eligible for retirement or disability benefits or an employee who qualifies for the rule of 90 regardless of age, is entitled upon application to benefits from the health care reimbursement plan as long as the employee has not accepted a refund under section 352G.10, subdivisions 1 and 2, or has repaid all refunds to the health care reimbursement plan under section 352G.10, subdivision 4. Benefits are not payable to an eligible disabled employee who is no longer collecting disability or retirement benefits.

Subd. 2. [BENEFIT SCHEDULE.] Those meeting the eligibility requirements in subdivision 1 will be entitled to the following monthly benefits:

| <u>Retirement Date</u> | <u>Monthly Benefits</u> |
|-------------------------------------|-------------------------|
| <u>July 1, 2000 - June 30, 2002</u> | <u>\$20</u> |
| <u>July 1, 2002 - June 30, 2003</u> | <u>\$25</u> |
| <u>July 1, 2003 - June 30, 2004</u> | <u>\$30</u> |
| <u>July 1, 2004 - June 30, 2005</u> | <u>\$40</u> |
| <u>July 1, 2005 - June 30, 2006</u> | <u>\$50</u> |

| | |
|-------------------------------------|--------------|
| <u>July 1, 2006 - June 30, 2007</u> | <u>\$60</u> |
| <u>July 1, 2007 - June 30, 2008</u> | <u>\$75</u> |
| <u>July 1, 2008 - June 30, 2009</u> | <u>\$90</u> |
| <u>July 1, 2009 - June 30, 2010</u> | <u>\$105</u> |
| <u>July 1, 2010 - June 30, 2011</u> | <u>\$120</u> |
| <u>July 1, 2011 - June 30, 2012</u> | <u>\$135</u> |
| <u>July 1, 2012 - June 30, 2013</u> | <u>\$150</u> |
| <u>July 1, 2013 - and after</u> | <u>\$165</u> |

Subd. 3. [PAYMENTS.] The first monthly payment will begin on July 1, 2002, and will be based on the schedule above. No monthly payments will be made prior to July 1, 2002. Payments will be paid directly to the eligible retired employee, but only upon providing documentation that the money is used to offset health insurance premiums or any other health expenses to meet the requirements under the Internal Revenue Code, section 401(h). At the discretion of the executive director, payments may be added to the monthly retirement checks received by the eligible retired employee.

Subd. 4. [TERMINATION OF BENEFITS.] Monthly benefits will terminate upon the death of the member and will not continue to a survivor or designated beneficiary.

Sec. 9. [352G.09] [ANNUAL INCREASES, CALCULATION OF HEALTH INSURANCE PLAN INFLATION ADJUSTMENT.]

(a) Annually, following June 30, the Minnesota state retirement system shall use the procedures in paragraph (b) to determine whether an inflation adjustment is payable and to determine the amount of the adjustment.

(b) If the medical inflation index increases from June 30 of the preceding year to June 30 of the current year, the Minnesota state retirement system shall certify the percentage increase. The amount certified is the lesser of the medical inflation index or three percent. The board, at its discretion, can decrease the adjustment in any year in order to maintain the financial integrity of the health insurance plan which includes avoiding projected unfunded liability. The board will seek advice from an approved actuary in determining if the inflation adjustment should be lowered.

(c) If an increase is payable, it will be made the following January 1. An eligible retired employee who has been receiving health insurance reimbursement benefits for at least 12 months as of the current June 30 is eligible to receive a full insurance plan inflation adjustment. An eligible retired employee who has been receiving a health insurance benefit for at least one full month, but less than 12 full months as of the current June 30, is eligible to receive a partial inflation adjustment as follows:

| <u>Month Retired</u> | <u>Fraction of the Increase</u> |
|----------------------|---------------------------------|
| <u>July</u> | <u>11/12</u> |
| <u>August</u> | <u>10/12</u> |
| <u>September</u> | <u>9/12</u> |
| <u>October</u> | <u>8/12</u> |
| <u>November</u> | <u>7/12</u> |
| <u>December</u> | <u>6/12</u> |
| <u>January</u> | <u>5/12</u> |
| <u>February</u> | <u>4/12</u> |
| <u>March</u> | <u>3/12</u> |
| <u>April</u> | <u>2/12</u> |
| <u>May</u> | <u>1/12</u> |

Sec. 10. [352G.10] [REFUND OF EMPLOYEE CONTRIBUTIONS.]

Subdivision 1. [REFUND.] An ineligible terminated employee, an eligible retired employee who has not yet begun collecting benefits, or an employee who moves to a state position no longer covered by chapter 3A, 352, 352B, 352D, or 490 may apply for a refund provided in subdivision 2. Application for a refund may be made after the termination of service if the applicant has not again become an employee required to be covered by the system.

Subd. 2. [AMOUNT OF REFUND.] The refund payable to a person defined in subdivision 1 is an amount equal to employee contributions plus interest at a rate of five percent per year compounded annually. The amount of the refund is paid from contributions paid under section 352G.05 prior to the money being invested in the health care reimbursement fund.

Subd. 3. [TERMINATION OF RIGHTS.] When an ineligible terminated employee or an eligible retired employee accepts a refund as provided in subdivision 2, all existing service and all rights and benefits to which the employee was entitled before accepting the refund terminate.

Subd. 4. [REPAYMENT OF REFUND.] An included participant may repay a refund paid under subdivision 2 by paying the amount refunded plus 8.5 percent interest compounded annually. All refunds must be paid before termination or within one month following termination of state service.

Sec. 11. [352G.11] [PAYMENTS UPON THE DEATH OF AN INCLUDED PARTICIPANT.]

Upon the death of an included participant or a person not yet collecting monthly benefits under this section, the designated beneficiary is entitled to a refund of contributions plus five percent interest, compounded annually.

Sec. 12. [352G.12] [PAYMENT UPON THE DEATH OF AN ELIGIBLE RETIRED EMPLOYEE.]

Upon the death of an eligible retired employee who has started collecting monthly benefits, the designated beneficiary is entitled to a refund of the eligible retired employee's contributions plus three percent interest compounded annually until the date of termination of service less the monthly benefits that have been paid.

Sec. 13. [FIRST INCREASE.]

An eligible or retired eligible employee would first be eligible for an increase on January 1, 2003. The required reserves to support the payment must be transferred on July 1, 2001.

Sec. 14. [UNLIMITED RIGHT TO AMEND.]

Notwithstanding any other provision of the health benefit fund and provisions of the Internal Revenue Code, the provisions governing the health care reimbursement plan may be amended at any time and in any manner for any reason whatsoever. This right to amend includes, but is not limited to, the right to reduce or eliminate prospectively or retroactively any or all health benefits under the health care reimbursement plan for any or all persons who may be members, retirees, and other recipients, or otherwise may be entitled to health benefits under this plan. Benefits may be reduced or eliminated for any or all persons including members, retirees, and other recipients, even if they are then entitled to or are receiving health benefits.

Sec. 15. [EFFECTIVE DATE.]

Sections 1 to 14 are effective July 1, 2000.

ARTICLE 3

MSRS-CORRECTIONAL PLAN MEMBERSHIP
INCLUSIONS

Section 1. Minnesota Statutes 1998, section 352.91, subdivision 3c, is amended to read:

Subd. 3c. [NURSING PERSONNEL.] (a) "Covered correctional service" means service by a state employee in one of the employment positions at a correctional facility or at the Minnesota security hospital specified in paragraph (b), provided that at least 75 percent of the employee's working time is spent in direct contact with inmates or patients and the fact of this direct contact is certified to the executive director by the appropriate commissioner, unless the person elects to retain the current retirement coverage under Laws 1996, chapter 408, article 8, section 21.

(b) The employment positions are as follows:

- (1) registered nurse - senior;
- (2) registered nurse;
- (3) registered nurse - principal; ~~and~~
- (4) licensed practical nurse 2; and
- (5) registered nurse practitioner.

Sec. 2. Minnesota Statutes 1998, section 352.91, is amended by adding a subdivision to read:

Subd. 3f. [ADDITIONAL DEPARTMENT OF HUMAN SERVICES PERSONNEL.] (a) "Covered correctional service" means service by a state employee in one of the employment positions specified in paragraph (b) at the Minnesota security hospital or the Minnesota sexual psychopathic personality treatment center, provided that at least 75 percent of the employee's working time is spent in direct contact with patients and the fact of this direct contact is certified to the executive director by the commissioner of human services.

(b) The employment positions are:

- (1) behavior analyst 2;
- (2) licensed practical nurse 1;
- (3) office and administrative specialist senior;
- (4) psychologist 2;
- (5) social worker specialist;
- (6) behavior analyst 3; and
- (7) social worker senior.

Sec. 3. Minnesota Statutes 1998, section 352.91, is amended by adding a subdivision to read:

Subd. 3g. [ADDITIONAL CORRECTIONS DEPARTMENT PERSONNEL.] "Covered correctional service" means service by a state employee in one of the employment positions at the designated Minnesota correctional facility specified in paragraph (b), provided that at least 75 percent of the employee's working time is spent in direct contact with inmates and the fact of this direct contact is certified to the executive director by the commissioner of corrections.

(b) The employment positions and correctional facilities are:

(1) corrections discipline unit supervisor, at the Minnesota correctional facility-Faribault, the Minnesota correctional facility-Lino Lakes, the Minnesota correctional facility-Oak Park Heights, and the Minnesota correctional facility-St. Cloud;

(2) dental assistant registered, at the Minnesota correctional facility-Faribault, the Minnesota correctional facility-Lino Lakes, the Minnesota correctional facility-Moose Lake, the Minnesota correctional facility-Oak Park Heights, and the Minnesota correctional facility-Red Wing;

(3) dental hygienist, at the Minnesota correctional facility-Shakopee;

(4) psychologist 2, at the Minnesota correctional facility-Faribault, the Minnesota correctional facility-Lino Lakes, the Minnesota correctional facility-Moose Lake, the Minnesota correctional facility-Oak Park Heights, the Minnesota correctional facility-Red Wing, the Minnesota correctional facility-St. Cloud, the Minnesota correctional facility-Shakopee, and the Minnesota correctional facility-Stillwater; and

(5) sentencing to service crew leader involved with the inmate community work crew program, at the Minnesota correctional facility-Faribault and the Minnesota correctional facility-Lino Lakes.

Sec. 4. [COVERAGE FOR PRIOR STATE SERVICE FOR CERTAIN PERSONS.]

Subdivision 1. [ELECTION OF PRIOR STATE SERVICE COVERAGE.] (a) An employee who has future retirement coverage transferred to the correctional employees retirement plan under section 1 or 2 is entitled to elect to obtain prior service credit for eligible state service performed after June 30, 1975, and before the first day of the first full pay period beginning after June 30, 2000, with the department of corrections or the department of human services at the Minnesota security hospital or the Minnesota sexual psychopathic personality treatment center. All eligible prior service credit must be purchased.

(b) For purposes of section 1, 2, or 3, eligible state service with the department of corrections or the department of human services is any prior period of continuous service after June 30, 1975, performed as an employee of the department of corrections or the department of human services that would have been eligible for the correctional employees retirement plan coverage under section 1, 2, or 3 if that prior service had been performed after the first day of the first full pay period beginning after June 30, 2000, rather than before that date. Service is continuous if there has been no period of discontinuation of eligible state service for a period greater than 180 calendar days.

(c) The commissioner of corrections or the commissioner of human services shall certify eligible state service to the executive director of the Minnesota state retirement system.

(d) A covered correctional plan employee employed on July 1, 2000, who has past service in a job classification covered under section 1, 2, or 3 on July 1, 2000, is entitled to purchase the past service if the applicable department certifies that the employee met the eligibility requirements for coverage. The employee shall pay the difference between the employee contributions actually paid during the period and what should have been paid under the correctional employees retirement plan. Payment for past service must be completed by June 30, 2002.

Subd. 2. [PAYMENT FOR PAST SERVICE.] (a) An employee electing to obtain prior service credit under subdivision 1 must pay an additional employee contribution for that prior service. The additional member contribution is the contribution differential percentage applied to the actual salary paid to the employee during the period of the prior eligible state service, plus interest at the rate of six percent per annum, compounded annually. The contribution differential percentage is the difference between 4.9 percent of salary and the applicable employee contribution rate of the general state employees retirement plan during the prior eligible state service.

(b) The additional member contribution must be paid only in a lump sum. Payment must accompany the election to obtain prior service credit. No election of payment may be made by the person or accepted by the executive director after June 30, 2002.

Subd. 3. [TRANSFER OF ASSETS.] Assets must be transferred from the general state employees retirement plan to the correctional employees retirement plan, in an amount equal to the present value of benefits earned under the general employees retirement plan for each employee transferring to the correctional employees retirement plan, as determined by the actuary retained by the legislative commission on pensions and retirement in accordance with Minnesota Statutes, section 356.215. The transfer of assets must be made within 45 days after the employee elects to transfer coverage to the correctional employees retirement plan.

Subd. 4. [EFFECT OF THE ASSET TRANSFER.] Upon transfer of assets in subdivision 3, service credit in the general state employees plan of the Minnesota state retirement system is forfeited and may not be reinstated. The service credit and transferred assets must be credited to the correctional employees retirement plan.

Subd. 5. [PAYMENT OF ACTUARIAL CALCULATION COSTS.] (a) The expense of the legislative commission on pensions and retirement attributable to the calculations of its consulting actuary under subdivision 3 must be reimbursed by the department of corrections and the department of human services.

(b) The expense reimbursement under paragraph (a) must be allocated between the two departments in a manner that is jointly agreeable. If no allocation procedure is developed by the commissioner of corrections and the commissioner of human services, the cost must be allocated on an equally shared basis.

(c) Payment of the expense reimbursement to the legislative commission on pensions and retirement is due 30 days after the receipt of the reimbursement request from the executive director of the legislative commission on pensions and retirement.

Sec. 5. [REPEALER.]

Minnesota Statutes 1998, section 352.91, subdivision 4, is repealed.

Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective July 1, 2000.

ARTICLE 4

JUDGES RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 1998, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), and (6) to (15), if they are in the unclassified service of the state or metropolitan council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified program under this chapter unless the employee gives notice to the executive director of the Minnesota state retirement system within

one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified plan.

(b) Persons referenced in paragraph (c), clauses (1) and (5), are participants in the unclassified program under this chapter unless the person is eligible to elect different coverage under section 3A.07 or 352C.011 and, after July 1, 1998, elects retirement coverage by the applicable alternative retirement plan. Persons referenced in paragraph (c), clause (16), are participants in the unclassified program under this chapter for judicial employment in excess of the service credit limit in section 490.121, subdivision 22.

(c) Enumerated employees and referenced persons are:

(1) the governor, the lieutenant governor, the secretary of state, the state auditor, the state treasurer, and the attorney general;

(2) an employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general;

(3) an employee of the state board of investment;

(4) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.0815 or 15A.083, subdivision 4;

(5) a member of the legislature;

(6) a permanent, full-time unclassified employee of the legislature or a commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system;

(7) a person who is employed in a position established under section 43A.08, subdivision 1, clause (3), or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

(8) the regional administrator, or executive director of the metropolitan council, general counsel, division directors, operations managers, and other positions as designated by the council, all of which may not exceed 27 positions at the council and the chair, provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations may be made without approval of the board of directors of the Minnesota state retirement system;

(9) the executive director, associate executive director, and not to exceed nine positions of the higher education services office in the unclassified service, as designated by the higher education services office before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota state retirement system, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

(10) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota;

(11) the chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services;

(12) an employee whose principal employment is at the state ceremonial house;

(13) an employee of the Minnesota educational computing corporation;

(14) an employee of the world trade center board; ~~and~~

(15) an employee of the state lottery board who is covered by the managerial plan established under section 43A.18, subdivision 3; and

(16) a judge who has exceeded the service credit limit in section 490.121, subdivision 22.

Sec. 2. Minnesota Statutes 1998, section 352D.04, subdivision 2, is amended to read:

Subd. 2. [CONTRIBUTION RATES.] (a) The money used to purchase shares under this section is the employee and employer contributions provided in this subdivision.

(b) The employee contribution is an amount equal to the employee contribution specified in section 352.04, subdivision 2.

(c) The employer contribution is an amount equal to six percent of salary.

(d) These contributions must be made in the manner provided in section 352.04, subdivisions 4, 5, and 6.

(e) For members of the legislature, the contributions under this subdivision also must be made on per diem payments received during a regular or special legislative session, but may not be made on per diem payments received outside of a regular or special legislative session, on the additional compensation attributable to a leadership position under section 3.099, subdivision 3, living expense payments under section 3.101, or special session living expense payments under section 3.103.

(f) For a judge who is a member of the unclassified plan under section 352D.02, subdivision 1, paragraph (c), clause (16), the employee contribution rate is eight percent of salary, and there is no employer contribution.

Sec. 3. Minnesota Statutes 1998, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement a retirement annuity from each fund in which the person has at least six months allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

(a) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated funds; and

(b) the person has not begun to receive an annuity from any enumerated fund or the person has made application for benefits from all funds and the effective dates of the retirement annuity with each fund under which the person chooses to receive an annuity are within a one-year period.

(3) The retirement annuity from each fund must be based upon the allowable service in each fund, except that:

(a) The laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered fund with which the person earned a minimum of one-half year of allowable service credit during that employment.

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.

(c) The formula percentages to be used by each fund must be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.

(d) Allowable service in all the funds must be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement.

(e) The annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing annuities under this section the formula percentages used by any covered fund, except the public employees police and fire fund, the judges retirement fund, and the state patrol retirement fund, must not exceed the percent specified in section 356.19, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the public employees police and fire fund and the state patrol retirement fund must not exceed the percent specified in section 356.19, subdivision 6, per year of service for any year of service or fraction thereof. The formula percentage used by the judges retirement fund must not exceed the percent specified in section 356.19, subdivision 8, per year of service for any year of service or fraction thereof. The formula percentage used by the legislators retirement plan and the elective state officers retirement must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).

(h) Any period of time for which a person has credit in more than one of the covered funds must be used only once for the purpose of determining total allowable service.

(i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

Sec. 4. Minnesota Statutes 1998, section 490.121, subdivision 4, is amended to read:

Subd. 4. [ALLOWABLE SERVICE.] "Allowable service" means a whole year, or any fraction thereof, subject to the service credit limit in subdivision 22, served as a judge at any time, or served as a referee in probate for all referees in probate who were in office prior to January 1, 1974.

Sec. 5. Minnesota Statutes 1998, section 490.121, is amended by adding a subdivision to read:

Subd. 22. [SERVICE CREDIT LIMIT.] "Service credit limit" means the greater of: (1) 24 years of allowable service under chapter 490; or (2) for judges with allowable service rendered prior to July 1, 1980, the number of years of allowable service under chapter 490, which, when multiplied by the percentage listed in section 356.19, subdivision 7 or 8, whichever is applicable to each year of service, equals 76.8.

Sec. 6. Minnesota Statutes 1998, section 490.123, subdivision 1a, is amended to read:

Subd. 1a. [MEMBER CONTRIBUTION RATES.] (a) A judge who is covered by the federal old age, survivors, disability, and health insurance program whose service does not exceed the service credit limit in section 490.121, subdivision 22, shall contribute to the fund from each salary payment a sum equal to 8.00 percent of salary.

(b) A judge not so covered whose service does not exceed the service credit limit in section 490.121, subdivision 22, shall contribute to the fund from each salary payment a sum equal to 8.15 percent of salary.

(c) The contribution under this subdivision is payable by salary deduction.

Sec. 7. Minnesota Statutes 1998, section 490.123, subdivision 1b, is amended to read:

Subd. 1b. [EMPLOYER CONTRIBUTION RATE.] The employer contribution rate to the fund on behalf of a judge is 20.5 percent of salary and continues after a judge exceeds the service credit limit in section 490.121, subdivision 22.

The employer contribution must be paid by the state court administrator and is payable at the same time as member contributions under subdivision 1a, or employee contributions to the unclassified plan in chapter 352D for judges whose service exceeds the limit in section 490.121, subdivision 22, are remitted.

Sec. 8. Minnesota Statutes 1998, section 490.124, subdivision 1, is amended to read:

Subdivision 1. [BASIC RETIREMENT ANNUITY.] Except as qualified hereinafter from and after mandatory retirement date, normal retirement date, early retirement date, or one year from the disability retirement date, as the case may be, a retirement annuity shall be payable to a retiring judge from the judges' retirement fund in an amount equal to: (1) the percent specified in section 356.19, subdivision 7, multiplied by the judge's final average compensation multiplied by the number of years and fractions of years of allowable service rendered prior to July 1, 1980; plus (2) the percent specified in section 356.19, subdivision 8, multiplied by the judge's final average compensation multiplied by the number of years and fractions of years of allowable service rendered after June 30, 1980; provided that the annuity must not exceed 70 percent of the judge's annual salary for the 12 months immediately preceding retirement. Service that exceeds the service credit limit in section 490.121, subdivision 22, must be excluded in calculating the retirement annuity, but compensation earned during this service must be used in determining a judge's final average compensation and calculating the retirement annuity.

Sec. 9. [PRIOR SERVICE.]

This section applies to a person who is a judge on July 1, 2000, and whose service under chapter 490 on that date exceeds the service credit limit in Minnesota Statutes, section 490.121, subdivision 22. A judge to whom this section applies may elect to have money transferred from the judges' plan to the judge's account in the unclassified employees plan in Minnesota Statutes, chapter 352D. The amount to be transferred is eight percent of the salary the judge earned after reaching the service credit limit defined in Minnesota Statutes, section 490.121, subdivision 22. A judge electing this transfer forfeits all service credit under Minnesota Statutes, chapter 490, that exceeds the limit in Minnesota Statutes, section 490.121, subdivision 22. An election under this section must be made before retirement as a judge, and within 120 days of the effective date of this section. The election must be made on a form and in a manner specified by the executive director of the Minnesota state retirement system.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective July 1, 2000."

Delete the title and insert:

"A bill for an act relating to state government; making supplemental appropriations and reductions; imposing certain conditions; modifying provisions relating to state government; amending Minnesota Statutes 1998, sections 3.099, subdivision 3; 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; 43A.38, subdivision 1; 85A.02, subdivision 5a; 119A.05, subdivision 1; 138.17, subdivision 10; 179A.18, subdivision 1; 181.932, subdivision 1; 193.143; 221.173; 256.9753, subdivision 3; 349A.02, subdivision 1; 352.91, subdivision 3c, and by adding subdivisions; 352D.02, subdivision 1; 352D.04, subdivision 2; 356.30, 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; and 490.124, subdivision 1; Minnesota Statutes 1999 Supplement, sections 3.971, subdivision 8; 10A.01, subdivisions 2 and 21; 16A.103, subdivision 1; 16A.129, subdivision 3; 16B.616, subdivisions 3 and 4; 125B.21, subdivision 1; 179A.04, subdivision 3; 181.932, subdivision 2; and 473.3993, subdivision 3; 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; 43A; and 473; proposing coding for new law as Minnesota Statutes, chapter 325G; 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; 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; 465.797, subdivisions 1 and 5a; 465.82, subdivision 4; Laws 1999, chapters 135, section 9; and 250, article 1, section 15, subdivision 4; Minnesota Rules, parts 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."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Stanek from the Committee on Crime Prevention to which was referred:

H. F. No. 2563, A bill for an act relating to liens; modifying mechanics' lien penalties; creating a civil cause of action; authorizing attorney fees; providing that proceeds are exempt from execution; imposing criminal penalties; amending Minnesota Statutes 1998, sections 514.02, subdivision 1, and by adding a subdivision; and 550.37, by adding a subdivision.

Reported the same back with the following amendments:

Page 2, after line 28, insert:

"The penalties provided in this subdivision do not apply to a third party who receives a payment in the ordinary course of business."

With the recommendation that when so amended the bill pass.

The report was adopted.

Stanek from the Committee on Crime Prevention to which was referred:

H. F. No. 2610, A bill for an act relating to crime prevention; adding definitions to the criminal vehicular operation law; amending Minnesota Statutes 1998, section 609.21, subdivision 5.

Reported the same back with the following amendments:

Page 1, after line 16, insert:

"(d) "Trailer" means any vehicle designed for carrying property or passengers on its own structure and for being drawn by a motor vehicle."

Page 1, line 17, delete "(d)" and insert "(e)"

Page 1, line 18, delete the colon

Page 1, delete lines 19 and 20

Page 1, line 21, delete the paragraph coding and delete "(2)"

With the recommendation that when so amended the bill pass.

The report was adopted.

Abrams from the Committee on Taxes to which was referred:

H. F. No. 2688, A bill for an act relating to crime prevention; authorizing disclosure of information about sex offenders; imposing additional registration requirements on sex offenders; establishing procedures for felony offenders who seek name changes; eliminating the statute of limitations for certain offenses; expanding the crime of solicitation to engage in sexual conduct; providing criminal penalties; clarifying the expungement law; making certain data about sex offenders available to law enforcement; clarifying the scope of the community notification law; authorizing release of information about sex offenders residing in treatment facilities; providing for criminal justice information systems technology; changing the membership of the criminal and juvenile justice information policy group; authorizing the purchase and distribution of criminal justice technology infrastructure; appropriating money; amending Minnesota Statutes 1998, sections 13.54, subdivision 6; 243.166, subdivisions 3, 5, 7, and by adding subdivisions; 244.052, as amended; 244.10, subdivision 2a; 259.11; 299C.65, subdivision 1, and by adding a subdivision; 517.08, subdivisions 1a and 1b; 518.27; 609.352, subdivisions 1 and 2; 609.749, subdivision 2; 609.795, subdivision 1; 609A.03; and 628.26; Minnesota Statutes 1999 Supplement, sections 13.46, subdivision 2; 243.166, subdivisions 1, 2, 4, and 6; and 299C.65, subdivisions 2 and 8; proposing coding for new law in Minnesota Statutes, chapters 176; 243; 259; 299C; and 609.

Reported the same back with the following amendments:

Page 3, line 22, after "7" insert ". The appropriation under this clause is limited to \$1,000,000"

Page 53, line 21, after "pay" insert "up to"

Page 53, line 22, reinstate "one-half of"

Page 53, line 23, after the period, insert "The matching requirement must be a constant for all counties."

With the recommendation that when so amended the bill pass.

The report was adopted.

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Subd. 4. State-Operated Services

| | |
|-------------|-----|
| (9,543,000) | -0- |
|-------------|-----|

[STATE-OPERATED SERVICES BASE REDUCTION.] The general fund base level appropriation for state operated services programs and activities shall be reduced by \$9,543,000 for fiscal year 2000.

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) RTC Facilities

| | |
|-------------|-----|
| (9,543,000) | -0- |
|-------------|-----|

Subd. 5. Continuing Care and Community Support Grants

| | |
|--------------|--------------|
| (35,029,000) | (10,847,000) |
|--------------|--------------|

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Community Services Block Grants

| | |
|-----|-------------|
| -0- | (4,950,000) |
|-----|-------------|

(b) Medical Assistance Long-Term Care Waivers and Home Care

| | |
|--------------|-------------|
| (12,385,000) | (3,372,000) |
|--------------|-------------|

(c) Medical Assistance Long-Term Care Facilities

| | |
|--------------|-------------|
| (20,790,000) | (4,065,000) |
|--------------|-------------|

[ADDITIONAL PROVIDER RATE INCREASES.] (a) The commissioner shall increase reimbursement rates in effect on June 30, 2000, by five percent for nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a; personal care services and nursing supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivision 19a; and private duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7. This increase is in addition to the increase provided for the second year of the biennium in Laws 1999, chapter 245, article 1, section 2, subdivision 8, paragraph (g), and shall be effective for services rendered on or after July 1, 2000.

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Statutes, section 252.41, including a proposal for a home and community-based waiver for day services programs. The recommendation shall include estimated cost of the nonfederal share of medical assistance day services. The recommendations, including cost estimates, shall be provided to the chairs of the house health and human services policy and finance committees and the senate health and family security committee and budget division by January 1, 2001.

Subd. 7. Economic Support Grants

(23,491,000) (47,064,000)

The amounts that may be spent from this appropriation for each purpose are as follows:

[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 awarded in federal fiscal years 1999 to 2002 are appropriated to the commissioner in amounts up to \$34,000,000 in fiscal year 2000 and \$56,587,000 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.

(2) Of the amounts in clause (1), \$4,950,000 is transferred in fiscal year 2001 and \$200,000 is transferred in fiscal year 2002 to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, the commissioner shall allocate \$4,950,000 in fiscal year 2001 and \$200,000 in fiscal year 2002 of the state's Title XX block grant funds based on the community social services formula in Minnesota Statutes, section 256E.06. The commissioner shall ensure that money allocated to counties under this provision is used according to the requirements of United States Code, title 42, section 604(d)(3)(B). Notwithstanding section 6, this clause expires June 30, 2002.

(3) Of the amounts in clause (1), \$11,200,000 in fiscal year 2001 is for the local intervention grants program under Minnesota Statutes, section 256J.625 and related grant programs and shall be expended as follows:

(a) \$500,000 in fiscal year 2001 is for a grant to the Southeast Asian MFIP services collaborative to replicate in a second location an existing model of an intensive intervention transitional employment training project which serves TANF-eligible

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state's federal child care and development block grant and appropriated to the commissioner of children, families and learning for the purposes of Minnesota Statutes, section 119B.05, under the provision in Laws 1999, chapter 245, article 1, section 2, subdivision 10 relating to federal TANF funds, is reduced by \$121,000 for fiscal year 2001.

[TANF MOE EXPENDITURES CLAIMED.] (a) For fiscal years 2000 and 2001 only, the commissioner shall claim allowable state expenditures from the working family credit under Minnesota Statutes, section 290.0671, as TANF maintenance of effort in amounts up to \$71,000,000 for the biennium.

(b) For fiscal year 2001, the commissioner shall claim allowable state expenditures for family preservation services under Minnesota Statutes, chapter 256F, as TANF maintenance of effort in amounts equal to the state share of the amounts passed through to custodial parents under Minnesota Statutes, section 256.741, subdivision 15.

(c) For fiscal years 2002 and 2003, the commissioner shall claim allowable state expenditures for family preservation services under Minnesota Statutes, chapter 256F, as TANF maintenance of effort in amounts equal to the state share of the amounts distributed to individuals under Minnesota Statutes, section 256.741, subdivision 15. This paragraph expires June 30, 2003.

(a) Assistance to Families Grants

| | |
|--------------|--------------|
| (24,372,000) | (43,200,000) |
|--------------|--------------|

(b) Work Grants

| | |
|-----|-----------|
| -0- | (250,000) |
|-----|-----------|

(c) General Assistance

| | |
|---------|-------------|
| 557,000 | (3,937,000) |
|---------|-------------|

(d) Minnesota Supplemental Aid

| | |
|---------|---------|
| 324,000 | 323,000 |
|---------|---------|

Subd. 8. Economic Support Management

| | | |
|--------------|-----|---------|
| General Fund | -0- | 127,000 |
|--------------|-----|---------|

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Sec. 3. COMMISSIONER OF HEALTH

| | | |
|------------------------------------|-----|---------|
| Subdivision 1. Total Appropriation | -0- | 707,000 |
|------------------------------------|-----|---------|

Summary by Fund

| | | |
|---------|-----|---------|
| General | -0- | 707,000 |
|---------|-----|---------|

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- | 707,000 |
|---|-----|---------|

Summary by Fund

| | | |
|---------|-----|---------|
| General | -0- | 707,000 |
|---------|-----|---------|

[POISON INFORMATION CENTERS.] Of this appropriation, \$540,000 in fiscal year 2001 is for Minnesota Poison Information Centers under Minnesota Statutes, section 145.93. This is a one-time appropriation. The commissioner may use funds available through the federal preventive health services block grant to provide additional funding for the poison control system.

[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.

Sec. 4. HEALTH-RELATED BOARDS

| | | |
|------------------------------------|---------|-----|
| Subdivision 1. Total Appropriation | 150,000 | -0- |
|------------------------------------|---------|-----|

This appropriation is added to the appropriation in Laws 1999, chapter 205, article 1, section 5.

[STATE GOVERNMENT SPECIAL REVENUE FUND.] The appropriation in this section is 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

| APPROPRIATIONS | |
|------------------------|------|
| Available for the Year | |
| Ending June 30 | |
| 2000 | 2001 |

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- |
|------------------------------|---------|-----|

This is a one-time appropriation to the board for extraordinary legal costs.

Sec. 5. CARRYOVER LIMITATION

None of the appropriations in this act 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. Laws 1999, chapter 245, article 1, section 2, subdivision 3, is amended to read:

Subd. 3. Children's Grants

| | | |
|---------|------------|------------|
| General | 52,845,000 | 54,931,000 |
|---------|------------|------------|

[ADOPTION ASSISTANCE.] Federal funds available during the biennium ending June 30, 2001, for adoption incentive grants, adoption and foster care recruitment, and other adoption services, are appropriated to the commissioner for ~~these purposes~~ the adoption assistance program under Minnesota Statutes, section 259.67.

Sec. 8. [EFFECTIVE DATE.]

The appropriations and reductions for fiscal year 2000 in this article are effective the day following final enactment.

ARTICLE 2

HEALTH CARE

Section 1. Minnesota Statutes 1998, section 121A.15, subdivision 4, is amended to read:

Subd. 4. [SUBSTITUTE IMMUNIZATION STATEMENT.] (a) A person who is enrolling or enrolled in an elementary or secondary school or child care facility may substitute a statement from the emancipated person or a parent or guardian if the person is a minor child in lieu of the statement from a physician or public clinic which provides immunizations. If the statement is from a parent or guardian or emancipated person, the statement must indicate the month and year of each immunization given.

(b) In order for the statement to be acceptable for a person who is enrolling in an elementary school and who is six years of age or younger, it must indicate that the following was given: no less than one dose of vaccine each for measles, mumps, and rubella given separately or in combination; no less than four doses of vaccine for poliomyelitis, unless the third dose was given after the fourth birthday, then three doses are minimum; no less than five doses of vaccine for diphtheria, tetanus, and pertussis, unless the fourth dose was given after the fourth birthday, then four doses are minimum; and no less than three doses of vaccine for hepatitis B.

(c) In order for the statement to be consistent with subdivision 10 and acceptable for a person who is enrolling in an elementary or secondary school and is age seven through age 19, the statement must indicate that the person has received no less than one dose of vaccine each for measles, mumps, and rubella given separately or in combination, and no less than three doses of vaccine for poliomyelitis, diphtheria, tetanus, and hepatitis B.

(d) In order for the statement to be acceptable for a person who is enrolling in a secondary school, and who was born after 1956 and is 20 years of age or older, the statement must indicate that the person has received no less than one dose of vaccine each for measles, mumps, and rubella given separately or in combination, and no less than one dose of vaccine for diphtheria and tetanus within the preceding ten years.

(e) In order for the statement to be acceptable for a person who is enrolling in a child care facility and who is at least 15 months old but who has not reached five years of age, it must indicate that the following were given: no less than one dose of vaccine each for measles, mumps, and rubella given separately or in combination; no less than one dose of vaccine for haemophilus influenza type b given at or after the first birthday; no less than four doses of vaccine for diphtheria, tetanus, and pertussis; and no less than three doses of vaccine for poliomyelitis.

(f) In order for the statement to be acceptable for a person who is enrolling in a child care facility and who is five or six years of age, it must indicate that the following was given: no less than one dose of vaccine each for measles, mumps, and rubella given separately or in combination; no less than four doses of vaccine for diphtheria, tetanus, and pertussis; and no less than three doses of vaccine for poliomyelitis.

(g) In order for the statement to be acceptable for a person who is enrolling in a child care facility and who is seven years of age or older, the statement must indicate that the person has received no less than one dose of vaccine each for measles, mumps, and rubella given separately or in combination and consistent with subdivision 10, and no less than three doses of vaccine for poliomyelitis, diphtheria, and tetanus.

(h) The commissioner of health, on finding that any of the above requirements are not necessary to protect the public's health, may suspend for one year that requirement.

Sec. 2. Minnesota Statutes 1998, section 121A.15, subdivision 10, is amended to read:

Subd. 10. [REQUIREMENTS FOR IMMUNIZATION STATEMENTS.] (a) A statement required to be submitted under subdivisions 1, 2, and 4 to document evidence of immunization shall include month, day, and year for immunizations administered after January 1, 1990.

~~(a) For persons enrolled in grades 7 and 12 during the 1996-1997 school term, the statement must indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.~~

~~(b) Except as specified in paragraph (c), for persons enrolled in grades 7, 8, and 12 during the 1997-1998 school term, the statement must indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.~~

~~(c) (b) Except as specified in paragraph (e) (d), for persons enrolled in grades 7 through 12 during the 1998-1999 school term and for each year thereafter, the statement must indicate that the person has received a dose of tetanus and diphtheria toxoid no earlier than 11 years of age.~~

~~(d)~~ (c) For persons enrolled in grades 7 through 12 ~~during the 1996-1997 school year and for each year thereafter~~, the statement must indicate that the person has received at least two doses of vaccine against measles, mumps, and rubella, given alone or separately and given not less than one month apart. Beginning with the 2001-2002 school year, persons entering kindergarten must also meet this requirement.

~~(e)~~ (d) A person who has received at least three doses of tetanus and diphtheria toxoids, with the most recent dose given after age six and before age 11, is not required to have additional immunization against diphtheria and tetanus until ten years have elapsed from the person's most recent dose of tetanus and diphtheria toxoid.

~~(f)~~ (e) The requirement for hepatitis B vaccination shall apply to persons enrolling in kindergarten beginning with the 2000-2001 school term.

~~(g)~~ (f) The requirement for hepatitis B vaccination shall apply to persons enrolling in grade 7 beginning with the 2001-2002 school term.

Sec. 3. 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. 4. Minnesota Statutes 1999 Supplement, section 144A.04, subdivision 5, is amended to read:

Subd. 5. [ADMINISTRATORS.] Except as otherwise provided by this subdivision, a nursing home must have a full time licensed nursing home administrator serving the facility. Notwithstanding sections 144A.18 to 144A.27, in any nursing home of less than ~~32~~ 37 beds, the director of nursing services may also serve as the licensed nursing home administrator without being licensed as a nursing home administrator, provided the director of nursing services has passed the state law and rules examination administered by the board of examiners for nursing home administrators and maintains evidence of completion of 20 hours of continuing education each year on topics pertinent to nursing home administration. Two nursing homes under common ownership or management pursuant to a lease or management contract having a total of 150 beds or less and located within 75 miles of each other may share the services of a licensed administrator if the administrator divides the full-time work week between the two facilities in proportion to the number of beds in each facility. Every nursing home shall have a person-in-charge on the premises at all times in the absence of the licensed administrator. The name of the person in charge must be posted in a conspicuous place in the facility. The commissioner of health shall by rule promulgate minimum education and experience requirements for persons-in-charge, and may promulgate rules specifying the times of day during which a licensed administrator must be on the nursing home's premises. In the absence of rules adopted by the commissioner governing the division of an administrator's time between two nursing homes, the administrator shall designate and post the times the administrator will be on site in each home on a regular basis. A nursing home may employ as its administrator the administrator of a hospital licensed pursuant to sections 144.50 to 144.56 if the individual is licensed as a nursing home administrator pursuant to section 144A.20 and the nursing home and hospital have a combined total of 150 beds or less and are located within one mile of each other. A nonproprietary retirement home having fewer than 15 licensed nursing home beds may share the services of a licensed administrator with a nonproprietary nursing home, having fewer than 150 licensed nursing home beds, that is located within 25 miles of the retirement home. A nursing home which is located in a facility licensed as a hospital pursuant to sections 144.50 to 144.56, may employ as its administrator the administrator of the hospital if the individual meets minimum education and long term care experience criteria set by rule of the commissioner of health.

Sec. 5. 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 commissioners of health and human services, licensed and certified beds. Notice to the commissioners 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 status may be relicensed and recertified 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 of health. A nursing facility that relicenses and recertifies beds placed on layaway may not place beds on layaway status for one year after the effective date of the relicensure and recertification. Beds may remain on layaway status for up to five years.

Sec. 6. [145.4241] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] As used in sections 145.4241 to 145.4246, the following terms have the meaning given them.

Subd. 2. [ABORTION.] "Abortion" means the use or prescription of any instrument, medicine, drug, or any other substance or device to intentionally terminate the pregnancy of a female known to be pregnant, with an intention other than to increase the probability of a live birth, to preserve the life or health of the child after live birth, or to remove a dead fetus.

Subd. 3. [ATTEMPT TO PERFORM AN ABORTION.] "Attempt to perform an abortion" means an act, or an omission of a statutorily required act, that, under the circumstances as the actor believes them to be, constitutes a substantial step in a course of conduct planned to culminate in the performance of an abortion in Minnesota in violation of sections 145.4241 to 145.4246.

Subd. 4. [MEDICAL EMERGENCY.] "Medical emergency" means any condition that, on the basis of the physician's good faith clinical judgment, complicates the medical condition of a pregnant female to the extent that:

(1) an immediate abortion of her pregnancy is necessary to avert her death; or

(2) a 24-hour delay in performing an abortion creates a serious risk of substantial and irreversible impairment of a major bodily function.

Subd. 5. [PHYSICIAN.] "Physician" means a person licensed under chapter 147.

Subd. 6. [PROBABLE GESTATIONAL AGE OF THE UNBORN CHILD.] "Probable gestational age of the unborn child" means what will, in the judgment of the physician, with reasonable probability, be the gestational age of the unborn child at the time the abortion is planned to be performed.

Sec. 7. [145.4242] [INFORMED CONSENT.]

No abortion shall be performed in this state except with the voluntary and informed consent of the female upon whom the abortion is to be performed. Except in the case of a medical emergency, consent to an abortion is voluntary and informed only if:

(1) the female is told the following, by telephone or in person, by the physician who is to perform the abortion or by a referring physician, at least 24 hours before the abortion:

(i) the name of the physician who will perform the abortion;

(ii) the particular medical risks associated with the particular abortion procedure to be employed including, when medically accurate, the risks of infection, hemorrhage, breast cancer, danger to subsequent pregnancies, and infertility;

(iii) the probable gestational age of the unborn child at the time the abortion is to be performed; and

(iv) the medical risks associated with carrying her child to term.

The information required by this clause may be provided by telephone without conducting a physical examination or tests of the patient, in which case the information required to be provided may be based on facts supplied the physician by the female and whatever other relevant information is reasonably available to the physician. It may not be provided by a tape recording, but must be provided during a consultation in which the physician is able to ask questions of the female and the female is able to ask questions of the physician. If a physical examination, tests, or the availability of other information to the physician subsequently indicate, in the medical judgment of the physician, a revision of the information previously supplied to the patient, that revised information may be communicated to the patient at any time prior to the performance of the abortion. Nothing in this section may be construed to preclude provision of required information in a language understood by the patient through a translator;

(2) the female is informed, by telephone or in person, by the physician who is to perform the abortion, by a referring physician, or by an agent of either physician at least 24 hours before the abortion:

(i) that medical assistance benefits may be available for prenatal care, childbirth, and neonatal care;

(ii) that the father is liable to assist in the support of her child, even in instances when the father has offered to pay for the abortion; and

(iii) that she has the right to review the printed materials described in section 145.4243. The physician or the physician's agent shall orally inform the female that the materials have been provided by the state of Minnesota and that they describe the unborn child and list agencies that offer alternatives to abortion. If the female chooses to view the materials, they shall either be given to her at least 24 hours before the abortion or mailed to her at least 72 hours before the abortion by certified mail, restricted delivery to addressee, which means the postal employee can only deliver the mail to the addressee.

The information required by this clause may be provided by a tape recording if provision is made to record or otherwise register specifically whether the female does or does not choose to review the printed materials;

(3) the female certifies in writing, prior to the abortion, that the information described in this section has been furnished her, and that she has been informed of her opportunity to review the information referred to in clause (2); and

(4) prior to the performance of the abortion, the physician who is to perform the abortion or the physician's agent receives a copy of the written certification prescribed by clause (3).

Sec. 8. [145.4243] [PRINTED INFORMATION.]

(a) Within 90 days after the effective date of sections 145.4241 to 145.4246, the department of health shall cause to be published, in English and in each language that is the primary language of two percent or more of the state's population, the following printed materials in such a way as to ensure that the information is easily comprehensible:

(1) geographically indexed materials designed to inform the female of public and private agencies and services available to assist a female through pregnancy, upon childbirth, and while the child is dependent, including adoption agencies, which shall include a comprehensive list of the agencies available, a description of the services they offer, and a description of the manner, including telephone numbers, in which they might be contacted or, at the option of the department of health, printed materials including a toll-free, 24-hours-a-day telephone number that may be called to obtain, orally, such a list and description of agencies in the locality of the caller and of the services they offer; and

(2) materials designed to inform the female of the probable anatomical and physiological characteristics of the unborn child at two-week gestational increments from the time when a female can be known to be pregnant to full term, including any relevant information on the possibility of the unborn child's survival and pictures or drawings representing the development of unborn children at two-week gestational increments, provided that any such pictures or drawings must contain the dimensions of the fetus and must be realistic and appropriate for the stage of pregnancy depicted. The materials shall be objective, nonjudgmental, and designed to convey only accurate scientific information about the unborn child at the various gestational ages. The material shall also contain objective information describing the methods of abortion procedures commonly employed, the medical risks commonly associated with each procedure, the possible detrimental psychological effects of abortion, the medical risks commonly associated with each procedure, and the medical risks commonly associated with carrying a child to term.

(b) The materials referred to in this section must be printed in a typeface large enough to be clearly legible. The materials required under this section must be available at no cost from the department of health upon request and in appropriate number to any person, facility, or hospital.

Sec. 9. [145.4244] [PROCEDURE IN CASE OF MEDICAL EMERGENCY.]

When a medical emergency compels the performance of an abortion, the physician shall inform the female, prior to the abortion if possible, of the medical indications supporting the physician's judgment that an abortion is necessary to avert her death or that a 24-hour delay in conformance with section 145.4242 creates a serious risk of substantial and irreversible impairment of a major bodily function.

Sec. 10. [145.4245] [REMEDIES.]

Subdivision 1. [CIVIL REMEDIES.] Any person upon whom an abortion has been performed or the parent of a minor upon whom an abortion has been performed may maintain an action against the person who performed the abortion in knowing or reckless violation of sections 145.4241 to 145.4246 for actual and punitive damages. Any person upon whom an abortion has been attempted without complying with sections 145.4241 to 145.4246 may maintain an action against the person who attempted to perform the abortion in knowing or reckless violation of sections 145.4241 to 145.4246 for actual and punitive damages.

Subd. 2. [ATTORNEY FEES.] If judgment is rendered in favor of the plaintiff in any action described in this section, the court shall also render judgment for a reasonable attorney's fee in favor of the plaintiff against the defendant. If judgment is rendered in favor of the defendant and the court finds that the plaintiff's suit was frivolous and brought in bad faith, the court shall also render judgment for a reasonable attorney's fee in favor of the defendant against the plaintiff.

Subd. 3. [PROTECTION OF PRIVACY IN COURT PROCEEDINGS.] In every civil action brought under sections 145.4241 to 145.4246, the court shall rule whether the anonymity of any female upon whom an abortion has been performed or attempted shall be preserved from public disclosure if she does not give her consent to such disclosure. The court, upon motion or sua sponte, shall make such a ruling and, upon determining that her anonymity should be preserved, shall issue orders to the parties, witnesses, and counsel and shall direct the sealing of the record and exclusion of individuals from courtrooms or hearing rooms to the extent necessary to safeguard her identity from public disclosure. Each order must be accompanied by specific written findings explaining why the anonymity of the female should be preserved from public disclosure, why the order is essential to that end, how the order is narrowly tailored to serve that interest, and why no reasonable, less restrictive alternative exists. In the absence of written consent of the female upon whom an abortion has been performed or attempted, anyone, other than a public official, who brings an action under subdivision 1, shall do so under a pseudonym. This section may not be construed to conceal the identity of the plaintiff or of witnesses from the defendant.

Sec. 11. [145.4246] [SEVERABILITY.]

If any one or more provision, section, subsection, sentence, clause, phrase, or word of sections 145.4241 to 145.4246 or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be severable and the balance of sections 145.4241 to 145.4246 shall remain effective notwithstanding such unconstitutionality. The legislature hereby declares that it would have passed sections 145.4241 to 145.4246, and each provision, section, subsection, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provision, section, subsection, sentence, clause, phrase, or word be declared unconstitutional.

Sec. 12. [252.461] [ALTERNATIVE RATE-SETTING METHODOLOGIES.]

(a) The commissioner may approve alternative rate-setting methodologies for identified day training and habilitation vendors recommended by the day training and habilitation task force established under Laws 1999, chapter 152, that are supported by all members of the task force. Any alternative rate-setting methodology approved under this section must sunset upon implementation of the new statewide payments rate structure recommended by the task force in its report to the legislature on January 15, 2001.

(b) The commissioner may grant a variance to any of the provisions in sections 252.451, subdivision 5; 252.46, except subdivision 16; and Minnesota Rules, part 9525.1290, subpart 1, items A and B, necessary to implement the alternative rate-setting methodologies approved by the task force under paragraph (a).

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

Sec. 13. Minnesota Statutes 1998, section 254B.03, subdivision 1, is amended to read:

Subdivision 1. [LOCAL AGENCY DUTIES.] (a) Every local agency shall provide chemical dependency services to persons residing within its jurisdiction who meet criteria established by the commissioner for placement in a chemical dependency residential or nonresidential treatment service. Chemical dependency money must be administered by the local agencies according to law and rules adopted by the commissioner under sections 14.001 to 14.69.

(b) In order to contain costs, the county board shall, with the approval of the commissioner of human services, select eligible vendors of chemical dependency services who can provide economical and appropriate treatment. Unless the local agency is a social services department directly administered by a county or human services board, the local agency shall not be an eligible vendor under section 254B.05. The commissioner may approve proposals from county boards to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. If a county implements a demonstration or experimental medical services funding plan, the commissioner shall transfer the money as appropriate. If a county selects a vendor located in another state, the county shall ensure that the vendor is in compliance with the rules governing licensure of programs located in the state.

(c) The calendar year 1998 rate for vendors may not increase more than three percent above the rate approved in effect on January 1, 1997. The calendar year 1999 rate for vendors may not increase more than three percent above the rate in effect on January 1, 1998.

(d) A culturally specific vendor that provides assessments under a variance under Minnesota Rules, part 9530.6610, shall be allowed to provide assessment services to persons not covered by the variance.

(e) The rates for vendors of inpatient treatment services for calendar year 2001 may not increase more than one percent above the rate in effect on January 1, 2000.

(f) The calendar year 2001 rate for vendors of outpatient treatment services may not increase more than three percent above the rate in effect on January 1, 2000.

Sec. 14. Minnesota Statutes 1998, section 256.955, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The commissioner of human services shall establish and administer a ~~senior citizen~~ prescription drug program. Qualified ~~senior citizens~~ individuals shall be eligible for prescription drug coverage under the program beginning no later than January 1, 1999.

Sec. 15. Minnesota Statutes 1998, section 256.955, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) For purposes of this section, the following definitions apply.

(b) "Health plan" has the meaning provided in section 62Q.01, subdivision 3.

(c) "Health plan company" has the meaning provided in section 62Q.01, subdivision 4.

(d) "Qualified ~~senior citizen~~ individual" means a Medicare enrollee, or an individual age 65 or older who is not a Medicare enrollee, who:

(1) ~~is eligible as a qualified Medicare beneficiary according to section 256B.057, subdivision 3 or 3a, or is eligible under section 256B.057, subdivision 3 or 3a, and is also eligible for medical assistance or general assistance medical care with a spenddown as defined in section 256B.056, subdivision 5. Persons who are determined eligible for medical assistance according to section 256B.0575, who are eligible for medical assistance or general assistance medical care without a spenddown, or who are enrolled in MinnesotaCare, are not eligible for this program~~ has a household income that does not exceed 120 percent of the federal poverty guidelines for family size, using the income methodologies specified for aged, blind, or disabled persons in section 256B.056, subdivision 1a;

(2) ~~has assets that do not exceed \$8,000 for a single individual and \$12,000 for a married couple or family of two or more, as determined using the methodologies specified for aged, blind, or disabled persons in section 256B.056, subdivision 1a;~~

~~(3)~~ (3) is not enrolled in prescription drug coverage under a health plan;

~~(4)~~ (4) is not enrolled in prescription drug coverage under a Medicare supplement plan, as defined in sections 62A.31 to 62A.44, or policies, contracts, or certificates that supplement Medicare issued by health maintenance organizations or those policies, contracts, or certificates governed by section 1833 or 1876 of the federal Social Security Act, United States Code, title 42, section 1395, et seq., as amended;

~~(5)~~ (5) has not had coverage described in clauses (2) and (3) for at least four months prior to application for the program; ~~and~~

~~(6)~~ (6) is a permanent resident of Minnesota as defined in section 256L.09; ~~and~~

~~(7) is not eligible for MinnesotaCare, for medical assistance according to section 256B.0575, or for medical assistance or general assistance medical care without a spenddown.~~

Sec. 16. Minnesota Statutes 1999 Supplement, section 256.955, subdivision 4, is amended to read:

Subd. 4. [APPLICATION PROCEDURES AND COORDINATION WITH MEDICAL ASSISTANCE.] Applications and information on the program must be made available at county social service agencies, health care provider offices, and agencies and organizations serving senior citizens ~~and persons with disabilities~~. ~~Senior citizens~~ Individuals shall submit applications and any information specified by the commissioner as being necessary to verify eligibility directly to the county social service agencies:

(1) beginning January 1, 1999, the county social service agency shall determine medical assistance spenddown eligibility of individuals who qualify for the ~~senior citizen~~ prescription drug program ~~of individuals~~; and

(2) program payments will be used to reduce the spenddown obligations of individuals who are determined to be eligible for medical assistance with a spenddown as defined in section 256B.056, subdivision 5.

~~Seniors~~ Qualified individuals who are eligible for medical assistance with a spenddown shall be financially responsible for the deductible amount up to the satisfaction of the spenddown. No deductible applies once the spenddown has been met. Payments to providers for prescription drugs for persons eligible under this subdivision shall be reduced by the deductible.

County social service agencies shall determine an applicant's eligibility for the program within 30 days from the date the application is received. Eligibility begins the month after approval.

Sec. 17. Minnesota Statutes 1999 Supplement, section 256.955, subdivision 8, is amended to read:

Subd. 8. [REPORT.] The commissioner shall annually report to the legislature on the ~~senior citizen~~ prescription drug program. The report must include demographic information on enrollees, per-prescription expenditures, total program expenditures, hospital and nursing home costs avoided by enrollees, any savings to medical assistance and Medicare resulting from the provision of prescription drug coverage under Medicare by health maintenance organizations, other public and private options for drug assistance to the ~~senior covered~~ population, any hardships caused by the annual deductible, and any recommendations for changes in the ~~senior~~ prescription drug program.

Sec. 18. Minnesota Statutes 1999 Supplement, section 256.955, subdivision 9, is amended to read:

Subd. 9. [PROGRAM LIMITATION.] The commissioner shall administer the ~~senior~~ prescription drug program so that the costs total no more than funds appropriated plus the drug rebate proceeds. ~~Senior Prescription~~ drug program rebate revenues are appropriated to the commissioner and shall be expended to augment funding of the ~~senior~~ prescription drug program. New enrollment shall cease if the commissioner determines that, given current enrollment, costs of the program will exceed appropriated funds and rebate proceeds. ~~This section shall be repealed upon federal approval of the waiver to allow the commissioner to provide prescription drug coverage for qualified Medicare beneficiaries whose income is less than 150 percent of the federal poverty guidelines.~~

Sec. 19. Minnesota Statutes 1998, section 256B.431, is amended by adding a subdivision to read:

Subd. 29. [NURSING FACILITY RATE FLOOR.] (a) For the rate year beginning July 1, 2000, the commissioner shall adjust operating costs per diem for nursing facilities reimbursed under this section and section 256B.434 as provided in this subdivision.

(b) For each nursing facility, the commissioner, after applying the adjustment in subdivision 28, shall compare the operating costs per diem listed in this paragraph to the operating costs per diem the facility would otherwise receive for the July 1, 2000, rate year.

| <u>Case mix classification</u> | <u>Operating costs per diem</u> |
|--------------------------------|---------------------------------|
| <u>A</u> | <u>\$ 62.10</u> |
| <u>B</u> | <u>\$ 68.56</u> |
| <u>C</u> | <u>\$ 75.88</u> |
| <u>D</u> | <u>\$ 82.55</u> |
| <u>E</u> | <u>\$ 89.44</u> |
| <u>F</u> | <u>\$ 89.87</u> |
| <u>G</u> | <u>\$ 95.69</u> |
| <u>H</u> | <u>\$106.67</u> |
| <u>I</u> | <u>\$110.54</u> |
| <u>J</u> | <u>\$116.57</u> |
| <u>K</u> | <u>\$129.28</u> |

(c) If a facility's total reimbursement for operating costs, using the case mix classification operating costs per diem listed in paragraph (b), is greater than the total reimbursement for operating costs the facility would otherwise receive, the commissioner shall calculate operating costs per diem for that facility for the rate year beginning July 1, 2000, using the case mix classification operating costs per diem listed in paragraph (b).

(d) If a facility's total reimbursement for operating costs, using the case mix classification costs per diem listed in paragraph (b), is less than the total reimbursement for operating costs the facility would otherwise receive, the commissioner shall reimburse that facility for the rate year beginning July 1, 2000, as provided in this section or section 256B.434, whichever is applicable, and shall not calculate operating costs per diem for that facility using the case mix classification operating costs per diem listed in paragraph (b).

Sec. 20. Minnesota Statutes 1998, section 256B.431, is amended by adding a subdivision to read:

Subd. 30. [BED LAYAWAY AND DELICENSURE.] (a) For rate years beginning on or after July 1, 2000, a nursing facility reimbursed under this section which has placed beds on layaway status shall, for purposes of application of the downsizing incentive in subdivision 3a, paragraph (d) and calculation of the rental per diem, have those beds given the same effect as if the beds had been delicensed so long as the beds remain on layaway status. At the time of a layaway, a facility may change its single bed election for use in calculating capacity days under Minnesota Rules, part 9549.0060, subpart 11. The property payment rate increase shall be effective the first day of the month following the month in which the layaway of the beds becomes effective under section 144A.171, subdivision 4b.

(b) For rate years beginning on or after July 1, 2000, notwithstanding any provision to the contrary under section 256B.434, a nursing facility reimbursed under that section which has placed beds on layaway status shall, for so long as the beds remain on layaway status, be allowed to:

(1) aggregate the applicable investment per bed limits based on the number of beds licensed immediately prior to entering the alternative payment system;

(2) retain or change the facility's single bed election for use in calculating capacity days under Minnesota rules, part 9549.0060, subpart 11; and

(3) establish capacity days for each rate year following the layaway based on the number of beds licensed less the number of beds on layaway status.

The commissioner shall increase the facility's property payment rate by the incremental increase in the rental per diem resulting from the recalculation of the facility's rental per diem applying only the changes resulting from the layaway of beds and clauses (1), (2), and (3). The property payment rate increase shall be effective the first day of the month following the month in which the layaway of the beds becomes effective.

(c) If a nursing facility removes a bed from layaway status in accordance with section 144A.071, subdivision 4, the commissioner shall establish capacity days based on the number of licensed and certified beds in the facility not on layaway and shall reduce the nursing facility's property payment rate in accordance with paragraph (b).

(d) For the rate years beginning on or after July 1, 2000, notwithstanding any provision to the contrary under section 256B.434, a nursing facility reimbursed under that section, which has delicensed beds after July 1, 2000 by giving notice of the delicensure to the commissioners of health and human services according to the notice requirements in subdivision 4b, shall be allowed to:

(1) aggregate the applicable investment per bed limits based on the number of beds licensed immediately prior to entering the alternative payment system;

(2) establish the facility's single bed election for use in calculating capacity days under Minnesota Rules, part 9549.0060, subpart 11; and

(3) establish capacity days for each rate year following the delicensure based on the number of beds licensed after the reduction.

The commissioner shall increase the facility's property payment rate by the incremental increase in the rental per diem resulting from the recalculation of the facility's rental per diem applying only the changes resulting from the delicensure of beds and clauses (1), (2), and (3). The property payment rate increase shall be effective the first day of the month following the month in which the delicensure of the beds becomes effective.

(e) For nursing facilities reimbursed under this section and section 256B.434, any beds placed in layaway status shall not be included in calculating facility occupancy as it pertains to leave days defined in Minnesota Rules, part 9505.0415.

(f) For nursing facilities reimbursed under this section and section 256B.434, the rental rate calculated after placing beds on layaway status may not be less than the rental rate prior to placing beds on layaway status.

(g) A nursing facility receiving a rate adjustment as a result of this section shall comply with section 256B.47, subdivision 2.

Sec. 21. Minnesota Statutes 1998, section 256B.69, subdivision 5d, is amended to read:

Subd. 5d. [MODIFICATION OF PAYMENT DATES EFFECTIVE JANUARY 1, 2001.] Effective for services rendered on or after January 1, 2001, capitation payments under this section and under section 256D.03 for services provided in the month of June shall be made no earlier than the first day after the month of service.

Sec. 22. Minnesota Statutes 1998, section 256L.05, subdivision 5, is amended to read:

Subd. 5. [AVAILABILITY OF PRIVATE INSURANCE.] The commissioner, in consultation with the commissioners of health and commerce, shall provide information regarding the availability of private health insurance coverage and the possibility of disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), to all: (1) families and individuals enrolled in the MinnesotaCare program whose gross family income is equal to or more than 200 225 percent of the federal poverty guidelines; and (2) single adults and households without children enrolled in the MinnesotaCare program whose gross family income is equal to or more than 165 percent of the federal poverty guidelines. This information must be provided upon initial enrollment and annually thereafter. The commissioner shall also include information regarding the availability of private health insurance coverage in the notice of ineligibility provided to persons subject to disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c).

Sec. 23. Minnesota Statutes 1999 Supplement, section 256L.07, subdivision 1, is amended to read:

Subdivision 1. [GENERAL REQUIREMENTS.] (a) Children enrolled in the original children's health plan as of September 30, 1992, children who enrolled in the MinnesotaCare program after September 30, 1992, pursuant to Laws 1992, chapter 549, article 4, section 17, and children who have family gross incomes that are equal to or less than 150 percent of the federal poverty guidelines are eligible without meeting the requirements of subdivision 2, as long as they maintain continuous coverage in the MinnesotaCare program or medical assistance. Children who apply for MinnesotaCare on or after the implementation date of the employer-subsidized health coverage program as described in Laws 1998, chapter 407, article 5, section 45, who have family gross incomes that are equal to or less than 150 percent of the federal poverty guidelines, must meet the requirements of subdivision 2 to be eligible for MinnesotaCare.

(b) Families enrolled in MinnesotaCare under section 256L.04, subdivision 1, whose income increases above 275 percent of the federal poverty guidelines, are no longer eligible for the program and shall be disenrolled by the commissioner. Individuals enrolled in MinnesotaCare under section 256L.04, subdivision 7, whose income increases above 175 percent of the federal poverty guidelines are no longer eligible for the program and shall be disenrolled by the commissioner. For persons disenrolled under this subdivision, MinnesotaCare coverage terminates the last day of the calendar month following the month in which the commissioner determines that the income of a family or individual exceeds program income limits.

(c) Notwithstanding paragraph (b), individuals and families may remain enrolled in MinnesotaCare if ten percent of their annual income is less than the annual premium for a policy with a \$500 deductible available through the Minnesota comprehensive health association. Individuals and families who are no longer eligible for MinnesotaCare under this subdivision shall be given ~~an 18-month~~ a 12-month notice period from the date that ineligibility is determined before disenrollment.

Sec. 24. Laws 1997, chapter 225, article 4, section 4, as amended by Laws 1999, chapter 245, article 4, section 104, is amended to read:

Sec. 4. [~~SENIOR PRESCRIPTION~~ DRUG PROGRAM.]

The commissioner shall report to the legislature the estimated costs of the ~~senior prescription~~ drug program ~~without funding caps~~. The report shall be included as part of the November and February forecasts.

The commissioner of finance shall annually reimburse the general fund with health care access funds for the estimated increased costs in the QMB/SLMB program directly associated with the ~~senior prescription~~ drug program. This reimbursement shall sunset June 30, 2001.

Sec. 25. [AMENDMENT.]

By June 1, 2000, the commissioner of human services shall seek an amendment to the state Medicaid plan to permit implementation of section 12 (252.461).

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

Sec. 26. [INFORMATION ON PRESCRIPTION DRUG PATIENT ASSISTANCE PROGRAMS.]

The commissioner of human services must work with the board of medical practice and the Pharmaceutical Research and Manufacturers of America (PhRMA) to develop a strategy to provide information on prescription drug patient assistance programs offered by member companies of PhRMA to all physicians in the state. Any strategy developed must provide physicians with regular updates on prescription drug patient assistance programs and be implemented without cost to physicians or the state.

Sec. 27. [TASK FORCE EXTENDED; REPORT.]

The day training and habilitation task force established under Laws 1999, chapter 152, shall be extended to June 15, 2001. The task force shall present a report recommending a new payment rate schedule for day training and habilitation services to the legislature by January 15, 2001.

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

Sec. 28. [RESPITE CARE FOR FAMILY ADULT FOSTER CARE PROVIDERS.]

The commissioner of human services, in consultation with affected groups, including counties, family adult foster care providers, guardians and family members, and advocacy agencies, shall develop legislative proposals, including cost projections, to provide 30 days of respite care per year for family adult foster care providers. The proposals must include funding options that rely upon federal and state funding. The commissioner shall provide the legislative proposals and cost projections to the chairs of the house health and human services policy committee, the house health and human services finance committee, the senate health and family security policy committee, and the senate health and family security budget division, by December 1, 2000.

Sec. 29. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the phrase "senior citizen drug program" wherever it appears in the next edition of Minnesota Statutes and Minnesota Rules to "prescription drug program."

ARTICLE 3

COMPLEMENTARY AND ALTERNATIVE HEALTH CARE
FREEDOM OF ACCESS ACT

Section 1. Minnesota Statutes 1999 Supplement, section 13.99, is amended by adding a subdivision to read:

Subd. 42c. [UNLICENSED COMPLEMENTARY AND ALTERNATIVE HEALTH CARE PRACTITIONERS AND CLIENTS.] Data obtained by the commissioner of health on unlicensed complementary and alternative health care practitioners and clients are classified under sections 146A.06 and 146A.08.

Sec. 2. [146A.01] [DEFINITIONS.]

Subdivision 1. [TERMS.] As used in this chapter, the following terms have the meanings given them.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of health or the commissioner's designee.

Subd. 3. [COMPLEMENTARY AND ALTERNATIVE HEALTH CARE CLIENT.] "Complementary and alternative health care client" means an individual who receives services from an unlicensed complementary and alternative health care practitioner.

Subd. 4. [COMPLEMENTARY AND ALTERNATIVE HEALTH CARE PRACTICES.] (a) "Complementary and alternative health care practices" means the broad domain of complementary and alternative healing methods and treatments, including but not limited to: (1) acupressure; (2) anthroposophy; (3) aroma therapy; (4) ayurveda; (5) cranial sacral therapy; (6) culturally traditional healing practices; (7) detoxification practices and therapies; (8) energetic healing; (9) polarity therapy; (10) folk practices; (11) healing practices utilizing food, food supplements, nutrients, and the physical forces of heat, cold, water, touch, and light; (12) Gerson therapy and colostrum therapy; (13) healing touch; (14) herbology or herbalism; (15) homeopathy; (16) iridology; (17) body work, massage, and massage therapy; (18) meditation; (19) mind-body healing practices; (20) naturopathy; (21) noninvasive instrumentalities; and (22) traditional Oriental practices, such as Qi Gong energy healing.

(b) Complementary and alternative health care practices, in and of themselves, do not include surgery, x-ray radiation, administering or dispensing legend drugs and controlled substances, practices that invade the human body by puncture of the skin, setting fractures, the use of medical devices as defined in section 147A.01, any practice included in the practice of dentistry as defined in section 150A.05, subdivision 1, or the manipulation or adjustment of articulations of joints or the spine as described in section 146.23 or 148.01.

(c) Complementary and alternative health care practices do not include practices that are permitted under section 147.09, clause (11), or 148.271, clause (5).

(d) This act does not apply to, control, prevent, or restrict the practice, service, or activity of lawfully marketing or distributing food products, including dietary supplements as defined in the federal dietary supplement health and education act, educating customers about such products, or explaining the uses of such products.

Subd. 5. [OFFICE OF UNLICENSED COMPLEMENTARY AND ALTERNATIVE HEALTH CARE PRACTICE OR OFFICE.] "Office of unlicensed complementary and alternative health care practice" or "office" means the office of unlicensed complementary and alternative health care practice established in section 146A.02.

Subd. 6. [PATIENT-IDENTIFYING DATA.] "Patient-identifying data" means data that identifies a patient directly or that identifies characteristics which reasonably could uniquely identify a specific patient circumstantially.

Subd. 7. [ROSTER DATA.] "Roster data" means, with regard to an enrollee of a health plan company or group purchaser, an enrollee's name, address, telephone number, date of birth, gender, and enrollment status under a group purchaser's health plan. Roster data means, with regard to a patient of a provider, the patient's name, address, telephone number, date of birth, gender, and date or dates treated, including, if applicable, the date of admission and the date of discharge.

Subd. 8. [UNLICENSED COMPLEMENTARY AND ALTERNATIVE HEALTH CARE PRACTITIONER.] "Unlicensed complementary and alternative health care practitioner" means a person who:

(1) is not licensed or registered by a health-related licensing board or the commissioner of health, or does not hold oneself out to the public as licensed or registered by a health-related licensing board or the commissioner of health when engaging in complementary and alternative health care practices;

(2) has not had a license or registration issued by a health-related licensing board or the commissioner of health revoked or has not been disciplined in any manner at any time in the past, unless the right to engage in complementary and alternative health care practices has been established by order of the commissioner of health;

(3) is engaging in complementary and alternative health care practices; and

(4) is providing complementary and alternative health care services for remuneration or is holding oneself out to the public as a practitioner of complementary and alternative health care practices.

Sec. 3. [146A.02] [OFFICE OF UNLICENSED COMPLEMENTARY AND ALTERNATIVE HEALTH CARE PRACTICE.]

Subdivision 1. [CREATION.] The office of unlicensed complementary and alternative health care practice is created in the department of health to investigate complaints and take and enforce disciplinary actions against all unlicensed complementary and alternative health care practitioners for violations of prohibited conduct, as defined in section 146A.08. The office shall also serve as a clearinghouse on complementary and alternative health care practices and unlicensed complementary and alternative health care practitioners through the dissemination of objective information to consumers and through the development and performance of public education activities, including outreach, regarding the provision of complementary and alternative health care practices and unlicensed complementary and alternative health care practitioners who provide these services.

Subd. 2. [RULEMAKING.] The commissioner shall adopt rules necessary to implement, administer, or enforce provisions of this chapter pursuant to chapter 14. The commissioner may not adopt rules that restrict or prohibit persons from engaging in complementary and alternative health care practices on the basis of education, training, experience, or supervision.

Sec. 4. [146A.025] [MALTREATMENT OF MINORS.]

Nothing in this chapter shall restrict the ability of a local welfare agency, local law enforcement agency, the commissioner of human services, or the state to take action regarding the maltreatment of minors under section 609.378 or 626.556. A parent who obtains complementary and alternative health care for the parent's minor child is not relieved of the duty to seek necessary medical care. A complementary or alternative health care practitioner who is providing services to a child who is not receiving necessary medical care must make a report under section 626.556. A complementary or alternative health care provider is a mandated reporter under section 626.556, subdivision 3.

Sec. 5. [146A.03] [REPORTING OBLIGATIONS.]

Subdivision 1. [PERMISSION TO REPORT.] A person who has knowledge of any conduct constituting grounds for disciplinary action relating to complementary and alternative health care practices under this chapter may report the violation to the office.

Subd. 2. [INSTITUTIONS.] A state agency, political subdivision, agency of a local unit of government, private agency, hospital, clinic, prepaid medical plan, or other health care institution or organization located in this state shall report to the office any action taken by the agency, institution, or organization or any of its administrators or medical or other committees to revoke, suspend, restrict, or condition an unlicensed complementary and alternative health care practitioner's privilege to practice or treat complementary and alternative health care clients in the institution or, as part of the organization, any denial of privileges or any other disciplinary action for conduct that might constitute grounds for disciplinary action by the office under this chapter. The institution, organization, or governmental entity shall also report the resignation of any unlicensed complementary and alternative health care practitioners prior to the conclusion of any disciplinary action proceeding for conduct that might constitute grounds for disciplinary action under this chapter or prior to the commencement of formal charges but after the practitioner had knowledge that formal charges were contemplated or were being prepared.

Subd. 3. [PROFESSIONAL SOCIETIES.] A state or local professional society for unlicensed complementary and alternative health care practitioners shall report to the office any termination, revocation, or suspension of membership or any other disciplinary action taken against an unlicensed complementary and alternative health care practitioner. If the society has received a complaint that might be grounds for discipline under this chapter against a member on which it has not taken any disciplinary action, the society shall report the complaint and the reason why it has not taken action on it or shall direct the complainant to the office.

Subd. 4. [LICENSED PROFESSIONALS.] A licensed health professional shall report to the office personal knowledge of any conduct that the licensed health professional reasonably believes constitutes grounds for disciplinary action under this chapter by any unlicensed complementary and alternative health care practitioner, including conduct indicating that the individual may be medically incompetent or may be medically or physically unable to engage safely in the provision of services. If the information was obtained in the course of a client relationship, the client is an unlicensed complementary and alternative health care practitioner, and the treating individual successfully counsels the other practitioner to limit or withdraw from practice to the extent required by the impairment, the office may deem this limitation of or withdrawal from practice to be sufficient disciplinary action.

Subd. 5. [INSURERS.] Four times each year as prescribed by the commissioner, each insurer authorized to sell insurance described in section 60A.06, subdivision 1, clause (13), and providing professional liability insurance to unlicensed complementary and alternative health care practitioners or the medical joint underwriting association under chapter 62F shall submit to the office a report concerning the unlicensed complementary and alternative health care practitioners against whom malpractice settlements or awards have been made. The response must contain at least the following information:

- (1) the total number of malpractice settlements or awards made;
- (2) the date the malpractice settlements or awards were made;
- (3) the allegations contained in the claim or complaint leading to the settlements or awards made;
- (4) the dollar amount of each malpractice settlement or award;
- (5) the regular address of the practice of the unlicensed complementary and alternative health care practitioner against whom an award was made or with whom a settlement was made; and
- (6) the name of the unlicensed complementary and alternative health care practitioner against whom an award was made or with whom a settlement was made.

The insurance company shall, in addition to the above information, submit to the office any information, records, and files, including clients' charts and records, it possesses that tend to substantiate a charge that an unlicensed complementary and alternative health care practitioner may have engaged in conduct violating this chapter.

Subd. 6. [COURTS.] The court administrator of district court or any other court of competent jurisdiction shall report to the office any judgment or other determination of the court that adjudges or includes a finding that an unlicensed complementary and alternative health care practitioner is mentally ill, mentally incompetent, guilty of a felony, guilty of a violation of federal or state narcotics laws or controlled substances act, or guilty of abuse or fraud under Medicare or Medicaid; or that appoints a guardian of the unlicensed complementary and alternative health care practitioner under sections 525.54 to 525.61 or commits an unlicensed complementary and alternative health care practitioner under chapter 253B.

Subd. 7. [SELF-REPORTING.] An unlicensed complementary and alternative health care practitioner shall report to the office any personal action that would require that a report be filed with the office by any person, health care facility, business, or organization pursuant to subdivisions 2 to 5. The practitioner shall also report the revocation, suspension, restriction, limitation, or other disciplinary action against the practitioner's license, certificate, registration, or right of practice in another state or jurisdiction for offenses that would be subject to disciplinary action in this state and also report the filing of charges regarding the practitioner's license, certificate, registration, or right of practice in another state or jurisdiction.

Subd. 8. [DEADLINES; FORMS.] Reports required by subdivisions 2 to 7 must be submitted not later than 30 days after the reporter learns of the occurrence of the reportable event or transaction. The office may provide forms for the submission of reports required by this section, may require that reports be submitted on the forms provided, and may adopt rules necessary to ensure prompt and accurate reporting.

Sec. 6. [146A.04] [IMMUNITY.]

Subdivision 1. [REPORTING.] Any person other than an unlicensed complementary and alternative health care practitioner on whom violations or alleged violations of this chapter are reported, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting a report to the office, for otherwise reporting to the office violations or alleged violations of this chapter, or for cooperating with an investigation of a report, except as provided in this subdivision. Any person who knowingly or recklessly makes a false report is liable in a civil suit for any damages suffered by the person or persons so reported and for any punitive damages set by the court or jury. An action requires clear and convincing evidence that the defendant made the statement with knowledge of falsity or with reckless disregard for its truth or falsity. The report or statement or any statement made in cooperation with an investigation or as part of a disciplinary proceeding is privileged except in an action brought under this subdivision.

Subd. 2. [INVESTIGATION.] The commissioner and employees of the department of health and other persons engaged in the investigation of violations and in the preparation, presentation, and management of and testimony pertaining to charges of violations of this chapter are absolutely immune from civil liability and criminal prosecution for any actions, transactions, or publications in the execution of, or relating to, their duties under this chapter.

Sec. 7. [146A.05] [DISCIPLINARY RECORD ON JUDICIAL REVIEW.]

Upon judicial review of any disciplinary action taken by the commissioner under this chapter, the reviewing court shall seal the administrative record, except for the commissioner's final decision, and shall not make the administrative record available to the public.

Sec. 8. [146A.06] [PROFESSIONAL COOPERATION; UNLICENSED PRACTITIONER.]

Subdivision 1. [COOPERATION.] An unlicensed complementary and alternative health care practitioner who is the subject of an investigation, or who is questioned in connection with an investigation, by or on behalf of the office shall cooperate fully with the investigation. Cooperation includes responding fully and promptly to any question raised by or on behalf of the office relating to the subject of the investigation, whether tape recorded or not; providing copies of client records, as reasonably requested by the office, to assist the office in its investigation; and appearing at conferences or hearings scheduled by the commissioner. If the office does not have a written consent from a client permitting access to the client's records, the unlicensed complementary and alternative health care

practitioner shall delete any patient-identifying data and roster data in the record before providing it to the office. The office shall maintain any records obtained pursuant to this section as investigative data pursuant to section 13.41. If an unlicensed complementary and alternative health care practitioner refuses to give testimony or produce any documents, books, records, or correspondence on the basis of the fifth amendment to the Constitution of the United States, the commissioner may compel the unlicensed complementary and alternative health care practitioner to provide the testimony or information; however, the testimony or evidence may not be used against the practitioner in any criminal proceeding. Challenges to requests of the office may be brought before the appropriate agency or court.

Subd. 2. [CLASSIFICATION OF DATA.] The commissioner shall maintain any records, other than client records, obtained as part of an investigation as investigative data under section 13.41. Client records are classified as private under chapter 13 and must be protected as such in the records of the office and in any administrative or judicial proceeding unless the unlicensed complementary and alternative health care client authorizes the office in writing to make public the identity of the client or a portion or all of the client's records.

Subd. 3. [EXCHANGING INFORMATION.] (a) The office shall establish internal operating procedures for:

(1) exchanging information with state boards; agencies, including the office of ombudsman for mental health and mental retardation; health-related and law enforcement facilities; departments responsible for licensing health-related occupations, facilities, and programs; and law enforcement personnel in this and other states; and

(2) coordinating investigations involving matters within the jurisdiction of more than one regulatory agency.

(b) The procedures for exchanging information must provide for the forwarding to the entities described in paragraph (a), clause (1), of information and evidence, including the results of investigations, that are relevant to matters within the regulatory jurisdiction of the organizations in paragraph (a). The data have the same classification in the hands of the agency receiving the data as they have in the hands of the agency providing the data.

(c) The office shall establish procedures for exchanging information with other states regarding disciplinary action against unlicensed complementary and alternative health care practitioners.

(d) The office shall forward to another governmental agency any complaints received by the office that do not relate to the office's jurisdiction but that relate to matters within the jurisdiction of the other governmental agency. The agency to which a complaint is forwarded shall advise the office of the disposition of the complaint. A complaint or other information received by another governmental agency relating to a statute or rule that the office is empowered to enforce must be forwarded to the office to be processed in accordance with this section.

(e) The office shall furnish to a person who made a complaint a description of the actions of the office relating to the complaint.

Sec. 9. [146A.07] [PROFESSIONAL ACCOUNTABILITY.]

The office shall maintain and keep current a file containing the reports and complaints filed against unlicensed complementary and alternative health care practitioners within the commissioner's jurisdiction. Each complaint filed with the office must be investigated. If the files maintained by the office show that a malpractice settlement or award has been made against an unlicensed complementary and alternative health care practitioner, as reported by insurers under section 146A.03, subdivision 5, the commissioner may authorize a review of the practitioner's practice by the staff of the office.

Sec. 10. [146A.08] [PROHIBITED CONDUCT.]

Subdivision 1. [PROHIBITED CONDUCT.] The commissioner may impose disciplinary action as described in section 146A.09 against any unlicensed complementary and alternative health care practitioner. The following conduct is prohibited and is grounds for disciplinary action:

(1) Conviction of a crime, including a finding or verdict of guilt, an admission of guilt, or a no-contest plea, in any court in Minnesota or any other jurisdiction in the United States, reasonably related to engaging in complementary and alternative health care practices. Conviction, as used in this subdivision, includes a conviction of an offense which, if committed in this state, would be deemed a felony, gross misdemeanor, or misdemeanor, without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilty is made or returned but the adjudication of guilt is either withheld or not entered.

(2) Conviction of any crime against a person. For purposes of this chapter, a crime against a person means violations of the following: sections 609.185; 609.19; 609.195; 609.20; 609.205; 609.21; 609.215; 609.221; 609.222; 609.223; 609.224; 609.2242; 609.23; 609.231; 609.2325; 609.233; 609.2335; 609.235; 609.24; 609.245; 609.25; 609.255; 609.26, subdivision 1, clause (1) or (2); 609.265; 609.342; 609.343; 609.344; 609.345; 609.365; 609.498, subdivision 1; 609.50, subdivision 1, clause (1); 609.561; 609.562; 609.595; and 609.72, subdivision 3.

(3) Failure to comply with the self-reporting requirements of section 146A.03, subdivision 7.

(4) Engaging in sexual contact with a complementary and alternative health care client or former client, engaging in contact that may be reasonably interpreted by a client as sexual, engaging in any verbal behavior that is seductive or sexually demeaning to the patient, or engaging in sexual exploitation of a client or former client. For purposes of this clause, "former client" means a person who has obtained services from the unlicensed complementary and alternative health care practitioner within the past two years.

(5) Advertising that is false, fraudulent, deceptive, or misleading.

(6) Conduct likely to deceive, defraud, or harm the public or demonstrating a _____ or careless _____ for the health, welfare, ___ safety of ___ complementary and _____ health care _____ or any _____ practice that _____ create _____ danger to ___ client's life, _____ or safety, ___ any of _____ cases, harm ___ potential for _____ must be recognizable and not remote and proof of actual injury need not be established.

(7) Adjudication as mentally incompetent or as a person who is dangerous to self or adjudication pursuant to chapter 253B as chemically dependent, mentally ill, mentally retarded, mentally ill and dangerous to the public, or as a sexual psychopathic personality or sexually dangerous person.

(8) Inability to engage in complementary and alternative health care practices with reasonable safety to complementary and alternative health care clients based on but not limited to illness; drunkenness; or use of drugs, narcotics, chemicals, or any other type of material or as a result of any mental or physical condition including deterioration through the aging process or loss of motor skills.

(9) The habitual overindulgence in the use of or the dependence on intoxicating liquors.

(10) Improper or unauthorized personal or other use of any legend drugs as defined in chapter 151, any chemicals as defined in chapter 151, or any controlled substance as defined in chapter 152.

(11) Revealing a communication from, or relating to, a complementary and alternative health care client except when otherwise required or permitted by law.

(12) Failure to comply with a complementary and alternative health care client's request made under section 144.335 or to furnish a complementary and alternative health care client record or report required by law.

(13) Splitting fees or promising to pay a portion of a fee to any other professional other than for services rendered by the other professional to the complementary and alternative health care client.

(14) Engaging in abusive or fraudulent billing practices, including violations of the federal Medicare and Medicaid laws or state medical assistance laws.

- (15) Failure to make reports as required by section 146A.03 or cooperate with an investigation of the office.
- (16) Obtaining money, property, or services from a complementary and alternative health care client, other than reasonable fees for services provided to the client, through the use of undue influence, harassment, duress, deception, or fraud.
- (17) Undertaking or continuing a professional relationship with a complementary and alternative health care client in which the objectivity of the unlicensed complementary and alternative health care practitioner would be impaired.
- (18) Failure to provide a complementary and alternative health care client with a copy of the client bill of rights or violation of any provision of the client bill of rights.
- (19) Violating any order issued by the commissioner.
- (20) Failure to comply with any provision of sections 146A.01 to 146A.11 and the rules adopted under those sections.
- (21) Failure to comply with any additional disciplinary grounds established by the commissioner by rule.
- (22) Revocation, suspension, restriction, limitation, or other disciplinary action against any health care license, certificate, registration, or right to practice of the unlicensed complementary and alternative health care practitioner in this or another state or jurisdiction for offenses that would be subject to disciplinary action in this state or failure to report to the office that charges regarding the practitioner's license, certificate, registration, or right of practice have been brought in this or another state or jurisdiction unless right to practice is established by the commissioner order.
- (23) Use of the title "doctor," "Dr.," or "physician" alone or in combination with any other words, letters, or insignia to describe the complementary and alternative health care practices the practitioner provides.
- (24) Failure to provide a complementary and alternative health care client with a recommendation that the client see a health care provider who is licensed or registered by a health-related licensing board or the commissioner of health, if there is a reasonable likelihood that the client needs to be seen by a licensed or registered health care provider.
- Subd. 2. [LESS CUSTOMARY APPROACH.] The fact that a complementary and alternative health care practice may be a less customary approach to health care shall not constitute the basis of a disciplinary action per se.
- Subd. 3. [EVIDENCE.] In disciplinary actions alleging a violation of subdivision 1, clause (1), (2), (3), or (7), a copy of the judgment or proceeding under the seal of the court administrator or of the administrative agency that entered the same is admissible into evidence without further authentication and constitutes prima facie evidence of its contents.
- Subd. 4. [EXAMINATION; ACCESS TO MEDICAL DATA.] (a) If the commissioner has probable cause to believe that an unlicensed complementary and alternative health care practitioner has engaged in conduct prohibited by subdivision 1, clause (7), (8), (9), or (10), the commissioner may issue an order directing the practitioner to submit to a mental or physical examination or chemical dependency evaluation. For the purpose of this subdivision, every unlicensed complementary and alternative health care practitioner is deemed to have consented to submit to a mental or physical examination or chemical dependency evaluation when ordered to do so in writing by the commissioner and further to have waived all objections to the admissibility of the testimony or examination reports of the health care provider performing the examination or evaluation on the grounds that the same constitute a privileged communication. Failure of an unlicensed complementary and alternative health care practitioner to submit to an examination or evaluation when ordered, unless the failure was due to circumstances beyond the practitioner's control, constitutes an admission that the unlicensed complementary and alternative health care practitioner violated subdivision 1, clause (7), (8), (9), or (10), based on the factual specifications in the examination

or evaluation order and may result in a default and final disciplinary order being entered after a contested case hearing. An unlicensed complementary and alternative health care practitioner affected under this paragraph shall at reasonable intervals be given an opportunity to demonstrate that the practitioner can resume the provision of complementary and alternative health care practices with reasonable safety to clients. In any proceeding under this paragraph, neither the record of proceedings nor the orders entered by the commissioner shall be used against an unlicensed complementary and alternative health care practitioner in any other proceeding.

(b) In addition to ordering a physical or mental examination or chemical dependency evaluation, the commissioner may, notwithstanding section 13.42, 144.651, 595.02, or any other law limiting access to medical or other health data, obtain medical data and health records relating to an unlicensed complementary and alternative health care practitioner without the practitioner's consent if the commissioner has probable cause to believe that a practitioner has engaged in conduct prohibited by subdivision 1, clause (7), (8), (9), or (10). The medical data may be requested from a provider as defined in section 144.335, subdivision 1, paragraph (b), an insurance company, or a government agency, including the department of human services. A provider, insurance company, or government agency shall comply with any written request of the commissioner under this subdivision and is not liable in any action for damages for releasing the data requested by the commissioner if the data are released pursuant to a written request under this subdivision, unless the information is false and the person or organization giving the information knew or had reason to believe the information was false. Information obtained under this subdivision is private data under section 13.41.

Sec. 11. [146A.09] [DISCIPLINARY ACTIONS.]

Subdivision 1. [FORMS OF DISCIPLINARY ACTION.] When the commissioner finds that an unlicensed complementary and alternative health care practitioner has violated any provision of this chapter, the commissioner may take one or more of the following actions, only against the individual practitioner:

(1) revoke the right to practice;

(2) suspend the right to practice;

(3) impose limitations or conditions on the practitioner's provision of complementary and alternative health care practices, impose rehabilitation requirements, or require practice under supervision;

(4) impose a civil penalty not exceeding \$10,000 for each separate violation, the amount of the civil penalty to be fixed so as to deprive the practitioner of any economic advantage gained by reason of the violation charged or to reimburse the office for all costs of the investigation and proceeding;

(5) censure or reprimand the practitioner;

(6) impose a fee on the practitioner to reimburse the office for all or part of the cost of the proceedings resulting in disciplinary action including, but not limited to, the amount paid by the office for services from the office of administrative hearings, attorney fees, court reports, witnesses, reproduction of records, staff time, and expense incurred by the staff of the office of unlicensed complementary and alternative health care practice; or

(7) any other action justified by the case.

Subd. 2. [DISCOVERY; SUBPOENAS.] In all matters relating to the lawful activities of the office, the commissioner may issue subpoenas and compel the attendance of witnesses and the production of all necessary papers, books, records, documents, and other evidentiary material. Any person failing or refusing to appear or testify regarding any matter about which the person may be lawfully questioned or failing to produce any papers, books, records, documents, or other evidentiary materials in the matter to be heard, after having been required by order of the commissioner or by a subpoena of the commissioner to do so may, upon application to the district court in any district, be ordered to comply with the order or subpoena. The commissioner may administer oaths to witnesses or take their affirmation. Depositions may be taken within or without the state in the manner provided by law for the

taking of depositions in civil actions. A subpoena or other process may be served upon a person it names anywhere within the state by any officer authorized to serve subpoenas or other process in civil actions in the same manner as prescribed by law for service of process issued out of the district court of this state.

Subd. 2a. [HEARINGS.] If the commissioner proposes to take action against the practitioner as described in subdivision 1, the commissioner must first notify the practitioner against whom the action is proposed to be taken and provide the practitioner with an opportunity to request a hearing under the contested case provisions of chapter 14. If the practitioner does not request a hearing by notifying the commissioner within 30 days after service of the notice of the proposed action, the commissioner may proceed with the action without a hearing.

Subd. 3. [REINSTATEMENT.] The commissioner may at the commissioner's discretion reinstate the right to practice and may impose any disciplinary measure listed under subdivision 1.

Subd. 4. [TEMPORARY SUSPENSION.] In addition to any other remedy provided by law, the commissioner may, acting through a person to whom the commissioner has delegated this authority and without a hearing, temporarily suspend the right of an unlicensed complementary and alternative health care practitioner to practice if the commissioner's delegate finds that the practitioner has violated a statute or rule that the commissioner is empowered to enforce and continued practice by the practitioner would create a serious risk of harm to others. The suspension is in effect upon service of a written order on the practitioner specifying the statute or rule violated. The order remains in effect until the commissioner issues a final order in the matter after a hearing or upon agreement between the commissioner and the practitioner. Service of the order is effective if the order is served on the practitioner or counsel of record personally or by first class mail. Within ten days of service of the order, the commissioner shall hold a hearing on the sole issue of whether there is a reasonable basis to continue, modify, or lift the suspension. Evidence presented by the office or practitioner shall be in affidavit form only. The practitioner or the counsel of record may appear for oral argument. Within five working days after the hearing, the commissioner shall issue the commissioner's order and, if the suspension is continued, schedule a contested case hearing within 45 days after issuance of the order. The administrative law judge shall issue a report within 30 days after closing of the contested case hearing record. The commissioner shall issue a final order within 30 days after receipt of that report.

Subd. 5. [AUTOMATIC SUSPENSION.] The right of an unlicensed complementary and alternative health care practitioner to practice is automatically suspended if (1) a guardian of an unlicensed complementary and alternative health care practitioner is appointed by order of a court under sections 525.54 to 525.61, or (2) the practitioner is committed by order of a court pursuant to chapter 253B. The right to practice remains suspended until the practitioner is restored to capacity by a court and, upon petition by the practitioner, the suspension is terminated by the commissioner after a hearing or upon agreement between the commissioner and the practitioner.

Sec. 12. [146A.10] [ADDITIONAL REMEDIES.]

Subdivision 1. [CEASE AND DESIST.] (a) The commissioner may issue a cease and desist order to stop a person from violating or threatening to violate a statute, rule, or order which the office has issued or is empowered to enforce. The cease and desist order must state the reason for its issuance and give notice of the person's right to request a hearing under sections 14.57 to 14.62. If, within 15 days of service of the order, the subject of the order fails to request a hearing in writing, the order is the final order of the commissioner and is not reviewable by a court or agency.

(b) A hearing must be initiated by the office not later than 30 days from the date of the office's receipt of a written hearing request. Within 30 days of receipt of the administrative law judge's report, the commissioner shall issue a final order modifying, vacating, or making permanent the cease and desist order as the facts require. The final order remains in effect until modified or vacated by the commissioner.

(c) When a request for a stay accompanies a timely hearing request, the commissioner may, in the commissioner's discretion, grant the stay. If the commissioner does not grant a requested stay, the commissioner shall refer the request to the office of administrative hearings within three working days of receipt of the request. Within ten days

after receiving the request from the commissioner, an administrative law judge shall issue a recommendation to grant or deny the stay. The commissioner shall grant or deny the stay within five days of receiving the administrative law judge's recommendation.

(d) In the event of noncompliance with a cease and desist order, the commissioner may institute a proceeding in Hennepin county district court to obtain injunctive relief or other appropriate relief, including a civil penalty payable to the office not exceeding \$10,000 for each separate violation.

Subd. 2. [INJUNCTIVE RELIEF.] In addition to any other remedy provided by law, including the issuance of a cease and desist order under subdivision 1, the commissioner may in the commissioner's own name bring an action in Hennepin county district court for injunctive relief to restrain an unlicensed complementary and alternative health care practitioner from a violation or threatened violation of any statute, rule, or order which the commissioner is empowered to regulate, enforce, or issue. A temporary restraining order must be granted in the proceeding if continued activity by a practitioner would create a serious risk of harm to others. The commissioner need not show irreparable harm.

Subd. 3. [ADDITIONAL POWERS.] The issuance of a cease and desist order or injunctive relief granted under this section does not relieve a practitioner from criminal prosecution by a competent authority or from disciplinary action by the commissioner.

Sec. 13. [146A.11] [COMPLEMENTARY AND ALTERNATIVE HEALTH CARE CLIENT BILL OF RIGHTS.]

Subdivision 1. [SCOPE.] All unlicensed complementary and alternative health care practitioners shall provide to each complementary and alternative health care client prior to providing treatment a written copy of the complementary and alternative health care client bill of rights. A copy must also be posted in a prominent location in the office of the unlicensed complementary and alternative health care practitioner. Reasonable accommodations shall be made for those clients who cannot read or who have communication impairments and those who do not read or speak English. The complementary and alternative health care client bill of rights shall include the following:

(1) the name, title, business address, and telephone number of the unlicensed complementary and alternative health care practitioner;

(2) the degrees, training, experience, or other qualifications of the practitioner, followed by the following statement in bold print:

"THE STATE OF MINNESOTA HAS NOT ADOPTED ANY EDUCATIONAL AND TRAINING STANDARDS FOR UNLICENSED COMPLEMENTARY AND ALTERNATIVE HEALTH CARE PRACTITIONERS. THIS STATEMENT OF CREDENTIALS IS FOR INFORMATION PURPOSES ONLY.

The practices of an unlicensed complementary and alternative health care practitioner do not constitute a diagnosis from a licensed physician, chiropractor, or acupuncture practitioner. If a client desires a diagnosis from a licensed physician, chiropractor, or acupuncture practitioner, or services from a physician, chiropractor, nurse, osteopath, physical therapist, dietitian, nutritionist, acupuncture practitioner, athletic trainer, or any other type of health care provider, the client may seek such services at any time.";

(3) the name, business address, and telephone number of the practitioner's supervisor, if any;

(4) notice that a complementary and alternative health care client has the right to file a complaint with the practitioner's supervisor, if any, and the procedure for filing complaints;

(5) the name, address, and telephone number of the office of unlicensed complementary and alternative health care practice and notice that a client may file complaints with the office;

(6) the practitioner's fees per unit of service, the practitioner's method of billing for such fees, the names of any insurance companies that have agreed to reimburse the practitioner, or health maintenance organizations with whom the practitioner contracts to provide service, whether the practitioner accepts Medicare, medical assistance, or general assistance medical care, and whether the practitioner is willing to accept partial payment, or to waive payment, and in what circumstances;

(7) a statement that the client has a right to reasonable notice of changes in services or charges;

(8) a brief summary, in plain language, of the theoretical approach used by the practitioner in treating patients;

(9) notice that the client has a right to complete and current information concerning the practitioner's assessment and recommended course of treatment, including the expected duration of treatment;

(10) a statement that clients may expect courteous treatment and to be free from verbal, physical, or sexual abuse by the practitioner;

(11) a statement that client records and transactions with the practitioner are confidential, unless release of these records is authorized in writing by the client, or otherwise provided by law;

(12) a statement of the client's right to be allowed access to records and written information from records in accordance with section 144.335;

(13) a statement that other services may be available in the community, including where information concerning services is available;

(14) a statement that the client has the right to choose freely among available practitioners and to change practitioners after services have begun, within the limits of health insurance, medical assistance, or other health programs;

(15) a statement that the client has a right to coordinated transfer when there will be a change in the provider of services;

(16) a statement that the client may refuse services or treatment, unless otherwise provided by law; and

(17) a statement that the client may assert the client's rights without retaliation.

Subd. 2. [ACKNOWLEDGMENT BY CLIENT.] Prior to the provision of any service, a complementary and alternative health care client must sign a written statement attesting that the client has received the complementary and alternative health care client bill of rights.

Sec. 14. Minnesota Statutes 1999 Supplement, section 147.09, is amended to read:

147.09 [EXEMPTIONS.]

Section 147.081 does not apply to, control, prevent or restrict the practice, service, or activities of:

(1) A person who is a commissioned medical officer of, a member of, or employed by, the armed forces of the United States, the United States Public Health Service, the Veterans Administration, any federal institution or any federal agency while engaged in the performance of official duties within this state, if the person is licensed elsewhere.

(2) A licensed physician from a state or country who is in actual consultation here.

(3) A licensed or registered physician who treats the physician's home state patients or other participating patients while the physicians and those patients are participating together in outdoor recreation in this state as defined by section 86A.03, subdivision 3. A physician shall first register with the board on a form developed by the board for that purpose. The board shall not be required to promulgate the contents of that form by rule. No fee shall be charged for this registration.

(4) A student practicing under the direct supervision of a preceptor while the student is enrolled in and regularly attending a recognized medical school.

(5) A student who is in continuing training and performing the duties of an intern or resident or engaged in postgraduate work considered by the board to be the equivalent of an internship or residency in any hospital or institution approved for training by the board, provided the student has a residency permit issued by the board under section 147.0391.

(6) A person employed in a scientific, sanitary, or teaching capacity by the state university, the department of children, families, and learning, or by any public or private school, college, or other bona fide educational institution, a nonprofit organization, which has tax-exempt status in accordance with the Internal Revenue Code, section 501(c)(3), and is organized and operated primarily for the purpose of conducting scientific research directed towards discovering the causes of and cures for human diseases, or the state department of health, whose duties are entirely of a research, public health, or educational character, while engaged in such duties; provided that if the research includes the study of humans, such research shall be conducted under the supervision of one or more physicians licensed under this chapter.

(7) Physician's assistants registered in this state.

(8) A doctor of osteopathy duly licensed by the state board of osteopathy under Minnesota Statutes 1961, sections 148.11 to 148.16, prior to May 1, 1963, who has not been granted a license to practice medicine in accordance with this chapter provided that the doctor confines activities within the scope of the license.

(9) Any person licensed by a health related licensing board, as defined in section 214.01, subdivision 2, or registered by the commissioner of health pursuant to section 214.13, including psychological practitioners with respect to the use of hypnosis; provided that the person confines activities within the scope of the license.

(10) A person who practices ritual circumcision pursuant to the requirements or tenets of any established religion.

(11) A Christian Scientist or other person who endeavors to prevent or cure disease or suffering exclusively by mental or spiritual means or by prayer.

(12) A physician licensed to practice medicine in another state who is in this state for the sole purpose of providing medical services at a competitive athletic event. The physician may practice medicine only on participants in the athletic event. A physician shall first register with the board on a form developed by the board for that purpose. The board shall not be required to adopt the contents of the form by rule. The physician shall provide evidence satisfactory to the board of a current unrestricted license in another state. The board shall charge a fee of \$50 for the registration.

(13) A psychologist licensed under section 148.907 or a social worker licensed under section 148B.21 who uses or supervises the use of a penile or vaginal plethysmograph in assessing and treating individuals suspected of engaging in aberrant sexual behavior and sex offenders.

(14) Any person issued a training course certificate or credentialed by the emergency medical services regulatory board established in chapter 144E, provided the person confines activities within the scope of training at the certified or credentialed level.

(15) An unlicensed complementary and alternative health care practitioner practicing according to chapter 146A.

Sec. 15. Minnesota Statutes 1999 Supplement, section 214.01, subdivision 2, is amended to read:

Subd. 2. [HEALTH-RELATED LICENSING BOARD.] "Health-related licensing board" means the board of examiners of nursing home administrators established pursuant to section 144A.19, the office of unlicensed complementary and alternative health care practice established pursuant to section 146A.02, the board of medical practice created pursuant to section 147.01, the board of nursing created pursuant to section 148.181, the board of chiropractic examiners established pursuant to section 148.02, the board of optometry established pursuant to section 148.52, the board of physical therapy established pursuant to section 148.67, the board of psychology established pursuant to section 148.90, the board of social work pursuant to section 148B.19, the board of marriage and family therapy pursuant to section 148B.30, the office of mental health practice established pursuant to section 148B.61, the alcohol and drug counselors licensing advisory council established pursuant to section 148C.02, the board of dietetics and nutrition practice established under section 148.622, the board of dentistry established pursuant to section 150A.02, the board of pharmacy established pursuant to section 151.02, the board of podiatric medicine established pursuant to section 153.02, and the board of veterinary medicine, established pursuant to section 156.01.

Sec. 16. [REPORT TO THE LEGISLATURE.]

The commissioner of health shall report to the legislature by January 1, 2003, on the number and types of complaints received against unlicensed complementary and alternative health care practitioners pursuant to Minnesota Statutes, chapter 146A, the types of practitioners against whom complaints were filed, and the locations of the practitioners, the number of investigations conducted, and the number and types of enforcement actions completed. The report must be filed in accordance with Minnesota Statutes, sections 3.195 and 3.197.

Sec. 17. [EFFECTIVE DATE.]

Sections 1 to 16 are effective July 1, 2001.

ARTICLE 4

HUMAN SERVICES

Section 1. Minnesota Statutes 1999 Supplement, section 119B.011, subdivision 15, is amended to read:

Subd. 15. [INCOME.] "Income" means earned or unearned income received by all family members, including public assistance cash benefits and at-home infant care subsidy payments, unless specifically excluded and child support and maintenance distributed to the family under section 256.741, subdivision 15. The following are excluded from income: funds used to pay for health insurance premiums for family members, Supplemental Security Income, scholarships, work-study income, and grants that cover costs or reimbursement for tuition, fees, books, and educational supplies; student loans for tuition, fees, books, supplies, and living expenses; state and federal earned income tax credits; in-kind income such as food stamps, energy assistance, foster care assistance, medical assistance, child care assistance, and housing subsidies; earned income of full or part-time students, who have not earned a high school diploma or GED high school equivalency diploma including earnings from summer employment; grant awards under the family subsidy program; nonrecurring lump sum income only to the extent that it is earmarked and used for the purpose for which it is paid; and any income assigned to the public authority according to section 256.74 or 256.741.

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

Sec. 2. Minnesota Statutes 1998, section 256.01, is amended by adding a subdivision to read:

Subd. 18. [IMMIGRATION STATUS VERIFICATIONS.] Notwithstanding any waiver of this requirement by the secretary of the United States Department of Health and Human Services, the commissioner shall utilize the Systematic Alien Verification for Entitlements (SAVE) program to conduct immigration status verifications:

(1) as required under United States Code, title 8, section 1642;

(2) for all applicants for food assistance benefits, whether under the federal food stamp program, the MFIP or work first program, or the Minnesota food assistance program;

(3) for all applicants for general assistance medical care, except assistance for an emergency medical condition, for immunization with respect to an immunizable disease, or for testing and treatment of symptoms of a communicable disease; and

(4) for all applicants for general assistance, Minnesota supplemental aid, MinnesotaCare, or group residential housing, when the benefits provided by these programs would fall under the definition of "federal public benefit" under United States Code, title 8, section 1642, if federal funds were used to pay for all or part of the benefits.

The commissioner shall report to the Immigration and Naturalization Service all undocumented persons who have been identified through application verification procedures or by the self-admission of an applicant for assistance. Reports made under this subdivision must comply with the requirements of section 411A of the Social Security Act, as amended, and United States Code, title 8, section 1644.

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

Sec. 3. Minnesota Statutes 1999 Supplement, section 256.019, is amended to read:

256.019 [RECOVERY OF MONEY; APPORTIONMENT.]

Subdivision 1. [RETENTION RATES.] When an assistance recovery amount is recovered from any source for assistance given collected and posted by a county agency under the provisions governing public assistance programs including the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, MFIP, general assistance medical care, emergency assistance, general assistance, and Minnesota supplemental aid, the county may keep one-half of the recovery made by the county agency using any method other than recoupment. For medical assistance, if the recovery is made by a county agency using any method other than recoupment, the county may keep one-half of the nonfederal share of the recovery.

This does not apply to recoveries from medical providers or to recoveries begun by the department of human services' surveillance and utilization review division, state hospital collections unit, and the benefit recoveries division or, by the attorney general's office, or child support collections. In the food stamp program, the nonfederal share of recoveries in the federal tax refund offset program (~~FTROP~~) only will be divided equally between the state agency and the involved county agency.

Subd. 2. [RETENTION RATES FOR AFDC AND MFIP.] (a) When an assistance recovery amount is collected and posted by a county agency under the provisions governing the aid to families with dependent children program formerly codified in 1996 in sections 256.72 to 256.87 or MFIP under chapter 256J, the commissioner shall reimburse the county agency from the proceeds of the recovery using the applicable rate specified in paragraph (b) or (c).

(b) For recoveries of overpayments made on or before September 30, 1996, from the aid to families with dependent children program including the emergency assistance program, the commissioner shall reimburse the county agency at a rate of one-quarter of the recovery made by any method other than recoupment.

(c) For recoveries of overpayments made after September 30, 1996, from the aid to families with dependent children including the emergency assistance program and programs funded in whole or in part by the temporary assistance to needy families program under section 256J.02, subdivision 2, and recoveries of nonfederally funded food assistance under section 256J.11, the commissioner shall reimburse the county agency at a rate of one-quarter of the recovery made by any method other than recoupment.

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

Sec. 4. Minnesota Statutes 1998, section 256.741, is amended by adding a subdivision to read:

Subd. 15. [CHILD SUPPORT DISTRIBUTION.] The state shall distribute current child support and maintenance received by the state to an individual who assigns the right to that support under subdivision 2, paragraph (a).

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

Sec. 5. Minnesota Statutes 1999 Supplement, section 256J.02, subdivision 2, is amended to read:

Subd. 2. [USE OF MONEY.] State money appropriated for purposes of this section and TANF block grant money must be used for:

- (1) financial assistance to or on behalf of any minor child who is a resident of this state under section 256J.12;
- (2) employment and training services under this chapter or chapter 256K;
- (3) emergency financial assistance and services under section 256J.48;
- (4) diversionary assistance under section 256J.47;
- (5) the health care and human services training and retention program under chapter 116L, for costs associated with families with children with incomes below 200 percent of the federal poverty guidelines;
- (6) the pathways program under section 116L.04, subdivision 1a;
- (7) welfare-to-work extended employment services for MFIP participants with severe impairment to employment as defined in section 268A.15, subdivision 1a;
- (8) the family homeless prevention and assistance program under section 462A.204;
- (9) the rent assistance for family stabilization demonstration project under section 462A.205; ~~and~~
- (10) reimbursements for the federal share of child support collections passed through to the custodial parent;
- (11) programs and pilot projects under chapter 256K; and
- (12) program administration under this chapter.

Sec. 6. Minnesota Statutes 1999 Supplement, section 256J.08, subdivision 86, is amended to read:

Subd. 86. [UNEARNED INCOME.] "Unearned income" means income received by a person that does not meet the definition of earned income. Unearned income includes income from a contract for deed, interest, dividends, reemployment compensation, disability insurance payments, veterans benefits, pension payments, return on capital investment, insurance payments or settlements, severance payments, child support and maintenance payments, and payments for illness or disability whether the premium payments are made in whole or in part by an employer or participant.

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

Sec. 7. Minnesota Statutes 1998, section 256J.15, is amended by adding a subdivision to read:

Subd. 3. [ELIGIBILITY AFTER CASE CLOSURE DUE TO NONCOMPLIANCE.] (a) An applicant who is a member of an assistance unit whose MFIP case was closed due to noncompliance under either section 256J.26, subdivision 1, paragraph (a), clause (2), item (ii), or 256J.46, subdivision 1, paragraph (b), clause (3), and who

applies for MFIP assistance within six months of the date of the case closure is considered to be a new applicant unit for purposes of the property limitations under section 256J.20 and the payment of assistance provisions under section 256J.24, subdivision 8. The county agency must also use the initial income test under section 256J.21, subdivision 3, in determining the applicant's eligibility for assistance.

(b) Notwithstanding section 256J.24, subdivisions 5 to 7 and 9, for an applicant who is eligible for MFIP under this subdivision, for each of the first three months on MFIP the assistance unit's grant shall be reduced by ten percent of the applicable MFIP standard of need for an assistance unit of the same size, with the residual amount of the grant paid to the assistance unit.

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

Sec. 8. Minnesota Statutes 1999 Supplement, section 256J.21, subdivision 2, is amended to read:

Subd. 2. [INCOME EXCLUSIONS.] (a) The following must be excluded in determining a family's available income:

(1) payments for basic care, difficulty of care, and clothing allowances received for providing family foster care to children or adults under Minnesota Rules, parts 9545.0010 to 9545.0260 and 9555.5050 to 9555.6265, and payments received and used for care and maintenance of a third-party beneficiary who is not a household member;

(2) reimbursements for employment training received through the Job Training Partnership Act, United States Code, title 29, chapter 19, sections 1501 to 1792b;

(3) reimbursement for out-of-pocket expenses incurred while performing volunteer services, jury duty, employment, or informal carpooling arrangements directly related to employment;

(4) all educational assistance, except the county agency must count graduate student teaching assistantships, fellowships, and other similar paid work as earned income and, after allowing deductions for any unmet and necessary educational expenses, shall count scholarships or grants awarded to graduate students that do not require teaching or research as unearned income;

(5) loans, regardless of purpose, from public or private lending institutions, governmental lending institutions, or governmental agencies;

(6) loans from private individuals, regardless of purpose, provided an applicant or participant documents that the lender expects repayment;

(7)(i) state income tax refunds; and

(ii) federal income tax refunds;

(8)(i) federal earned income credits;

(ii) Minnesota working family credits;

(iii) state homeowners and renters credits under chapter 290A; and

(iv) federal or state tax rebates;

(9) funds received for reimbursement, replacement, or rebate of personal or real property when these payments are made by public agencies, awarded by a court, solicited through public appeal, or made as a grant by a federal agency, state or local government, or disaster assistance organizations, subsequent to a presidential declaration of disaster;

(10) the portion of an insurance settlement that is used to pay medical, funeral, and burial expenses, or to repair or replace insured property;

(11) reimbursements for medical expenses that cannot be paid by medical assistance;

(12) payments by a vocational rehabilitation program administered by the state under chapter 268A, except those payments that are for current living expenses;

(13) in-kind income, including any payments directly made by a third party to a provider of goods and services;

(14) assistance payments to correct underpayments, but only for the month in which the payment is received;

(15) emergency assistance payments;

(16) funeral and cemetery payments as provided by section 256.935;

(17) nonrecurring cash gifts of \$30 or less, not exceeding \$30 per participant in a calendar month;

(18) any form of energy assistance payment made through Public Law Number 97-35, Low-Income Home Energy Assistance Act of 1981, payments made directly to energy providers by other public and private agencies, and any form of credit or rebate payment issued by energy providers;

(19) Supplemental Security Income, including retroactive payments;

(20) Minnesota supplemental aid, including retroactive payments;

(21) proceeds from the sale of real or personal property;

(22) adoption assistance payments under section 259.67;

(23) state-funded family subsidy program payments made under section 252.32 to help families care for children with mental retardation or related conditions, consumer support grant funds under section 256.476, and resources and services for a disabled household member under one of the home and community-based waiver services programs under chapter 256B;

(24) interest payments and dividends from property that is not excluded from and that does not exceed the asset limit;

(25) rent rebates;

(26) income earned by a minor caregiver, minor child through age 6, or a minor child who is at least a half-time student in an approved elementary or secondary education program;

(27) income earned by a caregiver under age 20 who is at least a half-time student in an approved elementary or secondary education program;

(28) MFIP child care payments under section 119B.05;

(29) all other payments made through MFIP to support a caregiver's pursuit of greater self-support;

(30) income a participant receives related to shared living expenses;

(31) reverse mortgages;

(32) benefits provided by the Child Nutrition Act of 1966, United States Code, title 42, chapter 13A, sections 1771 to 1790;

(33) benefits provided by the women, infants, and children (WIC) nutrition program, United States Code, title 42, chapter 13A, section 1786;

(34) benefits from the National School Lunch Act, United States Code, title 42, chapter 13, sections 1751 to 1769e;

(35) relocation assistance for displaced persons under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, United States Code, title 42, chapter 61, subchapter II, section 4636, or the National Housing Act, United States Code, title 12, chapter 13, sections 1701 to 1750jj;

(36) benefits from the Trade Act of 1974, United States Code, title 19, chapter 12, part 2, sections 2271 to 2322;

(37) war reparations payments to Japanese Americans and Aleuts under United States Code, title 50, sections 1989 to 1989d;

(38) payments to veterans or their dependents as a result of legal settlements regarding Agent Orange or other chemical exposure under Public Law Number 101-239, section 10405, paragraph (a)(2)(E);

(39) income that is otherwise specifically excluded from MFIP consideration in federal law, state law, or federal regulation;

(40) security and utility deposit refunds;

(41) American Indian tribal land settlements excluded under Public Law Numbers 98-123, 98-124, and 99-377 to the Mississippi Band Chippewa Indians of White Earth, Leech Lake, and Mille Lacs reservations and payments to members of the White Earth Band, under United States Code, title 25, chapter 9, section 331, and chapter 16, section 1407;

(42) all income of the minor parent's parents and stepparents when determining the grant for the minor parent in households that include a minor parent living with parents or stepparents on MFIP with other children; and

(43) income of the minor parent's parents and stepparents equal to 200 percent of the federal poverty guideline for a family size not including the minor parent and the minor parent's child in households that include a minor parent living with parents or stepparents not on MFIP when determining the grant for the minor parent. The remainder of income is deemed as specified in section 256J.37, subdivision 1b;

(44) payments made to children eligible for relative custody assistance under section 257.85;

(45) vendor payments for goods and services made on behalf of a client unless the client has the option of receiving the payment in cash; and

(46) the principal portion of a contract for deed payment.

Sec. 9. Minnesota Statutes 1999 Supplement, section 256J.26, subdivision 1, is amended to read:

Subdivision 1. [PERSON CONVICTED OF DRUG OFFENSES.] (a) Applicants or participants who have been convicted of a drug offense committed after July 1, 1997, may, if otherwise eligible, receive MFIP benefits subject to the following conditions:

(1) Benefits for the entire assistance unit must be paid in vendor form for shelter and utilities during any time the applicant is part of the assistance unit.

(2) The convicted applicant or participant shall be subject to random drug testing as a condition of continued eligibility and following any positive test for an illegal controlled substance is subject to the following sanctions:

(i) for failing a drug test the first time, ~~the participant's grant shall be reduced by ten percent of the MFIP standard of need, prior to making vendor payments for shelter and utility costs, or~~

~~(ii) for failing a drug test two or more times, the residual amount of the participant's grant after making vendor payments for shelter and utility costs, if any, must be reduced by an amount equal to 30 percent of the MFIP standard of need; or~~

(ii) for failing a drug test two times, the assistance unit's MFIP case must be closed, for both the cash and food portions of MFIP assistance. This case closure must be in effect for a minimum of one month. A county may not impose a case closure under this provision unless the county first follows the requirements of section 256J.46, subdivision 1, paragraph (e).

(3) A participant who fails ~~an initial~~ a drug test the first time and is under a sanction due to other MFIP program requirements is considered to have more than one occurrence of noncompliance, and is subject to the applicable level of sanction in clause (2)(ii) as specified under section 256J.46, subdivision 1, paragraph (b).

(b) Applicants requesting only food stamps or participants receiving only food stamps, who have been convicted of a drug offense that occurred after July 1, 1997, may, if otherwise eligible, receive food stamps if the convicted applicant or participant is subject to random drug testing as a condition of continued eligibility. Following a positive test for an illegal controlled substance, the applicant is subject to the following sanctions:

(1) for failing a drug test the first time, food stamps shall be reduced by ten percent of the applicable food stamp allotment; and

(2) for failing a drug test two or more times, food stamps shall be reduced by an amount equal to 30 percent of the applicable food stamp allotment.

(c) For the purposes of this subdivision, "drug offense" means an offense that occurred after July 1, 1997, of sections 152.021 to 152.025, 152.0261, or 152.096. Drug offense also means a conviction in another jurisdiction of the possession, use, or distribution of a controlled substance, or conspiracy to commit any of these offenses, if the offense occurred after July 1, 1997, and the conviction is a felony offense in that jurisdiction, or in the case of New Jersey, a high misdemeanor.

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

Sec. 10. Minnesota Statutes 1998, section 256J.32, is amended by adding a subdivision to read:

Subd. 7a. [REQUIREMENT TO REPORT TO IMMIGRATION AND NATURALIZATION SERVICES.] Notwithstanding subdivision 7, the commissioner shall report to the Immigration and Naturalization Services all undocumented persons who have been identified through application verification procedures or by the self-admission of an applicant for assistance. Reports made under this subdivision must comply with the requirements of section 411A of the Social Security Act, as amended, and United States Code, title 8, section 1644.

Sec. 11. Minnesota Statutes 1999 Supplement, section 256J.33, subdivision 4, is amended to read:

Subd. 4. [MONTHLY INCOME TEST.] A county agency must apply the monthly income test retrospectively for each month of MFIP eligibility. An assistance unit is not eligible when the countable income equals or exceeds the MFIP standard of need or the family wage level for the assistance unit. The income applied against the monthly income test must include:

(1) gross earned income from employment, prior to mandatory payroll deductions, voluntary payroll deductions, wage authorizations, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36, unless the employment income is specifically excluded under section 256J.21, subdivision 2;

(2) gross earned income from self-employment less deductions for self-employment expenses in section 256J.37, subdivision 5, but prior to any reductions for personal or business state and federal income taxes, personal FICA, personal health and life insurance, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36;

(3) unearned income after deductions for allowable expenses in section 256J.37, subdivision 9, and allocations in section 256J.36, unless the income has been specifically excluded in section 256J.21, subdivision 2;

(4) gross earned income from employment as determined under clause (1) which is received by a member of an assistance unit who is a minor child or minor caregiver and less than a half-time student;

(5) child support and spousal support received ~~or anticipated to be received~~ by an assistance unit;

(6) the income of a parent when that parent is not included in the assistance unit;

(7) the income of an eligible relative and spouse who seek to be included in the assistance unit; and

(8) the unearned income of a minor child included in the assistance unit.

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

Sec. 12. Minnesota Statutes 1999 Supplement, section 256J.34, subdivision 1, is amended to read:

Subdivision 1. [PROSPECTIVE BUDGETING.] A county agency must use prospective budgeting to calculate the assistance payment amount for the first two months for an applicant who has not received assistance in this state for at least one payment month preceding the first month of payment under a current application. Notwithstanding subdivision 3, paragraph (a), clause (2), a county agency must use prospective budgeting for the first two months for a person who applies to be added to an assistance unit. Prospective budgeting is not subject to overpayments or underpayments unless fraud is determined under section 256.98.

(a) The county agency must apply the income received or anticipated in the first month of MFIP eligibility against the need of the first month. The county agency must apply the income received or anticipated in the second month against the need of the second month.

(b) When the assistance payment for any part of the first two months is based on anticipated income, the county agency must base the initial assistance payment amount on the information available at the time the initial assistance payment is made.

(c) The county agency must determine the assistance payment amount for the first two months of MFIP eligibility by budgeting both recurring and nonrecurring income for those two months.

~~(d) The county agency must budget the child support income received or anticipated to be received by an assistance unit to determine the assistance payment amount from the month of application through the date in which MFIP eligibility is determined and assistance is authorized. Child support income which has been budgeted to determine the assistance payment in the initial two months is considered nonrecurring income. An assistance unit must forward any payment of child support to the child support enforcement unit of the county agency following the date in which assistance is authorized.~~

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

Sec. 13. Minnesota Statutes 1999 Supplement, section 256J.34, subdivision 4, is amended to read:

Subd. 4. [SIGNIFICANT CHANGE IN GROSS INCOME.] The county agency must recalculate the assistance payment when an assistance unit experiences a significant change, as defined in section 256J.08, resulting in a reduction in the gross income received in the payment month from the gross income received in the budget month. The county agency must issue a supplemental assistance payment based on the county agency's best estimate of the assistance unit's income and circumstances for the payment month. Supplemental assistance payments that result from significant changes are limited to two in a 12-month period regardless of the reason for the change. Notwithstanding any other statute or rule of law, supplementary assistance payments shall not be made when the significant change in income is the result of receipt of a lump sum, receipt of an extra paycheck, business fluctuation in self-employment income, or an assistance unit member's participation in a strike or other labor action. ~~Supplementary assistance payments due to a significant change in the amount of direct support received must not be made after the date the assistance unit is required to forward support to the child support enforcement unit under subdivision 1, paragraph (d).~~

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

Sec. 14. Minnesota Statutes 1998, section 256J.40, is amended to read:

256J.40 [FAIR HEARINGS.]

Subdivision 1. [FAIR HEARING PROCESS.] Caregivers receiving a notice of intent to sanction or a notice of adverse action that includes a sanction, reduction in benefits, suspension of benefits, denial of benefits, or termination of benefits may request a fair hearing. A request for a fair hearing must be submitted in writing to the county agency or to the commissioner and must be mailed within 30 days after a participant or former participant receives written notice of the agency's action or within 90 days when a participant or former participant shows good cause for not submitting the request within 30 days. A former participant who receives a notice of adverse action due to an overpayment may appeal the adverse action according to the requirements in this section. Issues that may be appealed are:

- (1) the amount of the assistance payment;
- (2) a suspension, reduction, denial, or termination of assistance;
- (3) the basis for an overpayment, the calculated amount of an overpayment, and the level of recoupment;
- (4) the eligibility for an assistance payment; and
- (5) the use of protective or vendor payments under section 256J.39, subdivision 2, clauses (1) to (3).

A county agency must not reduce, suspend, or terminate payment when an aggrieved participant requests a fair hearing prior to the effective date of the adverse action or within ten days of the mailing of the notice of adverse action, whichever is later, unless the participant requests in writing not to receive continued assistance pending a hearing decision. Assistance issued pending a fair hearing is subject to recovery under section 256J.38 when as a result of the fair hearing decision the participant is determined ineligible for assistance or the amount of the assistance received. A county agency may increase or reduce an assistance payment while an appeal is pending when the circumstances of the participant change and are not related to the issue on appeal. The commissioner's order is binding on a county agency. No additional notice is required to enforce the commissioner's order.

A county agency shall reimburse appellants for reasonable and necessary expenses of attendance at the hearing, such as child care and transportation costs and for the transportation expenses of the appellant's witnesses and representatives to and from the hearing. Reasonable and necessary expenses do not include legal fees. Fair hearings must be conducted at a reasonable time and date by an impartial referee employed by the department. The hearing may be conducted by telephone or at a site that is readily accessible to persons with disabilities.

The appellant may introduce new or additional evidence relevant to the issues on appeal. Recommendations of the appeals referee and decisions of the commissioner must be based on evidence in the hearing record and are not limited to a review of the county agency action.

Subd. 2. [EXCEPTION; AUTOMATIC HEARING.] No written request is required to initiate a fair hearing under subdivision 1 if the participant is otherwise subject to case closure due to noncompliance under section 256J.46, subdivision 1, paragraph (b), clause (3).

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

Sec. 15. Minnesota Statutes 1998, section 256J.45, subdivision 3, is amended to read:

Subd. 3. [GOOD CAUSE EXEMPTIONS FOR NOT ATTENDING ORIENTATION.] (a) The county agency shall not impose the sanction under section 256J.46 if it determines that the participant has good cause for failing to attend orientation. Good cause exists when:

(1) appropriate child care is not available;

(2) the participant is ill or injured;

(3) a family member is ill and needs care by the participant that prevents the participant from attending orientation. For a caregiver with a child or adult in the household who meets the disability or medical criteria for home care services under section 256B.0627, subdivision 1, paragraph (c) or a home and community-based waiver services program under chapter 256B, or meets the criteria for severe emotional disturbance under section 245.4871, subdivision 6, or for serious and persistent mental illness under section 245.462, subdivision 20, paragraph (c), good cause also exists when an interruption in the provision of those services occurs which prevents the participant from attending orientation;

(4) the caregiver is unable to secure necessary transportation;

(5) the caregiver is in an emergency situation that prevents orientation attendance;

(6) the orientation conflicts with the caregiver's work, training, or school schedule; or

(7) the caregiver documents other verifiable impediments to orientation attendance beyond the caregiver's control.

(b) Counties must work with clients to provide child care and transportation necessary to ensure a caregiver has every opportunity to attend orientation.

Sec. 16. Minnesota Statutes 1999 Supplement, section 256J.46, subdivision 1, is amended to read:

Subdivision 1. [SANCTIONS FOR PARTICIPANTS NOT COMPLYING WITH PROGRAM REQUIREMENTS.] (a) A participant who fails without good cause to comply with the requirements of this chapter, and who is not subject to a sanction under subdivision 2, shall be subject to a sanction as provided in this subdivision.

For purposes of this section, an occurrence of noncompliance means a failure by a participant, without good cause, to comply with the requirements of this chapter. Each month that a participant in an assistance unit fails to comply with a requirement of this chapter shall be considered a separate occurrence of noncompliance for which the assistance unit's grant must be sanctioned as provided in this section. In applying a sanction to a two-parent assistance unit, each occurrence of noncompliance by either participant shall be considered a separate occurrence of noncompliance for which the assistance unit is subject to sanction.

A sanction under this subdivision becomes effective the month following the month in which a required notice is given. A sanction must not be imposed when a participant comes into compliance with the requirements for orientation under section 256J.45 or third-party liability for medical services under section 256J.30, subdivision 10, prior to the effective date of the sanction. A sanction must not be imposed when a participant comes into compliance with the requirements for employment and training services under sections 256J.49 to 256J.72 ten days prior to the effective date of the sanction. ~~For purposes of this subdivision, each month that a participant fails to comply with a requirement of this chapter shall be considered a separate occurrence of noncompliance.~~ A participant who has had one or more sanctions imposed must remain in compliance with the provisions of this chapter for six months in order for a subsequent occurrence of noncompliance to be considered a first occurrence.

(b) Sanctions for noncompliance shall be imposed as follows:

(1) For the first occurrence of noncompliance by a participant in ~~a single-parent household or by one participant in a two-parent household~~ an assistance unit, the assistance unit's grant shall be reduced by ten percent of the MFIP standard of need for an assistance unit of the same size with the residual grant paid to the participant. The reduction in the grant amount must be in effect for a minimum of one month and shall be removed in the month following the month that the participant returns to compliance.

(2) For a second ~~or subsequent, third, fourth, or fifth~~ occurrence of noncompliance, ~~or when both participants in a two-parent household are out of compliance at the same time~~, the assistance unit's shelter costs shall be vendor paid up to the amount of the cash portion of the MFIP grant for which the ~~participant's~~ assistance unit is eligible. At county option, the assistance unit's utilities may also be vendor paid up to the amount of the cash portion of the MFIP grant remaining after vendor payment of the assistance unit's shelter costs. The residual amount of the grant after vendor payment, if any, must be reduced by an amount equal to 30 percent of the MFIP standard of need for an assistance unit of the same size before the residual grant is paid to the assistance unit. The reduction in the grant amount must be in effect for a minimum of one month and shall be removed in the month following the month that ~~a~~ the participant in a one-parent ~~household~~ assistance unit returns to compliance. In a two-parent ~~household~~ assistance unit, the grant reduction must be in effect for a minimum of one month and shall be removed in the month following the month both participants return to compliance. The vendor payment of shelter costs and, if applicable, utilities shall be removed six months after the month in which the participant or participants return to compliance.

(3) For a sixth occurrence of noncompliance, the assistance unit's MFIP case must be closed, for both the cash and food portions of MFIP assistance. This case closure must be in effect for a minimum of one full month. A county may not impose a case closure under this clause before an automatic fair hearing is held as required by section 256J.40, subdivision 2. The hearing may only be waived in writing. If a participant waives the right to this hearing, or the participant or the participant's representative fails to appear at the hearing, the case closure must be imposed.

(c) ~~No later than during the second month that~~ Before a sanction under paragraph (b), clause (2), is in effect due to noncompliance with employment services (1), may be imposed, the participant's case file must be reviewed to determine if: job counselor must initiate personal contact with the participant by attempting to have either a personal meeting or a telephone conversation with the participant. The job counselor shall thoroughly review the exemption categories and good cause exception categories to determine if the participant falls under one or more of these categories. The participant's case file must also be reviewed by county staff or employment and training service provider staff other than the participant's current job counselor to determine if:

(i) the continued noncompliance can be explained and mitigated by providing a needed preemployment activity, as defined in section 256J.49, subdivision 13, clause (16);

(ii) the participant qualifies for a good cause exception under section 256J.57; or

(iii) the participant qualifies for an exemption under section 256J.56.

If the lack of an identified activity can explain the noncompliance, the county must work with the participant to provide the identified activity, and the county must restore the participant's grant amount to the full amount for which the assistance unit is eligible. The grant must be restored retroactively to the first day of the month in which the participant was found to lack preemployment activities or to qualify for an exemption or good cause exception.

If the participant is found to qualify for a good cause exception or an exemption, the county must restore the participant's grant to the full amount for which the assistance unit is eligible.

(d) At the county agency's option, the provisions of this paragraph may be followed in place of the provisions in paragraph (e). During the month that a sanction is in effect for a second occurrence of noncompliance, the participant may be offered a face-to-face intervention in the participant's home by a county representative who is knowledgeable about family intervention strategies. During this intervention the participant's needs and possible reasons for noncompliance must be assessed, and an identification of existing resources that could be used to assist the participant to return to compliance must be made. The information gathered during this intervention must be reported to the participant's job counselor, along with any recommendations for referrals to existing resources or modifications to the activities in the participant's approved plan under section 256J.52. The county representative who conducts the intervention required under this paragraph may be an existing county staff person, staff from a nonprofit agency, or a trained paraprofessional.

(e) Before a sanction may be imposed under paragraph (b), clause (2), for a second occurrence of noncompliance, the participant's case must be reviewed by the county agency. If this review confirms that the sanction process under this subdivision has been appropriately implemented, the county must attempt to contact the participant, through a written notice and by telephone, to offer a face-to-face meeting with county staff or employment and training service provider staff, unless the participant received a face-to-face meeting as part of the personal contact and case file review provisions under paragraph (c). If the participant received a face-to-face meeting under paragraph (c), the county must meet the requirements in this paragraph as a case file review, but no additional face-to-face meeting with the participant is required.

If the participant does not respond to the written notice and cannot be reached by phone, a county representative must attempt to visit the participant at the participant's home before imposing the sanction under paragraph (b), clause (2).

The face-to-face meeting must be conducted by staff other than the participant's current job counselor. At this meeting the participant's plan and the continued noncompliance must be reviewed, and the staff must:

(1) identify the specific requirements the participant is not complying with and what the participant must do to comply;

(2) determine if the participant qualifies for a good cause exception under section 256J.57;

(3) determine if the participant qualifies for an exemption under section 256J.56;

(4) seek to determine the appropriateness of the activities in the participant's plan;

(5) explain what will happen if the participant continues to remain out of compliance with program requirements;

(6) identify other resources that may be available to meet the needs of the participant's family; and

(7) inform the participant of the right to appeal the sanction under section 256J.40, subdivision 1.

All contacts with the participant and attempts to contact the participant regarding the sanction must be documented in the case file. If the participant is found to qualify for a good cause exception or an exemption, the county must restore the participant's grant to the full amount for which the assistance unit is eligible. If one or more of the activities in the participant's plan is no longer appropriate, the plan must be revised to reflect that

determination, and the sanction under paragraph (b), clause (2), may not be imposed. If the participant does not respond to the county's efforts to establish face-to-face contact, or when contacted chooses not to comply with the program's requirements and does not qualify for a good cause exception or an exemption, the sanction under paragraph (b), clause (2), must be imposed.

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

Sec. 17. Minnesota Statutes 1999 Supplement, section 256J.46, subdivision 2, is amended to read:

Subd. 2. [SANCTIONS FOR REFUSAL TO COOPERATE WITH SUPPORT REQUIREMENTS.] An MFIP caregiver whose only noncompliance with a program requirement is due to noncooperation with support requirements under section 256.741 is not subject to sanction as specified in subdivision 1. The grant of an MFIP caregiver who refuses to cooperate, as determined by the child support enforcement agency, with support requirements under section 256.741, shall be subject to sanction as specified in this subdivision. The assistance unit's grant must be reduced by 25 percent of the applicable MFIP standard of need. The residual amount of the grant, if any, must be paid to the caregiver. A sanction under this subdivision becomes effective the first month following the month in which a required notice is given. A sanction must not be imposed when a caregiver comes into compliance with the requirements under section 256.741 prior to the effective date of the sanction. The sanction shall be removed in the month following the month that the caregiver cooperates with the support requirements. Each month that an MFIP caregiver fails to comply with the requirements of section 256.741 must be considered a separate occurrence of noncompliance. An MFIP caregiver who has had one or more sanctions imposed under this subdivision must remain in compliance with the requirements of section 256.741 for six months in order for a subsequent sanction to be considered a first occurrence.

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

Sec. 18. Minnesota Statutes 1999 Supplement, section 256J.46, subdivision 2a, is amended to read:

Subd. 2a. [DUAL SANCTIONS.] (a) Notwithstanding the provisions of subdivisions 1 and 2, for a participant subject to a sanction for refusal to comply with child support requirements under subdivision 2 and subject to a concurrent sanction for refusal to cooperate with other program requirements under subdivision 1, sanctions shall be imposed in the manner prescribed in this subdivision.

A participant who has had one or more sanctions imposed under this subdivision must remain in compliance with the provisions of this chapter for six months in order for a subsequent occurrence of noncompliance to be considered a first occurrence. Any vendor payment of shelter costs or utilities under this subdivision must remain in effect for six months after the month in which the participant is no longer subject to sanction under subdivision 1.

(b) If the participant was subject to sanction ~~for:~~

~~(i) noncompliance under subdivision 1 before being subject to sanction for noncooperation under subdivision 2;~~
or

~~(ii) noncooperation under subdivision 2 before being subject to sanction for noncompliance under subdivision 1;~~

under either subdivision 1 or 2 before being subject to sanction under the other of those subdivisions, the participant shall be sanctioned as provided in subdivision 1, paragraph (b), ~~clause~~ clauses (2) and (3), and the requirement that the county conduct a review as specified in subdivision 1, paragraph (c), remains in effect.

(c) A participant who first becomes subject to sanction under both subdivisions 1 and 2 in the same month is subject to sanction as follows:

(i) in the first month of noncompliance and noncooperation, the participant's grant must be reduced by 25 percent of the applicable MFIP standard of need, with any residual amount paid to the participant;

(ii) in the second and subsequent months of noncompliance and noncooperation, the participant shall be sanctioned as provided in subdivision 1, paragraph (b), ~~clause clauses~~ (2) and (3).

The requirement that the county conduct a review as specified in subdivision 1, paragraph (c), remains in effect.

(d) A participant remains subject to sanction under subdivision 2 if the participant:

(i) returns to compliance and is no longer subject to sanction under subdivision 1; or

(ii) has the sanction under subdivision 1, paragraph (b), removed upon completion of the review under subdivision 1, paragraph (c).

A participant remains subject to sanction under subdivision 1, paragraph (b), if the participant cooperates and is no longer subject to sanction under subdivision 2.

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

Sec. 19. Minnesota Statutes 1998, section 256J.46, is amended by adding a subdivision to read:

Subd. 3. [SANCTION STATUS AFTER CASE CLOSURE DUE TO NONCOMPLIANCE.] An applicant whose MFIP case was closed due to noncompliance under subdivision 1, paragraph (b), clause (3), who applies for MFIP assistance within six months of the date of the case closure, and who is determined to be eligible for MFIP assistance, is considered to have a first occurrence of noncompliance under subdivision 1. The applicant must remain in compliance with the provisions of this chapter in order for a subsequent occurrence of noncompliance to be considered a first occurrence.

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

Sec. 20. Minnesota Statutes 1998, section 256J.47, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A family is eligible to receive diversionary assistance once every ~~36~~ 12 months if:

(1) a family member has resided in this state for at least 30 days;

(2) the caregiver provides verification that the caregiver has either experienced an unexpected occurrence that makes it impossible to retain or obtain employment or the caregiver has a temporary loss of income, which is not due to refusing to accept or terminating suitable employment as defined in section 256J.49, without good cause under section 256J.57, resulting in an emergency;

(3) the caregiver is at risk of MFIP-S eligibility if diversionary assistance is not provided and household income is below ~~140~~ 200 percent of the federal poverty guidelines; and

(4) the diversionary assistance will resolve the emergency and divert the family from applying for MFIP-S.

For purposes of this section, diversionary assistance means a one-time lump-sum payment to an individual or third-party vendor to prevent long-term receipt of public assistance.

Sec. 21. Minnesota Statutes 1998, section 256J.49, subdivision 13, is amended to read:

Subd. 13. [WORK ACTIVITY.] "Work activity" means any activity in a participant's approved employment plan that is tied to the participant's employment goal. For purposes of the ~~MFIP-S~~ MFIP program, any activity that is included in a participant's approved employment plan meets the definition of work activity as counted under the federal participation standards. Work activity includes, but is not limited to:

(1) unsubsidized employment;

(2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69;

(3) work experience, including CWEP as specified in section 256J.67, and including work associated with the refurbishing of publicly assisted housing if sufficient private sector employment is not available;

(4) on-the-job training as specified in section 256J.66;

(5) job search, either supervised or unsupervised;

(6) job readiness assistance;

(7) job clubs, including job search workshops;

(8) job placement;

(9) job development;

(10) job-related counseling;

(11) job coaching;

(12) job retention services;

(13) job-specific training or education;

(14) job skills training directly related to employment;

(15) the self-employment investment demonstration (SEID), as specified in section 256J.65;

(16) preemployment activities, based on availability and resources, such as volunteer work, literacy programs and related activities, citizenship ~~and~~ classes, English as a second language (ESL) classes as limited by the provisions of section 256J.52, subdivisions 3, paragraph (d), and 5, paragraph (c), or participation in dislocated worker services, chemical dependency treatment, mental health services, peer group networks, displaced homemaker programs, strength-based resiliency training, parenting education, or other programs designed to help families reach their employment goals and enhance their ability to care for their children;

(17) community service programs;

(18) vocational educational training or educational programs that can reasonably be expected to lead to employment, as limited by the provisions of section 256J.53;

(19) apprenticeships;

(20) satisfactory attendance in general educational development diploma classes or an adult diploma program;

(21) satisfactory attendance at secondary school, if the participant has not received a high school diploma;

(22) adult basic education classes;

(23) internships;

(24) bilingual employment and training services;

(25) providing child care services to a participant who is working in a community service program; and

(26) activities included in a safety plan that is developed under section 256J.52, subdivision 6.

Sec. 22. Minnesota Statutes 1998, section 256J.50, subdivision 5, is amended to read:

Subd. 5. [PARTICIPATION REQUIREMENTS FOR SINGLE-PARENT AND TWO-PARENT ALL CASES.]

(a) ~~A county must establish a uniform schedule for requiring participation by single parents. Mandatory participation must be required within six months of eligibility for cash assistance.~~ For two-parent all cases, participation is required concurrent with the receipt of MFIP-~~S~~ MFIP cash assistance.

(b) Beginning January 1, 1998, with the exception of caregivers required to attend high school under the provisions of section 256J.54, subdivision 5, MFIP caregivers, upon completion of the secondary assessment, must develop an employment plan and participate in work activities.

(c) Upon completion of the secondary assessment:

(1) In single-parent families with no children under six years of age, the job counselor and the caregiver must develop an employment plan that includes 20 to 35 hours per week of work activities for the period January 1, 1998, to September 30, 1998; 25 to 35 hours of work activities per week in federal fiscal year 1999; and 30 to 35 hours per week of work activities in federal fiscal year 2000 and thereafter.

(2) In single-parent families with a child under six years of age, the job counselor and the caregiver must develop an employment plan that includes 20 to 35 hours per week of work activities.

(3) In two-parent families, the job counselor and the caregivers must develop employment plans which result in a combined total of at least 55 hours per week of work activities.

Sec. 23. Minnesota Statutes 1998, section 256J.50, subdivision 7, is amended to read:

Subd. 7. [LOCAL SERVICE UNIT PLAN.] (a) Each local or county service unit shall prepare and submit a plan as specified in section 268.88.

(b) The plan must include a description of how projects funded under the local intervention grants for self-sufficiency in section 256J.625, subdivisions 2 and 3, operate in the local service unit, including:

(1) the target populations of hard-to-employ participants and working participants in need of job retention and wage advancement services, with a description of how individual participant needs will be met;

(2) services that will be provided which may include paid work experience, enhanced mental health services, outreach to sanctioned families, child care for social services, child care transition year set-aside, homeless and housing advocacy, and transportation;

(3) projected expenditures by activity;

(4) anticipated program outcomes including the anticipated impact the intervention efforts will have on performance measures under section 256J.751 and on reducing the number of MFIP participants expected to reach their 60-month time limit; and

(5) a description of services that are provided or will be provided to MFIP participants affected by chemical dependency, mental health issues, learning disabilities, or family violence.

Each plan must demonstrate how the county or tribe is working within its organization and with other organizations in the community to serve hard-to-employ populations, including how organizations in the community were engaged in planning for use of these funds, services other entities will provide under the plan, and whether multicounty or regional strategies are being implemented as part of this plan.

(c) Activities and expenditures in the plan must enhance or supplement MFIP activities without supplanting existing activities and expenditures. However, this paragraph does not require a county to maintain either:

(1) its current provision of child care assistance to MFIP families through the expenditure of county resources under chapter 256E for social services child care assistance if funds are appropriated by another law for an MFIP social services child care pool;

(2) its current provision of transition-year child care assistance through the expenditure of county resources if funds are appropriated by another law for this purpose; or

(3) its current provision of intensive ESL programs through the expenditure of county resources if funds are appropriated by another law for intensive ESL grants.

(d) The plan required under this subdivision must be approved before the local or county service unit is eligible to receive funds under section 256J.625, subdivisions 2 and 3.

Sec. 24. Minnesota Statutes 1999 Supplement, section 256J.52, subdivision 3, is amended to read:

Subd. 3. [JOB SEARCH; JOB SEARCH SUPPORT PLAN.] (a) If, after the initial assessment, the job counselor determines that the participant possesses sufficient skills that the participant is likely to succeed in obtaining suitable employment, the participant must conduct job search for a period of up to eight weeks, for at least 30 hours per week. The participant must accept any offer of suitable employment. Upon agreement by the job counselor and the participant, a job search support plan may limit a job search to jobs that are consistent with the participant's employment goal. The job counselor and participant must develop a job search support plan which specifies, at a minimum: whether the job search is to be supervised or unsupervised; support services that will be provided while the participant conducts job search activities; the courses necessary to obtain certification or licensure, if applicable, and after obtaining the license or certificate, the client must comply with subdivision 5; and how frequently the participant must report to the job counselor on the status of the participant's job search activities. The job search support plan may also specify that the participant fulfill ~~a specified portion~~ no more than half of the required hours of job search through attending adult basic education or English as a second language classes.

(b) During the eight-week job search period, either the job counselor or the participant may request a review of the participant's job search plan and progress towards obtaining suitable employment. If a review is requested by the participant, the job counselor must concur that the review is appropriate for the participant at that time. If a review is conducted, the job counselor may make a determination to conduct a secondary assessment prior to the conclusion of the job search.

(c) Failure to conduct the required job search, to accept any offer of suitable employment, to develop or comply with a job search support plan, or voluntarily quitting suitable employment without good cause results in the imposition of a sanction under section 256J.46. If at the end of eight weeks the participant has not obtained suitable employment, the job counselor must conduct a secondary assessment of the participant under subdivision 3.

(d) In order for an English as a second language (ESL) class to be an approved work activity, a participant must be below a spoken language proficiency level of SPL5 or its equivalent, as measured by a nationally recognized test. A participant may not be approved for more than a total of 24 months of ESL activities while participating in the employment and training services component of MFIP. In approving ESL as a work activity, the job counselor must give preference to enrollment in an intensive ESL program, if one is available, over a regular ESL program.

Sec. 25. Minnesota Statutes 1999 Supplement, section 256J.52, subdivision 5, is amended to read:

Subd. 5. [EMPLOYMENT PLAN; CONTENTS.] (a) Based on the secondary assessment under subdivision 4, the job counselor and the participant must develop an employment plan for the participant that includes specific activities that are tied to an employment goal and a plan for long-term self-sufficiency, and that is designed to move the participant along the most direct path to unsubsidized employment. The employment plan must ~~list the specific steps that will be taken to obtain employment and a timetable for completion of each of the steps:~~

(1) take into consideration the participant's physical capacity, skills, experience, health and safety, family responsibilities, place of residence, and child care and other supportive service needs;

(2) be based on available resources and employment opportunities;

(3) specify the services to be provided by the employment and training service provider or other providers to be utilized by the participant;

(4) specify the work activities under section 256J.49, subdivision 13, in which the participant will participate;

(5) specify the provision of necessary supportive services such as child care and transportation assistance and skill development activities;

(6) reflect an effort to arrange mandatory activities so that those activities do not interfere with the participant's access to available English as a second language classes or adult basic education classes, and to the extent possible, reflect the preferences of the participant;

(7) include a written agreement between the employment and training provider and the participant that outlines a reasonable schedule for completing the plan, including specific completion deadlines; and

(8) specify the participant's long-term employment goal that will lead to self-sufficiency and how the participant will move to unsubsidized employment. A participant must be counseled to set realistic goals which take into account the long term needs of the participant and the participant's family. Upon agreement by the job counselor and the participant, the employment plan may limit a job search to jobs that are consistent with the participant's employment goal.

(b) As part of the development of the participant's employment plan, the participant shall have the option of selecting from among the vendors or resources that the job counselor determines will be effective in supplying one or more of the services necessary to meet the employment goals specified in the participant's plan. In compiling the list of vendors and resources that the job counselor determines would be effective in meeting the participant's employment goals, the job counselor must determine that adequate financial resources are available for the vendors or resources ultimately selected by the participant.

(c) In order for an English as a second language (ESL) class to be an approved work activity, a participant must be below a spoken language proficiency level of SPL5 or its equivalent, as measured by a nationally recognized test. A participant may not be approved for more than a total of 24 months of ESL activities while participating in the employment and training services component of MFIP. In approving ESL as a work activity, the job counselor must give preference to enrollment in an intensive ESL program, if one is available, over a regular ESL program.

(d) The job counselor and the participant must sign the developed plan to indicate agreement between the job counselor and the participant on the contents of the plan.

Sec. 26. Minnesota Statutes 1998, section 256J.52, is amended by adding a subdivision to read:

Subd. 5b. [EMPLOYMENT ACTIVITIES REQUIRED.] The job counselor must ensure that, by the fourth month of participation in the employment and training services component, at least half of a participant's required hours of work activities are met through one or a combination of the activities listed in section 256J.49, subdivision 13, clause (1), (2), (3), (4), (19), or (23).

Sec. 27. Minnesota Statutes 1999 Supplement, section 256J.56, is amended to read:

256J.56 [EMPLOYMENT AND TRAINING SERVICES COMPONENT; EXEMPTIONS.]

(a) An MFIP caregiver is exempt from the requirements of sections 256J.52 to 256J.55 if the caregiver belongs to any of the following groups:

(1) individuals who are age 60 or older;

(2) individuals who are suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment. Persons in this category with a temporary illness, injury, or incapacity must be reevaluated at least quarterly;

(3) caregivers whose presence in the home is required because of the professionally certified illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household;

(4) women who are pregnant, if the pregnancy has resulted in a professionally certified incapacity that prevents the woman from obtaining or retaining employment;

(5) caregivers of a child under the age of one year who personally provide full-time care for the child. This exemption may be used for only 12 months in a lifetime. In two-parent households, only one parent or other relative may qualify for this exemption;

(6) individuals who are single parents, or one parent in a two-parent family, employed at least 35 hours per week;

(7) individuals experiencing a personal or family crisis that makes them incapable of participating in the program, as determined by the county agency. If the participant does not agree with the county agency's determination, the participant may seek professional certification, as defined in section 256J.08, that the participant is incapable of participating in the program.

Persons in this exemption category must be reevaluated every 60 days; ~~or~~

(8) second parents in two-parent families employed for 20 or more hours per week, provided the first parent is employed at least 35 hours per week; or

(9) caregivers with a child or adult in the household who meets the disability or medical criteria for home care services under section 256B.0627, subdivision 1, paragraph (c) or a home and community-based waiver services program under chapter 256B, or meets the criteria for severe emotional disturbance under section 245.4871, subdivision 6, or for serious and persistent mental illness under section 245.462, subdivision 20, paragraph (c). Caregivers in this exemption category are presumed to be prevented from obtaining or retaining employment.

A caregiver who is exempt under clause (5) must enroll in and attend an early childhood and family education class, a parenting class, or some similar activity, if available, during the period of time the caregiver is exempt under this section. Notwithstanding section 256J.46, failure to attend the required activity shall not result in the imposition of a sanction.

(b) The county agency must provide employment and training services to MFIP caregivers who are exempt under this section, but who volunteer to participate. Exempt volunteers may request approval for any work activity under section 256J.49, subdivision 13. The hourly participation requirements for nonexempt caregivers under section 256J.50, subdivision 5, do not apply to exempt caregivers who volunteer to participate.

Sec. 28. [256J.625] [LOCAL INTERVENTION GRANTS FOR SELF-SUFFICIENCY.]

Subdivision 1. [ESTABLISHMENT; GUARANTEED MINIMUM ALLOCATION.] (a) The commissioner shall make grants under this subdivision to assist county and tribal TANF programs to more effectively serve hard-to-employ MFIP participants. Funds appropriated for local intervention grants for self-sufficiency must be allocated first in amounts equal to the guaranteed minimum in paragraph (b), and second according to the provisions of subdivision 2. Any remaining funds must be allocated according to the formula in subdivision 3. Counties or tribes must have an approved local service unit plan under section 256J.50, subdivision 7, paragraph (b), in order to receive and expend funds under subdivisions 2 and 3.

(b) Each county or tribal program shall receive a guaranteed minimum annual allocation of \$25,000.

Subd. 2. [SET-ASIDE FUNDS.] (a) Of the funds appropriated for grants under this section, after the allocation in subdivision 1, paragraph (b), is made, 20 percent of the remaining funds each year shall be retained by the commissioner and awarded to counties or tribes whose approved plans demonstrate additional need based on their identification of hard-to-employ families and working participants in need of job retention and wage advancement services, strong anticipated outcomes for families and an effective plan for monitoring performance, or, use of a multicounty, multi-entity or regional approach to serve hard-to-employ families and working participants in need of job retention and wage advancement services who are identified as a target population to be served in the plan submitted under section 256J.50, subdivision 7, paragraph (b). In distributing funds under this paragraph, the commissioner must achieve a geographic balance. The commissioner may award funds under this paragraph to other public, private, or nonprofit entities to deliver services in a county or region where the entity or entities submit a plan that demonstrates a strong capability to fulfill the terms of the plan and where the plan shows an innovative or multi-entity approach.

(b) For fiscal year 2001 only, of the funds available under this subdivision the commissioner must allocate funding in the amounts specified in article 1, section 2, subdivision 7, for an intensive intervention transitional employment training project and for nontraditional career assistance and training programs. These allocations must occur before any set-aside funds are allocated under paragraph (a).

Subd. 2a. [ALTERNATIVE DISTRIBUTION FORMULA.] (a) By January 31, 2001, the commissioner of human services must develop and present to the appropriate legislative committees a distribution formula that is an alternative to the formula allocation specified in subdivision 3. The proposed distribution formula must target hard-to-employ MFIP participants, and it must include an incentive-based component that is designed to encourage county and tribal programs to effectively serve hard-to-employ participants. The commissioner's proposal must also be designed to be implemented for fiscal years 2002 and 2003 in place of the formula allocation specified in subdivision 3.

(b) Notwithstanding the provisions of subdivision 2, paragraph (a), if the commissioner does not develop a proposed formula as required in paragraph (a), the set-aside funds for fiscal years 2002 and 2003 that the commissioner would otherwise distribute under subdivision 2, paragraph (a), must not be distributed under that provision. Funds available under subdivision 2, paragraph (a), must instead be allocated in equal amounts to each county and tribal program in fiscal years 2002 and 2003.

Subd. 3. [FORMULA ALLOCATION.] Funds remaining after the allocations in subdivisions 1 and 2 must be allocated as follows:

(1) 85 percent shall be allocated in proportion to each county's and tribal TANF program's one-parent MFIP cases that have received MFIP assistance for at least 25 months, as sampled on December 31 of the previous calendar year, excluding cases where all caregivers are age 60 or over.

(2) 15 percent shall be allocated to each county's and tribal TANF program's two-parent MFIP cases that have received MFIP assistance for at least 25 months, as sampled on December 31 of the previous calendar year, excluding cases where all caregivers are age 60 or over.

Subd. 4. [USE OF FUNDS.] (a) A county or tribal program may use funds allocated under this subdivision to provide services to MFIP participants who are hard-to-employ and their families. Services provided must be intended to reduce the number of MFIP participants who are expected to reach the 60-month time limit under section 256J.42. Counties, tribes, and other entities receiving funds under subdivisions 2 or 3 must submit semiannual progress reports to the commissioner which detail program outcomes.

(b) Funds allocated under this section may not be used to provide benefits that are defined as "assistance" in Code of Federal Regulations, title 45, section 260.31, to an assistance unit that is only receiving the food portion of MFIP benefits.

Subd. 5. [SUNSET.] The grant program under this section sunsets on June 30, 2003.

Sec. 29. [256J.655] [NONTRADITIONAL CAREER ASSISTANCE AND TRAINING.]

With the approval of the job counselor, a participant may enroll and participate in a nontraditional career assistance and training (NCAT) program under section 256K.30. An MFIP recipient participating in an NCAT program with the approval of the job counselor is also eligible for employment and training services, including child care and transportation.

Sec. 30. [256K.25] [SUPPORTIVE HOUSING AND MANAGED CARE PILOT PROJECT.]

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] (a) The commissioner shall establish a supportive housing and managed care pilot project in two counties, one within the seven-county metropolitan area and one outside of that area, to determine whether the integrated delivery of employment services, supportive services, housing, and health care into a single, flexible program will:

(1) reduce public expenditures on homeless families with minor children, homeless noncustodial parents, and other homeless individuals;

(2) increase the employment rates of these persons; and

(3) provide a new alternative to providing services to this hard-to-serve population.

(b) The commissioner shall create a program for counties for the purpose of providing integrated intensive and individualized case management services, employment services, health care services, rent subsidies or other short- or medium-term housing assistance, and other supportive services to eligible families and individuals. Minimum project and application requirements shall be developed by the commissioner in cooperation with counties and their nonprofit partners with the goal to provide the maximum flexibility in program design.

(c) Services available under this project must be coordinated with available health care services for an eligible project participant.

Subd. 2. [DEFINITION.] For purposes of this section, "homeless" means having no appropriate housing available and lacking the resources necessary to access permanent housing, as determined by the county requesting funding under subdivision 3, and:

(1) living, or being at imminent risk of living, on the street or in a shelter; or

(2) having been evicted from a dwelling or discharged from a regional treatment center, state-operated community-based program, community hospital, or residential treatment program.

Subd. 3. [COUNTY ELIGIBILITY.] A county may request funding under this pilot project if the county:

(1) agrees to develop, in cooperation with nonprofit partners, a supportive housing and managed care pilot project that integrates the delivery of employment services, supportive services, housing and health care for eligible families and individuals, or agrees to contract with an existing integrated program;

(2) for eligible participants who are also MFIP recipients, agrees to develop, in cooperation with nonprofit partners, procedures to ensure that the services provided under the pilot project are closely coordinated with the services provided under MFIP; and

(3) develops a method for evaluating the quality of the integrated services provided and the amount of any resulting cost savings to the county and state.

Subd. 4. [PARTICIPANT ELIGIBILITY.] (a) In order to be eligible for the pilot project, the county must determine that a participant is homeless or is at risk of homelessness; has a mental illness, a history of substance abuse, or HIV; and is a family that meets the criteria in paragraph (b) or is an individual who meets the criteria in paragraph (c).

(b) An eligible family must include a minor child or a pregnant woman, and:

(1) be receiving or meet the income eligibility guidelines for MFIP assistance under chapter 256J; or

(2) include an adult caregiver who is employed or is receiving employment and training services, and have household income below the MFIP exit level in section 256J.24, subdivision 10.

(c) An eligible individual must:

(1) meet the eligibility requirements of the group residential housing program under section 256I.04, subdivision 1; or

(2) be a noncustodial parent who is employed or is receiving employment and training services, and have household income below the MFIP exit level in section 256J.24, subdivision 10.

Subd. 5. [FUNDING.] A county may request funding from the commissioner for a specified number of TANF-eligible project participants. The commissioner shall review the request for compliance with subdivisions 1 to 4 and may approve or disapprove the request. If other funds are available, the commissioner may allocate funding for project participants who meet the eligibility requirements of subdivision 4, paragraph (c).

Subd. 6. [REPORT.] Participating counties and the commissioner shall collaborate to prepare and issue an annual report, beginning December 1, 2001, to the chairs of the appropriate legislative committees on the pilot project's use of public resources, including other funds leveraged for this initiative, the employment and housing status of the families and individuals served in the project, and the cost-effectiveness of the project. The annual report must also evaluate the pilot project with respect to the following project goals: that participants will lead more productive, healthier, more stable and better quality lives; that the teams created under the project to deliver services for each project participant will be accountable for ensuring that services are more appropriate, cost-effective and well-coordinated; and that the system-wide costs of serving this population, and the inappropriate use of emergency, crisis-oriented or institutional services, will be materially reduced. The commissioner shall provide data that may be needed to evaluate the project to participating counties that request the data.

Subd. 7. [SUNSET.] The pilot project under this section sunsets on June 30, 2006.

Sec. 31. [256K.30] [GRANTS FOR NONTRADITIONAL CAREER ASSISTANCE AND TRAINING PROGRAMS.]

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] The commissioner shall establish a program of reimbursement-based grants to nonprofit organizations to provide nontraditional career assistance and training (NCAT) programs that encourage and assist low-income women with minor children to enter nontraditional careers in the trades and in manual and technical operations.

Subd. 2. [REQUIREMENTS FOR GRANTEES.] To be eligible for a grant under this section, an NCAT program must include the career assistance component specified in subdivision 4.

Subd. 3. [OUTREACH COMPONENT.] An NCAT program may include an outreach component that provides outreach to girls and women through public and private elementary and secondary schools, appropriate community organizations, or existing state and county employment and training programs. The outreach must consist of: general information concerning opportunities for women in the trades, manual, and technical occupations, including specific fields where worker shortages exist; and specific information about training programs offered. The outreach may include printed or recorded information, hands-on experiences for women and girls, presentations to women and girls, or ongoing contact with appropriate staff.

Federal TANF funds may not be used for the outreach component of an NCAT program.

Subd. 4. [CAREER ASSISTANCE COMPONENT.] An NCAT program may include a career assistance component that provides the following assistance for low-income women to enter careers in the trades and technical occupations:

(1) training designed to prepare women to succeed in nontraditional occupations, conducted by an NCAT grantee or in collaboration with another institution. The training must cover the knowledge and skills required for the trade, information about on-the-job realities for women in the particular trade, physical strength and stamina training as needed, opportunities for developing workplace problem-solving skills, and information about the current and projected future job market and likely career path for the trade;

(2) assistance with child care and transportation during training, during job search, and for at least the first two months of posttraining employment;

(3) job placement assistance during training, during job search, and for at least two years after completion of the training program; and

(4) job retention support may be in the form of mentorship programs, support groups, or ongoing staff contact for at least the first year of posttraining employment, including access to job-related information, assistance with workplace issue resolution, and access to advocacy services.

Subd. 5. [NCAT; ELIGIBLE PARTICIPANTS.] To be eligible to enroll in an NCAT program under this section, a participant must be a female caregiver receiving assistance under chapter 256J or this chapter.

Subd. 6. [ACCESSIBILITY REQUIRED.] Approved NCAT programs must be accessible to women who are MFIP participants. Factors that contribute to a program's accessibility include:

(1) affordability of tuition and supplies;

(2) geographic proximity to low-income neighborhoods, child care, and public transportation routes; and

(3) flexibility of the hours per week required by the program and the duration of the program, in order to be compatible with the program participants' family needs and the need for participants to be employed during training.

Sec. 32. [256K.35] [AT-RISK YOUTH OUT-OF-WEDLOCK PREGNANCY PREVENTION PROGRAM.]

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] The commissioner shall establish a statewide grant program to prevent or reduce the incidence of out-of-wedlock pregnancies among homeless, runaway, or thrown-away youth who are at risk of being prostituted or currently being used in prostitution. The goal of the out-of-wedlock pregnancy prevention program is to significantly increase the number of existing short-term shelter beds for these youth in the state. By providing supportive services for emergency shelter, transitional housing, and services to reconnect the youth with their families where appropriate, the number of youth at risk of being sexually exploited or actually being sexually exploited, and thus at risk of experiencing an out-of-wedlock pregnancy, will be reduced.

Subd. 2. [FUNDS AVAILABLE.] The commissioner shall make funds for supportive services for emergency shelter and transitional housing for out-of-wedlock pregnancy prevention available to eligible nonprofit corporations or government agencies to provide supportive services for emergency and transitional housing for at-risk youth. The commissioner shall consider the need for emergency and transitional housing supportive services throughout the state, and must give priority to applicants who offer 24-hour emergency facilities.

Subd. 3. [APPLICATION; ELIGIBILITY.] (a) A nonprofit corporation or government agency must submit an application to the commissioner in the form and manner the commissioner establishes. The application must describe how the applicant meets the eligibility criteria under paragraph (b). The commissioner may also require an applicant to provide additional information.

(b) To be eligible for funding under this section, an applicant must meet the following criteria:

(1) the applicant must have a commitment to helping the community, children, and preventing juvenile prostitution. If the applicant does not have any past experience with youth involved in or at risk of being used in prostitution, the applicant must demonstrate knowledge of best practices in this area and develop a plan to follow those practices;

(2) the applicant must present a plan to communicate with local law enforcement officials, social services, and the commissioner consistent with state and federal law; and

(3) the applicant must present a plan to encourage homeless, runaway, or thrown-away youth to either reconnect with family or to transition into long-term housing.

Subd. 4. [USES OF FUNDS.] (a) Funds available under this section must be used to create and maintain supportive services for emergency shelter and transitional housing for homeless, runaway, and thrown-away youth. Federal TANF funds must be used to serve youth and their families with household income below 200 percent of the federal poverty guidelines. If other funds are available, services may be provided to youth outside of TANF-eligible families.

(b) Funds available under this section shall not be used to conduct general education or awareness programs unrelated to the operation of an emergency shelter or transitional housing.

Sec. 33. Minnesota Statutes 1999 Supplement, section 626.556, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms have the meanings given them unless the specific content indicates otherwise:

(a) "Sexual abuse" means the subjection of a child by a person responsible for the child's care, by a person who has a significant relationship to the child, as defined in section 609.341, or by a person in a position of authority, as defined in section 609.341, subdivision 10, to any act which constitutes a violation of section 609.342 (criminal sexual conduct in the first degree), 609.343 (criminal sexual conduct in the second degree), 609.344 (criminal sexual conduct in the third degree), 609.345 (criminal sexual conduct in the fourth degree), or 609.3451 (criminal sexual

conduct in the fifth degree). Sexual abuse also includes any act which involves a minor which constitutes a violation of prostitution offenses under sections 609.321 to 609.324 or 617.246. Sexual abuse includes threatened sexual abuse.

(b) "Person responsible for the child's care" means (1) an individual functioning within the family unit and having responsibilities for the care of the child such as a parent, guardian, or other person having similar care responsibilities, or (2) an individual functioning outside the family unit and having responsibilities for the care of the child such as a teacher, school administrator, or other lawful custodian of a child having either full-time or short-term care responsibilities including, but not limited to, day care, babysitting whether paid or unpaid, counseling, teaching, and coaching.

(c) "Neglect" means:

(1) failure by a person responsible for a child's care to supply a child with necessary food, clothing, shelter, health, medical, or other care required for the child's physical or mental health when reasonably able to do so;

(2) failure to protect a child from conditions or actions which imminently and seriously endanger the child's physical or mental health when reasonably able to do so;

(3) failure to provide for necessary supervision or child care arrangements appropriate for a child after considering factors as the child's age, mental ability, physical condition, length of absence, or environment, when the child is unable to care for the child's own basic needs or safety, or the basic needs or safety of another child in their care;

(4) failure to ensure that the child is educated as defined in sections 120A.22 and 260C.163, subdivision 11;

(5) nothing in this section shall be construed to mean that a child is neglected solely because the child's parent, guardian, or other person responsible for the child's care in good faith selects and depends upon spiritual means or prayer for treatment or care of disease or remedial care of the child in lieu of medical care; except that a parent, guardian, or caretaker, or a person mandated to report pursuant to subdivision 3, has a duty to report if a lack of medical care may cause serious danger to the child's health. This section does not impose upon persons, not otherwise legally responsible for providing a child with necessary food, clothing, shelter, education, or medical care, a duty to provide that care;

(6) prenatal exposure to a controlled substance, as defined in section 253B.02, subdivision 2, used by the mother for a nonmedical purpose, as evidenced by withdrawal symptoms in the child at birth, results of a toxicology test performed on the mother at delivery or the child at birth, or medical effects or developmental delays during the child's first year of life that medically indicate prenatal exposure to a controlled substance;

(7) "medical neglect" as defined in section 260C.007, subdivision 4, clause (5);

(8) ~~that the parent or other person responsible for the care of the child:~~

~~(i) engages in violent behavior that demonstrates a disregard for the well-being of the child as indicated by action that could reasonably result in serious physical, mental, or threatened injury, or emotional damage to the child;~~

~~(ii) engages in repeated domestic assault that would constitute a violation of section 609.2242, subdivision 2 or 4;~~

~~(iii) intentionally inflicts or attempts to inflict bodily harm against a family or household member, as defined in section 518B.01, subdivision 2, that is within sight or sound of the child, or~~

~~(iv) subjects the child to ongoing domestic violence by the abuser in the home environment that is likely to have a detrimental effect on the well-being of the child;~~

(9) chronic and severe use of alcohol or a controlled substance by a parent or person responsible for the care of the child that adversely affects the child's basic needs and safety; or

(10) (9) emotional harm from a pattern of behavior which contributes to impaired emotional functioning of the child which may be demonstrated by a substantial and observable effect in the child's behavior, emotional response, or cognition that is not within the normal range for the child's age and stage of development, with due regard to the child's culture.

(d) "Physical abuse" means any physical injury, mental injury, or threatened injury, inflicted by a person responsible for the child's care on a child other than by accidental means, or any physical or mental injury that cannot reasonably be explained by the child's history of injuries, or any aversive and deprivation procedures that have not been authorized under section 245.825. Abuse does not include reasonable and moderate physical discipline of a child administered by a parent or legal guardian which does not result in an injury. Actions which are not reasonable and moderate include, but are not limited to, any of the following that are done in anger or without regard to the safety of the child:

- (1) throwing, kicking, burning, biting, or cutting a child;
- (2) striking a child with a closed fist;
- (3) shaking a child under age three;
- (4) striking or other actions which result in any nonaccidental injury to a child under 18 months of age;
- (5) unreasonable interference with a child's breathing;
- (6) threatening a child with a weapon, as defined in section 609.02, subdivision 6;
- (7) striking a child under age one on the face or head;
- (8) purposely giving a child poison, alcohol, or dangerous, harmful, or controlled substances which were not prescribed for the child by a practitioner, in order to control or punish the child; or other substances that substantially affect the child's behavior, motor coordination, or judgment or that results in sickness or internal injury, or subjects the child to medical procedures that would be unnecessary if the child were not exposed to the substances; or

(9) unreasonable physical confinement or restraint not permitted under section 609.379, including but not limited to tying, caging, or chaining.

(e) "Report" means any report received by the local welfare agency, police department, or county sheriff pursuant to this section.

(f) "Facility" means a licensed or unlicensed day care facility, residential facility, agency, hospital, sanitarium, or other facility or institution required to be licensed under sections 144.50 to 144.58, 241.021, or 245A.01 to 245A.16, or chapter 245B; or a school as defined in sections 120A.05, subdivisions 9, 11, and 13; and 124D.10; or a nonlicensed personal care provider organization as defined in sections 256B.04, subdivision 16, and 256B.0625, subdivision 19a.

(g) "Operator" means an operator or agency as defined in section 245A.02.

(h) "Commissioner" means the commissioner of human services.

(i) "Assessment" includes authority to interview the child, the person or persons responsible for the child's care, the alleged perpetrator, and any other person with knowledge of the abuse or neglect for the purpose of gathering the facts, assessing the risk to the child, and formulating a plan.

(j) "Practice of social services," for the purposes of subdivision 3, includes but is not limited to employee assistance counseling and the provision of guardian ad litem and visitation expeditor services.

(k) "Mental injury" means an injury to the psychological capacity or emotional stability of a child as evidenced by an observable or substantial impairment in the child's ability to function within a normal range of performance and behavior with due regard to the child's culture.

(l) "Threatened injury" means a statement, overt act, condition, or status that represents a substantial risk of physical or sexual abuse or mental injury.

(m) Persons who conduct assessments or investigations under this section shall take into account accepted child-rearing practices of the culture in which a child participates, which are not injurious to the child's health, welfare, and safety.

Sec. 34. Minnesota Statutes 1998, section 626.556, is amended by adding a subdivision to read:

Subd. 2a. [EXPOSURE TO DOMESTIC VIOLENCE.] Maltreatment reports involving children exposed to domestic violence or witnessing domestic violence are governed by subdivision 2, paragraph (c), clauses (1) to (3), paragraph (d), and paragraph (l).

Sec. 35. [DAKOTA COUNTY MFIP DIVERSIONARY ASSISTANCE PILOT PROJECT.]

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] Notwithstanding any contrary law, the commissioner of human services shall establish an MFIP diversionary assistance pilot project in Dakota county to encourage rapid entrance into the work force. The pilot project is intended to improve employability and self-sufficiency, to minimize the number of families reaching the 60-month time limit under the federal TANF block grant program, and to reduce the number of families who need ongoing MFIP assistance under Minnesota Statutes, chapter 256J. Unlike MFIP program assistance under Minnesota Statutes, section 256J.24, subdivision 5, the diversionary assistance pilot project payments shall not include a food portion. Participating families may instead apply for benefits from the federal food stamp program.

Subd. 2. [MANDATORY PARTICIPATION.] Beginning July 1, 2001 and through March 31, 2003, the following families residing in Dakota county must be enrolled in the Dakota county diversionary assistance pilot project:

(1) families who apply for MFIP under Minnesota Statutes, chapter 256J, or reapply after being closed for 30 days or more from MFIP, and who meet eligibility requirements; and

(2) families currently enrolled in MFIP who are under a 30 percent sanction and have been assessed as capable of participating in a preemployment or employment activity, as those terms are defined in Minnesota Statutes, section 256J.49, subdivision 13, but who are not participating in these activities. These families shall be closed from MFIP prior to being transferred to the diversionary assistance pilot project. Months of participation in the pilot project shall count towards a participant's 60-month time limit under Minnesota Statutes, section 256J.42.

Subd. 3. [FAMILIES EXCLUDED FROM PROJECT.] The following assistance units or families must be excluded from participation in the Dakota county diversionary assistance pilot project:

(1) assistance units in which only minor children would receive assistance;

(2) families in which the caregiver is a victim of family violence and the caregiver is complying with a safety plan or an alternative employment plan under Minnesota Statutes, chapter 256J;

(3) a minor parent or pregnant minor, the minor parent's child, and the caregivers of the minor parent who are included in the minor parent's assistance unit under Minnesota Statutes, section 256J.24;

(4) families in which the caregiver is age 60 or older;

(5) families in which the caregiver has an infant child under 12 weeks of age; and

(6) families who are determined by the county agency to be unlikely to benefit from the pilot project's services.

Subd. 4. [APPLYING FOR ASSISTANCE; APPLICANT REQUIREMENTS AND RESPONSIBILITIES.] Minnesota Statutes, section 256J.09, excluding subdivisions 4, 7, and 9, applies to families that apply for assistance under the pilot project. The applicant requirements and responsibilities under Minnesota Statutes section 256J.30, excluding subdivisions 4 to 11, also apply to pilot project applicants. Families determined eligible for benefits under this pilot project may request termination from the pilot project at any time.

Subd. 5. [FAMILY COMPOSITION; ASSISTANCE UNITS.] In determining the composition of assistance units and eligibility under the pilot project the following provisions apply: Minnesota Statutes, sections 256J.08, subdivision 7; 256J.13; 256J.15; and 256J.24, subdivisions 1 to 4.

Subd. 6. [TREATMENT OF INCOME.] (a) For purposes of defining income under the pilot project, the MFIP income definitions under Minnesota Statutes, chapter 256J, must be used. The agency shall evaluate the income of each member of an assistance unit that is requesting assistance payments under this project.

(b) Countable income means the gross earned income and unearned income that is not excluded under Minnesota Statutes, section 256J.21, subdivision 2, or disregarded under Minnesota Statutes, section 256J.08, subdivision 24. In determining the amount of diversionary assistance to be issued for the month that payments are to be made, the county agency must determine if countable income is actually available to apply to a participant's basic needs.

(c) The difference between basic needs as defined under subdivision 9, paragraph (a), clause (3), and countable income shall be the amount of the monthly diversionary payments that is subject to the provisions of subdivision 9, paragraph (b).

Subd. 7. [CALCULATING PAYMENTS.] (a) The county must use prospective budgeting to calculate the assistance payment amounts. The provisions of Minnesota Statutes, section 256J.34, subdivision 1, paragraphs (a) to (c), apply to the calculations, except that the provisions of those paragraphs shall be used for each 30-day period during the 90-day diversionary assistance pilot project. The payment amounts for the 90-day period must be determined upon approval of an applicant's request for assistance and issued monthly over the 90-day period, unless the participant reports a change in circumstances that would increase the amount of assistance, or the participant is sanctioned or terminated from the pilot project. Monthly payments are subject to the limitations in subdivision 9, paragraph (b).

(b) Prospective budgeting is not subject to overpayments or underpayments unless fraud is determined under Minnesota Statutes, section 256.98. The provisions of Minnesota Statutes, section 256.98, subdivision 1, apply to the pilot project.

(c) For the pilot project, client data must be entered and maintained on the department of human services' MAXIS computer system and all diversionary assistance payments authorized throughout the duration of the project shall be issued from MAXIS.

Subd. 8. [CHANGE IN RESIDENCE.] When a family moves to another Minnesota county and applies for MFIP and is found eligible, MFIP benefits may be issued effective the day following the date through which diversionary assistance payments under this project provided for the needs of the family. Participants must report any change of address within ten days of the date the change occurs.

Subd. 9. [PILOT PROJECT DESIGN AND SERVICES.] (a) Assistance under the Dakota county MFIP diversionary assistance pilot project is available to an eligible participant for 90 days after enrollment. The county agency may have families participating in the project through June 30, 2003. For purposes of eligibility for child

care assistance under Minnesota Statutes, chapter 119B, pilot program participants are eligible for the same benefits as MFIP recipients. The following support services and programs are available to participants, based on the county agency's documentation of need or determination of eligibility:

(1) the development of a self-sufficiency plan in the event that the participant is determined to be not ready to seek or obtain unsubsidized employment while enrolled in the project;

(2) child care assistance under Minnesota Statutes, chapter 119B, for work or for all preemployment or employment-related activities, as defined in Minnesota Statutes, section 256J.49, subdivision 13, approved by a county in an employment plan, as defined in Minnesota Statutes, section 256J.49, subdivision 5. This may include assistance with child care costs related to accessing social services programs and activities, including but not limited to mental health and chemical dependency program services;

(3) funding for basic needs, which include shelter, utilities, and other personal requirements of subsistence as identified by the participant and approved by the county agency. Vendor payments shall be made for shelter and utilities up to the amount of assistance to be issued;

(4) other employment-focused supports that are identified after a needs assessment is conducted for the pilot project participant;

(5) approved training programs, as defined in Minnesota Statutes, section 256J.49, subdivision 13, and as limited by the provisions of Minnesota Statutes, section 256J.53;

(6) approved work activities, as defined in Minnesota Statutes, section 256J.49, subdivision 13;

(7) federal food stamp program benefits which the participant must separately apply for;

(8) medical assistance under Minnesota Statutes, chapter 256B, or MinnesotaCare under Minnesota Statutes, chapter 256L;

(9) enhanced employment services, which include services available to individuals eligible for MFIP as described in the county's local service unit plan under Minnesota Statutes, section 268.88; and

(10) emergency assistance under Minnesota Statutes, section 256J.48.

(b) Payments for basic needs shall be determined by an eligibility worker from the date of application. Total monthly payments must not exceed 133 percent of the ongoing MFIP monthly cash grant for which the participant would have otherwise been eligible under Minnesota Statutes, section 256J.24, subdivision 5.

(c) Each participant must also be provided immediate access to an interdisciplinary team consisting of financial workers, employment counselors, and social workers who can conduct an individualized assessment of family needs and assist in arranging needed services. An employment plan developed under this subdivision must be tailored to each participant family's needs.

(d) For a participant to receive monthly payments as specified in paragraph (b), the participant must cooperate with the participant's employment plan.

(e) No standard exemptions from participation in employment services are granted to pilot project participants during the pilot project.

(f) Noncooperation with the employment plan without good cause shall result in a sanction equal to a reduction of 100 percent of funding for basic needs for the remainder of the 90-day participation period.

Subd. 10. [GOOD CAUSE FOR FAILURE TO COMPLY WITH AN EMPLOYMENT PLAN.] Good cause for failure to comply with an employment plan under this section exists when:

- (1) appropriate child care is not available;
- (2) the job does not meet the definition of suitable employment under Minnesota Statutes, section 256J.49, subdivision 12;
- (3) the participant is ill or injured;
- (4) a member of the unit, a relative in the household, or a foster child in the household is ill and needs care by the participant that prevents the participant from complying;
- (5) the participant has an infant child under 12 weeks of age;
- (6) the participant is unable to secure needed transportation;
- (7) the participant is in an emergency situation that prevents compliance with the employment plan;
- (8) the schedule of compliance with the employment plan conflicts with judicial proceedings; or
- (9) the participant is already participating in acceptable work activities.

Subd. 11. [TRANSITION SERVICES.] (a) After participation in the pilot project, participants who are employed and not on MFIP are eligible for transition year child care assistance under Minnesota Statutes, chapter 119B, without regard to current or previous MFIP program eligibility. For families who were eligible for medical assistance or MinnesotaCare during the 90 days, the county agency shall facilitate any eligibility determination that is needed for continued medical coverage.

(b) Pilot project participants who have not attained an income during participation in the pilot project that would result in MFIP ineligibility are eligible for the following options:

- (1) participants who were not on MFIP prior to participating in the pilot program may apply for MFIP under Minnesota Statutes, chapter 256J;
- (2) participants enrolled in MFIP prior to participating in the pilot program who were not under sanction during the pilot project may revert to participation in MFIP; or
- (3) participants who were under sanction during the pilot project may reapply for MFIP.

Subd. 12. [EVALUATION AND REPORT.] Evaluation of the pilot project shall be based on outcome evaluation criteria negotiated with the commissioner of human services prior to the project's implementation. By January 31, 2003, the commissioner shall prepare and submit a report to the legislature on the results of the pilot project and recommendations for changes to the project if it were to be implemented on a permanent basis.

Subd. 13. [FUNDING.] The commissioners of human services and children, families, and learning shall use existing MFIP and child care assistance funding for the purposes of the basic needs payments made on behalf of participant families and the child care assistance provided to participant families during the 90 days that families are enrolled in the pilot project.

Subd. 14. [COUNTY AGENCY DUTIES; APPLICANT AND PARTICIPANT RIGHTS.] (a) The county agency shall develop policies and procedures in the following areas prior to implementing the pilot project:

- (1) referrals to employment services that are described in the county's local service unit plan under Minnesota Statutes, section 268.88;

(2) notices to participants about employment services provisions and requirements; and

(3) documentation and verification of eligibility.

(b) The provisions of Minnesota Statutes, section 256J.31, concerning applicant and participant rights and county agency responsibilities apply to the pilot project, except that the use of vendor payments shall not be considered an adverse action.

(c) When a participant receives a 100 percent sanction under subdivision 9, the county agency must monitor the well-being of the children in the household who are at risk of safety, health, or nutritional problems due to the lack of resources available to the family. The county agency must provide necessary services or resources to the family in order to protect the welfare of the children in the household.

(d) The county agency must report quarterly to the commissioner of human services, and to the chairs of the house health and human services policy committee and the senate health and family security committee, on the number of participants who have received a sanction under subdivision 9.

Subd. 15. [FAIR HEARINGS.] The fair hearing provisions of Minnesota Statutes, section 256J.40, subdivision 1, shall be followed under the pilot project, except that diversionary assistance payments may be reduced, suspended, or terminated as proposed even if that action is appealed. The agency's decision to reduce, suspend, or terminate shall continue pending the fair hearing decision, regardless of when the participant requests the hearing. The county agency shall request that the commissioner of human services expedite the fair hearing when a participant's family situation meets the same emergency need criteria as defined for the emergency assistance program under Minnesota Statutes, section 256J.48.

Subd. 16. [FEDERAL WAIVER.] The commissioner of human services shall apply for any federal waiver required to implement the Dakota county MFIP diversionary assistance pilot project under this section.

Subd. 17. [SUNSET.] This section sunsets on June 30, 2003.

Sec. 36. [FISCAL SANCTION FOR POOR CASELOAD REDUCTION PERFORMANCE; PLAN REQUIRED.]

By February 1, 2001, the commissioner of human services shall develop a plan to apply fiscal sanctions against a county's or tribe's allocation of grant funds under Minnesota Statutes, section 256J.625, and under Minnesota Statutes, section 256J.62 or 256J.645, whichever is applicable, when a county or tribe does not adequately perform with respect to the performance measures related to cases that have left MFIP assistance, as listed in Minnesota Statutes, section 256J.751, paragraph (a), clause (3), and paragraph (b), clause (1). The commissioner's plan must address a county's relative performance on these measures so that a county with a relatively large proportion of hard-to-employ MFIP participants is not unduly penalized if the county has poor performance on these measures. The plan must also provide a mechanism to appropriately allocate a portion of a county's or tribe's fiscal sanction against the employment and training service providers used by the county or tribe. The commissioner must report the plan required by this section to the appropriate legislative committees by February 1, 2001.

Sec. 37. [WORK GROUP ON SANCTION RECOMMENDATIONS.]

A legislative work group on MFIP sanction recommendations shall be established. The chairs of the house health and human services policy committee and the senate health and family security committee shall each appoint five legislators, two of whom must be members of the minority party, to be members of this work group. The work group must review the implementation of current MFIP sanction policy and make recommendations for any necessary improvements. The work group must submit a report on its review and recommendations to the legislature by January 1, 2001.

Sec. 38. [REPORTS ON SAVE IMPLEMENTATION.]

On January 15, 2002, and January 15, 2003, the commissioner shall report to the chairs of the house health and human services policy committee and the senate health and family security committee on the usage and costs of the SAVE program over the previous year. These reports must include summary, nonidentifying information on the number of inquiries per month that were submitted to the SAVE system, the number of times secondary verifications were pursued as a result of the inquiries submitted to SAVE, and the number of times the county determined, as a result of information provided through the SAVE system, that an applicant to a program listed in section 256.01, subdivision 18, was ineligible for benefits due to the applicant's immigration status.

Sec. 39. [REPEALER.]

(a) Minnesota Statutes 1998, section 256J.46, subdivision 1a, is repealed.

(b) Laws 1999, chapter 245, article 5, section 24, is repealed.

ARTICLE 5

TANF MAINTENANCE OF EFFORT
EXPENDITURE OVERSIGHT

Section 1. [3.3006] [TANF MAINTENANCE OF EFFORT EXPENDITURES; EXPENDITURE REVIEW.]

Subdivision 1. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "TANF MOE" means the maintenance of effort for the TANF block grant specified under United States Code, title 42, section 609(a)(7).

(b) Unless otherwise specified, "commissioner" means the commissioner of human services.

Subd. 2. [TANF MOE EXPENDITURES.] The state's TANF MOE expenditure requirements under section 256J.025 must be met unless the provisions of subdivisions 3 and 4 apply.

Subd. 3. [INTERIM PROCEDURES.] If the commissioner determines that nonfederal expenditures for the programs under 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 subdivision 4 are met.

Subd. 4. [LEGISLATIVE ADVISORY COMMISSION REVIEW.] The commissioner may report nonfederal expenditures in addition to those specified under section 256J.025 as nonfederal TANF MOE expenditures, but only 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 advisory commission for their review and recommendation for further review. If the legislative advisory commission does not act to request further review within ten days, no further review by the legislative advisory commission is required, and the commissioner of finance shall approve or disapprove the additional sources of nonfederal TANF MOE expenditures. If any member of the commission requests further review of the proposed TANF MOE expenditures, the governor shall submit the commissioner's recommendations to the legislative advisory commission for its review and recommendation. Failure or refusal of the commission to make a recommendation promptly is a negative recommendation.

Subd. 5. [FORECAST INCLUSION OF INTERIM CHANGES NOT ALLOWED.] 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 sources of nonfederal TANF MOE expenditures under the interim procedures in this section into the February or November forecasts required under section 16A.103, unless the commissioner of finance has approved the additional sources of expenditures under subdivision 4.

Sec. 2. Minnesota Statutes 1999 Supplement, section 119B.02, subdivision 1, is amended to read:

Subdivision 1. [CHILD CARE SERVICES.] The commissioner shall develop standards for county and human services boards to provide child care services to enable eligible families to participate in employment, training, or education programs. Within the limits of available appropriations, the commissioner shall distribute money to counties to reduce the costs of child care for eligible families. The commissioner shall adopt rules to govern the program in accordance with this section. The rules must establish a sliding schedule of fees for parents receiving child care services. The rules shall provide that funds received as a lump sum payment of child support arrearages shall not be counted as income to a family in the month received but shall be prorated over the 12 months following receipt and added to the family income during those months. In the rules adopted under this section, county and human services boards shall be authorized to establish policies for payment of child care spaces for absent children, when the payment is required by the child's regular provider. The rules shall not set a maximum number of days for which absence payments can be made, but instead shall direct the county agency to set limits and pay for absences according to the prevailing market practice in the county. County policies for payment of absences shall be subject to the approval of the commissioner. The commissioner shall maximize the use of federal money under title I and title IV of VI, Public Law Number 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and other programs that provide federal or state reimbursement for child care services for low-income families who are in education, training, job search, or other activities allowed under those programs. Money appropriated under this section must be coordinated with the programs that provide federal reimbursement for child care services to accomplish this purpose. Federal reimbursement obtained must be allocated to the county that spent money for child care that is federally reimbursable under programs that provide federal reimbursement for child care services. The counties shall use the federal money to expand child care services. The commissioner may adopt rules under chapter 14 to implement and coordinate federal program requirements.

Sec. 3. 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:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(g) enter into contractual agreements with federally recognized Indian tribes with a reservation in Minnesota to the extent necessary for the tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

(2) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded. For children under the guardianship of the commissioner whose interests would be best served by adoptive placement, the commissioner may contract with a licensed child-placing agency to provide adoption services. A contract with a licensed child-placing agency must be designed to supplement existing county efforts and may not replace existing county programs, unless the replacement is agreed to by the county board and the appropriate exclusive bargaining representative or the commissioner has evidence that child placements of the county continue to be substantially below that of other counties. Funds encumbered and obligated under an agreement for a specific child shall remain available until the terms of the agreement are fulfilled or the agreement is terminated.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The secretary of health and human services of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(b) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and the AFDC program formerly codified in sections 256.72 to 256.87, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC program formerly codified in sections 256.72 to 256.87, and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements, other than federal TANF funds, and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$1,000,000. When the balance in the account exceeds \$1,000,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Have the authority to make direct payments to facilities providing shelter to women and their children according to section 256D.05, subdivision 3. Upon the written request of a shelter facility that has been denied payments under section 256D.05, subdivision 3, the commissioner shall review all relevant evidence and make a determination within 30 days of the request for review regarding issuance of direct payments to the shelter facility. Failure to act within 30 days shall be considered a determination not to issue direct payments.

(17) Have the authority to establish and enforce the following county reporting requirements:

(a) The commissioner shall establish fiscal and statistical reporting requirements necessary to account for the expenditure of funds allocated to counties for human services programs. When establishing financial and statistical reporting requirements, the commissioner shall evaluate all reports, in consultation with the counties, to determine if the reports can be simplified or the number of reports can be reduced.

(b) The county board shall submit monthly or quarterly reports to the department as required by the commissioner. Monthly reports are due no later than 15 working days after the end of the month. Quarterly reports are due no later than 30 calendar days after the end of the quarter, unless the commissioner determines that the deadline must be shortened to 20 calendar days to avoid jeopardizing compliance with federal deadlines or risking a loss of federal funding. Only reports that are complete, legible, and in the required format shall be accepted by the commissioner.

(c) If the required reports are not received by the deadlines established in clause (b), the commissioner may delay payments and withhold funds from the county board until the next reporting period. When the report is needed to account for the use of federal funds and the late report results in a reduction in federal funding, the commissioner shall withhold from the county boards with late reports an amount equal to the reduction in federal funding until full federal funding is received.

(d) A county board that submits reports that are late, illegible, incomplete, or not in the required format for two out of three consecutive reporting periods is considered noncompliant. When a county board is found to be noncompliant, the commissioner shall notify the county board of the reason the county board is considered noncompliant and request that the county board develop a corrective action plan stating how the county board plans to correct the problem. The corrective action plan must be submitted to the commissioner within 45 days after the date the county board received notice of noncompliance.

(e) The final deadline for fiscal reports or amendments to fiscal reports is one year after the date the report was originally due. If the commissioner does not receive a report by the final deadline, the county board forfeits the funding associated with the report for that reporting period and the county board must repay any funds associated with the report received for that reporting period.

(f) The commissioner may not delay payments, withhold funds, or require repayment under paragraph (c) or (e) if the county demonstrates that the commissioner failed to provide appropriate forms, guidelines, and technical assistance to enable the county to comply with the requirements. If the county board disagrees with an action taken by the commissioner under paragraph (c) or (e), the county board may appeal the action according to sections 14.57 to 14.69.

(g) Counties subject to withholding of funds under paragraph (c) or forfeiture or repayment of funds under paragraph (e) shall not reduce or withhold benefits or services to clients to cover costs incurred due to actions taken by the commissioner under paragraph (c) or (e).

(18) Allocate federal fiscal disallowances or sanctions for audit exceptions when federal fiscal disallowances or sanctions are based on a statewide random sample for the foster care program under title IV-E of the Social Security Act, United States Code, title 42, in direct proportion to each county's title IV-E foster care maintenance claim for that period.

(19) Be responsible for ensuring the detection, prevention, investigation, and resolution of fraudulent activities or behavior by applicants, recipients, and other participants in the human services programs administered by the department.

(20) Require county agencies to identify overpayments, establish claims, and utilize all available and cost-beneficial methodologies to collect and recover these overpayments in the human services programs administered by the department.

(21) Have the authority to administer a drug rebate program for drugs purchased pursuant to the senior citizen drug program established under section 256.955 after the beneficiary's satisfaction of any deductible established in the program. The commissioner shall require a rebate agreement from all manufacturers of covered drugs as defined in section 256B.0625, subdivision 13. For each drug, the amount of the rebate shall be equal to the basic rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8(c)(1). This basic rebate shall be applied to single-source and multiple-source drugs. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

(22) Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. A communications account may also be established for each regional treatment center which operates communications systems. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

(23) Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

(24) Incorporate cost reimbursement claims from First Call Minnesota into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Any reimbursement received is appropriated to the commissioner and shall be disbursed to First Call Minnesota according to normal department payment schedules.

(25) Develop recommended standards for foster care homes that address the components of specialized therapeutic services to be provided by foster care homes with those services.

Sec. 4. Minnesota Statutes 1998, section 256.011, subdivision 3, is amended to read:

Subd. 3. The commissioner of human services shall negotiate with the federal government, or any agency, bureau, or department thereof, for the purpose of securing or obtaining any grants or aids. Any grants or aids thus secured or received are appropriated to the commissioner of human services and made available for the uses and purposes for which they were received but shall be used to reduce the direct appropriations provided by law unless:

(1) federal law prohibits such action;

(2) the grants or aids are federal TANF funds; or unless

(3) the commissioner of human services obtains approval of the governor who shall seek the advice of the legislative advisory commission.

Sec. 5. Minnesota Statutes 1998, section 256.995, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED.] In order to enhance the delivery of needed services to at-risk children and youth and maximize federal funds, other than federal TANF funds, available for that purpose, the commissioners of human services and children, families, and learning shall design a statewide program of collaboration between providers of health and social services for children and local school districts, to be financed, to the greatest extent possible, from federal sources. The commissioners of health and public safety shall assist the commissioners of human services and children, families, and learning in designing the program.

Sec. 6. [256J.025] [TANF MAINTENANCE OF EFFORT.]

Subdivision 1. [SOURCES OF NONFEDERAL MONEY FOR TANF MOE.] 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 this chapter;

(2) the child care assistance programs under sections 119B.03 and 119B.05, and county child care administrative costs under section 119B.15;

(3) state and county MFIP administrative costs under this chapter and chapter 256K;

(4) state, county, and tribal MFIP employment services under this chapter and chapter 256K;

(5) expenditures made on behalf of noncitizen MFIP recipients who qualify for the medical assistance without federal financial participation program under section 256B.06, subdivision 4, paragraphs (d), (e), and (j);

(6) for fiscal years 2000 and 2001, allowable state expenditures from the working family credit under section 290.0671 may be reported as specified in the provision in article 1, section 2, subdivision 7, related to claiming working family credit expenditures as TANF MOE; and

(7) for fiscal years 2001 to 2003 only, allowable state expenditures for family preservation services under chapter 256F may be reported in amounts equal to the state share of the amounts distributed to individuals under section 256.741, subdivision 15.

Subd. 2. [SUFFICIENT QUALIFIED STATE EXPENDITURES REQUIRED ANNUALLY.] (a) 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 subdivision 1, 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 subdivision 1 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 recommendations to the legislative advisory commission under section 3.3006.

(b) 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.

Sec. 7. Minnesota Statutes 1998, section 256J.08, is amended by adding a subdivision to read:

Subd. 84a. [TANF MOE.] "TANF MOE" means the maintenance of effort for the TANF block grant specified under United States Code, title 42, section 609(a)(7).

Sec. 8. Laws 1999, chapter 245, article 1, section 2, subdivision 10, is amended to read:

Subd. 10. Economic Support Grants

| | | |
|---------|-------------|-------------|
| General | 142,037,000 | 124,758,000 |
|---------|-------------|-------------|

[GIFTS.] Notwithstanding Minnesota Statutes, chapter 7, the commissioner may accept on behalf of the state additional funding from sources other than state funds for the purpose of financing the cost of assistance program grants or nongrant administration. All additional funding is appropriated to the commissioner for use as designated by the grantee of funding.

[CHILD SUPPORT PAYMENT CENTER RECOUPMENT ACCOUNT.] The child support payment center is authorized to establish an account to cover checks issued in error or in cases where insufficient funds are available to pay the checks. All recoupments against payments from the account must be deposited in the child support payment center recoupment account and are appropriated to the commissioner for the purposes of the account. Any unexpended balance in the account does not cancel, but is available until expended.

[FEDERAL TANF FUNDS.] (1) Federal Temporary Assistance for Needy Families block grant funds authorized under title I, Public Law Number 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, and awarded in federal fiscal years 1997 to 2002 are appropriated to the commissioner in amounts up to \$256,265,000 in fiscal year 2000 and \$249,682,000 in fiscal year 2001. In addition to these funds, the commissioner may draw or transfer any other appropriations or transfers of federal TANF block grant funds that are enacted into state law.

(2) Of the amounts in clause (1), \$15,000,000 is transferred each year of the biennium to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, in each year of the biennium the commissioner shall allocate \$15,000,000 of the state's Title XX block grant funds based on the community social services aids formula in Minnesota Statutes, section 256E.06. The commissioner shall ensure that money allocated to counties under this provision is used according to the requirements of United States Code, title 42, section 604(d)(3)(B).

(3) Of the amounts in clause (1), \$10,990,000 is transferred each year from the state's federal TANF block grant to the state's federal Title XX block grant. In each year \$140,000 is for grants according to Minnesota Statutes, section 257.3571, subdivision 2a, to the Indian child welfare defense corporation to promote statewide compliance with the Indian Child Welfare Act of 1978; \$4,650,000 is for grants to counties for concurrent permanency planning; and \$6,200,000 is for the commissioner to distribute according to the formula in Minnesota Statutes, section 256E.07. The commissioner shall ensure that money allocated under this clause is used according to the requirements of United States Code, title 42, section 604(d)(3)(B). In fiscal years 2002 and 2003, \$140,000 per year is for grants according to Minnesota Statutes, section 257.3571, subdivision 2a, to the Indian child welfare defense corporation to promote statewide compliance with the Indian Child Welfare Act of 1978. Section 13, sunset of uncodified language, does not apply to this provision.

(4) Of the amounts in clause (1), \$13,360,000 each year is for increased employment and training efforts and shall be expended as follows:

(a) \$140,000 each year is for a grant to the new chance program. The new chance program shall provide comprehensive services through a private, nonprofit agency to young parents in Hennepin county who have dropped out of school and are receiving public assistance. The program administrator shall report annually to the commissioner on skills development, education, job training, and job placement outcomes for program participants. This appropriation is available for either year of the biennium.

(b) \$260,000 each year is for grants to counties to operate the parents fair share program to assist unemployed, noncustodial parents with job search and parenting skills.

(c) \$12,960,000 each year is to increase employment and training services grants for MFIP of which \$750,000 each year is to be transferred to the job skills partnership board for the health care and human services worker training and retention program.

(d) \$10,400,000 of these appropriations shall become part of the base for the 2002-2003 biennium.

(5) Of the amounts in clause (1), \$1,094,000 in fiscal year 2000 and \$1,676,000 in fiscal year 2001 is transferred from the state's federal TANF block grant to the state's federal child care and development fund block grant, and is appropriated to the commissioner of children, families, and learning for the purposes of Minnesota Statutes, section 119B.05.

(6) Of the amounts in clause (1), \$1,000,000 for the biennium is for the purposes of creating and expanding adult-supervised supportive living arrangement services under Minnesota Statutes, section 256J.14. The commissioner shall request proposals from

interested parties that have knowledge and experience in the area of adult-supervised adolescent housing and supportive services, and award grants for the purpose of either expanding existing or creating new living arrangements and supportive services. Minor parents who are MFIP participants shall be given priority for housing, and excess living arrangements may be used by minor parents who are not MFIP participants.

(7) In order to maximize transfers from Minnesota's 1998 and 1999 federal TANF block grant awards, the commissioner may implement the transfers of TANF funds in clauses (2), (3), and (5) in the first year of the biennium. This must only be done to the extent allowed by federal law and to the extent that program funding requirements can be met in the second year of the biennium.

~~(8) The commissioner shall ensure that sufficient qualified state expenditures are made each year to meet the TANF basic maintenance of effort requirements. The commissioner may apply any allowable source of state expenditures toward these requirements, as necessary to meet minimum basic maintenance of effort requirements and to prevent the loss of federal funds.~~

[WORKER TRAINING AND RETENTION ELIGIBILITY PROCEDURES.] The commissioner shall develop eligibility procedures for TANF expenditures under Minnesota Statutes, section 256J.02, subdivision 2, clause (5).

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Assistance to Families Grants

| | | |
|---------|------------|------------|
| General | 64,870,000 | 66,117,000 |
|---------|------------|------------|

[EMPLOYMENT SERVICES CARRYOVER.] General fund and federal TANF block grant appropriations for employment services that remain unexpended subsequent to the reallocation process required in Minnesota Statutes, section 256J.62, do not cancel but are available for these purposes in fiscal year 2001.

(b) Work Grants

| | | |
|---------|------------|------------|
| General | 10,731,000 | 10,731,000 |
|---------|------------|------------|

(c) Aid to Families With Dependent Children and Other Assistance

| | | |
|---------|-----------|---------|
| General | 1,053,000 | 374,000 |
|---------|-----------|---------|

(d) Child Support Enforcement

| | | |
|---------|-----------|-----------|
| General | 5,359,000 | 5,359,000 |
|---------|-----------|-----------|

[CHILD SUPPORT PAYMENT CENTER.] Payments to the commissioner from other governmental units, private enterprises, and individuals for services performed by the child support payment center must be deposited in the state systems account authorized under Minnesota Statutes, section 256.014. These payments are appropriated to the commissioner for the operation of the child support payment center or system, according to Minnesota Statutes, section 256.014.

[CHILD SUPPORT EXPEDITED PROCESS.] Of this appropriation for child support enforcement, \$2,340,000 for the biennium shall be transferred to the state court administrator to fund the child support expedited process, in accordance with a cooperative agreement to be negotiated between the parties. State funds transferred for this purpose in fiscal year 2000 may exceed the base funding amount of \$1,170,000 to the extent that there is an increase in the number of orders issued in the expedited process, but may not exceed \$1,420,000 in any case. Unexpended expedited process appropriations in fiscal year 2000 may be transferred to fiscal year 2001 for this purpose. Base funding for this program is set at \$1,170,000 for each year of the 2002-2003 biennium. The commissioner shall include cost reimbursement claims from the state court administrator for the child support expedited process in the department of human services federal cost reimbursement claim process according to federal law. Federal dollars earned under these claims are appropriated to the commissioner and shall be disbursed to the state court administrator according to department procedures and schedules.

(e) General Assistance

| | | |
|---------|------------|------------|
| General | 33,927,000 | 14,973,000 |
|---------|------------|------------|

[TRANSFERS FROM STATE TANF RESERVE.] \$4,666,000 in fiscal year 2000 is transferred from the state TANF reserve account to the general fund.

[GENERAL ASSISTANCE STANDARD.] The commissioner shall set the monthly standard of assistance for general assistance units consisting of an adult recipient who is childless and unmarried or living apart from his or her parents or a legal guardian at \$203. The commissioner may reduce this amount in accordance with Laws 1997, chapter 85, article 3, section 54.

(f) Minnesota Supplemental Aid

| | | |
|---------|------------|------------|
| General | 25,767,000 | 26,874,000 |
|---------|------------|------------|

(g) Refugee Services

| | | |
|---------|---------|---------|
| General | 330,000 | 330,000 |
|---------|---------|---------|

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective the day following final enactment.

ARTICLE 6

MISCELLANEOUS

Section 1. [198.37] [TRANSITIONAL HOUSING.]

The board may establish programs, using available federal funding, to assist homeless or disabled veterans on the campuses of the veterans homes. The board may use federal grant money for the Hastings veterans home to purchase a single-family dwelling, make necessary repairs and improvements with the help of the department of administration, and operate the program. Nonfederal funds may not be used to establish or continue these programs.

ARTICLE 7

TECHNICAL CORRECTIONS

Section 1. 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.

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

Sec. 2. Minnesota Statutes 1998, section 125A.74, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A district may enroll as a provider in the medical assistance program and receive medical assistance payments for covered special education services provided to persons eligible for medical assistance under chapter 256B. To receive medical assistance payments, the district must pay the nonfederal share of medical assistance services provided according to section 256B.0625, subdivision 26, and comply with relevant provisions of state and federal statutes and regulations governing the medical assistance program.

Sec. 3. Minnesota Statutes 1998, section 125A.74, subdivision 2, is amended to read:

Subd. 2. [FUNDING.] A district that provides a covered service to an eligible person and complies with relevant requirements of the medical assistance program is entitled to receive payment for the service provided, including that portion of the payment services that will subsequently be reimbursed by the federal government, in the same manner as other medical assistance providers. ~~The school district is not required to provide matching funds or pay part of the costs of the service, as long as the rate charged for the service does not exceed medical assistance limits that apply to all medical assistance providers.~~

Sec. 4. Minnesota Statutes 1999 Supplement, section 144.395, is amended by adding a subdivision to read:

Subd. 3. [SUNSET.] The tobacco use prevention and local public health endowment fund expires June 30, 2015. Upon expiration, the commissioner of finance shall transfer the principal and any remaining interest to the general fund.

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

Sec. 5. Minnesota Statutes 1999 Supplement, section 144.396, subdivision 11, is amended to read:

Subd. 11. [AUDITS REQUIRED.] The legislative auditor shall audit tobacco use prevention and local public health endowment fund expenditures to ensure that the money is spent for tobacco use prevention measures and public health initiatives.

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

Sec. 6. Minnesota Statutes 1999 Supplement, section 144.396, subdivision 12, is amended to read:

Subd. 12. [ENDOWMENT FUND NOT TO SUPPLANT EXISTING FUNDING.] Appropriations from the ~~account~~ tobacco use prevention and local public health endowment fund must not be used as a substitute for traditional sources of funding tobacco use prevention activities or public health initiatives. Any local unit of government receiving money under this section must ensure that existing local financial efforts remain in place.

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

Sec. 7. Minnesota Statutes 1999 Supplement, section 256B.0916, subdivision 1, is amended to read:

Subdivision 1. [REDUCTION OF WAITING LIST.] (a) The legislature recognizes that as of January 1, 1999, 3,300 persons with mental retardation or related conditions have been screened and determined eligible for the home and community-based waiver services program for persons with mental retardation or related conditions. Many wait for several years before receiving service.

(b) The waiting list for this program shall be reduced or eliminated by June 30, 2003. In order to reduce the number of eligible persons waiting for identified services provided through the home and community-based waiver for persons with mental retardation or related conditions, during the period from July 1, 1999, to June 30, 2003, funding shall be increased to add 100 additional eligible persons each year beyond the February 1999 medical assistance forecast.

(c) The commissioner shall allocate resources in such a manner as to use all resources budgeted for the home and community-based waiver for persons with mental retardation or related conditions according to the priorities listed in subdivision 2, paragraph (b), and then to serve other persons on the waiting list. Resources allocated for a fiscal year to serve persons affected by public and private sector ICF/MR closures, but not expected to be expended for that purpose, must be reallocated within that fiscal year to serve other persons on the waiting list, and the number of waiver diversion slots shall be adjusted accordingly.

(d) For fiscal year 2001, at least one-half of the increase in funding over the previous year provided in the February 1999 medical assistance forecast for the home and community-based waiver for persons with mental retardation and related conditions, including changes made by the 1999 legislature, must be used to serve persons who are not affected by public and private sector ICF/MR closures.

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

Sec. 8. Minnesota Statutes 1999 Supplement, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) For a person who is eligible under subdivision 3, paragraph (a), clause (3), general assistance medical care covers, except as provided in paragraph (c):

- (1) inpatient hospital services;
- (2) outpatient hospital services;
- (3) services provided by Medicare certified rehabilitation agencies;

(4) prescription drugs and other products recommended through the process established in section 256B.0625, subdivision 13;

(5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level;

(6) eyeglasses and eye examinations provided by a physician or optometrist;

(7) hearing aids;

(8) prosthetic devices;

(9) laboratory and X-ray services;

(10) physician's services;

(11) medical transportation;

(12) chiropractic services as covered under the medical assistance program;

(13) podiatric services;

(14) dental services;

(15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;

(16) day treatment services for mental illness provided under contract with the county board;

(17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;

(18) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments;

(19) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision;

(20) services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, a certified neonatal nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if (1) the service is otherwise covered under this chapter as a physician service, (2) ~~a~~ the service provided on an inpatient basis is not included as part of the cost for inpatient services included in the operating payment rate, and (3) the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171;

(21) services of a certified public health nurse or a registered nurse practicing in a public health nursing clinic that is a department of, or that operates under the direct authority of, a unit of government, if the service is within the scope of practice of the public health nurse's license as a registered nurse, as defined in section 148.171; and

(22) telemedicine consultations, to the extent they are covered under section 256B.0625, subdivision 3b.

(b) Except as provided in paragraph (c), for a recipient who is eligible under subdivision 3, paragraph (a), clause (1) or (2), general assistance medical care covers the services listed in paragraph (a) with the exception of special transportation services.

(c) Gender reassignment surgery and related services are not covered services under this subdivision unless the individual began receiving gender reassignment services prior to July 1, 1995.

(d) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall consult with an independent actuary in establishing prepayment rates, but shall retain final control over the rate methodology. Notwithstanding the provisions of subdivision 3, an individual who becomes ineligible for general assistance medical care because of failure to submit income reports or recertification forms in a timely manner, shall remain enrolled in the prepaid health plan and shall remain eligible for general assistance medical care coverage through the last day of the month in which the enrollee became ineligible for general assistance medical care.

~~(e) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions:~~

~~(i) For the period July 1, 1985 to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.~~

~~(ii) For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.~~

~~(iii) For the period January 1, 1987 to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.~~

~~(iv) For the period July 1, 1987 to June 30, 1988, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than five percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.~~

~~(v)~~ For the period July 1, 1988 to June 30, 1989, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may not be reduced. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.

~~(f)~~ There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

~~(g)~~ (f) Any county may, from its own resources, provide medical payments for which state payments are not made.

~~(h)~~ (g) Chemical dependency services that are reimbursed under chapter 254B must not be reimbursed under general assistance medical care.

~~(i)~~ (h) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

~~(j)~~ (i) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

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

Sec. 9. Laws 1999, chapter 245, article 1, section 2, subdivision 5, is amended to read:

Subd. 5. Basic Health Care Grants

Summary by Fund

| | | |
|--------------------|-------------|-------------|
| General | 867,174,000 | 916,234,000 |
| Health Care Access | | |
| | 116,490,000 | 145,469,000 |

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Minnesota Care Grants-Health Care Access

| | | |
|--|-------------|-------------|
| | 116,490,000 | 145,469,000 |
|--|-------------|-------------|

[HOSPITAL INPATIENT COPAYMENTS.] The commissioner of human services may require hospitals to refund hospital inpatient copayments paid by enrollees pursuant to Minnesota Statutes, section 256L.03, subdivision 5, between March 1, 1999, and December 31, 1999. If the commissioner requires hospitals to refund these copayments, the hospitals shall collect the copayment directly from the commissioner.

[MINNESOTACARE OUTREACH FEDERAL MATCHING FUNDS.] Any federal matching funds received as a result of the MinnesotaCare outreach activities authorized by Laws 1997, chapter 225, article 7, section 2, subdivision 1, shall be deposited in the health care access fund and dedicated to the commissioner to be used for those outreach purposes.

[FEDERAL RECEIPTS FOR ADMINISTRATION.] Receipts received as a result of federal participation pertaining to administrative costs of the Minnesota health care reform waiver shall be deposited as nondedicated revenue in the health care access fund. Receipts received as a result of federal participation pertaining to grants shall be deposited in the federal fund and shall offset health care access funds for payments to providers.

[HEALTH CARE ACCESS FUND.] The commissioner may expend money appropriated from the health care access fund for MinnesotaCare in either fiscal year of the biennium.

(b) MA Basic Health Care Grants-Families and Children

| | | |
|---------|-------------|-------------|
| General | 307,053,000 | 320,112,000 |
|---------|-------------|-------------|

[COMMUNITY DENTAL CLINICS.] Of this appropriation, \$600,000 in fiscal year 2000 is for the commissioner to provide start-up grants to establish community dental clinics under Minnesota Statutes, section 256B.76, paragraph (b), clause ~~(5)~~ (4). The commissioner shall award grants and shall require grant recipients to match the state grant with nonstate funding on a one-to-one basis. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(c) MA Basic Health Care Grants-Elderly & Disabled

| | | |
|---------|-------------|-------------|
| General | 404,814,000 | 451,928,000 |
|---------|-------------|-------------|

[SURCHARGE COMPLIANCE.] In the event that federal financial participation in the Minnesota medical assistance program is reduced as a result of a determination that the surcharge and intergovernmental transfers governed by Minnesota Statutes, sections 256.9657 and 256B.19 are out of compliance with United States Code, title 42, section 1396b(w), or its implementing regulations or with any other federal law designed to restrict provider tax programs or intergovernmental transfers, the commissioner shall appeal the determination to the fullest extent permitted by law and may ratably reduce all medical assistance and general assistance medical care payments to providers other than the state of Minnesota in order to eliminate any shortfall resulting from the reduced federal funding. Any amount later recovered through the appeals process shall be used to reimburse providers for any ratable reductions taken.

[BLOOD PRODUCTS LITIGATION.] To the extent permitted by federal law, Minnesota Statutes, section 256.015, 256B.042, and 256B.15, are waived as necessary for the limited purpose of resolving the state's claims in connection with In re Factor VIII or IX Concentrate Blood Products Litigation, MDL-986, No. 93-C7452 (N.D.III.).

(d) General Assistance Medical Care

| | | |
|---------|-------------|-------------|
| General | 141,805,000 | 128,012,000 |
|---------|-------------|-------------|

(e) Basic Health Care - Nonentitlement

| | | |
|---------|------------|------------|
| General | 13,502,000 | 16,182,000 |
|---------|------------|------------|

[DENTAL ACCESS GRANT.] Of this appropriation, \$75,000 is from the general fund to the commissioner in fiscal year 2000 for a grant to a nonprofit dental provider group operating a dental clinic in Clay county. The grant must be used to increase access to dental services for recipients of medical assistance, general assistance medical care, and the MinnesotaCare program in the northwest area of the state. This appropriation is available the day following final enactment.

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

Sec. 10. Laws 1999, chapter 245, article 4, section 121, is amended to read:

Sec. 121. [EFFECTIVE DATE.]

(a) Sections 3, 5, 45, ~~and~~ 97, and 98, subdivision 3, paragraph (d), are effective July 1, 2000.

(b) Section 56 is effective upon federal approval.

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

Sec. 11. [REPEALER.]

(a) Minnesota Statutes 1999 Supplement, section 144.396, subdivision 13, is repealed.

(b) Laws 1997, chapter 203, article 7, section 27, is repealed.

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

Delete the title and insert:

"A bill for an act relating to health and human services; changing requirements for immunization statements; modifying health care provisions related to rate setting for day training and habilitation and nursing facilities; requiring informed consent to an abortion and providing for civil remedies; establishing a prescription drug program; modifying MinnesotaCare; requiring information on prescription drug patient assistance programs; requiring legislative proposals on respite care for family adult foster care; establishing the office of unlicensed complementary and alternative health practice and providing civil penalties; establishing a system to conduct immigration status verifications; providing for county reimbursement for collection of assistance recovery; providing for child support distribution; making changes to the Minnesota family investment plan; establishing a nontraditional career assistance

and training program; establishing at-risk youth out-of-wedlock pregnancy prevention program; establishing Dakota county MFIP diversionary assistance pilot project; modifying maltreatment of minors reporting requirements; establishing transitional housing for homeless or disabled veterans; establishing TANF maintenance of effort expenditures and legislative advisory commission review; providing for the sunset of the tobacco use prevention and local public health endowment fund; making technical corrections; appropriating money; amending Minnesota Statutes 1998, sections 121A.15, subdivisions 4 and 10; 125A.74, subdivisions 1 and 2; 144.551, subdivision 1; 144A.071, by adding a subdivision; 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; 256.995, 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 a subdivision; 256J.47, subdivision 1; 256J.49, subdivision 13; 256J.50, subdivisions 5 and 7; 256J.52, by adding a subdivision; 256L.05, subdivision 5; and 626.556, by adding a subdivision; Minnesota Statutes 1999 Supplement, sections 13.99, by adding a subdivision; 62J.535, subdivision 2; 119B.011, subdivision 15; 119B.02, subdivision 1; 144.395, by adding a subdivision; 144.396, subdivisions 11 and 12; 144A.04, subdivision 5; 147.09; 214.01, subdivision 2; 256.01, subdivision 2; 256.019; 256.955, subdivisions 4, 8, and 9; 256B.0916, subdivision 1; 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; and 626.556, subdivision 2; Laws 1997, chapter 225, article 4, section 4, as amended; Laws 1999, chapter 245, article 1, section 2, subdivisions 3, 5, and 10; article 4, section 121; proposing coding for new law in Minnesota Statutes, chapters 3; 145; 198; 252; 256J; and 256K; proposing coding for new law as Minnesota Statutes, chapter 146A; repealing Minnesota Statutes 1998, section 256J.46, subdivision 1a; Minnesota Statutes 1999 Supplement, section 144.396, subdivision 13; Laws 1997, chapter 203, article 7, section 27; and Laws 1999, chapter 245, article 5, section 24."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Broecker from the Committee on Judiciary Finance to which was referred:

H. F. No. 2830, A bill for an act relating to crime prevention; enhancing the penalties for pimps and patrons of juvenile prostitutes; requiring a study by the commissioner of public safety and the executive director of the POST board on training peace officers to combat juvenile prostitution; amending Minnesota Statutes 1998, section 609.322, subdivision 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Seagren from the Committee on K-12 Education Finance to which was referred:

H. F. No. 2833, A bill for an act relating to crime; authorizing certain behavioral data on students to be disclosed to the juvenile justice system; providing that when a juvenile has been adjudicated delinquent for certain violations of criminal law that the disposition order shall be shared with certain school officials, law enforcement, and specified others; providing for data sharing between probation officers and school officials for juveniles on probation; amending Minnesota Statutes 1998, section 13.32, subdivision 8; Minnesota Statutes 1999 Supplement, sections 13.99, by adding a subdivision; and 260B.171, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 121A.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Stanek from the Committee on Crime Prevention to which was referred:

H. F. No. 2945, A bill for an act relating to child protection; providing for immunity and anonymity when leaving an unharmed newborn at a hospital emergency room; providing for procedures to be followed by hospitals, and local welfare agencies; providing it is not a crime to leave an unharmed newborn at a hospital if done according to law; amending Minnesota Statutes 1998, section 609.378, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 626.

Reported the same back with the following amendments:

Page 1, line 16, delete "emergency room"

Page 1, line 26, delete "emergency room"

Page 1, line 27, delete "emergency"

Page 1, line 28, delete "room"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Davids from the Committee on Commerce to which was referred:

H. F. No. 2969, A bill for an act relating to accountants; modifying licensing requirements; amending Minnesota Statutes 1998, section 326.19, subdivisions 1, 2, and by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 13, strike "is of good character" and insert "has met ethical standards set by the board"

Page 2, line 26, delete the second comma

Page 2, line 27, after the comma, insert "or an equivalent education,"

Page 4, lines 2 and 3, delete "proprietary schools licensed" and insert "career schools regulated"

Page 4, after line 5, insert:

"Sec. 4. [326.197] [REGISTERED ACCOUNTING PRACTITIONER.]

By July 1, 2004, the board shall implement a voluntary registration of accounting practitioners. The board shall prescribe the limitations of practice, educational preparation, examination, registration, fees, and continuing education requirements for the registration. The board shall consult with the University of Minnesota, the Minnesota state colleges and universities, the Minnesota Association of Private Post-Secondary Schools, the Private College Council, the Minnesota Association of Public Accountants, the Minnesota Society of Certified Public Accountants, and other organizations as deemed appropriate in the implementation of this section."

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "requiring the board of accountancy to implement a voluntary registration of accounting practitioners;"

Page 1, line 5, before the period, insert "; proposing coding for new law in Minnesota Statutes, chapter 326"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rhodes from the Committee on Governmental Operations and Veterans Affairs Policy to which was referred:

H. F. No. 2999, A bill for an act relating to retirement; providing a health care reimbursement plan for certain state retirement plan participants; proposing coding for new law as Minnesota Statutes, chapter 352G.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

ACTUARIAL ASSET VALUE CHANGE,
ACTUARIAL ASSUMPTION CHANGES,
ACTUARIAL METHOD CHANGES, AND
ACTUARIAL REPORTING COST ALLOCATION CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 3.85, subdivision 12, is amended to read:

Subd. 12. [ALLOCATION OF ACTUARIAL COST.] (a) The commission shall assess each retirement plan specified in subdivision 11, paragraph (b), its appropriate portion of the compensation paid to the actuary retained by the commission for the actuarial valuation calculations, quadrennial projection valuations, and quadrennial experience studies. The total assessment is 100 percent of the amount of contract compensation for the actuarial consulting firm retained by the commission for actuarial valuation calculations, including ~~the~~ any public employees police and fire plan consolidation accounts of the public employees retirement association established before March 2, 1999, for which the municipality declined merger under section 353.665, subdivision 1, or established after March 1, 1999, annual experience data collection and processing, and quadrennial experience studies and quadrennial projection valuations.

The portion of the total assessment payable by each retirement system or pension plan must be determined as follows:

~~(1) Each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), must pay the following indexed amount based on its total active, deferred, inactive, and benefit recipient membership:~~

| | |
|---|------------------------------|
| up to 2,000 members, inclusive | \$2.55 per member |
| 2,001 through 10,000 members | \$1.13 per member |
| over 10,000 members | \$0.11 per member |

~~The amount specified is applicable for the assessment of the July 1, 1991, to June 30, 1992, fiscal year actuarial compensation amounts. For the July 1, 1992, to June 30, 1993, fiscal year and subsequent fiscal year actuarial compensation amounts, the amount specified must be increased at the same percentage increase rate as the implicit price deflator for state and local government purchases of goods and services for the 12-month period ending with the first quarter of the calendar year following the completion date for the actuarial valuation calculations, as published by the federal Department of Commerce, and rounded upward to the nearest full cent.~~

~~(2) The total per-member portion of the allocation must be determined, and that total per-member amount must be subtracted from the total amount for allocation. Of the remainder dollar amount, the following per-retirement system and per-pension plan charges must be determined and the charges must be paid by the system or plan:~~

~~(i) 37.87 percent is the total additional per-retirement system charge, of which one-seventh must be paid by each retirement system specified in subdivision 11, paragraph (b), clauses (1), (2), (6), (7), (9), (10), and (11):~~

~~(ii) 62.13 percent is the total additional per-pension plan charge, of which one-fourteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14) based on each plan's proportion of the actuarial services required, as determined by the commission's retained actuary, to complete the actuarial valuation calculations, annual experience data collection and processing, and quadrennial experience studies for all plans.~~

(b) The assessment must be made within 30 days following the completion of the actuarial valuation calculations and the applicable experience analysis and must be reported to the executive director of the legislative commission on pensions and retirement and to the chief administrative officers of the applicable retirement plans. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments must be transmitted to the executive director of the legislative commission on pensions and retirement and must be deposited in the state treasury and credited to the general fund.

Sec. 2. Minnesota Statutes 1998, section 16A.055, subdivision 5, is amended to read:

Subd. 5. [RETIREMENT FUND REPORTING.] (a) The commissioner may not require a public retirement fund to use financial or actuarial reporting practices or procedures different from those required by section 356.20 or 356.215.

(b) The commissioner may contract with the consulting actuary retained by the legislative commission on pensions and retirement for the preparation of quadrennial projection valuations as required under section 356.215, subdivisions 2 and 2a. The initial projection valuation under this paragraph, if any, is due on May 1, 2003, and subsequent projection valuations are due on May 1 each fourth year thereafter. The commissioner of finance shall assess the applicable statewide and major local retirement plan or plans the cost of the quadrennial projection valuation.

Sec. 3. Minnesota Statutes 1998, section 356.215, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purposes of sections 3.85 and 356.20 to 356.23, each of the ~~following~~ terms in the following paragraphs have the meaning given:

~~(b)~~ (b) "Actuarial valuation" means a set of calculations prepared by the actuary retained by the legislative commission on pensions and retirement if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

~~(c)~~ (c) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who has at least 15 years of service to major public employee pension or retirement funds or who is a fellow in the society of actuaries.

~~(d)~~ (d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual if the benefit plan is governed by section 69.773 or over the earnings of the individual if the benefit plan is governed by any other law between the entry age and the assumed exit age, with the portion of this actuarial present value which is allocated to the valuation year to be the normal cost and the portion of this actuarial present value not provided for at the valuation date by the

actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

(4) (e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

(5) (f) "Current assets" means:

(1) for the July 1, 1999, actuarial valuation, the value of all assets at cost, including realized capital gains or losses, plus one-third of any unrealized capital gains or losses;

(2) for the July 1, 2000, actuarial valuation, the market value of all assets as of June 30, 2000, reduced by:

(i) 60 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation, and

(ii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(3) for the July 1, 2001, actuarial valuation, the market value of all assets as of June 30, 2001, reduced by:

(i) 30 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation; and

(iii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation;

(4) for the July 1, 2002, actuarial valuation, the market value of all assets as of June 30, 2002, reduced by:

(i) ten percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 40 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(iii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2001, and June 30, 2002, and the computed increase in the market value of assets between June 30, 2001, and June 30, 2002, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2001, actuarial valuation; or

(5) for any actuarial valuation after July 1, 2002, the market value of all assets as of the preceding June 30, reduced by:

(i) 20 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred four years earlier;

(ii) 40 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred three years earlier;

(iii) 60 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between the immediately prior June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

~~(6)~~ (g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of current assets and the present value of future normal costs.

~~(7)~~ (h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.

Sec. 4. Minnesota Statutes 1998, section 356.215, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS.] (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. To achieve this goal;

(1) the legislative commission on pensions and retirement shall have prepared by the actuary retained by the commission annual actuarial valuations of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7); and

(2) the commissioner of finance may have prepared by the actuary retained by the commission, two years after each set of quadrennial experience studies, quadrennial projection valuations of at least one of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), for which ~~the~~ the commissioner determines that the analysis may be beneficial.

(b) The governing or managing board or administrative officials of each public pension and retirement fund or plan enumerated in section 356.20, subdivision 2, clauses (9), (10), and (12), shall have prepared by an approved

actuary annual actuarial valuations of their respective funds as provided in this section. This requirement also applies to any fund that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing or managing board or administrative officials of any newly formed retirement fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire fund coming within the provisions of section 356.216.

~~(b) Subd. 2a.~~ [PROJECTION VALUATION REQUIREMENTS.] A quadrennial projection valuation required under ~~paragraph (a) subdivision 2~~ is intended to serve as an additional analytical tool with which policy makers may assess the future funding status of public plans through forecasting and testing various potential outcomes over time if certain plan assumptions or valuation methods were to be modified. In consultation with ~~the executive director of the legislative commission on pensions and retirement~~, the retirement fund directors, the state economist, the state demographer, the commissioner of finance, and the commissioner of employee relations, the actuary retained by the legislative commission on pensions and retirement shall perform the quadrennial projection valuations on behalf of the commissioner of finance, testing future implications for plan funding by modifying assumptions and methods currently in place. The commission-retained actuary shall provide advice to the ~~commission commissioner~~ as to the periods over which such projections should be made, the nature and scope of the scenarios to be analyzed, and the measures of funding status to be employed, and shall report the results of these analyses in the same manner as for quadrennial experience studies.

Sec. 5. Minnesota Statutes 1998, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST AND SALARY ASSUMPTIONS.] (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

| plan | preretirement interest rate assumption | postretirement interest rate assumption |
|---|--|---|
| general state employees retirement plan | 8.5% | 5.0 <u>6.0</u> % |
| correctional state employees retirement plan | 8.5 | 5.0 <u>6.0</u> |
| state patrol retirement plan | 8.5 | 5.0 <u>6.0</u> |
| legislators retirement plan | 8.5 | 5.0 <u>6.0</u> |
| elective state officers retirement plan | 8.5 | 5.0 <u>6.0</u> |
| judges retirement plan | 8.5 | 5.0 <u>6.0</u> |
| general public employees retirement plan | 8.5 | 5.0 <u>6.0</u> |
| public employees police and fire retirement plan | 8.5 | 5.0 <u>6.0</u> |
| local government correctional service retirement plan | 8.5 | 5.0 <u>6.0</u> |
| teachers retirement plan | 8.5 | 5.0 <u>6.0</u> |
| Minneapolis employees retirement plan | 6.0 | 5.0 |
| Duluth teachers retirement plan | 8.5 | 8.5 |
| Minneapolis teachers retirement plan | 8.5 | 8.5 |
| St. Paul teachers retirement plan | 8.5 | 7.5 |
| Minneapolis police relief association | 6.0 | 6.0 |

| | | |
|---|-----|-----|
| other local police relief associations | 5.0 | 5.0 |
| Minneapolis fire department relief association | 6.0 | 6.0 |
| other local salaried firefighter relief associations | 5.0 | 5.0 |
| local monthly benefit volunteer firefighter relief associations | 5.0 | 5.0 |

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

| plan | future salary increase assumption |
|--|-----------------------------------|
| legislators retirement plan | 5.0% |
| elective state officers retirement plan | 5.0 |
| judges retirement plan | 5.0 |
| Minneapolis employees retirement plan | 4.0 |
| Minneapolis police relief association | 4.0 |
| other local police relief associations | 3.5 |
| Minneapolis fire department relief association | 4.0 |
| other local salaried firefighter relief associations | 3.5 |

(2) modified single rate future salary increase assumption

| <u>plan</u> | <u>future salary increase assumption</u> |
|--|--|
| <u>Minneapolis employees retirement plan</u> | <u>prior calendar year amount increased by 1.0198 percent to prior fiscal year date and by 4.0 percent annually for each future year</u> |

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

| plan | future salary increase assumption |
|--|--|
| general state employees retirement plan | <u>select calculation and assumption A</u> |
| correctional state employees retirement plan | assumption A <u>H</u> |
| state patrol retirement plan | assumption A <u>H</u> |
| general public employees retirement plan | <u>select calculation and assumption B</u> |
| public employees police and fire <u>fund</u> retirement plan | assumption C |
| local government correctional service retirement plan | assumption E <u>H</u> |

| | | | | | | | | |
|----|------------------------------|----------------------------|------|----------------------------|------|------|------|---------------|
| 37 | <u>6.8074</u> <u>5.90</u> | <u>6.70</u> <u>5.97</u> | 6.60 | <u>7.00</u> <u>6.70</u> | 6.50 | 6.00 | 6.55 | <u>6.8074</u> |
| 38 | <u>6.7125</u> <u>5.85</u> | <u>6.60</u> <u>5.93</u> | 6.40 | <u>6.90</u> <u>6.55</u> | 6.40 | 5.90 | 6.50 | <u>6.7125</u> |
| 39 | <u>6.6054</u> <u>5.80</u> | <u>6.50</u> <u>5.89</u> | 6.20 | <u>6.80</u> <u>6.40</u> | 6.30 | 5.80 | 6.40 | <u>6.6054</u> |
| 40 | <u>6.5000</u> <u>5.75</u> | <u>6.40</u> <u>5.85</u> | 6.00 | <u>6.70</u> <u>6.25</u> | 6.20 | 5.70 | 6.30 | <u>6.5000</u> |
| 41 | <u>6.3540</u> <u>5.70</u> | <u>6.30</u> <u>5.81</u> | 5.90 | <u>6.60</u> <u>6.10</u> | 6.10 | 5.60 | 6.20 | <u>6.3540</u> |
| 42 | <u>6.2087</u> <u>5.65</u> | <u>6.30</u> <u>5.77</u> | 5.80 | <u>6.50</u> <u>5.95</u> | 6.00 | 5.50 | 6.10 | <u>6.2087</u> |
| 43 | <u>6.0622</u> <u>5.60</u> | <u>6.30</u> <u>5.73</u> | 5.70 | <u>6.35</u> <u>5.80</u> | 5.90 | 5.45 | 6.00 | <u>6.0622</u> |
| 44 | <u>5.9048</u> <u>5.55</u> | <u>6.20</u> <u>5.69</u> | 5.60 | <u>6.20</u> <u>5.65</u> | 5.80 | 5.40 | 5.90 | <u>5.9048</u> |
| 45 | <u>5.7500</u> <u>5.50</u> | <u>6.20</u> <u>5.65</u> | 5.50 | <u>6.05</u> <u>5.50</u> | 5.70 | 5.35 | 5.80 | <u>5.7500</u> |
| 46 | <u>5.6940</u> <u>5.45</u> | <u>6.09</u> <u>5.62</u> | 5.45 | <u>5.90</u> <u>5.45</u> | 5.60 | 5.30 | 5.70 | <u>5.6940</u> |
| 47 | <u>5.6375</u> <u>5.40</u> | <u>6.00</u> <u>5.59</u> | 5.40 | <u>5.75</u> <u>5.40</u> | 5.50 | 5.25 | 5.65 | <u>5.6375</u> |
| 48 | <u>5.5822</u> <u>5.35</u> | <u>5.90</u> <u>5.56</u> | 5.35 | <u>5.70</u> <u>5.35</u> | 5.45 | 5.20 | 5.60 | <u>5.5822</u> |
| 49 | <u>5.5405</u> <u>5.30</u> | <u>5.80</u> <u>5.53</u> | 5.30 | <u>5.65</u> <u>5.30</u> | 5.40 | 5.15 | 5.55 | <u>5.5405</u> |
| 50 | <u>5.5000</u> <u>5.25</u> | <u>5.70</u> <u>5.50</u> | 5.25 | <u>5.60</u> <u>5.25</u> | 5.35 | 5.10 | 5.50 | <u>5.5000</u> |
| 51 | <u>5.4384</u> <u>5.20</u> | <u>5.70</u> <u>5.45</u> | 5.25 | <u>5.55</u> <u>5.20</u> | 5.30 | 5.05 | 5.45 | <u>5.4384</u> |
| 52 | <u>5.3776</u> <u>5.15</u> | <u>5.70</u> <u>5.40</u> | 5.25 | <u>5.50</u> <u>5.15</u> | 5.25 | 5.00 | 5.40 | <u>5.3776</u> |
| 53 | <u>5.3167</u> <u>5.10</u> | <u>5.70</u> <u>5.35</u> | 5.25 | <u>5.45</u> <u>5.10</u> | 5.25 | 5.00 | 5.35 | <u>5.3167</u> |
| 54 | <u>5.2826</u> <u>5.05</u> | <u>5.70</u> <u>5.30</u> | 5.25 | <u>5.40</u> <u>5.05</u> | 5.25 | 5.00 | 5.30 | <u>5.2826</u> |
| 55 | <u>5.2500</u> <u>5.00</u> | <u>5.70</u> <u>5.25</u> | 5.25 | <u>5.35</u> <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 56 | <u>5.2500</u> <u>5.00</u> | <u>5.70</u> <u>5.20</u> | 5.25 | <u>5.30</u> <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 57 | <u>5.2500</u> <u>5.00</u> | <u>5.70</u> <u>5.15</u> | 5.25 | <u>5.25</u> <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 58 | <u>5.2500</u> <u>5.00</u> | <u>5.70</u> <u>5.10</u> | 5.25 | <u>5.25</u> <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 59 | <u>5.2500</u> <u>5.00</u> | <u>5.70</u> <u>5.05</u> | 5.25 | <u>5.25</u> <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 60 | <u>5.2500</u> <u>5.00</u> | <u>5.00</u> | 5.25 | <u>5.25</u> <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 61 | <u>5.2500</u> <u>5.00</u> | 5.00 | 5.25 | <u>5.25</u> <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 62 | <u>5.2500</u> <u>5.00</u> | 5.00 | 5.25 | <u>5.25</u> <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 63 | <u>5.2500</u> <u>5.00</u> | 5.00 | 5.25 | <u>5.25</u> <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |

| | | | | | | | | |
|----|----------------------------------|-------------|------|--------------------------------|------|------|------|---------------|
| 64 | 5.2500 <u>5.00</u> | 5.00 | 5.25 | 5.25 <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 65 | 5.2500 <u>5.00</u> | 5.00 | 5.25 | 5.25 <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 66 | 5.2500 <u>5.00</u> | 5.00 | 5.25 | 5.25 <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 67 | 5.2500 <u>5.00</u> | 5.00 | 5.25 | 5.25 <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 68 | 5.2500 <u>5.00</u> | 5.00 | 5.25 | 5.25 <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 69 | 5.2500 <u>5.00</u> | 5.00 | 5.25 | 5.25 <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 70 | 5.2500 <u>5.00</u> | 5.00 | 5.25 | 5.25 <u>5.00</u> | 5.25 | 5.00 | 5.25 | <u>5.2500</u> |
| 71 | <u>5.00</u> | <u>5.00</u> | | <u>5.00</u> | | | | <u>5.2500</u> |

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

| plan | payroll growth assumption |
|---|---------------------------|
| general state employees retirement plan | 5.00% |
| correctional state employees retirement plan | 5.00 |
| state patrol retirement plan | 5.00 |
| legislators retirement plan | 5.00 |
| elective state officers retirement plan | 5.00 |
| judges retirement plan | 5.00 |
| general public employees retirement plan | 6.00 |
| public employees police and fire retirement plan | 6.00 |
| local government correctional service retirement plan | 6.00 |
| teachers retirement plan | 5.00 |
| Duluth teachers retirement plan | 5.00 |
| Minneapolis teachers retirement plan | 5.00 |
| St. Paul teachers retirement plan | 5.00 |

Sec. 6. Minnesota Statutes 1999 Supplement, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 4d in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the following retirement plans for which the annual actuarial valuation indicates an excess of valuation

assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized ~~in the following manner:~~

~~(1) the public employees retirement association police and fire plan, the valuation assets in excess of the actuarial accrued liability serve to reduce as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan; and~~

~~(2) the correctional employees retirement plan of the Minnesota state retirement system, and the state patrol retirement plan, an excess of valuation assets over actuarial accrued liability must be amortized in the same manner over the same period as an unfunded actuarial accrued liability but must serve to reduce the required contribution instead of increasing it.~~

Sec. 7. [EFFECTIVE DATE.]

(a) Section 1 is effective for actuarial valuation costs incurred on or after July 1, 2000.

(b) Sections 2 to 6 are effective on June 30, 2000, for actuarial valuations on or after that date.

ARTICLE 2

REEMPLOYED ANNUITANT EARNINGS LIMITATION REVISIONS

Section 1. Minnesota Statutes 1999 Supplement, section 136F.48, is amended to read:

136F.48 [EMPLOYER-PAID HEALTH INSURANCE.]

(a) This section applies to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in the Minnesota state colleges and universities system;

(3) begins drawing a retirement benefit from the individual retirement account plan or an annuity from the teachers retirement association, from the general state employees retirement plan or the unclassified state employees retirement program of the Minnesota state retirement system, or from a first class city teacher retirement plan; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement ~~in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.~~

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) For a person eligible under paragraphs (a) and (b), the employing board shall make the same employer contribution for hospital, medical, and dental benefits as would be made if the person were employed full time.

(d) For work under paragraph (a), a person must receive a percentage of the person's salary at the time of retirement that is equal to the percentage of time the person works compared to full-time work.

(e) If a collective bargaining agreement covering a person provides for an early retirement incentive that is based on age, the incentive provided to the person must be based on the person's age at the time employment under this section ends. However, the salary used to determine the amount of the incentive must be the salary that would have been paid if the person had been employed full time for the year immediately preceding the time employment under this section ends.

(f) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 2. Minnesota Statutes 1998, section 352.115, subdivision 10, is amended to read:

Subd. 10. [REEMPLOYMENT OF ANNUITANT.] (a) If any retired employee again becomes entitled to receive salary or wages from the state, or any employer who employs state employees as that term is defined in section 352.01, subdivision 2, other than salary or wages received as a temporary employee of the legislature during a legislative session, the annuity or retirement allowance shall cease when the retired employee has earned an amount equal to the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the retired employee has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the retired employee shall be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) The balance of the annual retirement annuity after cessation must be handled or disposed of as provided in section 356.58.

(c) The annuity must be resumed when state service ends, or, if the retired employee is still employed at the beginning of the next calendar year, at the beginning of that calendar year, and payment must again end when the retired employee has earned the applicable reemployment earnings maximum specified in this subdivision. ~~No payroll deductions for the retirement fund shall be made from the earnings of a reemployed retired employee.~~ If the retired employee is granted a sick leave without pay, but not otherwise, the annuity or retirement allowance must be resumed during the period of sick leave.

(d) No payroll deductions for the retirement fund may be made from the earnings of a reemployed retired employee.

(e) No change shall be made in the monthly amount of an annuity or retirement allowance because of the reemployment of an annuitant.

Sec. 3. Minnesota Statutes 1999 Supplement, section 352.1155, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Except as indicated in subdivision 4, the annuity reduction provisions of section 352.115, subdivision 10, do not apply to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) begins drawing an annuity from the general state employees retirement plan of the Minnesota state retirement system; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement in the system from which the person retired.

Sec. 4. Minnesota Statutes 1999 Supplement, section 352.1155, subdivision 4, is amended to read:

Subd. 4. [EXEMPTION LIMIT.] For a person eligible under this section who earns more than ~~\$35,000~~ \$46,000 in a calendar year from reemployment in the Minnesota state colleges and universities system following retirement, the annuity reduction provisions of section 352.115, subdivision 10, apply only to income over ~~\$35,000~~ \$46,000.

Sec. 5. Minnesota Statutes 1998, section 353.37, is amended by adding a subdivision to read:

Subd. 3a. [DISPOSITION OF SUSPENSION OR REDUCTION AMOUNT.] The balance of the annual retirement annuity after suspension or the amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

Sec. 6. Minnesota Statutes 1998, section 354.44, subdivision 5, is amended to read:

Subd. 5. [RESUMPTION OF TEACHING SERVICE AFTER RETIREMENT.] (a) Any person who retired under the provisions of this chapter and has thereafter resumed teaching in any employer unit to which this chapter applies is eligible to continue to receive payments in accordance with the annuity except that annuity payments must be reduced during the calendar year immediately following any calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403. The amount of the reduction must be one-half of the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of income.

(d) The amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income from teaching service includes, but is not limited to:

(a) (1) all income for services performed as a consultant or an independent contractor for an employer unit covered by the provisions of this chapter; and

(b) (2) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in an employer unit with approximately the same number of pupils and at the same level as the position occupied by the person who resumes teaching service.

Sec. 7. Minnesota Statutes 1999 Supplement, section 354.445, is amended to read:

354.445 [NO ANNUITY REDUCTION.]

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a volunteer fire plan governed by chapter 424A. No employer or employee contribution to any of these plans may be made on behalf of such a person.

(d) For a person eligible under paragraphs (a) and (b) who earns more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement due to employment by the Minnesota state colleges and universities system, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over ~~\$35,000~~ \$46,000.

(e) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 8. Minnesota Statutes 1998, section 354A.31, subdivision 3, is amended to read:

Subd. 3. [RESUMPTION OF TEACHING AFTER COMMENCEMENT OF A RETIREMENT ANNUITY.] (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that annuity payments must be reduced during the calendar year immediately following the calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403. The amount of the reduction must be one-third the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the

amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

Sec. 9. Minnesota Statutes 1998, section 354A.31, subdivision 3a, is amended to read:

Subd. 3a. [NO ANNUITY REDUCTION.] (a) The annuity reduction provisions of subdivision 3 do not apply to a person who:

(1) retires from the technical college system with at least ten years of service credit in the system from which the person retires;

(2) was employed on a full-time basis immediately preceding retirement as a technical college faculty member;

(3) begins drawing an annuity from a first class city teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the technical college system under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from the technical college system.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to a one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in a first class city teachers retirement association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

Sec. 10. [356.58] [DISPOSITION OF AMOUNT IN EXCESS OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.]

Subdivision 1. [APPLICATION.] This section applies to the balance of annual retirement annuities on the amount of retirement annuity reductions after reemployed annuitant earnings limitations for retirement plans governed by section 352.115, subdivision 10; 353.37; 354.44, subdivision 5; or 354A.31, subdivision 3.

Subd. 2. [RECORDKEEPING; REPORTING.] The chief administrative officer of each retirement plan will keep records for each reemployed annuitant of the amount of the annuity reduction. This amount will be reported to each member at least once each year.

Subd. 3. [PAYMENT.] Upon the retired member attaining the age of 65 years or upon the first day of the month next following the month occurring one year after termination of the reemployment that gave rise to the limitation, whichever is later, and the filing of an application for the payment by the person, or upon the death of the retired member and the filing of an application for the payment by the deceased person's surviving spouse, or if none, by the deceased person's designated beneficiary, or if none, by the deceased person's estate, the chief administrative

officer of the applicable retirement plan shall pay in a lump sum of the value of the person's amount under subdivision 2, plus six percent interest compounded annually.

Sec. 11. [SUNSET; REPEALER.]

(a) Minnesota Statutes 1998, section 354A.31, subdivision 3a, is repealed, effective July 1, 2003.

(b) Minnesota Statutes 1999 Supplement, sections 136F.48; 352.1155, subdivisions 1 and 4; and 354.445, are repealed, effective July 1, 2003.

(c) Agreements for a phased retirement under Minnesota Statutes, sections 136F.48; 352.1155; 354.445; and 354A.31, subdivision 3a, made before the date of enactment may continue for the duration of their specified effective period even if the period extends beyond July 1, 2003.

Sec. 12. [REPORT.]

The Minnesota state colleges and universities board shall report to the legislative commission on pensions and retirement by November 15, 2000, on the utilization of the annuitant employment program authorized by Minnesota Statutes, sections 136F.48; 352.1155, subdivisions 1 and 4; and 354.445. The report shall include an evaluation by institutions that have used the program regarding its effectiveness as a human resource management tool.

Sec. 13. [EFFECTIVE DATE.]

Sections 1 to 11 are effective on July 1, 2000.

ARTICLE 3

ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 1998, section 352.15, subdivision 1a, is amended to read:

Subd. 1a. [AUTOMATIC DEPOSITS.] The executive director may ~~pay or remit, through an automatic deposit system,~~ annuity, benefit, or refund payments only to a banking financial institution, qualified under chapter 48, associated with the National Automated Clearinghouse Association or a comparable successor organization that is trustee for a person eligible to receive the annuity, benefit, or refund. Upon the request of ~~a retired, disabled, the retiree, disabilitant, survivor, or former employee,~~ the executive director may ~~mail~~ remit the annuity, benefit, or refund check to ~~a banking institution, savings association, or credit union~~ the applicable financial institution for deposit to in the ~~employee's person's~~ account or joint account. The board of directors may prescribe the conditions under which payments will be made.

Sec. 2. Minnesota Statutes 1998, section 352B.01, subdivision 3, is amended to read:

Subd. 3. [ALLOWABLE SERVICES SERVICE.] (a) "Allowable service" means:

(~~a~~) (1) for members defined in subdivision 2, clause (a), monthly service is granted for any month for which payments have been made to the state patrol retirement fund, and

(~~b~~) (2) for members defined in subdivision 2, clauses (b) and (c), service for which payments have been made to the state patrol retirement fund, service for which payments were made to the state police officers retirement fund after June 30, 1961, and all prior service which was credited to a member for service on or before June 30, 1961.

(b) Allowable service also includes any period of absence from duty by a member who, by reason of injury incurred in the performance of duty, is temporarily disabled and for which disability the state is liable under the workers' compensation law, until the date authorized by the executive director for commencement of payment of a disability benefit or return to employment.

Sec. 3. Minnesota Statutes 1998, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), and (6) to (15), if they are in the unclassified service of the state or metropolitan council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified ~~program plan~~ under this chapter unless the employee gives notice to the executive director of the Minnesota state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified plan.

(b) Persons referenced in paragraph (c), clauses (1) and (5), are participants in the unclassified program under this chapter unless the person is eligible to elect different coverage under section 3A.07 or 352C.011 and, after July 1, 1998, elects retirement coverage by the applicable alternative retirement plan.

(c) Enumerated employees and referenced persons are:

(1) the governor, the lieutenant governor, the secretary of state, the state auditor, the state treasurer, and the attorney general;

(2) an employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general;

(3) an employee of the state board of investment;

(4) the head of a department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or an employee enumerated in section 15A.0815 or 15A.083, subdivision 4;

(5) a member of the legislature;

(6) a permanent, full-time unclassified employee of the legislature or a commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system;

(7) a person who is employed in a position established under section 43A.08, subdivision 1, clause (3), or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level;

(8) the regional administrator, or executive director of the metropolitan council, general counsel, division directors, operations managers, and other positions as designated by the council, all of which may not exceed 27 positions at the council and the chair, ~~provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations may be made without approval of the board of directors of the Minnesota state retirement system;~~

(9) the executive director, associate executive director, and not to exceed nine positions of the higher education services office in the unclassified service, as designated by the higher education services office before January 1, 1992, or subsequently redesignated with the approval of the board of directors of the Minnesota state retirement system, unless the person has elected coverage by the individual retirement account plan under chapter 354B;

(10) the clerk of the appellate courts appointed under article VI, section 2, of the Constitution of the state of Minnesota;

(11) the chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services;

(12) an employee whose principal employment is at the state ceremonial house;

(13) an employee of the Minnesota educational computing corporation;

(14) an employee of the world trade center board; and

(15) an employee of the state lottery board who is covered by the managerial plan established under section 43A.18, subdivision 3.

Sec. 4. Minnesota Statutes 1998, section 352D.05, subdivision 3, is amended to read:

Subd. 3. [FULL OR PARTIAL WITHDRAWAL.] After termination of covered employment or at any time thereafter, a participant is entitled, upon application, to withdraw the cash value of the participant's total shares or leave such shares on deposit with the supplemental retirement fund. The account is valued at the end of the month in which application for withdrawal is made. Shares not withdrawn remain on deposit with the supplemental retirement fund until the former participant becomes at least 55 years old, and applies for an annuity under section 352D.06, subdivision 1.

Sec. 5. Minnesota Statutes 1998, section 352D.06, is amended to read:

352D.06 [ANNUITIES.]

Subdivision 1. [ANNUITY; RESERVES.] When a participant attains at least age 55, ~~is retired~~ terminates from covered service, and applies for a retirement annuity, the cash value of the participant's shares shall be transferred to the Minnesota postretirement investment fund and used to provide an annuity for the retired employee based upon the participant's age when the benefit begins to accrue according to the reserve basis used by the general state employees retirement ~~fund~~ plan in determining pensions and reserves.

Subd. 2. [PARTIAL VALUE ANNUITY.] A participant has the option in an application for an annuity to apply for and receive ~~the a~~ a partial value of ~~one-half~~ of the total shares and thereafter receive an annuity, as provided in subdivision 1, based on the remaining value of ~~one-half~~ of the total shares.

Subd. 3. [ACCRUAL DATE.] An annuity ~~herein shall begin to accrue under this section~~ accrues the first day of the first full month after an application is received or after termination of state service, whichever is later. Upon the former employee's request, the annuity may begin to accrue up to six months before redemption of shares, but not prior to the termination date from covered service, and must be based on the account value at redemption and upon the age of the former employee at the date annuity accrual starts. The account must be valued and redeemed on the later of the end of the month of termination of covered employment, or the end of the month of receipt of the annuity application for the purpose of computing the annuity.

Sec. 6. Minnesota Statutes 1998, section 352D.09, subdivision 5a, is amended to read:

Subd. 5a. [SMALL BALANCE ACCOUNTS.] If a former participant who contributed less than ~~\$100~~ \$500 in employee contributions cannot be contacted by the system for five or more years, the value of the shares shall be appropriated to the general employees retirement fund, but upon subsequent contact by the former employee the account shall be reinstated to the amount that would have been payable had the money been left in the unclassified plan.

Sec. 7. Minnesota Statutes 1998, section 353.01, subdivision 2, is amended to read:

Subd. 2. [PUBLIC EMPLOYEE.] "Public employee" means an employee performing personal services for a

governmental subdivision under subdivision 6, whose salary is paid, in whole or in part, from revenue derived from taxation, fees, assessments, or from other sources. The term also includes special classes of persons listed in subdivision 2a, but excludes special classes of persons listed in subdivision 2b for purposes of membership in the association. Public employee does not include independent contractors and their employees. A reemployed annuitant under section 353.37 must not be considered to be a public employee for purposes of that reemployment.

Sec. 8. Minnesota Statutes 1998, section 353.01, subdivision 6, is amended to read:

Subd. 6. [GOVERNMENTAL SUBDIVISION.] (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources.

(b) Governmental subdivision also means the public employees retirement association, the league of Minnesota cities, the association of metropolitan municipalities, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the association of Minnesota counties, the metropolitan intercounty association, the Minnesota municipal utilities association, the metropolitan airports commission, ~~and~~ the Minneapolis employees retirement fund for employment initially commenced after June 30, 1979, the range association of municipalities and schools, soil and water conservation districts, and economic development authorities created or operating under sections 469.090 to 469.108.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to ~~469.068~~ 469.089; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district, nor the Minneapolis community development agency.

Sec. 9. Minnesota Statutes 1999 Supplement, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] (a) "Salary" means:

(1) periodic compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees; and

(2) for a public employee who has prior service covered by a local police or firefighters' relief association that has consolidated with the public employees retirement association or to which section 353.665 applies and who has elected coverage either under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation.

(b) Salary does not mean:

(1) fees paid to district court reporters, unused annual vacation or sick leave payments, in lump-sum or periodic payments, severance payments, reimbursement of expenses, lump-sum settlements not attached to a specific earnings period, or workers' compensation payments;

(2) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

(3) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:

(i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;

(ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverages under a group plan offered by the employer; and

(iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages; and

(4) except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in ~~subdivisions~~ subdivision 35 and or 36.

Sec. 10. Minnesota Statutes 1998, section 353.01, subdivision 11a, is amended to read:

Subd. 11a. [TERMINATION OF PUBLIC SERVICE.] (a) "Termination of public service" occurs when a member resigns or is dismissed from public service by the employing governmental subdivision, ~~as evidenced by appropriate written record transmitted to the association, or when a position ends and the member who held the position is not considered by the governmental subdivision to be on a temporary layoff, and the employee does not, within 30 days of resignation or dismissal the date the employment relationship ended, return to a nontemporary an employment position in the same governmental subdivision.~~

(b) The termination of public service must be recorded in the association records upon receipt of an appropriate notice from the governmental subdivision.

Sec. 11. Minnesota Statutes 1998, section 353.01, subdivision 28, is amended to read:

Subd. 28. [RETIREMENT.] (a) "Retirement" means the commencement of payment of an annuity based on a date designated by the board of trustees. This date determines the rights under this chapter which occur either before or after retirement. A right to retirement is subject to termination of public service under subdivision 11a ~~or termination of membership under subdivision 11b, the earlier of which will determine the date membership and coverage cease.~~ A right to retirement ~~must not accrue without~~ requires a complete and continuous separation for 30 days from employment as a public employee ~~under subdivision 2 and from the provision of paid services to that employer.~~

(b) An individual who separates from employment as a public employee and who, within 30 days of separation, returns to provide service to a governmental subdivision as an independent contractor or as an employee of an independent contractor, has not satisfied separation requirements under paragraph (a).

(c) A former member of the basic or police and fire fund who becomes a coordinated member upon returning to eligible, nontemporary public service, terminates employment before obtaining six months' allowable service under subdivision 16, paragraph (a), in the coordinated fund, and is eligible to receive an annuity the first day of the month after the most recent termination date shall not accrue a right to a retirement annuity under the coordinated fund. An annuity otherwise payable to the former member must be based on the laws in effect on the date of termination of the most recent service under the basic or police and fire fund and shall be retroactive to the first day of the month following that termination date or one year preceding the filing of an application for retirement annuity as provided by section 353.29, subdivision 7, whichever is later. The annuity payment must be suspended ~~or reduced~~ under the provisions of section 353.37, if earned compensation for the reemployment equals or exceeds the amounts indicated under that section. The association will refund the employee deductions made to the coordinated fund, with interest under section 353.34, subdivision 2, return the accompanying employer contributions, and remove the allowable service credits covering the deductions refunded.

~~(b)~~ (d) Notwithstanding the 30-day separation requirement under paragraph (a), a member of the defined benefit plan under this chapter, who also participates in the public employees defined contribution plan under chapter 353D for other public service, may be paid, if eligible, a retirement annuity from the defined benefit plan while participating in the defined contribution plan.

Sec. 12. Minnesota Statutes 1998, section 353.01, subdivision 32, is amended to read:

Subd. 32. [COORDINATED MEMBER.] "Coordinated member" means any public employee, including any public hospital employee, covered by any agreement or modification made between the state and the Secretary of Health, Education and Welfare, making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to the member if membership eligibility criteria are met under this chapter. A coordinated member also means is a former basic member who terminates public service under subdivision 11a, has a complete and continuous separation for at least 30 days from employment as a public employee meeting requirements specified in subdivision 28, paragraphs (a) and (b), and who reenters public service in a nontemporary position, as a public employee and meets the membership eligibility criteria under this chapter.

Sec. 13. Minnesota Statutes 1998, section 353.15, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] The association may ~~pay an~~ remit, through an automatic deposit system, annuity, benefit, or refund payments only to a trust company, qualified under chapter 48, financial institution associated with the National Automated Clearinghouse Association or a comparable successor organization that is trustee for a person eligible to receive such the annuity, benefit, or refund. Upon the request of ~~a retired, disabled the retiree, disabilitant, survivor, or former member,~~ the association may mail or send by electronic transfer the annuity, benefit or refund check to ~~a banking institution, savings association or credit union~~ the applicable financial institution for deposit ~~to such in the~~ person's account or joint account with a spouse. The association may prescribe the conditions under which such payment will be made.

Sec. 14. Minnesota Statutes 1998, section 353.27, subdivision 4, is amended to read:

Subd. 4. [EMPLOYERS REPORTING REQUIREMENTS; CONTRIBUTIONS; MEMBER STATUS.] (a) A representative authorized by the head of each department shall deduct employee contributions from the salary of each member employee who qualifies for membership under this chapter and issue or approve one warrant remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions, the employer contributions and the additional employer contributions to be received within 20 14 calendar days in the office of the association. The head of each department or designee shall; for each pay period in which employee contributions are deducted; submit to the association a salary deduction report; in the form format prescribed by the executive director; showing. Data to be submitted as part of salary deduction reporting must include, but are not limited to:

~~(a)~~ (1) the legal names and ~~the association membership numbers, listed in alphabetical order;~~ social security numbers of employees who are members;

~~(b)~~ (2) the legal names of all new public employees and the effective dates of appointment; ~~(c)~~ the amount of each employee's salary deduction; ~~(d)~~

~~(3)~~ the amount of salary from which each deduction was made; ~~(e)~~ effective dates of member terminations of public service accompanied by the applicable status code as set by the association for those terminations caused by death or retirement; ~~(f)~~ effective dates of all temporary layoffs and leaves of absence accompanied by the applicable status code as set by the association; and ~~(g)~~

~~(4)~~ the beginning and ending dates of the payroll period covered and the date of actual payment; and

~~(5)~~ adjustments or corrections covering past pay periods.

~~Reports of contributions must be accompanied by a membership enrollment form~~

~~(b) Employers must furnish the data required for enrollment for each new employee who qualifies for membership in the form format prescribed by the executive director. The required enrollment forms from data on new employees must be collected by the employer and submitted to the association within 30 days following the date of employment prior to or concurrent with the submission of the initial employee salary deduction. The employer shall also report to the association all member employment status changes, such as leaves of absence, terminations, and death, and the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. The employer shall furnish such additional data, forms, and reports on magnetic media on other forms as may be requested required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.~~

~~(b) (c)~~ Notwithstanding paragraph (a), the association may provide for less frequent reporting and payments for small employers.

Sec. 15. Minnesota Statutes 1998, section 353.27, subdivision 12, is amended to read:

Subd. 12. [OMITTED SALARY DEDUCTIONS; OBLIGATIONS.] (a) In the case of omission of required deductions from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4. ~~Upon receipt of billing from the association, during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations shall be made in accordance with reporting procedures and methods established by the executive director.~~

(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.

(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's ~~next~~ subsequent salary payment or payments and remitted to the association. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any remaining omitted employee deductions and any omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent compounded annually, from the date or dates each omitted employee contribution was first payable.

~~(b) (d)~~ (d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph ~~(a) (c)~~, nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph ~~(a) (c)~~ which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's salary. The employer shall make payment with interest at an annual rate of 8.5 percent compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at an annual rate of 8.5 percent compounded annually from the date the contributions were first payable.

~~(e) (e)~~ (e) The association may not commence action for the recovery of omitted employee deductions and employer contributions after the expiration of three calendar years after the calendar year in which the contributions and deductions were omitted. Except as provided under paragraph (b), no payment may be made or accepted unless the association has already commenced action for recovery of omitted deductions. An action for recovery commences on the date of the mailing of any written correspondence from the association requesting information from the governmental subdivision upon which to determine whether or not omitted deductions occurred.

Sec. 16. Minnesota Statutes 1998, section 353.33, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS; ACCRUAL OF BENEFITS.] Every claim or demand for a total and permanent disability benefit must be initiated by written application in the manner and form prescribed by the executive director showing compliance with the statutory conditions qualifying the applicant for a total and permanent disability benefit and filed with the executive director. A member or former member who became totally and permanently disabled during a period of membership shall file application for total and permanent disability benefits within three years next following termination of public service. This benefit begins to accrue the day following the commencement of disability, 90 days preceding the filing of the application, or, if annual or sick leave is paid for more than the 90-day period, from the date salary ceased, whichever is later. No member is entitled to receive a disability benefit payment when there remains to the member's credit any unused annual leave or sick leave or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary. Payment must not accrue beyond the end of the month in which entitlement has terminated. If the disability terminates prior to negotiating the check for the month in which death occurs, payment is made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate. An applicant for total and permanent disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for total and permanent disability benefits. The retirement annuity application is void upon the determination of the entitlement for disability benefits by the executive director. If disability benefits are denied, the retirement annuity application must be initiated and processed.

Sec. 17. Minnesota Statutes 1998, section 353.33, subdivision 6, is amended to read:

Subd. 6. [CONTINUING ELIGIBILITY FOR BENEFITS.] The association shall determine eligibility for continuation of disability benefits and require periodic examinations and evaluations of disabled members as frequently as deemed necessary. The association shall require the disabled member to provide and authorize release of medical evidence, including all medical records and information from any source, relating to an application for continuation of disability benefits. Disability benefits are contingent upon a disabled person's participation in a vocational rehabilitation program if the executive director determines that the disabled person may be able to return to a gainful occupation. If a member is found to be no longer totally and permanently disabled ~~and is reinstated to the payroll~~, payments must cease the first of the month following the ~~reinstatement to the payroll~~ expiration of a 30-day period after the member receives a certified letter notifying the member that payments will cease.

Sec. 18. Minnesota Statutes 1998, section 353.34, subdivision 1, is amended to read:

Subdivision 1. [REFUND OR DEFERRED ANNUITY.] (a) A former member is entitled to a refund of accumulated employee deductions under subdivision 2, or to a deferred annuity under subdivision 3. ~~An active member of a fund enumerated in section 356.30, subdivision 3, clause (7), (8), or (14), who terminates public service in any of those funds and becomes a member of another fund enumerated in those clauses may receive a refund of employee contributions plus six percent interest compounded annually from the fund in which the member terminated service.~~ Application for a refund may not be made prior to the date of termination of public service or the termination of membership, whichever is sooner. Except as specified in paragraph (b), a refund must be paid within 120 days following receipt of the application unless the applicant has again become a public employee required to be covered by the association.

(b) If an individual was granted an authorized temporary layoff, a refund is not payable before termination of membership under section 353.01, subdivision 11b, clause (3).

(c) An individual who terminates public service covered by the public employees retirement association general plan, the public employees retirement association police and fire plan, or the public employees local government corrections service retirement plan, and who becomes an active member covered by one of the other two plans, may receive a refund of employee contributions plus six percent interest compounded annually from the plan in which the member terminated service.

Sec. 19. Minnesota Statutes 1999 Supplement, section 353.64, subdivision 1, is amended to read:

Subdivision 1. [POLICE AND FIRE FUND PLAN MEMBERSHIP; MANDATORY.] A governmental subdivision must report a public employee for membership in the police and fire plan if the employee is employed full-time as specified in clause (1), (2), or (3):

(1) a full-time police officer or a person in charge of a designated police or sheriff's department, who by virtue of that employment is required by the employing governmental subdivision to be and is licensed by the Minnesota peace officer standards and training board under sections 626.84 to 626.863, who is charged with the prevention and detection of crime, who has the full power of arrest, who is assigned to a designated police or sheriff's department, and whose primary job is the enforcement of the general criminal laws of the state;

(2) a full-time firefighter or a person in charge of a designated fire company or companies who is engaged in the hazards of fire fighting; or

(3) a full-time police officer or firefighter meeting all requirements of clause (1) or (2), as applicable, who as part of the employment position is periodically assigned to employment duties in the same department that are not within the scope of this subdivision.

An individual to which clause (3) applies must contribute as a member of the police and fire plan for both the primary and secondary services that are provided to the employing governmental subdivision.

Subd. 1a. [POLICE AND FIRE PLAN; OTHER MEMBERS.] (a) A person who prior to July 1, 1961, was a member of the police and fire fund plan, by virtue of being a police officer or firefighter, shall, as long as the person remains in either position, continue membership in the fund plan.

(b) A person who was employed by a governmental subdivision as a police officer and was a member of the police and fire fund plan on July 1, 1978, by virtue of being a police officer as defined by this section on that date, and if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, continues to be a member of the fund plan, whether or not that person has the power of arrest by warrant and is licensed by the peace officers standards and training board after that date.

(c) A person who was employed as a correctional officer by Rice county before July 1, 1998, for the duration of employment in the correctional position held on July 1, 1998, continues to be a member of the public employees police and fire plan, whether or not the person has the power of arrest by warrant and is licensed by the peace officers standards and training board after that date.

(d) A person who was employed by a governmental subdivision as a police officer or a firefighter, whichever applies, was an active member of the local police or salaried firefighters relief association located in that governmental subdivision by virtue of that employment as of the effective date of the consolidation as authorized by sections 353A.01 to 353A.10, and has elected coverage by the public employees police and fire fund benefit plan, shall become a member of the police and fire fund plan after that date if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date.

(e) Any other employee serving on a full-time basis as a police officer as defined in subdivision 2 or as a firefighter as defined in subdivision 3 on or after July 1, 1961, shall become a member of the public employees police and fire fund.

(f) An employee serving on less than a full-time basis as a police officer shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a police officer.

(g) An employee serving on less than a full-time basis as a firefighter shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a firefighter.

~~(g) A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire fund; (e) Any police officer or firefighter of a relief association that has consolidated with the association for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10, or any police officer or firefighter to whom section 353.665 applies who has not elected coverage by the public employees police and fire fund benefit plan as provided in section 353.665, subdivision 4, shall must not become a member of the public employees police and fire fund plan, but is not subject to the provisions of sections 353.651 to 353.659 unless an election for such coverage is made under section 353.665, subdivision 4.~~

Sec. 20. Minnesota Statutes 1998, section 353.64, subdivision 2, is amended to read:

Subd. 2. [POLICE AND FIRE FUND MEMBERSHIP; PART-TIME EMPLOYMENT COVERAGE OPTION.] ~~Before a~~ (a) The governing body of a governmental subdivision may adopt a resolution, subject to requirements specified in paragraph (b), declaring that a public employee employed in a position on a part-time basis by that governmental subdivision is covered by the police and fire plan for that employment.

(b) If the public employee's position is related to police service, the resolution is valid if the conditions specified in paragraph (c) are met. If the public employee's position is related to fire service, the resolution is valid if the conditions specified in paragraph (d) are met. If the public employee in the applicable position is periodically assigned to employment duties not within the scope of this subdivision, the resolution is considered valid if the governing body of the governmental subdivision declares that the public employee's position, for primary services provided, satisfies all of the requirements of subdivision 1, clause (3), other than the requirement of full-time employment.

(c) For the governing body may of the governmental subdivision to declare a position to be that of a police officer, the duties and qualifications of the person so employed must, as at a minimum, include employment as an officer of a designated police department or sheriff's office or person in charge of a designated police department or sheriff's office whose primary job it is to enforce the law, who is licensed by the Minnesota board of peace officer standards and training under sections 626.84 to 626.863, who is engaged in the hazards of protecting the safety and property of others, and who has the power to arrest by warrant.

A police officer who is periodically assigned to employment duties not within the scope of this subdivision may contribute to the public employees police and fire fund for all service, if a resolution declaring that the primary position held by the person is that of a police officer, is adopted by the governing body of the department, and is promptly submitted to the executive director. satisfy all of the requirements of subdivision 1, clause (1), other than the requirement of full-time employment.

(d) For the governing body of a governmental subdivision to declare a position to be that of a firefighter, the duties and qualifications of the person so employed must, at a minimum, satisfy all of the requirements of subdivision 1, clause (2), other than the requirement of full-time employment.

Sec. 21. Minnesota Statutes 1998, section 353.64, subdivision 3, is amended to read:

Subd. 3. [POLICE AND FIRE FUND MEMBERSHIP; EXCLUSION.] ~~Before a governing body may declare a position to be that of a firefighter, the duties of the person so employed must, as a minimum, include services as an employee of a designated fire company or person in charge of a designated fire company or companies who is engaged in the hazards of fire fighting. A firefighter who is periodically assigned to employment duties outside the scope of firefighting may contribute to the public employees police and fire fund for all service, if a resolution declaring that the primary position held by the person is that of a firefighter, is adopted by the governing body of the company or companies, and is promptly submitted to the executive director. A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire plan is not eligible to become a member of the public employees police and fire plan.~~

Sec. 22. Minnesota Statutes 1998, section 353.64, subdivision 4, is amended to read:

Subd. 4. [RESOLUTION FILING.] (a) A copy of the resolution of the governing body declaring a position to be that of police officer or firefighter shall be promptly filed with the board of trustees and shall be irrevocable.

(b) Following the receipt of adequate notice from the association, if a valid resolution is not filed with the public employees retirement association within six months following the date of that notice, any contributions or deductions made to the police and fire fund for the applicable employment are deemed to be contributions or deductions transmitted in error under section 353.27, subdivision 7a.

Sec. 23. Minnesota Statutes 1998, section 353.656, subdivision 1, is amended to read:

Subdivision 1. [IN LINE OF DUTY; COMPUTATION OF BENEFITS.] A member of the police and fire ~~fund~~ plan who becomes disabled and physically unfit to perform duties as a police officer ~~or~~ firefighter ~~subsequent to June 30, 1973, or paramedic as defined under section 353.64, subdivision 10,~~ as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, which has or is expected to render the member physically or mentally unable to perform the duties as a police officer ~~or~~ firefighter, or paramedic as defined under section 353.64, subdivision 10, for a period of at least one year, shall receive disability benefits during the period of such disability. The benefits must be in an amount equal to 60 percent of the "average salary" ~~under as defined in section 353.651, subdivision 3 2,~~ plus an additional percent specified in section 356.19, subdivision 6, ~~of said that~~ average salary for each year of service in excess of 20 years. ~~Should if the~~ disability under this subdivision occur occurs before the member has at least five years of allowable service credit in the police and fire ~~fund plan~~, the disability benefit must be computed on the "average salary" from which deductions were made for contribution to the police and fire fund.

Sec. 24. Minnesota Statutes 1998, section 353.656, subdivision 3, is amended to read:

Subd. 3. [NONDUTY DISABILITY BENEFIT.] Any member of the police and fire plan who becomes disabled after not less than one year of allowable service because of sickness or injury occurring while not on duty as a police officer ~~or~~ firefighter, or paramedic as defined under section 353.64, subdivision 10, and by reason of that sickness or injury the member has been or is expected to be unable to perform the duties as a police officer ~~or~~ firefighter, or paramedic as defined under section 353.64, subdivision 10, for a period of at least one year, is entitled to receive a disability benefit. The benefit must be paid in the same manner as if the benefit were paid under section 353.651. If a disability under this subdivision occurs after one but in less than 15 years of allowable service, the disability benefit must be the same as though the member had at least 15 years service. For a member who is employed as a full-time firefighter by the department of military affairs of the state of Minnesota, allowable service as a full-time state military affairs department firefighter credited by the Minnesota state retirement system may be used in meeting the minimum allowable service requirement of this subdivision.

Sec. 25. Minnesota Statutes 1998, section 353.71, subdivision 2, is amended to read:

Subd. 2. [DEFERRED ANNUITY COMPUTATION; AUGMENTATION.] (a) The deferred annuity, ~~if any,~~ accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68, subdivision 4, must be computed ~~in the manner provided in said sections;~~ on the basis of allowable service prior to the termination of public service and augmented as provided herein in this paragraph. The required reserves applicable to a deferred annuity, ~~or to an annuity for which a former member was eligible but had not applied, or to any deferred segment of an annuity shall~~ must be determined as of ~~the date the annuity begins to accrue and shall be augmented from~~ the first day of the month following the month in which the former member ceased to be a public employee, or July 1, 1971, whichever is later, ~~to the first day of the month in which the annuity begins to accrue.~~ These required reserves must be augmented at the rate of five percent ~~per annum~~ annually compounded annually until January 1, 1981, and at the rate of three percent thereafter until January 1 of the year following the year in which the former member attains age 55. From that date to the effective date of retirement, the rate is five percent ~~per annum~~ compounded annually. If a person has more than one period of uninterrupted service, the required reserves related to each period ~~shall~~ must be augmented ~~by interest pursuant to this subdivision as specified in this paragraph.~~ The sum of the augmented

required reserves ~~so determined shall be~~ is the present value of the annuity. Uninterrupted service for the purpose of this subdivision ~~shall mean~~ means periods of covered employment during which the employee has not been separated from public service for more than two years. If a person repays a refund, the restored service ~~restored~~ thereby shall must be considered as continuous with the next period of service for which the employee has credit with this association. ~~The formula percentages used for each period of uninterrupted service shall be those as would be applicable to a new employee.~~ This section shall must not reduce the annuity otherwise payable under this chapter. ~~This subdivision paragraph shall apply to individuals who become deferred annuitants of record on or after July 1, 1971, and to employees who thereafter become deferred annuitants; it shall also apply. For a member who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, to if the former members who make application~~ active member applies for an annuity after July 1, 1973.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is ~~not~~ first payable ~~until~~ after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 4d, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 26. Minnesota Statutes 1998, section 353B.11, subdivision 3, is amended to read:

Subd. 3. [AMOUNT; SURVIVING SPOUSE BENEFIT.] (a) The surviving spouse benefit shall be 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Anoka police relief association;
- (4) Austin police relief association;
- (5) Brainerd police benefit association;
- (6) Crookston police relief association;
- (7) Faribault fire department relief association; and
- (8) West St. Paul firefighters relief association.

(b) The surviving spouse benefit shall be 25 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Chisholm police relief association;
- (2) Duluth firefighters relief association;
- (3) Duluth police pension association;
- (4) Fairmont police benefit association;
- (5) Red Wing fire department relief association;
- (6) South St. Paul police relief association; and

(7) West St. Paul police relief association.

(c) The surviving spouse benefit shall be 24 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Richfield police relief association;
- (3) Rochester fire department relief association;
- (4) Rochester police relief association;
- (5) Winona fire department relief association; and
- (6) Winona police relief association.

(d) The surviving spouse benefit shall be 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Columbia Heights fire department relief association, paid division; and
- (2) New Ulm police relief association.

(e) The surviving spouse benefit shall be ~~\$250 per month~~ 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Hibbing firefighters relief association; and
- (2) Hibbing police relief association.

(f) The surviving spouse benefit shall be 23.75 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Crystal police relief associations; and
- (2) Minneapolis police relief association.

(g) The surviving spouse benefit shall be 32 percent of the salary base for the former members of the following consolidating relief associations:

- (1) St. Cloud fire department relief association; and
- (2) St. Cloud police relief association.

(h) The surviving spouse benefit shall be one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, for the former members of the following consolidating relief associations:

- (1) Virginia fire department relief association; and

(2) Virginia police relief association.

(i) The surviving spouse benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 30 percent of the salary base, reduced by any amount awarded or payable from the service pension or disability benefit of the deceased former firefighter to a former spouse of the member by virtue of the legal dissolution of the member's marriage to the former spouse if the surviving spouse married the member after the time of separation from active service, Austin firefighters relief association;

(2) 27.333 percent of the salary base, or one-half of the service pension payable to or accrued by the deceased former member, whichever is greater, Bloomington police relief association;

(3) 72.25 percent of the salary base, Buhl police relief association;

(4) 50 percent of the service pension which the active member would have received based on allowable service credit to the date of death and prospective service from the date of death until the date on which the person would have attained the normal retirement age, 50 percent of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or \$175 per month if the deceased member was receiving a service pension or disability benefit as of the date of death, Chisholm firefighters relief association;

(5) two-thirds of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Columbia Heights police relief association;

(6) the greater of \$300 per month or one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Crookston fire department relief association;

(7) \$100 per month, Faribault police benefit association;

(8) 60 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato fire department relief association;

(9) \$175 per month, Mankato police benefit association;

(10) 26.25 percent of the salary base, Minneapolis fire department relief association;

(11) equal to the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Red Wing police relief association;

(12) 78.545 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 55 percent of salary or would have been 55 percent of salary if the

firefighter had survived to begin benefit receipt; or 80 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 54 percent of salary or would have been 54 percent of salary if the firefighter had survived to begin benefit receipt, Richfield fire department relief association;

(13) 40 percent of the salary base for a surviving spouse of a deceased active member, disabled member, or retired or deferred member with at least 20 years of allowable service, or the prorated portion of 40 percent of the salary base that bears the same relationship to 40 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving spouse of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park fire department relief association;

(14) 26.6667 percent of the salary base, St. Louis Park police relief association;

(15) 27.5 percent of the salary base, St. Paul fire department relief association;

(16) ~~20~~ 27.5 percent of the salary base, St. Paul police relief association; and

(17) 27 percent of the salary base, South St. Paul firefighters relief association.

Sec. 27. Minnesota Statutes 1998, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in the public schools of the state located outside of the corporate limits of the cities of the first class ~~as those cities were so classified on January 1, 1979~~; or in the Minnesota state colleges and universities system, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, including the Minnesota state colleges and university universities system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members or officers of any general governing or managing board or body;

(2) an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system ~~by virtue of due to prior employment by the association that system~~;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. ~~In such cases, the executive director shall determine whether all or none of the combined service is covered by the association, however~~ A person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit. If the person's teaching service comprises less than 50 percent of the combined employment salary, the executive director must determine whether all or none of the combined service is covered by the association.

(b) ~~The term~~ Teacher does not mean:

(1) ~~an employee described in section 352D.02, subdivision 1a, who is hired after the effective date of Laws 1986, chapter 458;~~

~~(2)~~ a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

~~(3)~~ (2) a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in

writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;

~~(4)~~ (3) a person holding a part-time adult supplementary technical college license who renders part-time teaching service or a customized trainer as defined by the Minnesota state colleges and universities system in a technical college if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the applicable technical college stipulates annually in advance that the part-time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year; or

~~(5)~~ (4) a person exempt from licensure ~~pursuant to~~ under section 122A.30.

Sec. 28. Minnesota Statutes 1998, section 354.05, subdivision 35, is amended to read:

Subd. 35. [SALARY.] (a) "Salary" means the periodic compensation, upon which member contributions are required and made, that is paid to a teacher before employee-paid fringe benefits, tax sheltered annuities, deferred compensation, or any combination of these employee-paid items are deducted before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.

(b) "Salary" does not mean:

(1) lump sum annual leave payments;

(2) lump sum wellness and sick leave payments;

~~(3) payments in lieu of any employer-paid group insurance coverage;~~

~~(4) payments for the difference between single and family premium rates that may be paid to a member with single coverage;~~

~~(5) employer-paid fringe benefits including, but not limited to, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or automobile allowances and expenses; employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;~~

~~(6)~~ (4) any form of payment made in lieu of any other employer-paid fringe benefit or expense;

~~(7)~~ (5) any form of severance payments;

~~(8)~~ (6) workers' compensation payments;

~~(9)~~ (7) disability insurance payments including self-insured disability payments;

~~(10)~~ (8) payments to school principals and all other administrators for services in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;

~~(11)~~ (9) payments under section 356.24, subdivision 1, clause (4); and

~~(12)~~ (10) payments made under section 122A.40, subdivision 12, except for payments for sick leave accumulated

under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district.

Sec. 29. Minnesota Statutes 1998, section 354.091, is amended to read:

354.091 [SERVICE CREDIT.]

(a) ~~In computing the time of service of a teacher, the length of a legal school year in the district or institution where such service was rendered must constitute a year under sections 354.05 to 354.10, provided the year is not less than the legal minimum school year of this state.~~ service credit, no person teacher shall receive credit for more than one year of teaching service for any fiscal year. Commencing July 1, 1961;

(1) ~~if a teacher teaches only a fractional part of a day, credit must be given for a day of teaching service for each less than five hours taught, and in a day, service credit must be given for the fractional part of the day as the term of service performed bears to five hours;~~

(2) if a teacher teaches five or more hours in a day, service credit must be given for only one day;

(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be given for a full year of teaching service; and

~~(4)~~ (4) if a teacher teaches for only a fractional part of the year, service credit must be given for such fractional part of the year as the term period of service rendered performed bears to 170 days.

(b) ~~A person who teaches in the state colleges and university system teacher shall receive a full year of service credit based on the number of days in the system's employer's full school year if it is less than 170 days. Teaching service performed prior to before July 1, 1961, must be computed under the law in effect at the time it was rendered performed.~~

(c) ~~A teacher shall does not lose or gain retirement service credit as a result of the employer converting to a four-day work week flexible or alternate work schedule. If the employer does convert converts to a four-day work week flexible or alternate work schedule, the forms for reporting and the procedures for determining service credit shall must be determined by the executive director with the approval of the board of trustees.~~

Sec. 30. Minnesota Statutes 1998, section 354.092, subdivision 2, is amended to read:

Subd. 2. [PAY RATE; CERTIFICATION.] A sabbatical leave must be compensated by a minimum of one-third of the salary that the member received for a comparable period during the prior fiscal year. ~~Before the end of the fiscal year during which any sabbatical leave is granted~~ Upon granting a sabbatical leave, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director.

Sec. 31. Minnesota Statutes 1998, section 354.093, is amended to read:

354.093 [PARENTAL OR MATERNITY LEAVE.]

~~Before the end of the fiscal year during which any parental or maternity leave is granted~~ Upon granting a parental leave for the birth or adoption of a child, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member of the association granted parental ~~or maternity~~ leave of absence by the employing unit is entitled to service credit not to exceed one year for the period of leave upon payment to the association by the end of the fiscal year following the fiscal year in which the leave of absence terminated. This payment must ~~include equal the total~~ include equal the total required employee; and employer contributions, and amortization contributions, if any, for the period of leave prescribed in section 354.42. The payment must be based on the member's average full-time monthly salary rate on the date the leave of absence commenced, and must be without interest. Notwithstanding the provisions of any agreements to the contrary, ~~employee and employer the~~

contributions specified in this section may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement at the end of the leave.

Sec. 32. Minnesota Statutes 1998, section 354.094, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT CONTRIBUTIONS.] ~~Before the end of the fiscal year during which~~ Upon granting any extended leave of absence ~~is granted pursuant to~~ under section 122A.46 or 136F.43, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member granted an extended leave of absence ~~pursuant to~~ under section 122A.46 or 136F.43 may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of the leave, provided that the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave, ~~which shall~~ The leave period must not exceed five years. A member may not receive more than five years of allowable service credit under this section. The employee and employer contributions must be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave must be made on or before the later of June 30 of each fiscal year for which service credit is received or within 30 days after first notification of the amount due, if requested by the member, is given by the association. No payment is permitted after the following September 30. Payments received after June 30 must include interest at an annual rate of 8.5 percent from June 30 through the end of the month in which payment is received. Notwithstanding the provisions of any agreements to the contrary, employee and employer contributions may not be made to receive allowable service credit if the member does not have full reinstatement rights as provided in section 122A.46 or 136F.43, both during and at the end of the extended leave.

Sec. 33. Minnesota Statutes 1998, section 354.10, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] Upon receipt of the properly completed forms as provided by the executive director, the annuity ~~or~~ benefit or refund amount may be electronically transferred or the annuity or benefit check may be mailed to a ~~banking institution, savings association, or credit union~~ any financial institution associated with the National Automated Clearinghouse Association or a comparable successor organization for deposit to the recipient's individual account or joint account with the recipient's spouse or any other person designated by the recipient. An overpayment to a joint account after the death of the annuity or benefit recipient must be repaid to the fund by the joint tenant if the overpayment is not repaid to the fund by the ~~banking institution, savings association, or credit union~~ financial institution associated with the National Automated Clearinghouse Association or its successor. The board may prescribe the conditions which govern these procedures.

Sec. 34. Minnesota Statutes 1998, section 354.35, is amended to read:

354.35 [OPTIONAL ACCELERATED RETIREMENT ANNUITY BEFORE ~~AGE 65~~ NORMAL RETIREMENT AGE.]

Any coordinated member who retires before normal retirement age 65 may elect to receive an optional accelerated retirement annuity from the association which provides for different annuity amounts over different periods of retirement. ~~The election of this optional accelerated retirement annuity is exercised by making an application to the board on a form provided by the executive director.~~ The optional accelerated retirement annuity must take the form of an annuity payable for the period before the member attains normal retirement age 65 in a greater amount than the amount of the annuity calculated under section 354.44 on the basis of the age of the member at retirement, but the optional accelerated retirement annuity must be the actuarial equivalent of the member's annuity computed on the basis of the member's age at retirement. The greater amount must be paid until the retiree reaches normal retirement age 65 and at that time the payment from the association must be reduced. For each year the retiree is under normal retirement age 65, up to five percent of the total life annuity required reserves may be used to accelerate the optional retirement annuity under this section. At retirement, members who retire before age 62 may elect to have the age specified in this section be 62 instead of ~~65~~ the normal retirement age. ~~This election is irrevocable and may be made only once on the application form provided by the executive director.~~ The method of computing the optional accelerated retirement annuity provided in this section is established by the board of trustees.

In establishing the method of computing the optional accelerated retirement annuity, the board of trustees must obtain the written approval of the commission-retained actuary. The written approval must be a part of the permanent records of the board of trustees. The election of an optional accelerated retirement annuity is exercised by making an application on a form provided by the executive director.

Sec. 35. Minnesota Statutes 1998, section 354.46, subdivision 2a, is amended to read:

Subd. 2a. [SURVIVOR COVERAGE TERM CERTAIN.] In lieu of the 100 percent optional annuity under subdivision 2, or a refund under section 354.47, subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

If a surviving spouse elects a term certain payment and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's surviving spouse's estate.

Sec. 36. Minnesota Statutes 1998, section 354.47, subdivision 1, is amended to read:

Subdivision 1. [DEATH BEFORE RETIREMENT.] ~~(+)~~ (a) If a member dies before retirement and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, the designated beneficiary is entitled to an amount equal to the member's accumulated deductions with interest credited to the account of the member to the date of death of the member. If the designated beneficiary is a minor, interest must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

~~(2)~~ (b) If a member dies before retirement and is covered under section 354.44, subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, the designated beneficiary is entitled to an amount equal to the member's accumulated deductions credited to the account of the member as of June 30, 1957, and from July 1, 1957, to the date of death of the member, the member's accumulated deductions plus six percent interest ~~at the rate of six percent per annum~~ compounded annually.

(c) If the designated beneficiary under paragraph (b) is a minor, any interest credited under that paragraph must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

Sec. 37. Minnesota Statutes 1998, section 354.48, subdivision 6, is amended to read:

Subd. 6. [REGULAR PHYSICAL EXAMINATIONS.] At least once each year during the first five years following the allowance of a disability benefit to any member, and at least once in every three-year period thereafter, the executive director shall require the disability beneficiary to undergo a medical examination ~~to be made at the place of residence of such person, or at any other place mutually agreed upon,~~ by a physician or physicians engaged by the executive director. If any examination indicates that the member is no longer permanently and totally disabled or that the member is engaged or is able to engage in a substantial gainful occupation, payments of the disability benefit by the association shall be discontinued. The payments shall discontinue as soon as the member is reinstated to the payroll following sick leave, but payment may not be made for more than 60 days after physicians engaged by the executive director find that the person is no longer permanently and totally disabled.

Sec. 38. Minnesota Statutes 1998, section 354.49, subdivision 1, is amended to read:

Subdivision 1. [ENTITLEMENT, APPLICATION.] A person who ceases to render teaching service in any school or institution to which the provisions of this chapter apply is entitled to a refund provided in subdivision 2, or a deferred retirement annuity under section 354.55, subdivision 11. An application for a refund must not be made

sooner than 30 days after termination of teaching service if the applicant has not again become a teacher. This payment must be made within ~~90~~ 45 days after the receipt of an application for a refund or upon completion of processing the report made pursuant to section 354.52, subdivision 2 the receipt of member reporting data under section 354.52, subdivision 4a, and payroll cycle data under section 354.52, subdivision 4b, whichever is later.

Sec. 39. Minnesota Statutes 1998, section 354.52, subdivision 3, is amended to read:

Subd. 3. [~~DUTY OF FINANCE OFFICIALS DEDUCTION REQUIREMENTS.~~] ~~It is the duty of each person, officer, school board, or managing body required by law to draw the warrants or orders for payment of salaries to teachers to~~ Every pay period, each employer shall deduct and withhold from all the salary paid each pay period to ~~of every teacher who is a member of the fund the amount which the teacher is required to pay into the fund and, required under section 354.42.~~ At the time of each deduction, to the employer shall also furnish to each teacher a statement showing the amount of the deduction.

Sec. 40. Minnesota Statutes 1998, section 354.52, subdivision 4, is amended to read:

Subd. 4. [~~REPORTING AND REMITTANCE REQUIREMENTS.~~] ~~At least once each month, a representative authorized by An employing unit employer shall transmit remit all amounts due to the association and furnish a signed statement indicating the amount due and transmitted with any other information required by the executive director. Signing the statement has the force and effect of an oath as to the correctness of the amount due and transmitted. If an amount due and is not transmitted remitted to the association within seven calendar days of the payroll warrant, the amount accrues interest at an annual rate of 8.5 percent compounded annually commencing 15 days after from the due date first due until the amount is transmitted and must be paid by the employing unit. These payments received by the association. All amounts due and other employing unit employer obligations not remitted within 60 days of notification by the association must be certified to the commissioner of finance who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.~~

Sec. 41. Minnesota Statutes 1998, section 354.52, subdivision 4a, is amended to read:

Subd. 4a. [~~MEMBER DATA REPORTING REQUIREMENTS.~~] (a) An employing unit ~~shall~~ must initially provide the ~~following~~ member data specified in paragraph (b) or any of that data not previously provided to the association for payroll warrants dated after June 30, 1995, in a format prescribed by the executive director. Data changes and the dates of those changes under this subdivision must be reported to the association on an ongoing basis for within 14 calendar days after the date of the end of the payroll cycle in which they occur. These data changes must be reported with the payroll cycle data under subdivision 4b.

(b) Data on the member includes:

(1) legal name, address, date of birth, association member number, employer-assigned employee number, and social security number;

(2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, and exempt independent contractor or consultant;

(3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;

(4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;

(5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;

(6) leaves of absence;

- (7) county district number assigned by the association for the employing unit;
- (8) data center identification number, if applicable; and
- (9) other information as may be required by the executive director.

Sec. 42. Minnesota Statutes 1998, section 354.52, subdivision 4b, is amended to read:

Subd. 4b. [PAYROLL CYCLE REPORTING REQUIREMENTS.] An employing unit shall provide the following data to the association for payroll warrants ~~dated after June 30, 1995, for each~~ on an ongoing basis within 14 calendar days after the date of the payroll cycle warrant in a format prescribed by the executive director:

- (1) association member number;
- (2) employer-assigned employee number;
- (3) social security number;
- (4) amount of each salary deduction;
- (5) amount of salary as defined in section 354.05, subdivision 35, from which each deduction was made;
- (6) reason for payment;
- (7) service credit;
- (8) the beginning and ending dates of the payroll period covered and the date of actual payment;
- (9) fiscal year of salary earnings;
- (10) total remittance amount including employee, employer, and additional employer contributions; and
- (11) other information as may be required by the executive director.

Sec. 43. Minnesota Statutes 1998, section 354.63, subdivision 2, is amended to read:

Subd. 2. [VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.] (1) The required reserves for retirement annuities ~~as determined in accordance with~~ under this chapter ~~shall~~ must be transferred to the Minnesota postretirement investment fund ~~as of no later than~~ the last business day of the month in which the retirement annuity begins. The required reserves shall be determined in accordance with the appropriate annuity table of mortality adopted by the board of trustees as provided in section 354.07, subdivision 1, based on the experience of the fund as recommended by the commission-retained actuary and using the interest assumption specified in section 356.215, subdivision 4d.

(2) Annuity payments shall be adjusted as provided ~~in accordance with the provisions of~~ section 11A.18. In making these adjustments, members who retire effective July 1 shall be considered to have retired effective the preceding June 30. ~~This section applies to persons who retired effective July 1, 1982, or later.~~

(3) An increase in annuity payments ~~pursuant to~~ under this section will be made automatically unless written notice is filed by the annuitant with the executive director of the teachers retirement association requesting that the increase ~~shall~~ not be made.

Sec. 44. Minnesota Statutes 1998, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] ~~(1)~~ (a) Notwithstanding any provisions ~~to the contrary~~ of the laws governing the ~~funds plans~~ enumerated in subdivision 3, a person who has met the qualifications of ~~clause (2) paragraph (b)~~ may elect to receive a retirement annuity from each ~~fund plan~~ in which the person has at least ~~six months~~ one-half year of allowable service, based on the allowable service in each ~~fund plan~~, subject to the provisions of ~~clause (3) paragraph (c)~~.

~~(2)~~ (b) A person may receive upon retirement a retirement annuity from each ~~fund plan~~ in which the person has at least ~~six months~~ one-half year of allowable service, and augmentation of a deferred annuity calculated under the laws governing each public pension plan or fund named in subdivision 3, from the date the person terminated all public service if:

~~(a)~~ (1) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated ~~funds plans~~; and

~~(b)~~ (2) the person has not begun to receive an annuity from any enumerated ~~fund plan~~ or the person has made application for benefits from ~~all funds~~ each applicable plan and the effective dates of the retirement annuity with each ~~fund plan~~ under which the person chooses to receive an annuity are within a one-year period.

~~(3)~~ (c) The retirement annuity from each ~~fund plan~~ must be based upon the allowable service, accrual rates, and average salary in each fund, except that the applicable plan as further specified or modified in the following clauses:

~~(a)~~ (1) the laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered ~~fund plan~~ with which the person earned a minimum of one-half year of allowable service credit during that employment;:

~~(b)~~ (2) the "average salary" on which the annuity from each covered ~~fund plan~~ in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered ~~funds plans~~;

~~(c)~~ (3) ~~The formula percentages~~ accrual rates to be used by each ~~fund plan~~ must be those percentages prescribed by each ~~fund's plan's~~ formula as continued for the respective years of allowable service from one ~~fund plan~~ to the next, recognizing all previous allowable service with the other covered ~~funds plans~~;

~~(d)~~ (4) allowable service in all the ~~funds plans~~ must be combined in determining eligibility for and the application of each ~~fund's plan's~~ provisions in respect to ~~actuarial~~ reduction in the annuity amount for retirement prior to normal retirement: age; and

~~(e)~~ (5) the annuity amount payable for any allowable service under a nonformula plan of a covered ~~fund plan~~ must not be affected but such service and covered salary must be used in the above calculation.

~~(f)~~ (d) This section ~~shall does~~ not apply to any person whose final termination from the last public service under a covered ~~fund plan~~ is prior to May 1, 1975.

~~(g)~~ (e) For the purpose of computing annuities under this section the ~~formula percentages~~ accrual rates used by any covered ~~fund plan~~, except the public employees police and fire ~~fund plan~~ and the state patrol retirement ~~fund plan~~, must not exceed the percent specified in section 356.19, subdivision 4, per year of service for any year of service or fraction thereof. The ~~formula percentage~~ accrual rate used by the public employees police and fire ~~fund plan~~ and the state patrol retirement ~~fund plan~~ must not exceed the percent specified in section 356.19, subdivision 6, per year of service for any year of service or fraction thereof. The ~~formula percentage~~ accrual rate or rates used by the legislators retirement plan and the elective state officers retirement plan must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).

~~(h)~~ (f) Any period of time for which a person has credit in more than one of the covered ~~funds plans~~ must be used only once for the purpose of determining total allowable service.

(i) (g) If the period of duplicated service credit is more than six months one-half year, or the person has credit for more than six months one-half year, with each of the funds plans, each fund shall plan must apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds plans for the period.

(j) (h) If the period of duplicated service credit is less than six months one-half year, or when added to other service credit with that fund plan is less than six months one-half year, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's plan's refund provisions.

Sec. 45. [356.90] [COMBINED PAYMENT.]

(a) The public employees retirement association and the Minnesota state retirement system are permitted to combine payments to retirees and the total payment must be equal to what is payable if payments are kept separate. The retiree must agree, in writing, to have the payment combined.

(b) Each fund must calculate benefits under the laws governing the plan and the required reserves and future mortality losses or gains will be paid or accrued to the fund from which the service was earned. Each fund must account for their portion of the payment separately, and there may be no additional liabilities realized by either fund.

(c) The fund making payment would be responsible for issuing one payment, making address changes, tax withholding changes, and other administrative functions needed to process the payment.

Sec. 46. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the term "six months" to "one-half year" wherever it appears in Minnesota Statutes, sections 356.302 and 356.303.

Sec. 47. [REPEALER.]

Minnesota Statutes 1998, sections 353.024; and 354.52, subdivision 2, are repealed.

Sec. 48. [EFFECTIVE DATE.]

(a) Sections 1 to 47 are effective on July 1, 2000.

(b) Section 26 is not intended to increase or decrease any surviving spouse benefit compared to the surviving spouse benefit payable immediately prior to July 1, 2000.

ARTICLE 4

MILITARY SERVICE CREDIT PURCHASE AUTHORIZATION

Section 1. [352.275] [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A state employee who has at least three years of allowable service with the Minnesota state retirement system and who performed service in the United States armed forces before becoming a state employee, or who failed to obtain service credit for a military leave of absence under section 352.27, is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55 provided the employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] An employee who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the employee's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable service credit for the purchase period must be granted by the Minnesota state retirement system to the purchasing employee upon receipt of the purchase payment amount. Payment must be made before the employee's effective date of retirement.

Sec. 2. Minnesota Statutes 1998, section 352B.01, is amended by adding a subdivision to read:

Subd. 3a. [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.] (a) A member who has at least three years of allowable service with the state patrol retirement plan under subdivision 3 and who performed service in the United States armed forces before becoming a member is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55, provided the employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

(b) A member who desires to purchase service credit under paragraph (a) must apply with the executive director to make the purchase. The application must include all necessary documentation of the member's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

(c) Allowable service credit for the purchase period must be granted by the state patrol retirement plan to the purchasing employee upon receipt of the purchase payment amount. Payment must be made before the effective date of retirement of the member.

Sec. 3. Minnesota Statutes 1998, section 353.01, is amended by adding a subdivision to read:

Subd. 16a. [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.] (a) A public employee who has at least three years of allowable service with the public employees retirement association or the public employees police and fire plan and who performed service in the United States armed forces before becoming a public employee, or who failed to obtain service credit for a military leave of absence under subdivision 16, paragraph (h), is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55 provided the public employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

(b) A public employee who desires to purchase service credit under paragraph (a) must apply with the executive director to make the purchase. The application must include all necessary documentation of the public employee's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

(c) Allowable service credit for the purchase period must be granted by the public employees association or the public employees police and fire plan, whichever applies, to the purchasing public employee upon receipt of the purchase payment amount. Payment must be made before the effective date of retirement of the public employee.

Sec. 4. [EFFECTIVE DATE; SUNSET REPEALER.]

(a) Sections 1, 2, and 3 are effective on the day following final enactment.

(b) Sections 1, 2, and 3 are repealed on May 16, 2003.

ARTICLE 5

RETIREMENT HEALTH CARE PROVISIONS

Section 1. [POSTRETIREMENT HEALTH CARE TASK FORCE.]

(a) The director of the legislative commission on pensions and retirement shall convene a task force on postretirement health care. The task force shall identify strategies for providing postretirement health care coverage for public employees and make recommendations regarding the most appropriate and efficient manner for providing postretirement health care.

(b) The task force shall include, but not be limited to, the following:

(1) a representative of the department of employee relations;

(2) a representative of the Minnesota state retirement system;

(3) a representative of the teachers retirement association;

(4) a representative of the public employees retirement association;

(5) a representative of the first class city teacher retirement fund associations;

(6) a representative of the first class city police and fire department relief associations;

(7) a representative of the Minneapolis employees retirement fund;

(8) a representative of the legislative coordinating commission subcommittee on employee relations;

(9) representatives of public employees exclusive representatives; and

(10) representatives of major public employers.

(c) The task force shall report its findings and recommendations to the legislative commission on pensions and retirement by November 15, 2000. The report shall address:

(1) alternative methods of providing and paying for postretirement health care;

(2) the estimated cost of providing postretirement health care under various alternatives; and

(3) the most efficient administrative structure for providing for postretirement health care.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment.

ARTICLE 6

PERA AND PERA-P&F MEMBERSHIP INCLUSIONS

Section 1. Minnesota Statutes 1998, section 353.64, is amended by adding a subdivision to read:

Subd. 11. [PENSION COVERAGE FOR CERTAIN TRIBAL POLICE OFFICERS EXERCISING STATE ARREST POWERS.] (a) The governing body of a tribal police department which is exercising state arrest powers

under section 626.90, 626.91, 626.92, or 626.93 may request by resolution to the executive director that its police officers be considered public employees under section 353.01, subdivision 2, and become members of the public employees police and fire retirement plan and that the tribal police department be considered a governmental subdivision under section 353.01, subdivision 6.

(b) The executive director of the association must approve the request by a tribal police department under paragraph (a) if a ruling made by the federal Internal Revenue Service provides that:

(1) the tribal police department is an agency or instrumentality of the state of Minnesota for purposes of enforcing state law; and

(2) that contributions made by the tribal police department to a retirement plan on behalf of employees of the tribal police department are contributions to a governmental plan within the meaning of section 414(d) of the federal Internal Revenue Code.

(c) Following the approval of the request by the executive director, the head of the police department or designee must immediately report for membership in the police and fire fund a person who is employed as a full-time or part-time police officer in a position that meets the conditions in sections 353.01, subdivision 2a, and 353.64, subdivisions 1 and 2. The police department head or designee must deduct the employee contributions from the salary of each eligible police officer as required by section 353.65, subdivision 2, and make the employer contributions required by section 353.65, subdivision 3. The head of the police department must meet the reporting requirements in section 353.65, subdivision 4.

Sec. 2. [353.666] [PAST SERVICE CREDIT FOR CERTAIN MEMBERS EXTENDED COVERAGE.]

(a) A member to whom public employees police and fire retirement plan membership was extended under section 353.64, subdivision 11, may receive retroactive service credit in the public employees police and fire retirement plan for service as a tribal police officer rendered before the effective date of membership of the tribal police department employee in the police and fire fund, provided that the employee and the police department did not make contributions into a qualified tax-deferred retirement plan for that employment period.

(b) The request for retroactive coverage must be in writing and must be filed with the association within 60 days of when police and fire fund membership commenced. The prior service credit purchase payment is governed by section 356.55, except that the member must pay an amount equal to the employee salary deductions. The employee salary deductions for the retroactive period must be based on the police and fire pension plan rates in effect when the service was rendered and applied to the salary amount that was earned and paid to the police officer. The employer must pay the balance of the prior service credit purchase payment amount.

Sec. 3. [PERA GENERAL AND PERA P&F; PRIOR SERVICE CREDIT PURCHASE.]

Subdivision 1. [ELIGIBILITY.] (a) Except as restricted under subdivision 4, an eligible person described in paragraph (b) is entitled to purchase allowable service credit for the period or periods specified in paragraph (d) in the public employees retirement association general plan. Except as restricted under subdivision 4, an eligible person described in paragraph (c) is entitled to purchase allowable service credit for the period or periods specified in paragraph (d) in the public employees retirement association police and fire plan.

(b) An eligible person is a person who:

(1) is a full-time salaried employee or permanent part-time salaried employee of the Spring Lake Park Fire Department, Incorporated;

(2) became a member of the public employees retirement association general plan due to that employment on June 1, 1999; and

(3) was employed by the Spring Lake Park Fire Department, Incorporated, during all or part of the period from January 1, 1996, to June 1, 1999.

(c) An eligible person is a person who meets requirements specified in paragraph (b), clauses (1) and (3), and who became a member of the public employees retirement association police and fire plan or the public employees retirement association general plan, whichever applies, due to applicable employment with the Spring Lake Park Fire Department, Incorporated, on June 1, 1999.

(d) The period or periods eligible for service credit purchase in the public employees retirement association general plan or public employees retirement association police and fire plan, as applicable, is the period or periods from January 1, 1996, to June 1, 1999, during which an eligible individual described in paragraph (b) or (c), as applicable, provided service to the Spring Lake Park Fire Department, Incorporated, which would have been eligible service for coverage by the applicable public employees retirement association plan if that service had been provided on or after June 1, 1999, rather than before.

Subd. 2. [PAYMENT REQUIREMENTS.] Minnesota Statutes, section 356.55, applies to service credit purchases authorized under this section.

Subd. 3. [DOCUMENTATION; SERVICE CREDIT GRANT.] (a) An eligible person described in subdivision 1, paragraph (b) or (c), must provide any documentation related to eligibility to make this service credit purchase required by the executive director of the public employees retirement association.

(b) Allowable service credit for the purchase period or periods must be granted in the applicable public employees retirement association plan on behalf of the eligible person upon receipt of the prior service credit purchase payment amount.

Subd. 4. [RESTRICTIONS.] (a) An eligible person as specified in subdivision 1, paragraph (c), is not authorized to purchase service credit in the public employees retirement association police and fire plan under this section if the eligible person, or the eligible person and the Spring Lake Park Fire Department, Incorporated, made contributions on that person's behalf to the social security old age insurance program during all or part of the period from January 1, 1996, to June 1, 1999, and coverage under that program for the applicable period remains in effect.

(b) If paragraph (a) applies to the eligible person, that eligible person may purchase service credit under this section in the public employees retirement association general plan.

(c) If contributions are made by an eligible person specified in paragraph (a) or by that eligible person and the Spring Lake Park Fire Department, Incorporated, or a successor organization, to the social security old age insurance program after June 1, 1999, due to employment for which coverage in the public employees retirement association police and fire plan commenced on June 1, 1999, coverage by the public employees retirement association police and fire plan terminates and coverage by the public employees retirement association general plan commences, if the employment otherwise meets requirements in law for that coverage. If public employees retirement association police and fire plan contributions have been received on or after June 1, 1999, for any periods where contributions were also made to the social security old age insurance program as specified in this paragraph, the contributions to the public employees retirement association police and fire plan for the applicable period or periods on or after June 1, 1999, must be treated as contributions made in error under Minnesota Statutes, section 353.27, subdivision 7a.

Sec. 4. [EFFECTIVE DATE.]

(a) Sections 1 and 2 are effective on July 1, 2000.

(b) Section 3 is effective on the day following final enactment.

ARTICLE 7

PENSION COVERAGE UPON
EMPLOYMENT PRIVATIZATION

Section 1. Minnesota Statutes 1999 Supplement, section 353F.02, subdivision 5, is amended to read:

Subd. 5. [OTHER PUBLIC EMPLOYING UNIT.] "Other public employing unit" means:

- (1) Metro II, a joint powers organization formed under section 471.59; and
- (2) the St. Paul civic center authority.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the first day of the month next following certification by the executive director of the public employees retirement association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized St. Paul civic center authority employees under this article does not exceed the actuarial gain otherwise to be accrued by the public employees retirement association, as calculated by the consulting actuary retained by the legislative commission on pensions and retirement. The cost of the actuarial calculations must be borne by the St. Paul civic center authority.

ARTICLE 8

FORMER LOCAL POLICE AND FIRE CONSOLIDATION
ACCOUNT MODIFICATIONS AND CORRECTIONS

Section 1. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. [ADDITIONAL AMORTIZATION STATE AID.] (a) Annually, on October 1, the commissioner of revenue shall allocate the additional amortization state aid transferred under section 69.021, subdivision 11, to:

(1) all police or salaried firefighter relief associations governed by and in full compliance with the requirements of section 69.77, that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31;

(2) all local police or salaried firefighter consolidation accounts governed by chapter 353A that are certified by the executive director of the public employees retirement association as having for the current fiscal year an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented section 353A.083, subdivision 1, if the effective date of the consolidation preceded May 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date of the consolidation preceded June 1, 1995; and

(3) ~~the public employees police and fire fund on behalf of municipalities that received amortization aid in 1999 and~~ are required to make an additional municipal contribution under section 353.665, subdivision 8, for the duration of the required additional contribution.

(b) The commissioner shall allocate the state aid on the basis of the proportional share of the relief association or consolidation account of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

(c) Beginning October 1, 2000, and annually thereafter, the commissioner shall allocate the state aid, including any state aid in excess of the limitation in subdivision 4, on the following basis of:

(1) 64.5 percent to the ~~public employees police and fire fund or local consolidation account, whichever applies, on behalf of municipalities to which section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in accordance with paragraph (b) and subject to the limitation in subdivision 4;~~

(2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis police relief association or the Minneapolis fire department relief association; and

(3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Virginia fire department relief association.

~~In the event that~~ If there is no unfunded actuarial accrued liability in both the Minneapolis police relief association and the Minneapolis fire department relief association as disclosed in the most recent actuarial valuations for the relief associations prepared under sections 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, provided that, 21 percent to the St. Paul teachers retirement fund association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations. If there is no unfunded actuarial accrued liability in the Virginia fire department relief association as disclosed in the most recent actuarial valuation for the relief association prepared under sections 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, 21 percent to the St. Paul teachers retirement fund association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations. The allocation must be made by the commissioner at the same time and under the same procedures as specified in subdivision 3. With respect to the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, annually, beginning on July 1, 2005, if a the applicable teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to that retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of a that composite portfolio; 21 percent to the St. Paul teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio; and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3. In the event there is no actuarial accrued unfunded liability in the Virginia fire department relief association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, 21 percent to the St. Paul teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3.

~~(d) Additional amortization state aid payable to the public employees retirement association on behalf of a municipality must be credited by the executive director of the public employees retirement association against any additional municipal contribution to which the applicable municipality is obligated to make under section 353A.09, subdivision 5, or under section 353.665, subdivision 8.~~

~~(e) The amounts required under this subdivision are annually appropriated to the commissioner of revenue.~~

Sec. 2. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 4, is amended to read:

Subd. 4. [LIMIT ON CERTAIN TOTAL AID AMOUNTS.] (a) The total of amortization aid, supplemental amortization aid, and additional amortization aid under this section payable to ~~the executive director of the public employees retirement association on behalf of~~ a municipality to which section 353.665, subdivision 8, paragraph (b), applies, may not exceed the amount of the additional municipal contribution payable by an individual municipality under section 353.665, subdivision 8, paragraph (b).

(b) Any aid amount in excess of the limit under this subdivision for an individual municipality must be redistributed to the other municipalities to which section 353.665, subdivision 8, paragraph (b), applies. The excess aid must be distributed in proportion to each municipality's additional municipal contribution under section 353.665, subdivision 8, paragraph (b).

(c) When the total aid for each municipality under this section equals the limit under paragraph (a), any aid in excess of the limit must be redistributed under ~~subdivisions 1, 1a, and~~ subdivision 1b.

Sec. 3. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 5, is amended to read:

Subd. 5. [TERMINATION OF STATE AID PROGRAMS.] The amortization state aid, supplemental amortization state aid, and additional amortization state aid programs terminate as of the December 31, next following the date of the actuarial valuation when the assets of the Minneapolis teachers retirement fund association equal the actuarial accrued liability of that plan and when the assets of the St. Paul teachers retirement fund association equal the actuarial accrued liability of that plan or December 31, 2009, whichever is later.

Sec. 4. [PUBLIC EMPLOYEES POLICE AND FIRE PLAN; ONE-TIME SPECIAL OPTIONAL ANNUITY ELECTION FOR CERTAIN FORMER CONSOLIDATION ACCOUNT RETIREES.]

Subdivision 1. [ELIGIBILITY.] An individual who was a deferred annuitant, a service pension annuitant, or who was receiving disability benefits from the relief association on the effective date of the consolidation of the applicable local police or paid firefighter relief association, and who chose annual adjustments applicable to the public employees retirement association police and fire plan in elections provided under Minnesota Statutes, section 353.615, subdivisions 5 and 6 or 353A.08, subdivision 1 or 2, may elect an optional annuity form under subdivision 2 to provide additional payments to a surviving spouse.

Subd. 2. [OPTIONAL ANNUITIES.] The optional annuity form may be either a 15 percent or a 25 percent joint and survivor annuity and is without reinstatement in the event of the surviving spouse predeceasing the member. The optional annuity forms must be actuarially equivalent to the service pension currently paid to the retired consolidated member without consideration of the value of survivor benefits payable under Minnesota Statutes, section 353B.11, and must be based upon the age of the member and the age of the spouse of the member as of October 1, 2000.

Subd. 3. [ADDITIONAL SURVIVOR BENEFIT.] An optional annuity under subdivision 2 is payable in addition to any applicable survivor benefit payable under Minnesota Statutes, section 353.11. An optional annuity under subdivision 2 when combined with applicable survivor benefits under Minnesota Statutes, section 353.11, must not exceed the benefit payable to the deceased service or disability pensioner immediately prior to death.

Subd. 4. [ELECTION.] (a) To be valid, an optional annuity form under subdivision 2 must be elected in writing

on a form prescribed by the executive director of the public employees retirement association and signed by the eligible service pensioner or disabilitant before October 1, 2000. Once selected, the optional annuity is irrevocable.

(b) The executive director of the public employees retirement association shall provide counseling to members regarding the election of an optional annuity form under this section, including the impact on current benefit levels payable if an option annuity form is elected.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective on the day following final enactment.

ARTICLE 9

PERA LOCAL CORRECTIONAL RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 1999 Supplement, section 353E.02, is amended to read:

353E.02 [CORRECTIONAL SERVICE EMPLOYEES RETIREMENT PLAN MEMBERSHIP.]

Subdivision 1. [RETIREMENT COVERAGE.] Local government correctional service employees are members of the local government correctional service retirement plan established by this chapter.

Subd. 2. [LOCAL GOVERNMENT CORRECTIONAL SERVICE EMPLOYEE.] (a) A local government correctional service employee, for purposes of subdivision 1, is a person ~~who~~ whom the employer certifies:

(1) is employed in a ~~county-administered jail or correctional facility or in a regional correctional facility administered by multiple counties~~ county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers;

(2) spends at least 95 percent of the employee's working time in direct contact with persons confined in the jail or facility, as certified in writing, in advance, by the employer to the executive director of the association is directly responsible for the direct security, custody, and control of the county correctional institution and its inmates;

(3) is expected to respond to incidents within the county correctional institution as part of the person's regular employment duties and is trained to do so; and

(~~3~~) (4) is a "public employee" as defined in section 353.01, but is not a member of the public employees police and fire fund.

(b) The certification required under paragraph (a) must be made in writing on a form prescribed by the executive director of the public employees retirement association.

(c) A person who was a member of the local government correctional service retirement plan on the day before the effective date of this section remains a member of the plan after the effective date of this section for the duration of the person's employment in that county correctional institution position, even if the person's subsequent service in this position does not meet the requirements set forth in paragraph (a).

Subd. 3. [COUNTY CORRECTIONAL INSTITUTION.] A county correctional institution is:

(1) a jail administered by a county;

(2) a correctional facility administered by a county; or

(3) a regional correctional facility administered by or on behalf of multiple counties.

Sec. 2. Minnesota Statutes 1999 Supplement, section 353E.03, is amended to read:

353E.03 [CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.]

Subdivision 1. [MEMBER CONTRIBUTIONS.] A local government correctional service employee shall make an employee contribution in an amount equal to ~~5.83~~ 6.01 percent of salary.

Subd. 2. [EMPLOYER CONTRIBUTIONS.] The employer shall contribute for a local government correctional service employee an amount equal to ~~8.75~~ 9.02 percent of salary.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment. Section 2 is effective on the first day of the first full pay period beginning after January 1, 2002.

ARTICLE 10

TEACHER RETIREMENT AND RELATED CHANGES

Section 1. Minnesota Statutes 1998, section 122A.46, subdivision 1, is amended to read:

Subdivision 1. [TEACHERS DEFINED.] As used in this section, the term "teachers" shall have the meaning given it in section 122A.15, subdivision 1. The term "teachers" shall also include any teacher in the classifications included in the professional state residential instructional unit, pursuant to section 179A.10, subdivision 2, clause (16).

Sec. 2. Minnesota Statutes 1998, section 122A.46, is amended by adding a subdivision to read:

Subd. 1a. [APPOINTING AUTHORITY.] For purposes of teachers included in the professional state residential instructional unit, the term "school board" shall include the appointing authority as defined in section 43A.02, subdivision 5.

Sec. 3. Minnesota Statutes 1999 Supplement, section 354.536, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement association is entitled to purchase up to ten years of allowable and formula service credit for nonprofit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Sec. 4. [354A.051] [MTRFA COVERAGE FOR UNION BUSINESS AGENTS.]

Subdivision 1. [AUTHORIZATION.] A member of the Minneapolis teachers retirement fund association on a leave of absence from a teaching position with special school district No. 1, and who is employed by an employee organization representing Minneapolis teachers retirement fund association active members, may elect under subdivision 2 to be a member of the coordinated program of the association for service with that employee organization, subject to the limitations specified in subdivisions 3, 4, and 5.

Subd. 2. [ELECTION.] Except as indicated in subdivision 3, a person described in subdivision 1 must be covered

by the Minneapolis teachers retirement fund association coordinated program for employment with the employer organization if the person files a written election to be covered with the executive director of the teachers retirement fund association within 90 days of first being employed by the employee organization, or within 90 days of the start of the first leave of absence due to service as an employee organization business agent, whichever is later.

Subd. 3. [WAIVER OF LEAVE COVERAGE.] Coverage under this section does not apply to any leave period or portion of a leave period for which a person has received service credit or is eligible to receive service credit for the leave period under any leave of absence provision in chapter 354A, any other applicable law, or bylaws or articles of incorporation of the association. The person may waive eligibility to receive service credit under a leave of absence provision and be covered by this section for the applicable period by filing a waiver with the executive director within 90 days of the start of the leave.

Subd. 4. [COVERED SALARY LIMITATION.] (a) The covered salary for an employee of the employee organization covered by the coordinated program of the Minneapolis teachers retirement fund association under this section is limited to the lesser of:

(1) the person's actual salary from the employee organization as defined in section 354A.011, subdivision 24; or

(2) 75 percent of the salary of the governor as set under section 15A.082.

(b) The limited covered salary determined under this paragraph must be used in determining member, employer, and employer additional contributions under section 354A.12, and in determining annuities and other benefits under sections 354A.30 to 354A.41 and chapter 356.

Subd. 5. [ANNUITY RECEIPT REQUIREMENTS.] A retirement annuity is only payable from the coordinated program of the Minneapolis teachers retirement fund association to a person described in subdivision 1 if the person has met all applicable requirements, including the termination by the person from employment by the employee organization and by the school district. The reemployed annuitant earnings limitation in section 354A.31, subdivision 3, applies if the person retires and is subsequently reemployed while an annuitant by the employee organization or by any other entity employing persons who are members of the applicable teachers retirement fund association by virtue of that employment.

Subd. 6. [CONTRIBUTION REQUIREMENTS.] The member, employer, and employer additional contributions required by section 354A.12 are the obligation of the person who elects coverage by the coordinated program of the Minneapolis teachers retirement fund association, but the employee organization may pay the employer and employer additional contributions. Contributions made by the person must be made by salary deduction. Contributions made by the employee organization must be made as provided in section 354A.12.

Subd. 7. [BOARD INELIGIBILITY.] A person employed by an employee organization who retains active membership in the teachers retirement fund association under this section is not eligible for election to the board of trustees of the teachers retirement fund association.

Sec. 5. Minnesota Statutes 1999 Supplement, section 354A.101, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement fund association is entitled to purchase up to ten years of allowable service credit for nonprofit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Sec. 6. [ELECTION OF COVERAGE BY EMPLOYEE OF EMPLOYEE ORGANIZATION REPRESENTING MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION ACTIVE MEMBERS.]

Subdivision 1. [ELIGIBILITY ELECTION.] Notwithstanding election date requirements in section 354A.051, subdivision 2, a person who is currently employed as a business agent by an employee organization representing Minneapolis teachers retirement fund association active members and who has been on a mobility leave or leaves from special school district No. 1 since March 23, 1998, may make a written election to be covered under section 354A.051. To be valid, that written election must be on a form specified by the executive director of the Minneapolis teachers retirement fund association and be filed with the executive director within 90 days following the effective date of this section.

Subd. 2. [PAYMENT REQUIREMENTS.] If a valid election is made under subdivision 1, an eligible individual under subdivision 1 is required to pay, in a lump sum within 90 days of the effective date of this section, any additional employee, employer, and employer additional contributions based on the eligible individual's salary and employment with the employee organization, as required by the election, compared to amounts previously paid or payable. These amounts are in addition to any amounts previously payable. The additional contribution requirements are to be computed from March 23, 1998, to the date payroll deductions are first made on the high contribution requirements. The lump sum payment under this subdivision must include 8.5 percent annual interest. The amounts required under this subdivision are the obligation of the eligible individual, but the employee organization may pay the additional employer and employer additional amounts with applicable interest.

Subd. 3. [SALARY CREDIT GRANT.] The additional salary credit is to be granted to the account of the eligible individual upon payment of amounts required under this section.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective on the day following final enactment.

ARTICLE 11

MNSCU PENSION COVERAGE AND RELATED CHANGES

Section 1. Minnesota Statutes 1998, section 136F.45, subdivision 1a, is amended to read:

Subd. 1a. [SUBSEQUENT VENDOR CONTRACTS.] (a) The board may limit the number of vendors under subdivision 1.

(b) In addition to any other tax-sheltered annuity program investment options, the board may offer as an investment option the Minnesota supplemental investment fund administered by the state board of investment under section 11A.17.

(c) For the tax-sheltered annuity program vendor contracts ~~to be executed for the period beginning after~~ July 1, 2000, the board shall actively solicit participation of and shall include as vendors lower expense and "no-load" mutual funds or equivalent investment products as those terms are defined by the federal securities and exchange commission. To the extent possible, in addition to a range of insurance annuity contract providers and other mutual fund provider arrangements, the board must assure that no less than five insurance annuity providers and no less than one nor more than three lower expense and "no-load" mutual funds or equivalent investment products will be made available for direct-access by employee participants. To the extent that offering a lower expense "no-load" product increases the total necessary and reasonable expenses of the program and if the board is unable to negotiate a rebate of fees from the mutual fund or equivalent investment product providers, the board may charge the participants utilizing the lower expense "no-load" mutual fund products a fee to cover those expenses. The participant fee may not exceed one percent of the participant's annual contributions or \$20 per participant per year, whichever is greater. Any excess fee revenue generated under this subdivision must be reimbursed to participant accounts in the manner provided in subdivision 3a.

Sec. 2. [354.539] [USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS TO PURCHASE SERVICE CREDIT.]

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit under sections 354.53, 354.533, 354.534, 354.535, 354.536, 354.537, and 354.538.

(b) At the request of a member, if determined by the executive director to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds from the member's college supplemental retirement account to the teachers retirement association. Upon receipt of the full prior service credit purchase payment amount, the teachers retirement association shall grant the requested allowable and formula service credit.

Sec. 3. [354A.106] [USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS TO PURCHASE SERVICE CREDIT.]

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit under sections 354A.097, 354A.098, 354A.099, 354A.101, 354A.102, 354A.103, and 354A.104.

(b) At the request of a member, if determined by the executive director of the applicable teachers retirement fund association to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds from the member's college supplemental retirement account to the applicable teachers retirement fund association. Upon receipt of the full prior service credit purchase payment amount, the applicable teachers retirement fund association shall grant the requested allowable and formula service credit.

Sec. 4. Minnesota Statutes 1998, section 354B.23, subdivision 5a, is amended to read:

Subd. 5a. [EXCESS CONTRIBUTIONS.] ~~(a) When contributions to the plan exceed limits imposed by federal law or regulation and it is necessary to return contributions to comply with the federal limits, the excess employee contributions must be returned to the employee and to the excess employer in the same proportions as the contributions were made~~ contributions must be reallocated in accordance with section 415 of the federal Internal Revenue Code, as amended, and the applicable federal regulations and revenue rulings.

~~(b) When an employer contribution required under section 354B.24 due to a sabbatical leave is made after completion of the leave or an employer contribution is made due to omitted deductions under subdivision 5, and these employer contributions cause or would cause total contributions to the plan to exceed limits imposed by federal law or regulation, the employer must make that portion of the contribution that would exceed the federal limit during the next calendar year.~~

Sec. 5. Minnesota Statutes 1998, section 354C.12, subdivision 1a, is amended to read:

Subd. 1a. [EXCESS CONTRIBUTIONS.] ~~(a) When contributions to the plan exceed limits imposed by federal law or regulation and it is necessary to return contributions to comply with the federal limits, one-half of the excess contributions must be returned to the excess employee contributions must be returned to the employee and one-half to the excess employer contributions must be reallocated in accordance with section 415 of the federal Internal Revenue Code, as amended, and the applicable federal regulations and revenue rulings.~~

~~(b) When an employer contribution is made due to omitted deductions under subdivision 2, and these employer contributions cause or would cause total contributions to the plan to exceed limits imposed by federal law or regulation, the employer must make that portion of the contribution that would exceed the federal limit during the next calendar year.~~

Sec. 6. Minnesota Statutes 1998, section 354C.165, is amended to read:

354C.165 [PROHIBITION ON LOANS OR PRETERMINATION DISTRIBUTIONS.]

(a) Except as provided in paragraph (c) or (d), no participant may obtain a loan from the plan or obtain any distribution from the plan at a time before the participant terminates the employment that gave rise to plan coverage.

(b) No amounts to the credit of the plan are assignable either in law or in equity, are subject to state estate tax, or are subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518.6111.

(c) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the supplemental retirement plan may request, in writing, a transfer of all or a portion of the funds accumulated in the person's supplemental plan account to the teachers retirement association to purchase service credit under sections 354.53, 354.533, 354.534, 354.535, 354.536, 354.537, and 354.538 or to the teachers retirement fund association to purchase service credit under sections 354A.097, 354A.098, 354A.099, 354A.101, 354A.102, 354A.103, and 354A.104. Upon receipt of a valid request, the board shall execute the transfer. The transfer must be a fund-to-fund transfer, and in no event shall the participant directly receive any of the funds while still employed by the board. In no event may the board transfer more than the participant's account balance. The board, in cooperation with the executive director of the teachers retirement association, shall develop the forms for requesting a transfer and the procedures for executing the requested transfers.

Sec. 7. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTION; EXCEPTIONS.] It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;

(i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the premium on a tax-sheltered annuity contract qualified under section 403(b) of the Internal Revenue Code, if purchased from a qualified insurance company, or to a qualified investment entity, as defined in subdivision 1a, and, in either case, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or

(6) for personnel employed by the state university board or the community college board and not covered by clause

(5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of ~~\$2,000~~ \$2,700 a year for each employee.

Sec. 8. Minnesota Statutes 1998, section 356A.01, subdivision 8, is amended to read:

Subd. 8. [COVERED PENSION PLAN.] "Covered pension plan" means a pension plan or fund listed in section 356.20, subdivision 2, or 356.30, subdivision 3, or a plan established under chapter 353D, 354B, 354C, or 354D.

Sec. 9. Minnesota Statutes 1998, section 356A.02, is amended to read:

356A.02 [FIDUCIARY STATUS AND ACTIVITIES.]

Subdivision 1. [FIDUCIARY STATUS.] For purposes of this chapter, the following persons are fiduciaries:

- (1) any member of the governing board of a covered pension plan;
- (2) the chief administrative officer of a covered pension plan or of the state board of investment;
- (3) any member of the state board of investment; ~~and~~
- (4) any member of the investment advisory council; and
- (5) any member of the advisory committee established under section 354B.25.

Subd. 2. [FIDUCIARY ACTIVITY.] The activities of a fiduciary identified in subdivision 1 that must be carried out in accordance with the requirements of section 356A.04 include, but are not limited to:

- (1) the investment and reinvestment of plan assets;
- (2) the determination of benefits;
- (3) the determination of eligibility for membership or benefits;
- (4) the determination of the amount or duration of benefits;
- (5) the determination of funding requirements or the amounts of contributions;
- (6) the maintenance of membership or financial records; ~~and~~
- (7) the expenditure of plan assets; and
- (8) the selection of financial institutions and investment products.

Sec. 10. Minnesota Statutes 1998, section 356A.06, is amended by adding a subdivision to read:

Subd. 10. [DEFINED CONTRIBUTION PLANS; APPLICATION.] (a) To the extent that a plan governed by chapter 352D, 353D, 354B, 354C, or 354D permits a participant or beneficiary to select among investment products for the person's account and the participant or beneficiary exercises that investment self-direction, no fiduciary is liable for any loss which may result from the participant's or beneficiary's exercise of that investment self-direction.

(b) Subdivisions 1, 2, 6, 8, and 8a do not apply to plans governed by chapter 354B or 354C.

Sec. 11. [VENDOR CONTRACT EXTENSION OPTION.]

Notwithstanding Minnesota Statutes, section 136F.45, subdivision 1a, paragraph (c), the board of trustees of the Minnesota state colleges and universities may, with the agreement of the parties involved, extend the vendor contracts in effect immediately before July 1, 2000, with any revisions that are mutually agreeable to the parties, for up to an additional two years duration.

Sec. 12. [EFFECTIVE DATE.]

(a) Sections 1 to 11 are effective on the day following final enactment.

(b) Sections 2, 3, and 6, paragraph (c), expire on May 16, 2002.

ARTICLE 12

EMPLOYER MATCHING CONTRIBUTION
TAX SHELTERED ANNUITY CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTION; EXCEPTIONS.] It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

- (1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;
- (2) to a plan that provides solely for group health, hospital, disability, or death benefits;
- (3) to the individual retirement account plan established by chapter 354B;
- (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;
- (5) for employees other than personnel employed by the state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;
 - (i) to the state of Minnesota deferred compensation plan under section 352.96; or
 - (ii) in payment of the applicable portion of the ~~premium on a tax-sheltered annuity contract~~ qualified contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if ~~purchased from a qualified insurance company, or to a qualified investment entity, as defined in subdivision 1a, and, in either case, if~~ the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or
- (6) for personnel employed by the state university board or the community college board and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year for each employee.

Sec. 2. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1b, is amended to read:

Subd. 1b. [VENDOR RESTRICTIONS.] ~~A personnel policy for unrepresented employees or a collective bargaining agreement~~ A school board may establish limits on the number of vendors under subdivision 1 that it will utilize and conditions under which the vendors may contact employees both during working hours and after working hours.

Sec. 3. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1a, is repealed.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective on the day following final enactment.

ARTICLE 13

RETIREMENT GENERALLY

Section 1. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 356.61, is repealed.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective retroactively to July 1, 1999.

ARTICLE 14

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 69.021, subdivision 7, is amended to read:

Subd. 7. [APPORTIONMENT OF FIRE STATE AID TO MUNICIPALITIES AND RELIEF ASSOCIATIONS.]

(a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters' relief association.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must receive the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the market value of each fire town, including (1) the market value of tax exempt property and (2) the market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the market value of the area furnished fire protection service by the fire department as evidenced by duly

executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the market value of each service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighter relief associations based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighter relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association ~~did not exist in~~ is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the office of the state auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination.

(e) The fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent apportionments.

Sec. 2. [69.041] [SHORTFALL FROM GENERAL FUND.]

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under section 69.77, sections 69.771 to 69.775, or section 353A.09, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding the applicable fire or police state aid as set under section 60A.15, subdivision 1, paragraph (e), clauses (1) to (3), the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

(b) Nothing in this section may be deemed to relieve any municipality from its obligation to a relief association or consolidation account under law.

Sec. 3. Minnesota Statutes 1998, section 69.773, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] (a) This section ~~shall apply~~ applies to any firefighters' relief association specified in section 69.771, subdivision 1, which pays or allows for an option of a monthly service pension to a retiring firefighter when at least the minimum requirements for entitlement to a service pension specified in section 424A.02, any applicable special legislation and the articles of incorporation or bylaws of the relief association have been met. Each firefighters' relief association to which this section applies shall determine the actuarial condition and funding costs of the special fund of the relief association in accordance with subdivisions 2 and 3, the financial requirements of the special fund of the relief association in accordance with subdivision 4 and the minimum obligation of the municipality with respect to the special fund of the relief association in accordance with subdivision 5.

(b) If a firefighters relief association that previously provided a monthly benefit service pension discontinues that practice and either replaces the monthly benefit amount with a lump sum benefit amount consistent with section 424A.02, subdivision 3, or purchases an annuity in the same amount as the monthly benefit from an insurance company licensed to do business in this state, the actuarial condition and funding costs, financial, and minimum municipal obligation requirements of section 69.772 apply rather than this section.

Sec. 4. Minnesota Statutes 1998, section 424A.001, subdivision 9, is amended to read:

Subd. 9. [SEPARATE FROM ACTIVE SERVICE.] "Separate from active service" means to permanently cease to perform fire suppression duties with a particular volunteer fire department, to permanently cease to perform fire prevention duties, to permanently cease to supervise fire suppression duties, and to permanently cease to supervise fire prevention duties.

Sec. 5. Minnesota Statutes 1998, section 424A.02, subdivision 3, is amended to read:

Subd. 3. [FLEXIBLE SERVICE PENSION MAXIMUMS.] (a) On or before August 1 of each year as part of the certification of the financial requirements and minimum municipal obligation made pursuant to section 69.772, subdivision 4, or 69.773, subdivision 5, the secretary or some other official of the relief association designated in the bylaws of each relief association shall calculate and certify to the governing body of the applicable qualified municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing shall include any amounts of fire state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated pursuant to sections 69.772, subdivision 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if any.

(b) The maximum service pension which the relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in paragraph (c) or (d), whichever applies.

(c) For a relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

| Minimum Average Amount of Available Financing per Firefighter | Maximum Service Pension Amount Payable per Month for Each Year of Service |
|---|---|
| \$... | \$.25 |
| 42 | .50 |
| 84 | 1.00 |
| 126 | 1.50 |
| 168 | 2.00 |
| 209 | 2.50 |
| 252 | 3.00 |
| 294 | 3.50 |
| 335 | 4.00 |
| 378 | 4.50 |
| 420 | 5.00 |
| 503 | 6.00 |
| 587 | 7.00 |
| 672 | 8.00 |
| 755 | 9.00 |

| | |
|------|-------|
| 839 | 10.00 |
| 923 | 11.00 |
| 1007 | 12.00 |
| 1090 | 13.00 |
| 1175 | 14.00 |
| 1259 | 15.00 |
| 1342 | 16.00 |
| 1427 | 17.00 |
| 1510 | 18.00 |
| 1594 | 19.00 |
| 1677 | 20.00 |
| 1762 | 21.00 |
| 1845 | 22.00 |
| 1888 | 22.50 |
| 1929 | 23.00 |
| 2014 | 24.00 |
| 2098 | 25.00 |
| 2183 | 26.00 |
| 2267 | 27.00 |
| 2351 | 28.00 |
| 2436 | 29.00 |
| 2520 | 30.00 |
| 2604 | 31.00 |
| 2689 | 32.00 |
| 2773 | 33.00 |
| 2857 | 34.00 |
| 2942 | 35.00 |
| 3026 | 36.00 |
| 3110 | 37.00 |
| 3963 | 38.00 |
| 4047 | 39.00 |
| 4137 | 40.00 |

~~any amount more than 4137~~ 40.00

Effective beginning December 31, 2000:

| | |
|-------------|--------------|
| <u>4227</u> | <u>41.00</u> |
| <u>4317</u> | <u>42.00</u> |
| <u>4407</u> | <u>43.00</u> |
| <u>4497</u> | <u>44.00</u> |

Effective beginning December 31, 2001:

| | |
|-------------|--------------|
| <u>4587</u> | <u>45.00</u> |
| <u>4677</u> | <u>46.00</u> |
| <u>4767</u> | <u>47.00</u> |
| <u>4857</u> | <u>48.00</u> |

Effective beginning December 31, 2002:

| | |
|-------------|--------------|
| <u>4947</u> | <u>49.00</u> |
| <u>5037</u> | <u>50.00</u> |
| <u>5127</u> | <u>51.00</u> |
| <u>5217</u> | <u>52.00</u> |

Effective beginning December 31, 2003:

| | |
|-------------|--------------|
| <u>5307</u> | <u>53.00</u> |
| <u>5397</u> | <u>54.00</u> |
| <u>5487</u> | <u>55.00</u> |
| <u>5577</u> | <u>56.00</u> |

(d) For a relief association in which the governing bylaws provide for a lump sum service pension to a retiring member, the maximum lump sum service pension amount for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

| Minimum Average Amount of Available Financing per Firefighter | Maximum Lump Sum Service Pension Amount Payable for Each Year of Service |
|---|--|
| \$.. | \$10 |
| 11 | 20 |
| 16 | 30 |
| 23 | 40 |
| 27 | 50 |
| 32 | 60 |
| 43 | 80 |
| 54 | 100 |
| 65 | 120 |
| 77 | 140 |
| 86 | 160 |
| 97 | 180 |
| 108 | 200 |
| 131 | 240 |
| 151 | 280 |
| 173 | 320 |
| 194 | 360 |
| 216 | 400 |
| 239 | 440 |
| 259 | 480 |
| 281 | 520 |
| 302 | 560 |
| 324 | 600 |
| 347 | 640 |
| 367 | 680 |
| 389 | 720 |
| 410 | 760 |
| 432 | 800 |
| 486 | 900 |
| 540 | 1000 |
| 594 | 1100 |
| 648 | 1200 |
| 702 | 1300 |
| 756 | 1400 |
| 810 | 1500 |
| 864 | 1600 |
| 918 | 1700 |
| 972 | 1800 |

| | |
|--------------------------------------|-----------------|
| 1026 | 1900 |
| 1080 | 2000 |
| 1134 | 2100 |
| 1188 | 2200 |
| 1242 | 2300 |
| 1296 | 2400 |
| 1350 | 2500 |
| 1404 | 2600 |
| 1458 | 2700 |
| 1512 | 2800 |
| 1566 | 2900 |
| 1620 | 3000 |
| 1672 | 3100 |
| 1726 | 3200 |
| 1753 | 3250 |
| 1780 | 3300 |
| 1820 | 3375 |
| 1834 | 3400 |
| 1888 | 3500 |
| 1942 | 3600 |
| 1996 | 3700 |
| 2023 | 3750 |
| 2050 | 3800 |
| 2104 | 3900 |
| 2158 | 4000 |
| 2212 | 4100 |
| 2265 | 4200 |
| 2319 | 4300 |
| 2373 | 4400 |
| 2427 | 4500 |
| 2481 | 4600 |
| 2535 | 4700 |
| 2589 | 4800 |
| 2643 | 4900 |
| 2697 | 5000 |
| 2751 | 5100 |
| 2805 | 5200 |
| 2859 | 5300 |
| 2913 | 5400 |
| 2967 | 5500 |
| any amount more than 2967 | 5500 |

Effective beginning December 31, 2000:

| | |
|-------------|-------------|
| <u>3021</u> | <u>5600</u> |
| <u>3075</u> | <u>5700</u> |
| <u>3129</u> | <u>5800</u> |
| <u>3183</u> | <u>5900</u> |
| <u>3237</u> | <u>6000</u> |

Effective beginning December 31, 2001:

| | |
|-------------|-------------|
| <u>3291</u> | <u>6100</u> |
| <u>3345</u> | <u>6200</u> |
| <u>3399</u> | <u>6300</u> |
| <u>3453</u> | <u>6400</u> |
| <u>3507</u> | <u>6500</u> |

Effective beginning December 31, 2002:

| | |
|-------------|-------------|
| <u>3561</u> | <u>6600</u> |
| <u>3615</u> | <u>6700</u> |
| <u>3669</u> | <u>6800</u> |
| <u>3723</u> | <u>6900</u> |
| <u>3777</u> | <u>7000</u> |

Effective beginning December 31, 2003:

| | |
|-------------|-------------|
| <u>3831</u> | <u>7100</u> |
| <u>3885</u> | <u>7200</u> |
| <u>3939</u> | <u>7300</u> |
| <u>3993</u> | <u>7400</u> |
| <u>4047</u> | <u>7500</u> |

(e) For a relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump sum service pension, the maximum service pension amount for each pension payment type must be determined using the applicable table contained in this subdivision.

(f) If a relief association establishes a service pension in compliance with the applicable maximum contained in paragraph (c) or (d) and the minimum average amount of available financing per active covered firefighter is subsequently reduced because of a reduction in fire state aid or because of an increase in the number of active firefighters, the relief association may continue to provide the prior service pension amount specified in its bylaws, but may not increase the service pension amount until the minimum average amount of available financing per firefighter under the table in paragraph (c) or (d), whichever applies, permits.

~~(g) No relief association is authorized to provide a service pension in an amount greater than \$40 per month per year of service credit or in an amount greater than \$5,500 lump sum per year of service credit even if the minimum average amount of available financing per firefighter for a relief association providing a monthly benefit service pension is greater than \$4,137, or, for a relief association providing a lump sum service pension, is greater than \$2,967. No relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.~~

Sec. 6. Minnesota Statutes 1998, section 424A.02, subdivision 7, is amended to read:

Subd. 7. [DEFERRED SERVICE PENSIONS.] (a) A member of a relief association to which this section applies is entitled to a deferred service pension if the member:

(1) has completed the lesser of the minimum period of active service with the fire department specified in the bylaws or 20 years of active service with the fire department;

(2) has completed at least five years of active membership in the relief association; and

(3) separates from active service and membership before reaching age 50 or the minimum age for retirement and commencement of a service pension specified in the bylaws governing the relief association if that age is greater than age 50.

(b) The deferred service pension starts when the former member reaches age 50 or the minimum age specified in the bylaws governing the relief association if that age is greater than age 50 and when the former member makes a valid written application.

(c) A relief association that provides a lump sum service pension may, when its governing bylaws so provide, pay interest on the deferred lump sum service pension during the period of deferral. If provided for in the bylaws, interest must be paid at the rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association, ~~but not to exceed the interest rate specified in section 356.215, subdivision 4d, and must be in a separate account established and maintained by the relief association or in a separate investment vehicle held by the relief association or, if not, at the interest rate of five percent,~~ compounded annually ~~based on calendar year balances.~~

(d) For a deferred service pension that is transferred to a separate account established and maintained by the relief association or separate investment vehicle held by the relief association, the deferred member bears the full investment risk subsequent to transfer and in calculating the accrued liability of the volunteer firefighter relief association that pays a lump sum service pension, the accrued liability for deferred service pensions is equal to the separate relief association account balance or the fair market value of the separate investment vehicle held by the relief association.

(e) The deferred service pension is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, ~~or~~ and relief association bylaw provisions applicable on the date on which the member separated from active service with the fire department and active membership in the relief association.

Sec. 7. Minnesota Statutes 1998, section 424A.02, subdivision 9, is amended to read:

Subd. 9. [LIMITATION ON ANCILLARY BENEFITS.] Any relief association, including any volunteer firefighters relief association governed by section 69.77 or any volunteer firefighters division of a relief association governed by chapter 424, may only pay ancillary benefits which would constitute an authorized disbursement as specified in section 424A.05 subject to the following requirements or limitations:

(~~1~~) (1) With respect to a relief association in which governing bylaws provide for a lump sum service pension to a retiring member, no ancillary benefit may be paid to any former member or paid to any person on behalf of any former member after the former member (~~1~~) (i) terminates active service with the fire department and active membership in the relief association; and (~~2~~) (ii) commences receipt of a service pension as authorized ~~pursuant to~~ under this section; and

(~~2~~) (2) With respect to any relief association, no ancillary benefit paid or payable to any member, to any former member, or to any person on behalf of any member or former member, may exceed in amount the total earned service pension of the member or former member. The total earned service pension ~~shall~~ must be calculated using the service pension amount specified in the bylaws of the relief association and the years of service credited to the member or former member. The years of service ~~shall~~ must be determined as of (~~1~~) (i) the date the member or former member became entitled to the ancillary benefit; or (~~2~~) (ii) the date the member or former member died entitling a survivor or the estate of the member or former member to an ancillary benefit. The ancillary benefit ~~shall~~ must be calculated (~~1~~) (i) without regard to whether the member or former member had attained the minimum amount of service and membership credit specified in the governing bylaws; and (~~2~~) (ii) without regard to the percentage amounts specified in subdivision 2; except that the bylaws of any relief association may provide for the payment of a survivor benefit in an amount not to exceed five times the yearly service pension amount specified in the bylaws on behalf of any member who dies before having performed five years of active service in the fire department with which the relief association is affiliated.

Sec. 8. Minnesota Statutes 1998, section 424A.02, is amended by adding a subdivision to read:

Subd. 9b. [REPAYMENT OF SERVICE PENSION IN CERTAIN INSTANCES.] If a retired volunteer firefighter does not permanently separate from active firefighting service as required by subdivision 1, section 424A.001, subdivision 9, and by resuming active service as a firefighter in the same volunteer fire department or as a person in charge of firefighters in the same volunteer fire department, no additional service pension amount is payable to the person, no additional service is creditable to the person, and the person shall repay any previously received service pension.

Sec. 9. Minnesota Statutes 1998, section 424A.02, subdivision 13, is amended to read:

Subd. 13. [COMBINED SERVICE PENSIONS.] (a) If the articles of incorporation or bylaws of the associations so provide, a volunteer firefighter with credit for service as an active firefighter in more than one volunteer firefighters relief association is entitled, when the applicable requirements of paragraph (b) are met and when otherwise qualified, to a prorated service credit from each relief association.

(b) A volunteer firefighter receiving a prorated service pension under this subdivision must have total service credit of ten years or more, if every affected relief association does not require only a five-year service vesting requirement, or five years or more, if every affected relief association requires only a five-year service vesting requirement, as a member of two or more relief associations is entitled, when otherwise qualified, to a prorated service pension from each association in which. The member has must have one year or more of service credit in each relief association. The prorated service pension must be based on the service pension amount in effect for the relief association on the date on which active volunteer firefighting services covered by that relief association terminate. To receive a service pension under this subdivision, the firefighter must become a member of the second or succeeding association and must give notice of membership to the prior association within two years of the date of termination of active service with the prior association. The notice must be attested to by the second or subsequent association secretary.

Sec. 10. Minnesota Statutes 1998, section 424A.04, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] (a) Every relief association directly associated with a municipal fire department shall be managed by a board of trustees consisting of nine members. Six trustees shall be elected from the membership of the relief association and three trustees shall be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated. The bylaws of a relief association may provide that one of the six trustees elected from the relief association may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three ex officio trustees shall be the mayor, the clerk, clerk-treasurer or finance director, and the chief of the municipal fire department.

(b) Every relief association that is a subsidiary of an independent nonprofit firefighting corporation shall be managed by a board of trustees consisting of ten members. Six trustees shall be elected from the membership of the relief association, three trustees shall be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated, and one trustee shall be the fire chief. The bylaws of a relief association may provide that one of the six trustees elected from the relief association may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three ex officio trustees who are the elected officials shall be selected as follows:

(1) if only one municipality contracts with the independent nonprofit firefighting corporation, the ex officio trustees shall be three elected officials of the contracting municipality who are designated by the governing body of the municipality;

(2) if two municipalities contract with the independent nonprofit firefighting corporation, the ex officio trustees shall be two elected officials of the largest municipality in population and one elected official of the next largest municipality in population who are designated by the governing bodies of the applicable municipalities; or

(3) if three or more municipalities contract with the independent nonprofit corporation, the ex officio trustees shall be one elected official of each of the three largest municipalities in population who are designated by the governing bodies of the applicable municipalities.

(c) If a relief association lacks the ex officio board members provided for in paragraph (a) or (b) because the fire department is not located in or associated with an organized municipality, the ex officio board members must be appointed from the fire department service area by the board of commissioners of the applicable county. The term of these appointed ex officio board members is three years or until the person's successor is qualified, whichever is later.

(d) An ex officio trustee under paragraph (a), (b), or (c) shall have all the rights and duties accorded to any other trustee except the right to be an officer of the board of trustees.

(e) A board shall have at least three officers, which shall be a president, a secretary and a treasurer. These officers shall be elected from among the elected trustees by either the full board of trustees or by the membership, as specified in the bylaws, and in no event shall any trustee hold more than one officer position at any one time. The terms of the elected trustees and of the officers of the board shall be specified in the bylaws of the relief association, but shall not exceed three years. If the term of the elected trustees exceeds one year, the election of the various trustees elected from the membership shall initially and shall thereafter continue to be staggered on as equal a basis as is practicable.

Sec. 11. Minnesota Statutes 1998, section 424A.05, subdivision 3, is amended to read:

Subd. 3. [AUTHORIZED DISBURSEMENTS FROM THE SPECIAL FUND.] (a) Disbursements from the special fund shall are not permitted to be made for any purpose other than one of the following:

(1) For the payment of service pensions to retired members of the relief association if authorized and paid pursuant to law and the bylaws governing the relief association;

(2) For the payment of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid pursuant to law and specified in amount in the bylaws governing the relief association;

(3) For the payment of survivor benefits to surviving spouses and surviving children, or if none, to designated beneficiaries, of deceased members of the relief association if authorized by and paid pursuant to law and specified in amount in the bylaws governing the relief association;

(4) For the payment of any funeral benefits to the surviving spouse, or if no surviving spouse, the estate, of the deceased member of the relief association if authorized by law and specified in amount in the bylaws governing the relief association;

(5) For the payment of the fees, dues and assessments to the Minnesota state fire department association ~~and~~ to the Minnesota area relief association coalition, and to the state volunteer firefighters' benefit association in order to entitle relief association members to membership in and the benefits of these ~~state~~ associations or organizations; and

(6) For the payment of administrative expenses of the relief association as authorized pursuant to section 69.80.

(b) For purposes of this chapter, a designated beneficiary must be a natural person.

Sec. 12. [VOLUNTEER FIREFIGHTERS LUMP SUM SERVICE BENEFITS.]

Subdivision 1. [APPLICATION.] This section applies to a surviving spouse of a person who:

(1) was born on August 18, 1941;

(2) was employed as a building inspector by the city of St. Paul;

(3) died during the course of his employment duties as a building inspector on December 24, 1997;

(4) began service as a volunteer firefighter for the Woodbury fire department in 1980 and continued that service up to the time of his death; and

(5) would have been eligible to retire as a volunteer firefighter and receive a lump sum service pension calculated at the rate of \$4,000 for each year of service on January 1, 1998.

Subd. 2. [ELIGIBILITY FOR BENEFIT.] Notwithstanding any law to the contrary, the eligible person described in subdivision 1 is entitled to receive a survivor benefit from the Woodbury fire department relief association benefit plan calculated at the rate that would have been in effect had the person described in subdivision 1 lived until January 1, 1998.

Subd. 3. [RESTRICTIONS.] This section does not authorize payment of more than a single survivor benefit to the eligible individual specified in subdivision 1. If a survivor benefit has been paid to the eligible individual by the Woodbury fire department relief association, this section authorizes payment to the eligible individual of the difference between the amount previously paid and the amount payable under the Woodbury fire department relief association benefit plan in effect on January 1, 1998, assuming the volunteer firefighter survived and provided service to that date.

Sec. 13. [EFFECTIVE DATE.]

(a) Sections 1 to 5 and 7 to 11 are effective on the day following final enactment.

(b) Section 6 is effective on the day following final enactment and, with the appropriate bylaw amendment and municipal approval, applies to deferred service pensions where deferral began before the effective date of the municipal approval.

(c) For a deferred service pension under section 6 that is invested in a separate account or separate investment vehicle, interest is payable up to the date of the transfer consistent with the law and bylaw provisions in effect when the firefighter terminated active firefighting service and actual investment performance thereafter.

(d) Section 12 is effective on the day after the date on which the Woodbury city council and the chief clerical officer of the city of Woodbury complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 15

DISSOLUTIONS AND CONSOLIDATIONS OF VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS

Section 1. [424B.01] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] Unless the context of the provision indicates that a different meaning is intended, each of the terms in the following subdivisions have the meaning indicated.

Subd. 2. [APPLICABLE MUNICIPALITY.] "Applicable municipality" means the municipality or municipalities in which a consolidating relief association is located and to which a consolidating relief association is associated by virtue of the presence of at least one municipal official on the relief association board of trustees under section 424A.04.

Subd. 3. [CONSOLIDATING RELIEF ASSOCIATION.] "Consolidating relief association" means a volunteer firefighter relief association organized under chapter 317A and governed by chapter 424A that has initiated or has completed the process of consolidating with one or more other relief associations under this chapter.

Subd. 4. [PRIOR RELIEF ASSOCIATIONS.] "Prior relief associations" means the two or more volunteer firefighter relief associations that have initiated the consolidation process under this chapter by action of the board of trustees of the relief association.

Subd. 5. [RELIEF ASSOCIATION MEMBERSHIP.] "Relief association membership" means all active members of the volunteer firefighter relief association, all deferred retirees and other vested inactive members of the volunteer firefighter relief association, and any persons regularly receiving a service pension or other retirement benefit from the volunteer firefighters relief association.

Subd. 6. [SUBSEQUENT RELIEF ASSOCIATION.] "Subsequent relief association" means the volunteer firefighters relief association that is designated to be the successor relief association in the consolidation initiative resolutions of the board of trustees of the prior relief associations or the volunteer firefighters relief association organized under chapters 317A and 424A for the purpose of operating as the successor relief association after consolidation under this chapter.

Sec. 2. [424B.02] [CONSOLIDATION AUTHORIZED.]

Subdivision 1. [INITIATION.] (a) With the approval of the governing body of each applicable municipality, two or more relief associations associated with fire departments serving contiguous fire districts may initiate the consolidation of the relief associations into a subsequent relief association.

(b) Initiation of a consolidation action must occur through the proposal of a consolidation resolution to the board of trustees of each volunteer firefighter relief association notification of the relief association membership of the potential consolidation and after conducting a public meeting on the consolidation question.

Subd. 2. [INITIATIVE PROCESSING; FILING.] (a) After a consolidation initiative resolution has been filed with the relief association board of trustees by one or more members of the board, the relief association secretary shall provide written notification of the initiative to the relief association membership. After notification of the relief association membership, the board of trustees must hold a public hearing on the initiative. After the hearing, the board of trustees shall act on the consolidation resolution.

(b) If the consolidation resolution is adopted by majority vote of the board of trustees, the secretary shall file a copy of the resolution with the other relief association or associations also considering consolidation.

(c) If two or more volunteer firefighter relief associations adopt a consolidation resolution, those relief associations are consolidated effective the next following January 1.

(d) Within 30 days of the adoption of the consolidation resolution by all prior relief associations, the secretaries of the applicable prior relief associations shall jointly notify in writing the state auditor, the commissioner of revenue, and the secretary of state of the consolidation.

Sec. 3. [424B.03] [SUBSEQUENT RELIEF ASSOCIATION.]

Subdivision 1. [NEW RELIEF ASSOCIATION.] If the subsequent relief association is a new volunteer firefighter relief association, the consolidated volunteer firefighters relief association must be incorporated under chapter 317A. The incorporators of the consolidated relief association must include at least one board member of each of the former volunteer firefighters relief associations.

Subd. 2. [SUCCESSOR RELIEF ASSOCIATION.] If the subsequent relief association is one of the prior relief associations, the articles of incorporation and bylaws must be appropriately revised, effective on the consolidation effective date, and a revised board of trustees must be elected before the consolidation effective date.

Sec. 4. [424B.04] [GOVERNANCE OF CONSOLIDATED VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION.]

Subdivision 1. [BOARD OF TRUSTEES.] The consolidated volunteer firefighters relief association is governed by a board of trustees as provided in section 424A.04, subdivision 1.

Subd. 2. [COMPOSITION OF BOARD.] The board must have three officers, including a president, a secretary, and a treasurer. The membership of the consolidated volunteer firefighters relief association must elect the three officers from the board members. A board of trustees member may not hold more than one officer position at the same time.

Subd. 3. [BOARD ADMINISTRATION.] The board of trustees must administer the affairs of the relief association consistent with this chapter and the applicable provisions of chapters 69, 356A, and 424A.

Sec. 5. [424B.05] [SPECIAL AND GENERAL FUNDS.]

The consolidated volunteer firefighters relief association must establish and maintain a special fund and a general fund. The special fund must be established and maintained as provided in section 424A.05. The general fund must be established and maintained as provided in section 424A.06.

Sec. 6. [424B.06] [TRANSFERS.]

Subdivision 1. [GENERALLY.] On the effective date of consolidation, the records, assets, and liabilities of the prior volunteer firefighter relief associations are transferred to the consolidated volunteer firefighters relief association. On the effective date of consolidation, the prior volunteer firefighters relief associations cease to exist as legal entities, except for the purposes of winding up association affairs as provided by this chapter.

Subd. 2. [TRANSFER OF ADMINISTRATION.] On the effective date of consolidation, the administration of the prior relief associations is transferred to the board of trustees of the subsequent volunteer firefighters relief association.

Subd. 3. [TRANSFER OF RECORDS.] On the effective date of consolidation, the secretary and the treasurer of the prior volunteer firefighters relief associations shall transfer all records and documents relating to the prior relief associations to the secretary and treasurer of the subsequent volunteer firefighters relief association.

Subd. 4. [TRANSFER OF SPECIAL FUND ASSETS AND LIABILITIES.] (a) On the effective date of consolidation, the secretary and the treasurer of a prior volunteer firefighters relief association shall transfer the assets of the special fund of the applicable relief association to the special fund of the subsequent relief association. Unless the appropriate secretary and treasurer decide otherwise, the assets may be transferred as investment securities rather than cash. The transfer must include any accounts receivable. The appropriate secretary must settle any accounts payable from the special fund of the relief association before the effective date of consolidation.

(b) Upon the transfer of the assets of the special fund of a prior relief association, the pension liabilities of that special fund become the obligation of the special fund of the subsequent volunteer firefighters relief association.

(c) Upon the transfer of the prior relief association special fund assets, the board of trustees of the subsequent volunteer firefighters relief association has legal title to and management responsibility for the transferred assets as trustees for persons having a beneficial interest in those assets arising out of the benefit coverage provided by the prior relief association.

(d) The subsequent volunteer firefighters relief association is the successor in interest in all claims for and against the special funds of the prior volunteer firefighters relief associations or the applicable municipalities with respect to the special funds of the prior relief associations. The status of successor in interest does not apply to any claim against a prior relief association, the municipality in which that relief association is located, or any person connected with the prior relief association or the municipality, based on any act or acts that were not done in good faith and that constituted a breach of fiduciary responsibility under common law or chapter 356A.

Sec. 7. [424B.07] [DISSOLUTION OF PRIOR GENERAL FUND BALANCES.]

Before the effective date of consolidation, the secretaries of the volunteer firefighters relief associations shall settle any accounts payable from the respective general fund or any other relief association fund in addition to the relief association special fund. Investments held by a fund of the prior relief associations in addition to the special fund must be liquidated before the effective date of consolidation as the bylaws of the relief association provide. Before the effective date of consolidation, the respective relief associations must pay all applicable general fund expenses from their respective general funds. Any balance remaining in the general fund or in a fund other than the relief association special fund as of the effective date of consolidation must be paid to the new general fund of the subsequent volunteer firefighter relief association.

Sec. 8. [424B.08] [TERMINATION OF PRIOR RELIEF ASSOCIATIONS.]

Following the transfer of administration, records, special fund assets, and special fund liabilities from the prior relief associations to the subsequent volunteer firefighters relief association, the prior volunteer firefighter relief associations cease to exist as legal entities for any purpose. The subsequent relief association secretary shall notify the following governmental officials of the termination of the respective volunteer firefighter relief associations and of the establishment of the subsequent volunteer firefighters relief association:

- (1) Minnesota secretary of state;
- (2) Minnesota state auditor;
- (3) Minnesota commissioner of revenue; and
- (4) commissioner of the federal Internal Revenue Service.

Sec. 9. [424B.09] [ADMINISTRATIVE EXPENSES.]

The payment of authorized administrative expenses of the subsequent volunteer firefighters relief association must be from the special fund of the subsequent volunteer firefighters relief association in accordance with section 69.80, and as provided for in the bylaws of the subsequent volunteer firefighters relief association and approved by the board of trustees of the subsequent volunteer firefighters relief association. The payment of any other expenses of the subsequent volunteer firefighters relief association must be from the general fund of the subsequent volunteer firefighters relief association in accordance with section 69.80 and as provided for in the bylaws of the subsequent volunteer firefighters relief association and approved by the board of trustees of the subsequent volunteer firefighters relief association.

Sec. 10. [424B.10] [BENEFITS; FUNDING.]

Subdivision 1. [BENEFITS.] (a) Notwithstanding section 424A.02, subdivision 3, to the contrary, the service pension of the subsequent relief association as of the effective date of consolidation is the highest dollar amount service pension amount of any prior volunteer firefighters relief association in effect immediately before the consolidation initiation if the pension amount was implemented consistent with section 424A.02.

(b) Any increase in the service pension amount beyond the amount implemented under paragraph (a) must conform with the requirements and limitations of sections 69.771 to 69.775 and 424A.02.

Subd. 2. [FUNDING.] (a) Unless the applicable municipalities agree in writing to allocate the minimum municipal obligation in a different manner, the minimum municipal obligation under section 69.772 or 69.773, whichever applies, must be allocated between the applicable municipalities in proportion to their fire state aid.

(b) If any applicable municipality fails to meet its portion of the minimum municipal obligation to the subsequent relief association, all other applicable municipalities are jointly obligated to provide the required funding upon certification by the relief association secretary. An applicable municipality that pays the minimum municipal obligation for another applicable municipality, the municipality may collect the payment amount, plus a 25 percent surcharge, from the responsible applicable municipality by any available means, including deduction from any state aid or payment amount payable to the responsible municipality upon certification of the necessary information to the commissioner of finance.

Sec. 11. [424B.20] [DISSOLUTION WITHOUT CONSOLIDATION.]

Subdivision 1. [APPLICABLE DISSOLUTIONS.] This section applies if the fire department associated with a volunteer firefighter relief association is dissolved or eliminated by action of the governing body of the municipality in which the fire department was located or by the independent nonprofit firefighting corporation, whichever applies, and no consolidation with another volunteer firefighter relief association under sections 424B.01 to 424B.10 is sought, or if a volunteer firefighter relief association is dissolved or eliminated with municipal approval, but the fire department associated with the volunteer firefighter relief association is not dissolved or eliminated, and no consolidation with another volunteer firefighter relief association under sections 424B.01 to 424B.10 is applicable.

Subd. 2. [PROCEDURES.] As part of the dissolution process, all legal obligations of the relief association other than service pensions and benefits must be settled under subdivision 3, a benefit trust must be established under subdivision 4, and the affairs of the relief association must be concluded under subdivision 5.

Subd. 3. [SETTLEMENT OF NONBENEFIT LEGAL OBLIGATIONS.] (a) Prior to the effective date of the dissolution of the volunteer firefighter relief association established by the relief association board of trustees, the board shall determine the following:

(1) the fair market value of the assets of the special fund;

(2) the total amount of the accounts payable and other legal obligations of the special fund, excluding the accrued liability of the special fund for service pensions and other benefits; and

(3) the accrued liability of the special fund for service pensions and other benefits payable or accrued under the applicable bylaws of the relief association and chapter 424A.

(b) On or before the effective date of the dissolution of the volunteer firefighter relief association, the board shall liquidate sufficient special fund assets to pay the legal obligations of the special fund and must settle those legal obligations.

(c) On or before the effective date of the dissolution of the volunteer firefighter relief association, the board shall settle the legal obligations of the general fund of the relief association.

Subd. 4. [BENEFIT TRUST FUNDE ESTABLISHMENT.] (a) After the settlement of nonbenefit legal obligations of the special fund of the volunteer firefighter relief association under subdivision 3, the board of the relief association shall transfer the remaining assets of the special fund, as securities or in cash, as applicable, to the chief financial official of the municipality in which the associated fire department was located if the fire department was a municipal fire department or to the chief financial official of the municipality with the largest population served by the fire department if the fire department was an independent nonprofit firefighting corporation. The board shall also compile a schedule of the relief association members to whom a service pension is or will be owed, any beneficiary to whom a benefit is owed, the amount of the service pension or benefit payable based on the applicable bylaws and state law and the service rendered to the date of the dissolution, and the date on which the pension or benefit would first be payable under the bylaws of the relief association and state law.

(b) The municipality in which is located a volunteer firefighter relief association that is dissolving under this section shall establish a separate account in the municipal treasury which must function as a trust fund for members of the volunteer firefighter relief association and their beneficiaries to whom the volunteer firefighter relief association owes a service pension or other benefit under the bylaws of the relief association and state law. Upon proper application, on or after the initial date on which the service pension or benefit is payable, the municipal treasurer shall pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the other records of the dissolved relief association. The trust fund under this section must be invested and managed consistent with section 69.775 and chapter 356A. Upon payment of the last service pension or benefit due and owing, any remaining assets in the trust fund cancel to the general fund of the municipality. If the special fund of the volunteer firefighter relief association had an unfunded actuarial accrued liability upon dissolution, the municipality is liable for that unfunded actuarial accrued liability.

Subd. 5. [RELIEF ASSOCIATION AFFAIRS WIND-UP.] Upon dissolution, the board of trustees of the volunteer firefighter relief association shall transfer the records of the relief association to the chief administrative officer of the applicable municipality. The board shall also notify the commissioner of revenue, the state auditor, and the secretary of state of the dissolution within 30 days of the effective date of the dissolution.

Sec. 12. [424B.21] [ANNUITY PURCHASES UPON DISSOLUTION.]

The board of trustees of a volunteer firefighter relief association that is scheduled for dissolution may purchase annuity contracts under section 424A.02, subdivision 8a, instead of transferring special fund assets to a municipal trust fund under section 424B.20, subdivision 4. Payment of an annuity for which a contract is purchased may not commence before the retirement age specified in the relief association bylaws and in compliance with section 424A.02, subdivision 1. Legal title to the annuity contract transfers to the municipal trust fund under section 424B.20, subdivision 4.

Sec. 13. [REPEALER.]

Minnesota Statutes 1998, section 424A.02, subdivision 11, is repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 13 are effective on July 1, 2000.

ARTICLE 16

MINNEAPOLIS POLICE AND FIREFIGHTERS RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 1998, section 423B.01, is amended to read:

423B.01 [MINNEAPOLIS POLICE RELIEF ASSOCIATION; DEFINITIONS.]

Subdivision 1. [TERMS.] For purposes of sections 423B.01 to 423B.18, unless the context clearly indicates otherwise, each of the terms defined in this section has the indicated meaning.

Subd. 2. [ACTIVE MEMBER.] "Active member" means a person who was hired and duly appointed by the city of Minneapolis before May 1, 1959, as a police stenographer, police clerk, police telephone operator, police radio operator, or police mechanic or before June 15, 1980, as a police officer, police matron, or assistant police matron, who is regularly entered on the payroll of the police department, and who serves on active duty.

Subd. 3. [ACTIVE MEMBER PERCENTAGE.] The "active member percentage" is the total number of units accrued by active members of the association divided by the sum of the total number of units to which eligible members are entitled and active members of the association have accrued.

Subd. 4. [AGE.] "Age" means a person's age at the person's latest birthday.

Subd. 45. [ANNUAL POSTRETIREMENT PAYMENT.] "Annual postretirement payment" means the payment of a lump sum postretirement benefit under section 423B.15 to an eligible member on June 1 following the determination date in any year.

Subd. 56. [ASSOCIATION.] "Association" means the Minneapolis police relief association.

Subd. 7. [CITY.] "City" means the city of Minneapolis.

Subd. 8. [DETERMINATION DATE.] "Determination date" means December 31 of each year.

Subd. 69. [DISABILITY.] "Disability" means a physical or mental incapacity of an active member to perform the duties of the person's position in the service of the police department.

Subd. 710. [DISCHARGE.] "Discharge" means a complete separation from service in the police department.

Subd. 811. [ELIGIBLE MEMBER.] "Eligible member" means a person, including a service pensioner, a disability pensioner, a survivor, or dependent of a deceased active member, service pensioner, or disability pensioner, who received a pension or benefit from the relief association during the 12 months before the determination date.

Subd. 912. [EXCESS INVESTMENT INCOME.] "Excess investment income" means the amount, if any, by which the average time weighted total rate of return earned by the fund in the most recent prior five fiscal years has exceeded the actual average percentage increase in the current monthly salary of a first grade patrol officer in the most recent prior five fiscal years plus two percent, and must be expressed as a dollar amount. The amount may not exceed one percent of the total assets of the fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, in which case the amount must not exceed 1-1/2 percent of the total assets of the fund, and does not exist unless the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a first grade patrol officer during the previous five calendar years.

Subd. 1013. [FUND.] "Fund" means the special fund of the relief association.

Subd. 14. [NET EXCESS ASSET AMOUNT PAYMENT.] "Net excess asset amount payment" means the payment of an additional postretirement payment under section 2 to an eligible member on June 1 following the determination date in the given year.

Subd. 15. [NET TOTAL EXCESS ASSET AMOUNT.] "Net total excess asset amount" is the total excess asset amount stated in dollars and multiplied by the quantity one minus the active member percentage.

Subd. 16. [RETIRED MEMBER.] "Retired member" means a former active member who has terminated active service in the police department and who is entitled to receive a pension or benefit under sections 423B.01 to 423B.18, as amended, or any predecessor law.

Subd. 17. [SURVIVING SPOUSE MEMBER.] "Surviving spouse member" means the person who was the legally married spouse of the member, who was residing with the decedent, and who was married while or before the time the decedent was an active member and was on the payroll of the police department, and who, in case the deceased member was a pensioner or deferred pensioner, was legally married to the member at least one year before the decedent's termination of active service with the police department. The term does not include the surviving spouse who has deserted a member or who has not been dependent upon the member for support, nor does it include the surviving common law spouse of a member.

Subd. ~~13~~ 18. [TIME WEIGHTED TOTAL RATE OF RETURN.] "Time weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the state board of investment under section 11A.04, clause (11), and in effect on January 1, 1987.

Subd. 19. [TOTAL EXCESS ASSET AMOUNT.] (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the fund's market value of assets after any deductions required by section 423B.15, subdivision 2, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation for the fund prepared in accordance with sections 69.77, 356.215, and 356.216, with adjustments required by section 423B.15, subdivision 2, equals or exceeds 110 percent.

Subd. ~~14~~ 20. [UNIT.] "Unit" means one-eightieth of the current monthly salary of a first grade patrol officer.

Subd. ~~15~~ 21. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent" or "actuarially equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board of directors based on the experience of the fund and approved by the actuary retained by the legislative commission on pensions and retirement and using the applicable preretirement or postretirement interest rate assumptions specified in section 356.216.

Sec. 2. [423B.151] [EXCESS ASSET AMOUNT PAYMENT.]

Subdivision 1. [DETERMINATION OF NET TOTAL EXCESS AMOUNT.] The board of the association shall determine by May 1 of each year whether the fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total excess asset amount shall be determined. The total excess asset amount and net total excess asset amount shall be reported to the chief administrative officer of the association, the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under this section must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under sections 69.77, 356.215, 356.216, and this act, except to offset the amount distributed.

Subd. 2. [TOTAL AVAILABLE FOR PAYMENT.] Twenty percent of the net total excess asset amount determined under subdivision 1 is available for excess asset amount payments under subdivision 3.

Subd. 3. [NET EXCESS ASSET AMOUNT PAYMENTS.] Except as limited under subdivision 4, the net excess asset amount payment to an eligible member is equal to the amount determined under subdivision 2 multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

Subd. 4. [ENTITLEMENT; PRIORITY.] A person who is an eligible member for the entire 12 months before the determination date is eligible for a full excess asset amount payment under subdivision 2. A person who is an eligible member for less than 12 months before the determination date is eligible for a prorated excess asset amount payment. If an eligible member dies after the determination date and before the excess asset amount payment commences, the association must pay the eligible member's excess asset amount payment to the eligible member's surviving spouse or, if no surviving spouse, to the member's estate.

Subd. 5. [PAYMENT METHOD.] The excess asset amount payments determined under this section commence on June 1 following the determination date. These amounts may be paid as a lump sum, disbursed to the eligible members in 12 equal monthly installments, or any other manner which the board shall determine.

Subd. 6. [NO GUARANTEE OF ANNUAL RESIDUAL INVESTMENT PAYMENT.] No provision of this act may be interpreted or relied upon by any member of the association to guarantee or entitle a member to a net excess asset amount payment relating to any year in which there is no net total excess asset amount.

Sec. 3. [423B.19] [CITY OF MINNEAPOLIS; NORMAL COST CONTRIBUTION ADJUSTMENT.]

Notwithstanding section 69.77, 356.215, 356.216, or any other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

Sec. 4. [423B.20] [SUSPENSION OF NORMAL COST CONTRIBUTIONS.]

Notwithstanding the provisions of section 69.77 or any other law to the contrary, if a total excess asset amount exists, as defined in section 423B.01, subdivision 19, the city is not required to make a contribution to the fund for the normal cost of active members.

Sec. 5. [423B.21] [CHANGE IN AMORTIZATION PERIOD.]

Subdivision 1. [AMORTIZATION TREATMENT.] Notwithstanding section 69.77, subdivision 2b; 356.215; 356.216; or any other law to the contrary, if the actuarial report for the association indicates an unfunded actuarial accrued liability after the fund has first achieved 100 percent funding, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 2. [LIMITATION.] Notwithstanding subdivision 1, the amortization period may not exceed the average life expectancy of the remaining members.

Sec. 6. [MINNEAPOLIS FIRE RELIEF ASSOCIATION; SURVIVOR BENEFIT PAYMENT.]

Subdivision 1. [SURVIVING SPOUSE BENEFIT ELIGIBILITY.] (a) Notwithstanding Laws 1997, chapter 233, article 4, section 12, or other law to the contrary, an eligible individual specified in paragraph (b) is authorized to receive the benefit specified in subdivision 2.

(b) An eligible individual is an individual born on May 27, 1927, who married a Minneapolis fire relief association retiree on January 16, 1993, and who is a surviving spouse due to the death of that retired firefighter on October 2, 1997.

Subd. 2. [BENEFIT.] (a) An eligible individual under subdivision 1, paragraph (b), is entitled to a surviving spouse benefit computed under Laws 1997, chapter 233, article 4, section 12, clause (f).

(b) Benefits payable as a result of the benefit authorized in paragraph (a) commence on the first of the month following the effective date of this section.

Sec. 7. [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] Unless the context clearly indicates otherwise, the following terms have the meaning given in this section.

Subd. 2. [ACTIVE MEMBER PERCENTAGE.] The "active member percentage" is the total number of units accrued by active members of the association divided by the sum of the total number of units to which eligible members are entitled and active members of the association have accrued.

Subd. 3. [ASSOCIATION.] "Association" means the Minneapolis firefighter's relief association.

Subd. 4. [CITY.] "City" means the city of Minneapolis.

Subd. 5. [ELIGIBLE MEMBER.] "Eligible member" is a person who receives a service, survivor, or disability pension payable from the special fund of the association.

Subd. 6. [FUND.] "Fund" means the association's special fund.

Subd. 7. [NET EXCESS ASSET AMOUNT PAYMENT.] "Net excess asset amount payment" means the payment of an additional postretirement payment under section 3 to an eligible member on June 1 following the determination date in the given year.

Subd. 8. [NET TOTAL EXCESS ASSET AMOUNT.] "Net total excess asset amount" is the total excess asset amount stated in dollars and multiplied by the quantity one minus the active member percentage.

Subd. 9. [TOTAL EXCESS ASSET AMOUNT.] (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the fund's market value of assets after any deductions required by Laws 1989, chapter 319, article 19, section 7, subdivision 3, as amended, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation for the fund prepared in accordance with Minnesota Statutes, sections 69.77, 356.215, and 356.216, with adjustments required by Laws 1989, chapter 319, article 19, section 7, subdivision 3, as amended, equals or exceeds 110 percent.

Sec. 8. [DETERMINATION OF NET TOTAL EXCESS ASSET AMOUNT.]

The board of the association shall determine by May 1 of each year whether the fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total excess asset amount shall be determined. The total excess asset amount and net total excess asset amount shall be reported to the chief administrative officer of the association, the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under section 9 must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under Minnesota Statutes, sections 69.77, 356.215, and 356.216, and this act, except to offset the amount distributed.

Sec. 9. [AMOUNT OF NET EXCESS ASSET AMOUNT PAYMENT.]

Subdivision 1. [TOTAL AVAILABLE FOR PAYMENT.] Twenty percent of the net total excess asset amount determined under section 8 is available for net excess asset amount payments under subdivision 2.

Subd. 2. [NET EXCESS ASSET AMOUNT PAYMENTS.] Except as limited under subdivision 3, the net excess asset amount payment to an eligible member is equal to the amount determined under subdivision 1 multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

Subd. 3. [ENTITLEMENT; PRIORITY.] A person who is an eligible member for the entire 12 months before the determination date is eligible for a full net excess asset amount payment under subdivision 2. A person who is an eligible member for less than 12 months before the determination date is eligible for a prorated net excess asset amount payment. If an eligible member dies after the determination date and before the excess asset amount payment commences, the association must pay that eligible member's net excess asset amount payment to the eligible member's estate.

Subd. 4. [PAYMENT METHOD.] The net excess asset amount payments determined under subdivisions 2 and 3 commence on June 1 following the determination date. These amounts may be paid as a lump sum, disbursed to the eligible members in 12 equal monthly installments, or any other manner which the board shall determine.

Sec. 10. [CITY NORMAL COST CONTRIBUTION ADJUSTMENT.]

Notwithstanding Minnesota Statutes, sections 69.77, 356.215, and 356.216, or other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

Sec. 11. [SUSPENSION OF NORMAL COST CONTRIBUTIONS.]

Notwithstanding the provisions of Minnesota Statutes, section 69.77, or any other law to the contrary, if a total excess asset amount exists, as defined in section 7, subdivision 9, the city is not required to make a contribution to the fund for the normal cost of active members.

Sec. 12. [NO GUARANTEE OF ANNUAL RESIDUAL INVESTMENT PAYMENT.]

No provision of this act may be interpreted or relied upon by any member of the association to guarantee or entitle a member to a net excess asset amount payment relating to any year in which there is no net total excess asset amount.

Sec. 13. [CHANGE IN AMORTIZATION PERIOD.]

Subdivision 1. [AMORTIZATION TREATMENT.] Notwithstanding Minnesota Statutes, section 69.77, subdivision 2b; 356.215; 356.216; or any other law to the contrary, if the actuarial report for the Minneapolis firefighters relief association indicates an unfunded actuarial accrued liability, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 2. [LIMITATION.] Notwithstanding subdivision 1, the amortization period may not exceed the average life expectancy of the remaining members.

Sec. 14. [EFFECTIVE DATE.]

(a) Sections 1 to 5 are effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Section 6 is effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 5, if approved, applies retroactively to contributions beginning after July 1, 1990.

(c) Sections 7 to 13 are effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 5, if approved, applies retroactively to contributions beginning after July 1, 1990.

ARTICLE 17

VARIOUS INDIVIDUAL AND SMALL GROUP
PENSION PROVISIONS

Section 1. [MSRS-GENERAL; LATE DISABILITY BENEFIT APPLICATION AUTHORIZED.]

(a) Notwithstanding any provision of Minnesota Statutes, section 352.113, subdivision 4, to the contrary, a person described in paragraph (b) is authorized to apply for a disability benefit from the general state employees retirement plan of the Minnesota state retirement system under Minnesota Statutes, section 352.113.

(b) An eligible person is a person who:

(1) was born on October 3, 1952;

(2) was employed by the department of economic security from August 1978 to December 1994;

(3) is disabled within the meaning of Minnesota Statutes, section 352.01, subdivision 17;

(4) began receiving social security disability insurance benefits in January 1995; and

(5) began part-time employment in January 1998 and continues in that employment with the Minnesota state council on disability.

(c) The eligible person under paragraph (b) must provide, in conjunction with the disability application, any relevant evidence that the executive director of the Minnesota state retirement system requires about the existence of a total and permanent disability as defined in Minnesota Statutes, section 352.01, subdivision 17, and about the date on which the disability occurred and its relationship to the termination of active service in December 1994.

(d) If the eligible person files a disability benefit application and if the eligible person provides sufficient evidence of disability and the occurrence of the disability under paragraph (c), the disability benefit becomes payable for the first month next following the application and applicable evidence. The disability benefit must be calculated under the laws in effect at the time that the eligible person terminated active service in December 1994. The disability benefit must include any applicable deferred annuities augmentation under Minnesota Statutes, section 352.72, subdivision 2.

(e) Nothing in this section may be deemed to exempt the eligible person from the partial reemployment of a disabilitant provision described in Minnesota Statutes, section 352.113, subdivision 7.

Sec. 2. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; SERVICE CREDIT PURCHASE FOR UNCREDITED HENNEPIN COUNTY EMPLOYMENT.]

(a) An eligible person described in paragraph (b) is entitled to obtain one year of allowable service credit from the general employees retirement plan of the public employees retirement association.

(b) An eligible person is a person who:

(1) was born April 12, 1936;

(2) retired from the teachers retirement association on July 1, 1997;

(3) is currently a recipient of a retirement annuity from the teachers retirement association and a retirement annuity from the general state employees retirement plan of the Minnesota state retirement system; and

(4) was employed during the period September 1966 through September 1967 by Hennepin county as a parole officer, when member contributions for retirement coverage were deducted, but for which no allowable service credit in the general employees retirement plan of the public employees retirement association was recorded.

(c) Notwithstanding any provision of Minnesota Statutes, sections 353.29, subdivision 7, and 356.30, to the contrary, an eligible person may file an application for a retirement annuity from the general employees retirement plan of the public employees retirement association retroactive to July 1, 1997, with benefits paid retroactive to that date, and may have the annuity calculated as a combined service annuity.

(d) The allowable service credit must be granted by the public employees retirement association upon the filing of a valid retirement application by the eligible person.

(e) Within 30 days of the receipt of that application by the public employees retirement association and notification by the public employees retirement association to the county administrator, Hennepin county may pay one-half of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55. If Hennepin county does not pay the required amount in a timely fashion, the executive director of the public employees retirement association shall notify the commissioner of finance of that fact and the commissioner shall deduct from any state aid or state appropriation payable to Hennepin county that amount, plus interest on that amount of 1.5 percent per month for each month or portion of a month from the filing of the retirement application under paragraph (d) to the date of deduction.

(f) An amount equal to one-half of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55, must be charged against the public employees retirement association as an administrative expense.

(g) This allowable service credit provision expires on January 1, 2001.

Sec. 3. [PAYMENT OF OMITTED SALARY DEDUCTIONS.]

Subdivision 1. [APPLICATION.] A person who was born on October 23, 1943, was employed by Dakota county as a part-time maintenance employee on October 16, 1985, and first had public employees retirement association member contributions deducted as of September 15, 1986, is entitled to purchase eight months of service credit from the public employees retirement association.

Subd. 2. [PAYMENT.] The purchase payment amount for the service credit purchase authorized in subdivision 1 is governed by Minnesota Statutes, section 356.55. Notwithstanding any provision of Minnesota Statutes, section 356.55, subdivision 5, to the contrary, the eligible person must pay, on or before June 1, 2001, an amount equal to the employee contribution rate applied to the person's actual salary rate in effect between January 17, 1986, and September 15, 1986, plus annual compound interest at the rate of 8.5 percent from the date that the employer contributions should have been paid and the date of actual payment. Dakota county shall pay the balance of the required purchase payment amount within 30 days of the payment by the eligible person. If Dakota county fails to pay its required amount, the executive director of the public employees retirement association may notify the commissioner of finance of that fact and the commissioner of finance may order that the required amount be deducted from any subsequent state payment to Dakota county and transmitted to the public employees retirement association.

Subd. 3. [APPLICATION; DOCUMENTATION.] A person described in subdivision 1 must apply with the executive director of the public employees retirement association to make the purchase. The application must be in writing and must include all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

Subd. 4. [LIMITATION.] Authority under this section expires on July 1, 2001.

Sec. 4. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; REDUCED SERVICE CREDIT REQUIREMENT FOR DISABILITY BENEFIT APPLICATION.]

(a) An eligible person described in paragraph (b) is entitled to apply for a disability benefit from the general employees retirement plan of the public employees retirement association with 14 months of service credit subsequent to the person's last termination of membership, notwithstanding any provision to the contrary of Minnesota Statutes, section 353.33, subdivision 1.

(b) An eligible person is a person who:

(1) was born on May 30, 1945;

(2) began public employment with Todd county in November 1978;

- (3) first terminated public employment in August 1982;
- (4) resumed public employment with Morrison county in October 1987;
- (5) subsequently terminated public employment with Meeker county in November 1997;
- (6) resumed public employment with Todd county in August 1998; and
- (7) subsequently terminated public employment October 8, 1999.

Sec. 5. [TEACHERS RETIREMENT ASSOCIATION; REFUND OF CERTAIN INTEREST CHARGES.]

(a) Upon filing a written demand for the interest refund, a person described in paragraph (b) is entitled to receive a refund of interest specified in paragraph (c) for the period during which the teachers retirement association was negligent in providing accurate information to the eligible person or was negligent in making timely reports to other Minnesota public pension plans in which the eligible person has service credit.

(b) An eligible person is a person who:

- (1) retired from the teachers retirement association effective September 1, 1999;
 - (2) repaid a previously taken refund to the teachers retirement association on August 23, 1999, restoring 10.979 years of allowable service credit;
 - (3) began the retirement application and refund repayment process in February 1999 and was first able to file retirement forms with the teachers retirement association office on August 27, 1999; and
 - (4) was charged interest on the repayment of refund for the period during which the teachers retirement association failed to provide requested information and failed to contact the public employees retirement association and the St. Paul teachers retirement fund association.
- (c) The refund interest rate is 0.708 percent per month, compounded monthly, on the refund repayment amount that would have been payable on April 15, 1999, applied to the period April 15, 1999, to August 23, 1999, and 8.5 percent per year, compounded annually, on that initially determined amount from August 23, 1999, until the interest repayment is made.
- (d) The interest refund is payable on the first day of the month next following the date on which the eligible person files the written demand under paragraph (a).

Sec. 6. [MTRFA; PRIOR SERVICE CREDIT PURCHASE FOR UNCREDITED TEACHING SERVICE PERIODS.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis teachers retirement fund association basic program for the periods of teaching employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

- (1) was employed by special school district No. 1 (Minneapolis) as a long call reserve teacher from October 1972 to June 1973 and was covered by the Minneapolis employees retirement fund;
- (2) was employed by special school district No. 1 (Minneapolis) as a school social worker at Franklin junior high school from August 28, 1973, through June 12, 1974, and from August 29, 1974, through June 11, 1975, without retirement coverage;

(3) was employed by special school district No. 1 (Minneapolis) as a school social worker at North high school from August 29, 1975, through December 19, 1975, covered by the Minneapolis teachers retirement fund association;

(4) was retained by special school district No. 1 (Minneapolis) in the capacity of a school social worker at North high school as an hourly wage independent contract social worker from August 1976 through June 1983 without retirement coverage; and

(5) is currently employed by Hennepin county covered by the public employees retirement association.

(c) The periods for allowable service credit purchase are August 28, 1973, through June 12, 1974; and August 29, 1974, through June 11, 1975.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis teachers retirement fund association.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis teachers retirement fund association to the account of the eligible person upon receipt of the prior service credit purchase payment amount.

(f) The prior service credit purchase payment amount shall be computed by the actuary retained by the legislative commission on pensions and retirement. That computation must, in applying the process stated in Minnesota Statutes, section 356.55, give recognition to the liabilities that would be created in the Minneapolis teachers retirement fund association and other Minnesota public pension funds due to the service credit purchase.

(g) Following receipt of that purchase payment amount, the executive director of the Minneapolis teachers retirement fund association shall allocate and transmit that amount to the applicable pension administrations, as determined under paragraph (f).

Sec. 7. [MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION; PRIOR SERVICE CREDIT PURCHASE AUTHORIZATION.]

(a) Notwithstanding any provision of law to the contrary, a person described in paragraph (b) is authorized to purchase allowable service credit from the basic program of the Minneapolis teachers retirement fund association for the period described in paragraph (c) by making the payment specified in paragraph (d).

(b) An eligible person for purposes of paragraph (a) is a person who:

(1) was born on October 1, 1942;

(2) is currently employed by special school district No. 1 (Minneapolis) and is currently a member of the Minneapolis teachers retirement fund association;

(3) was initially hired by special school district No. 1 (Minneapolis) on November 13, 1967, and taught at Sanford junior high school until June 1968;

(4) was reemployed by special school district No. 1 (Minneapolis) as an adult basic education English and social studies teacher on May 25, 1970, and continued to teach in that program until December 17, 1984; and

(5) as a result of binding arbitration of an employment dispute, was employed by special school district No. 1 (Minneapolis) as an English teacher at Franklin junior high school on December 17, 1984.

(c) The service credit purchase period is any period between May 25, 1970, to December 17, 1984, that has not previously been credited by the Minneapolis teachers retirement fund association.

(d) To purchase the allowable service credit, the eligible person must pay to the Minneapolis teachers retirement fund association the prior service credit purchase payment calculated under Minnesota Statutes, section 356.55.

(e) The eligible person must provide all relevant documentation of the applicability of the requirements set forth in paragraph (b) and any other applicable information that the executive director of the Minneapolis teachers retirement fund association may request.

(f) This prior service credit purchase authority expires on July 1, 2001, or on the date of the eligible person's termination of active service with special school district No. 1 (Minneapolis), whichever is earlier.

Sec. 8. [MTRFA; PRIOR SERVICE CREDIT PURCHASE FOR INDEPENDENT CONTRACT UNCREDITED TEACHING SERVICE PERIOD.]

(a) An eligible person described in paragraph (b) is authorized to purchase allowable service credit from the Minneapolis teachers retirement fund association for the period of teaching employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55, by the last date authorized for receiving payment under that section, or the eligible person's effective date of retirement, whichever is earlier.

(b) An eligible person is a person who:

(1) was born on May 22, 1939;

(2) was employed by special school district No. 1 (Minneapolis) and covered as an active member by the Minneapolis teachers retirement fund association from July 27, 1962, to June 11, 1967; and

(3) was retained by special school district No. 1 (Minneapolis) at an hourly wage rate as a teacher in the adult basic education program from April 23, 1980, to September 28, 1992.

(c) The period for allowable service credit purchase is from April 23, 1980, to September 28, 1992.

(d) An eligible person under paragraph (b) must provide any relevant documentation related to eligibility to make this service credit purchase which is required by the executive director of the Minneapolis teachers retirement fund association.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis teachers retirement fund association to the account of the eligible person upon receipt of the prior service credit purchase payment amount.

(f) A service credit purchase is not authorized for any portion of the April 23, 1980, to September 28, 1992, period for which the eligible individual signed an independent contract which waives pension coverage by the Minneapolis teachers retirement fund association for the period covered by the contract, or for any period for which administrators for special school district No. 1 (Minneapolis) or the Minneapolis teachers retirement fund association determine that the individual was serving as an independent contractor.

Sec. 9. [MERF; PRIOR SERVICE CREDIT PURCHASE FOR TEMPORARY EMPLOYMENT PERIOD.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis employees retirement fund for the period of temporary employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was born on August 15, 1951;

(2) was hired by the city of Minneapolis as a maintenance worker/truck driver on June 1, 1976, and was covered by the Minneapolis employees retirement fund for that employment; and

(3) is currently employed by the city of Minneapolis and covered by the Minneapolis employees retirement association.

(c) The period for allowable service credit purchase is a period during 1975 during which the eligible person was employed by the city of Minneapolis as a temporary employee.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis employees retirement fund.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis employees retirement fund to the account of the eligible person upon receipt of the prior service credit purchase payment amount. To receive the service credit, the service credit purchase must be received by the Minneapolis employees retirement fund by October 1, 2001, or prior to retirement, whichever is earlier.

Sec. 10. [MERF; PRIOR SERVICE CREDIT PURCHASE FOR TEMPORARY EMPLOYMENT PERIOD.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis employees retirement fund for the period or periods of temporary employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was born on December 17, 1953;

(2) was hired by the city of Minneapolis as a full-time maintenance worker on February 2, 1974, and was covered by the Minneapolis employees retirement fund for that employment; and

(3) is currently employed by the city of Minneapolis, covered by the Minneapolis employees retirement association.

(c) The periods for allowable service credit purchase are periods during 1974 and 1975 during which the eligible person was employed by the city of Minneapolis as a temporary employee.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis employees retirement fund.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis employees retirement fund to the account of the eligible person upon receipt of the prior service credit purchase payment amount. To receive the service credit, the service credit purchase must be received by the Minneapolis employees retirement fund by October 1, 2001, or prior to retirement, whichever is earlier.

Sec. 11. [EFFECTIVE DATE.]

(a) Sections 1, 2, and 4 to 10 are effective on the day following final enactment.

(b) Section 3 is effective on the day after the date on which the Dakota county board of commissioners and the chief clerical officer of Dakota county complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(c) Section 1 expires, if not utilized, on December 31, 2000."

Delete the title and insert:

"A bill for an act relating to retirement; public pension plan actuarial reporting; various public retirement plans; volunteer firefighter relief associations; Minneapolis firefighters relief association; modifying actuarial cost allocation by the legislative commission on pensions and retirement; changing the actuarial value of assets, actuarial assumptions, and funding surplus recognition method; revising reemployed annuitant earnings limitations; adding certain prior correctional positions to correctional plan coverage; clarifying various former police and fire consolidation account merger provisions; authorizing certain optional annuity form elections by former consolidation account members; revising local correctional retirement plan membership eligibility; increasing local correctional retirement plan member and employer contribution rates; authorizing the purchase of nonprofit community-based corporation teaching service; expanding investment options for employer matching contribution tax sheltered annuities; modifying various volunteer firefighter relief association benefit and administration provisions; modifying judicial pension provision; modifying the marriage duration requirement for certain Minneapolis firefighter relief association survivor benefits; creating additional Minneapolis police and firefighter relief association postretirement adjustment mechanisms; resolving various individual and small group pension problems; amending Minnesota Statutes 1998, sections 16A.055, subdivision 5; 69.773, subdivision 1; 122A.46, subdivision 1, and by adding a subdivision; 136F.45, subdivision 1a; 352.115, subdivision 10; 352.15, subdivision 1a; 352B.01, subdivision 3, and by adding a subdivision; 352D.02, subdivision 1; 352D.05, subdivision 3; 352D.06; 352D.09, subdivision 5a; 353.01, subdivisions 2, 6, 11a, 28, 32, and by adding a subdivision; 353.15, subdivision 2; 353.27, subdivisions 4 and 12; 353.33, subdivisions 2 and 6; 353.34, subdivision 1; 353.37, by adding a subdivision; 353.64, subdivisions 2, 3, 4, and by adding a subdivision; 353.656, subdivisions 1 and 3; 353.71, subdivision 2; 353B.11, subdivision 3; 354.05, subdivisions 2 and 35; 354.091; 354.092, subdivision 2; 354.093; 354.094, subdivision 1; 354.10, subdivision 2; 354.35; 354.44, subdivision 5; 354.46, subdivision 2a; 354.47, subdivision 1; 354.48, subdivision 6; 354.49, subdivision 1; 354.52, subdivisions 3, 4, 4a, and 4b; 354.63, subdivision 2; 354A.31, subdivisions 3 and 3a; 354B.23, subdivision 5a; 354C.12, subdivision 1a; 354C.165; 356.215, subdivisions 1, 2, and 4d; 356.30, subdivision 1; 356A.01, subdivision 8; 356A.02; 356A.06, by adding a subdivision; 423B.01; 424A.001, subdivision 9; 424A.02, subdivisions 3, 7, 9, 13, and by adding a subdivision; 424A.04, subdivision 1; and 424A.05, subdivision 3; Minnesota Statutes 1999 Supplement, sections 3.85, subdivision 12; 69.021, subdivision 7; 136F.48; 352.1155, subdivisions 1 and 4; 353.01, subdivision 10; 353.64, subdivision 1; 353E.02; 353E.03; 353F.02, subdivision 5; 354.445; 354.536, subdivision 1; 354A.101, subdivision 1; 356.215, subdivision 4g; 356.24, subdivisions 1, and 1b; and 423A.02, subdivisions 1b, 4, and 5; proposing coding for new law in Minnesota Statutes, chapters 69; 352; 353; 354; 354A; 356; 423B; 424B; repealing Minnesota Statutes 1998, sections 353.024; 354.52, subdivision 2; 354A.31, subdivision 3a; and 424A.02, subdivision 11; Minnesota Statutes 1999 Supplement, sections 136F.48; 352.1155, subdivisions 1 and 4; 354.445; 356.24, subdivision 1a; and 356.61."

With the recommendation that when so amended the bill pass.

The report was adopted.

Broecker from the Committee on Judiciary Finance to which was referred:

H. F. No. 3023, A bill for an act relating to crime; creating the felony of gambling fraud; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 609.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Davids from the Committee on Commerce to which was referred:

H. F. No. 3041, A bill for an act relating to commerce; regulating the sale, rental, discharge, and possession of paint ball guns; providing penalties and remedies; proposing coding for new law in Minnesota Statutes, chapter 325F.

Reported the same back with the following amendments:

Page 1, line 8, delete the comma

Page 1, line 9, before "rent" insert "or" and delete ", lend, or give"

Page 1, delete lines 12 to 15, and insert:

"(b) No person may discharge or possess a paint ball gun in a public elementary, middle, or secondary school building or on its grounds, whether leased or owned by the school."

Page 1, line 17, after "1" insert ", paragraph (a),"

With the recommendation that when so amended the bill pass.

The report was adopted.

Knobloch from the Committee on Capital Investment to which was referred:

H. F. No. 3082, A bill for an act relating to higher education; increasing the higher education facilities authority bonding authority; amending Minnesota Statutes 1998, section 136A.29, subdivision 9.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Molnau from the Committee on Transportation Finance to which was referred:

H. F. No. 3091, A bill for an act relating to traffic regulations; clarifying provision requiring vehicles to be driven in right-hand lane except under certain circumstances; appropriating money; amending Minnesota Statutes 1998, section 169.18, subdivision 10.

Reported the same back with the following amendments:

Page 2, line 2, after "necessary" insert "in response to emergency conditions or" and delete "or"

Page 2, line 3, after "officer" insert "or an official traffic control device; or

"(8) to avoid actual or potential traffic moving into the rightmost lane from an acceleration or merging lane on a freeway or expressway, but only if the vehicle's speed cannot safely be reduced to correspond with the speed of the merging traffic"

Page 2, line 7, delete "- IT'S THE LAW"

Page 2, delete section 2

Amend the title as follows:

Page 1, lines 4 and 5, delete "appropriating money;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Larsen, P., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 3134, A bill for an act relating to natural resources; modifying authority of the metropolitan mosquito control commission to enter certain lands; amending Minnesota Statutes 1998, section 473.704, subdivision 17.

Reported the same back with the following amendments:

Page 1, line 9, before "Members" insert "(a)"

Page 1, lines 16 and 17, reinstate the stricken language and delete the new language

Page 2, after line 7, insert:

"(b) The commissioner of natural resources must approve mosquito control plans or make modifications as the commissioner of natural resources deems necessary for the protection of public water, wild animals, and natural resources before control operations are started on state lands administered by the commissioner of natural resources. Until July 1, 2002, approval may, if the commissioner of natural resources considers it necessary, be denied, modified, or revoked by the commissioner of natural resources at any time upon written notice to the commission."

With the recommendation that when so amended the bill pass.

The report was adopted.

Broecker from the Committee on Judiciary Finance to which was referred:

H. F. No. 3263, A bill for an act relating to the city of Duluth; authorizing the city council to establish or grant additional powers to a human rights commission.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Broecker from the Committee on Judiciary Finance to which was referred:

H. F. No. 3303, A bill for an act relating to crime prevention; creating a new criminal penalty for failure to pay over sales tax on motor vehicles collected from a purchaser; amending Minnesota Statutes 1998, section 297B.10.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Broecker from the Committee on Judiciary Finance to which was referred:

H. F. No. 3369, A bill for an act relating to agriculture; prohibiting tampering with anhydrous ammonia; imposing penalties; amending Minnesota Statutes 1998, sections 18C.005, by adding subdivisions; 18C.201, by adding a subdivision; and 18D.331, by adding a subdivision.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Broecker from the Committee on Judiciary Finance to which was referred:

H. F. No. 3457, A bill for an act relating to human services and corrections; transfer to correctional facility; amending Minnesota Statutes 1998, section 253B.185, subdivision 2.

Reported the same back with the following amendments:

Page 1, line 13, after "244.05" insert ", 609.108, subdivision 6."

Page 2, after line 11, insert:

"Sec. 2. [SEX OFFENDER MANAGEMENT REPORT.]

Subdivision 1. [REPORT REQUIRED.] By December 15, 2000, the commissioner of corrections, in consultation with the commissioner of human services, the attorney general, the chief justice of the supreme court, and the sentencing guidelines commission, shall report to the chairs and ranking minority members of the legislative committees and divisions having jurisdiction over criminal justice policy and funding as required by this section.

Recommendations requiring legislative action must include draft language and preliminary fiscal notes.

Subd. 2. [SEX OFFENDER POLICY AND MANAGEMENT OVERSIGHT.] The report must include a plan for the establishment of a sex offender policy and management oversight group to monitor, review, and evaluate all aspects of the state's system of responding to sexual offenses; identify system problems and develop solutions; provide research and analysis for state and local policy makers and criminal justice and corrections agencies; and recommend policies and best practices that will reduce sexual victimization and improve public safety in the most cost-effective manner possible.

The commissioner of corrections shall explore alternative models for the oversight group and recommend a structure, that will provide for systemwide collaboration; inclusion of experts in the assessment, sentencing, management, and treatment of sex offenders; adequate staff resources to accomplish long-range oversight of a complex system; and effective support for policy decisions.

Subd. 3. [CORRECTIONS AND HUMAN SERVICES COLLABORATIVE WORK GROUP.] The report must include the results and future work plan of the joint department of corrections and human services collaborative work group.

Subd. 4. [INFORMATION ABOUT CIVILLY COMMITTED SEX OFFENDERS.] The report must include an analysis of the cases of: (1) the individuals currently civilly committed under Minnesota Statutes, section 253B.185, as persons with sexual psychopathic personalities or sexually dangerous persons; and (2) those individuals referred by the department of corrections to county attorneys for possible civil commitment, but who were not committed. The analysis must include:

(i) the criminal sentences received by the individuals in both groups and to the extent possible, why individuals did not receive criminal sentences under Minnesota Statutes, sections 609.108 (mandatory increased sentences for certain patterned and predatory sex offenders) and 609.109 (presumptive and mandatory sentences for repeat sex offenders);

(ii) factors accounting for whether persons referred by the department of corrections were or were not civilly committed; and

(iii) the supervision options being used for those individuals referred but not committed and, if possible, their outcomes, including recidivism.

Subd. 5. [SEX OFFENDER SENTENCING PRACTICES.] The report must include an analysis by the sentencing guidelines commission of sex offender sentencing practices over the last decade; implementation of sentencing authority and sentencing mandates under Minnesota Statutes, sections 609.108 and 609.109, including to the extent possible, the factors involved in cases in which these laws could have been but were not applied; and recommendations, if any, to improve implementation of these laws."

Page 2, line 13, delete "Section 1 is" and insert "Sections 1 and 2 are"

Reorder the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "requiring the commissioner of corrections in consultation with others to develop a report that includes a plan for establishing a sex offender policy and management oversight group; requiring the commissioner's report to include an analysis of sex offender sentencing practices;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Stanek from the Committee on Crime Prevention to which was referred:

H. F. No. 3465, A bill for an act relating to crimes; defining assault in the fifth degree to be a violent crime; amending Minnesota Statutes 1998, section 609.1095, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 609.713, is amended by adding a subdivision to read:

Subd. 4. [THREATS TO HARM SCHOOL OFFICIAL.] Whoever threatens, directly or indirectly, to harm a school official with purpose to terrorize the official or in reckless disregard of the risk of causing such terror, is guilty of a misdemeanor. As used in this subdivision, "school official" includes teachers, school administrators, and other employees of a public or private school. Whoever violates this subdivision a second or subsequent time is guilty of a gross misdemeanor.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective August 1, 2000, and applies to offenses committed on or after that date."

Delete the title and insert:

"A bill for an act relating to crime prevention; providing criminal penalties for persons who threaten to harm a school official; amending Minnesota Statutes 1998, section 609.713, by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Pursuant to Senate Concurrent Resolution No. 10, H. F. No. 3465 was re-referred to the Committee on Rules and Legislative Administration.

Dauids from the Committee on Commerce to which was referred:

H. F. No. 3505, A bill for an act relating to commerce; regulating certain disclosures; specifying the license term and fees of a managing general agent; regulating securities broker-dealers and investment advisors; 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; 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; and 326.975, subdivision 1; Minnesota Statutes 1999 Supplement, section 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 332; and 359.

Reported the same back with the following amendments:

Page 2, after line 3, insert:

"Sec. 2. [60A.033] [DEFINITIONS.]

Subdivision 1. [APPLICATION.] For purposes of sections 60A.033 to 60A.039, the definitions in this section have the meanings given them.

Subd. 2. [INSURANCE COMPLIANCE SELF-AUDIT OR SELF-AUDIT.] "Insurance compliance self-audit" or "self-audit" means a voluntary internal evaluation, review, assessment, process, or audit, not expressly required by law of an insurer and designed to identify, correct, or prevent noncompliance or to improve compliance with statutes, rules, and orders of an activity regulated under chapters 60A to 79A or other laws of this state or other states or federal law applicable to an insurer.

Subd. 3. [INSURANCE COMPLIANCE SELF-AUDIT DOCUMENT OR SELF-AUDIT DOCUMENT.] "Insurance compliance self-audit document" or "self-audit document" means a document prepared as a result of or in connection with and not before an insurance compliance self-audit and includes, but is not limited to, any of the following:

(1) correspondence, instructions, field notes and records of observations, findings, opinions, suggestions, conclusions, drafts, checklists, memoranda, drawings, photographs, computer-generated or electronically recorded information, telephone records, maps, charts, graphs, and surveys, if this information is collected or developed for the primary purpose and in the course of an insurance compliance self-audit;

(2) a report prepared by an auditor, who may be an employee of the insurer or an independent contractor, which may include the scope of the audit, the information gained in the audit, and conclusions and recommendations, with exhibits and appendices;

(3) memoranda and documents analyzing portions or all of the report and discussing potential implementation issues;

(4) an implementation plan that addresses correcting past noncompliance, improving current compliance, and preventing future noncompliance identified as part of the self-audit;

(5) analytic data generated in the course of conducting the insurance compliance self-audit; or

(6) a written response to the findings of an insurance compliance self-audit.

An insurance compliance self-audit document does not include (1) a document or other information contained within an insurance compliance self-audit document, but not prepared in connection with or as a result of a self-audit, or (2) a document, not prepared in connection with or as a result of a self-audit, requested by the commissioner in conjunction with the investigation of a consumer complaint where the document relates solely to the complainant's policy or any claim made against the policy and the complainant has provided the commissioner with written authorization requesting its release.

Sec. 3. [60A.034] [SCOPE OF PRIVILEGE.]

Subdivision 1. [PRIVILEGED INFORMATION.] An insurance compliance self-audit document is privileged information and is not discoverable or admissible as evidence in a civil or criminal legal action except as otherwise provided in section 60A.035. If an insurance compliance self-audit document provided by an insurer to the commissioner is disclosed to a third party by the commissioner, the document is not admissible as evidence in a civil or criminal legal action. This privilege does not extend to self-audits initiated after the insurer has received notice of an examination by state or federal regulators. Assertion of the privilege established under this subdivision to prevent disclosure of an insurance compliance self-audit document does not constitute a fraudulent purpose under section 60A.035.

Subd. 2. [EXAMINATION PROHIBITED.] If an insurer, person, or entity performs or directs the performance of an insurance compliance self-audit, an officer or employee involved with the insurance compliance self-audit or a consultant who is hired for the purpose of performing or assisting in the performance of the insurance compliance self-audit may not be examined in a civil or criminal proceeding as to the insurance compliance self-audit or an insurance compliance self-audit document. This subdivision does not apply if the privilege is determined under section 60A.035 not to apply.

Subd. 3. [SUBMISSION PURSUANT TO EXAMINATION.] An insurer must submit, in connection with examinations conducted under this chapter or chapter 60D, an insurance compliance self-audit document to the commissioner. The submission does not waive the privilege established under this section to which the insurer is otherwise entitled, and the submission is subject to sections 60A.03, subdivision 9, and 60A.031, subdivision 4, paragraph (f).

Sec. 4. [60A.035] [PRIVILEGE WAIVED OR DISCLOSURE ORDERED.]

Subdivision 1. [WAIVER.] The insurance compliance self-audit privilege does not apply to the extent the insurer that prepared or caused to be prepared the insurance compliance self-audit document expressly waives the privilege by so stating its intent in writing.

Subd. 2. [REQUIRED DISCLOSURE.] In a civil proceeding, a court of record may, after an in camera review, require disclosure of material for which the insurance compliance self-audit privilege is asserted, if the court determines one of the following:

(1) the privilege is asserted for a fraudulent purpose; or

(2) the material is not subject to the privilege.

Sec. 5. [60A.036] [BURDEN OF PROOF.]

Subdivision 1. [BURDEN.] An insurer asserting the insurance compliance self-audit privilege has the burden of demonstrating the applicability of the privilege.

Subd. 2. [STIPULATION.] The parties may at any time stipulate in proceedings under section 60A.035 to entry of an order directing that specific information contained in an insurance compliance self-audit document is or is not subject to the insurance compliance self-audit privilege.

Sec. 6. [60A.037] [EXCEPTIONS TO PRIVILEGE.]

The insurance compliance self-audit privilege does not apply to the following:

(1) documents, communications, data, reports, or other information, other than an insurance compliance self-audit document, required to be collected, developed, maintained, reported, or otherwise made available to the commissioner, or under federal or state law, rule, or order;

(2) information obtained by observation or monitoring by the commissioner of commerce or commissioner or head of any other regulatory agency; or

(3) information obtained from a source independent of the insurance compliance self-audit.

Sec. 7. [60A.038] [STATUTORY OR COMMON LAW PRIVILEGE PRESERVED.]

Nothing in sections 60A.033 to 60A.037 limits, waives, or abrogates the scope or nature of any statutory or common law privilege including, but not limited to, the work product doctrine, the attorney-client privilege, or the subsequent remedial measures exclusion.

Sec. 8. [60A.039] [COMMISSIONER'S AUTHORITY NOT RESTRICTED.]

Nothing in sections 60A.033 to 60A.037 restricts the authority of the commissioner to examine and investigate insurers or conduct appropriate disciplinary actions or other administrative proceedings.

Sec. 9. Minnesota Statutes 1999 Supplement, section 60A.06, subdivision 1, is amended to read:

Subdivision 1. [STATUTORY LINES.] Insurance corporations may be authorized to transact in any state or territory in the United States, in the Dominion of Canada, and in foreign countries, when specified in their charters or certificates of incorporation, either as originally granted or as thereafter amended, any of the following kinds of business, upon the stock plan, or upon the mutual plan when the formation of such mutual companies is otherwise authorized by law; and business trusts as authorized by law of this state shall only be authorized to transact in this state the following kind of business hereinafter specified in clause (7) hereof when specified in their "declaration of trust":

(1) To insure against loss or damage to property on land and against loss of rents and rental values, leaseholds of buildings, use and occupancy and direct or consequential loss or damage caused by fire, smoke or smudge, water or other fluid or substance, lightning, windstorm, tornado, cyclone, earthquake, collapse and slippage, rain, hail, frost, snow, freeze, change of temperature, weather or climatic conditions, excess or deficiency of moisture, floods, the rising of waters, oceans, lakes, rivers or their tributaries, bombardment, invasion, insurrection, riot, civil war or commotion, military or usurped power, electrical power interruption or electrical breakdown from any cause, railroad equipment, motor vehicles or aircraft, accidental injury to sprinklers, pumps, conduits or containers or other apparatus erected for extinguishing fires, explosion, whether fire ensues or not, except explosions on risks specified in clause (3); provided, however, that there may be insured hereunder the following: (a) explosion of any kind originating outside the insured building or outside of the building containing the property insured, (b) explosion of pressure vessels which do not contain steam or which are not operated with steam coils or steam jackets; and (c) risks under home owners multiple peril policies;

(2)(a) To insure vessels, freight, goods, wares, merchandise, specie, bullion, jewels, profits, commissions, bank notes, bills of exchange, and other evidences of debt, bottomry and respondentia interest, and every insurance appertaining to or connected with risks of transportation and navigation on and under water, on land or in the air;

(b) To insure all personal property floater risks;

(3) To insure against any loss from either direct or indirect damage to any property or interest of the assured or of another, resulting from the explosion of or injury to (a) any boiler, heater or other fired pressure vessel; (b) any unfired pressure vessel; (c) pipes or containers connected with any of said boilers or vessels; (d) any engine, turbine, compressor, pump or wheel; (e) any apparatus generating, transmitting or using electricity; (f) any other machinery or apparatus connected with or operated by any of the previously named boilers, vessels or machines; and including the incidental power to make inspections of and to issue certificates of inspection upon, any such boilers, apparatus, and machinery, whether insured or otherwise;

(4) To make contracts of life and endowment insurance, to grant, purchase, or dispose of annuities or endowments of any kind; and, in such contracts, or in contracts supplemental thereto to provide for additional benefits in event of death of the insured by accidental means, total permanent disability of the insured, or specific dismemberment or disablement suffered by the insured, or acceleration of life or endowment or annuity benefits in advance of the time they would otherwise be payable;

(5)(a) To insure against loss or damage by the sickness, bodily injury or death by accident of the assured or dependents, or those for whom the assured has assumed a portion of the liability for the loss or damage, including liability for payment of medical care costs or for provision of medical care;

(b) To insure against the legal liability, whether imposed by common law or by statute or assumed by contract, of employers for the death or disablement of, or injury to, employees;

(6) To guarantee the fidelity of persons in fiduciary positions, public or private, or to act as surety on official and other bonds, and for the performance of official or other obligations;

(7) To insure owners and others interested in real estate against loss or damage, by reason of defective titles, encumbrances, or otherwise;

(8) To insure against loss or damage by breakage of glass, located or in transit;

(9)(a) To insure against loss by burglary, theft, or forgery;

(b) To insure against loss of or damage to moneys, coins, bullion, securities, notes, drafts, acceptance or any other valuable paper or document, resulting from any cause, except while in the custody or possession of and being transported by any carrier for hire or in the mail;

(c) To insure individuals by means of an all risk type of policy commonly known as the "personal property floater" against any kind and all kinds of loss of or damage to, or loss of use of, any personal property other than merchandise;

(d) To insure against loss or damage by water or other fluid or substance;

(10) To insure against loss from death of domestic animals and to furnish veterinary service;

(11) To guarantee merchants and those engaged in business, and giving credit, from loss by reason of giving credit to those dealing with them; this shall be known as credit insurance;

(12) To insure against loss or damage to automobiles or other vehicles or aircraft and their contents, by collision, fire, burglary, or theft, and other perils of operation, and against liability for damage to persons, or property of others, by collision with such vehicles or aircraft, and to insure against any loss or hazard incident to the ownership, operation, or use of motor or other vehicles or aircraft;

(13) To insure against liability for loss or damage to the property or person of another caused by the insured or by those for whom the insured is responsible, including insurance of medical, hospital, surgical, funeral or other related expense of the insured or other person injured, irrespective of legal liability of the insured, when issued with or supplemental to policies of liability insurance;

(14) To insure against loss of or damage to any property of the insured, resulting from the ownership, maintenance or use of elevators, except loss or damage by fire;

(15) To insure against attorneys fees, court costs, witness fees and incidental expenses incurred in connection with the use of the professional services of attorneys at law;

(16) To insure against vicarious liability for punitive or exemplary damages."

Page 3, line 5, delete "advisor" and insert "adviser"

Page 13, strike lines 3 and 4

Page 19, after line 1, insert:

"Sec. 24. 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."

Page 20, after line 22, insert:

"Sec. 27. 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.~~

No agreement entered into after seven months from the date of published notice by 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: (a) An agreement by an owner, the primary purpose of which is to locate, deliver, recover, or assist in the recovery of property that is presumed abandoned, is void and unenforceable if it was entered into during the period beginning on the date the property was presumed abandoned and extending to a time that is 24 months after the date the property is paid or delivered to the administrator. This paragraph does not apply to an owner's agreement with an attorney to file a claim as to identified property or contest the administrator's denial of a claim.

(b) An agreement by an owner, the primary purpose of which is to locate, deliver, recover, or assist in the recovery of property, is enforceable only if the agreement is in writing, clearly sets forth the nature of the property and the services to be rendered, is signed by the apparent owner, and states the value of the property before and after the fee or other compensation has been deducted.

(c) If an agreement covered by this section applies to mineral proceeds and the agreement contains a provision to pay compensation that includes a portion of the underlying minerals or any mineral proceeds not then presumed abandoned, the provision is void and unenforceable.

(d) An agreement covered by this section that provides for compensation that is unconscionable is unenforceable except by the owner. An owner who has agreed to pay compensation that is unconscionable, or the administrator on behalf of the owner, may maintain an action to reduce the compensation to a conscionable amount. The court may award reasonable attorney fees to an owner who prevails in the action.

(e) This section does not preclude an owner from asserting that an agreement covered by this section is invalid on grounds other than unconscionable compensation."

Page 21, line 25, delete "1 to 5, 7 to 10, 11, 14, and 16 to 18" and insert "1, 9 to 13, 15 to 19, 22, and 25 to 28"

Page 21, line 26, before the period, insert ", except that the amendment made in section 16 to Minnesota Statutes 1999 Supplement, section 80A.15, subdivision 2, paragraph (j), is effective retroactive to August 1, 1999"

Amend the title as follows:

Page 1, line 2, after the second semicolon, insert "regulating insurance compliance self-audits; authorizing insurance against vicarious liability for certain damages;"

Page 1, line 5, delete "advisors" and insert "advisers"

Page 1, line 11, after the semicolon, insert "regulating unclaimed property;"

Page 1, line 17, after the third semicolon, insert "308A.711, subdivision 1;"

Page 1, line 18, delete "and" and after the semicolon, insert "and 345.515;"

Page 1, line 19, delete "section" and insert "sections 60A.06, subdivision 1; and"

Page 1, line 20, after "chapters" insert "60A;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Broecker from the Committee on Judiciary Finance to which was referred:

H. F. No. 3571, A bill for an act relating to gambling; regulating and prohibiting certain activities with respect to gambling; regulating shipment of gambling devices; providing penalties; amending Minnesota Statutes 1998, sections 299L.07, subdivisions 2a and 10; 349.2125, subdivision 1; 609.75, by adding subdivisions; and 609.76, subdivision 2, and by adding subdivisions.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Dauids from the Committee on Commerce to which was referred:

H. F. No. 3610, A bill for an act relating to health; providing patient protections; modifying the Health Care Administrative Simplification Act; requiring coverage for medical clinical trials; amending Minnesota Statutes 1998, sections 62D.17, subdivision 1; 62J.38; 62J.51, by adding subdivisions; 62J.52, subdivisions 1, 2, and 5; 62J.60, subdivision 1; 62Q.56; and 62Q.58; Minnesota Statutes 1999 Supplement, section 45.027, subdivision 6; proposing coding for new law in Minnesota Statutes, chapters 62J; and 62Q.

Reported the same back with the following amendments:

Page 1, line 22, after "violation" insert ", unless the commissioner certifies in writing that the division and distribution to enrollees would be too administratively complex or that the number of enrollees affected by the penalty would result in a distribution of less than \$50 per enrollee"

Page 1, after line 22, insert:

"Sec. 2. [62D.021] [ACCREDITATION.]

The commissioner shall accept the results of private accreditation organizations, professional review organizations, and other governmental agencies based upon a determination that the other organization's standards and procedures are no less stringent than state law. Documentation of audit procedures and work papers of these audit organizations must be available to the commissioner. The commissioner may use those results in exercise of regulatory authority. The commissioner may initiate and conduct any investigation deemed necessary if there is suspected violation of law.

Sec. 3. Minnesota Statutes 1998, section 62D.08, is amended by adding a subdivision to read:

Subd. 5a. Every health maintenance organization shall inform the commissioner of any termination of a provider contract within ten days after the date that the health maintenance organization sends out or receives the notice of cancellation, discontinuance, or termination."

Page 2, line 27, after "violation" insert ", unless the commissioner certifies in writing that the division and distribution to enrollees would be too administratively complex or that the number of enrollees affected by the penalty would result in a distribution of less than \$50 per enrollee"

Page 2, after line 27, insert:

"Sec. 5. 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."

Page 8, after line 21, insert:

"Sec. 14. Minnesota Statutes 1998, section 62J.75, is amended to read:

62J.75 [CONSUMER ADVISORY BOARD.]

(a) The consumer advisory board consists of 18 members appointed in accordance with paragraph (b). All members must be public, consumer members who:

(1) do not have and never had a material interest in either the provision of health care services or in an activity directly related to the provision of health care services, such as health insurance sales or health plan administration;

(2) are not registered lobbyists; and

(3) are not currently responsible for or directly involved in the purchasing of health insurance for a business or organization.

(b) The governor, the speaker of the house of representatives, and the subcommittee on committees of the committee on rules and administration of the senate shall each appoint six members. Members may be compensated in accordance with section 15.059, subdivision 3, except that members shall not receive per diem compensation or reimbursements for child care expenses.

(c) The board shall advise the commissioners of health and commerce on the following:

(1) the needs of health care consumers and how to better serve and educate the consumers on health care concerns and recommend solutions to identified problems; and

(2) consumer protection issues in the self-insured market, including, but not limited to, public education needs.

The board also may make recommendations to the legislature on these issues.

(d) The board and this section expire June 30, ~~2001~~ 2000.

Sec. 15. Minnesota Statutes 1999 Supplement, section 62M.02, subdivision 21, is amended to read:

Subd. 21. [UTILIZATION REVIEW ORGANIZATION.] "Utilization review organization" means an entity including but not limited to an insurance company licensed under chapter 60A to offer, sell, or issue a policy of accident and sickness insurance as defined in section 62A.01; a health service plan licensed under chapter 62C; a health maintenance organization licensed under chapter 62D; a community integrated service network licensed under chapter 62N; an accountable provider network operating under chapter 62T; a fraternal benefit society operating under chapter 64B; a joint self-insurance employee health plan operating under chapter 62H; a multiple employer welfare arrangement, as defined in section 3 of the Employee Retirement Income Security Act of 1974 (ERISA), United States Code, title 29, section 1103, as amended; a third party administrator licensed under section 60A.23, subdivision 8, which conducts utilization review and determines certification of an admission, extension of stay, or other health care services for a Minnesota resident; or any entity performing utilization review that is affiliated with, under contract with, or conducting utilization review on behalf of, a business entity in this state. Utilization review organization does not include a clinic or health care system acting pursuant to a written delegation agreement with an otherwise regulated utilization review organization which contracts with the clinic or health care system. The regulated utilization review organization is accountable for the delegated utilization review activities of the clinic or health care system."

Page 9, line 23, after "provider" insert "for the remainder of the enrollee's life if the enrollee has a terminal condition, and if the enrollee does not have a terminal condition."

Page 10, line 2, delete "or interpreter"

Page 10, line 3, delete everything after "network" and insert "who can communicate with the enrollee either directly or through an interpreter."

Page 10, line 6, before "The" insert "For all requests for referral under clause (1) or (2), the health plan company must grant the request for referral unless the enrollee does not meet the criteria provided in the applicable clause for the request. If the health plan company determines that the enrollee does not meet those criteria and therefore denies the request for a referral."

Page 10, line 10, strike "can" and insert "may"

Page 10, line 13, strike "shall" and insert "must"

Page 10, line 30, after the first comma, insert "the" and delete the second "plans" and insert "plan"

Page 10, line 31, after "provider" insert "for the remainder of the enrollee's life if the enrollee has a terminal condition, and if the enrollee does not have a terminal condition." and delete the colon

Page 10, line 32, delete the paragraph coding and delete "(1)"

Page 10, line 34, delete "(i)" and insert "(1)"

Page 10, line 35, delete "(ii)" and insert "(2)"

Page 10, line 36, delete "(iii)" and insert "(3)"

Page 11, line 1, delete "(iv)" and insert "(4)"

Page 11, line 2, delete "; or" and insert a period

Page 11, delete line 3 and insert:

"For all requests for referral under this paragraph, the health plan company must grant the request for referral unless the enrollee does not meet the criteria provided in this paragraph.

(b) The health plan company shall prepare a written plan that provides a process for coverage determinations regarding continuity of care of up to 120 days for new enrollees with cultural or language barriers, who request continuity of care with their former provider. The written plan must explain the criteria that will be used to determine whether a need for continuity of care exists and how it will be provided. The written plan must apply to an enrollee if the enrollee:

Page 11, line 4, delete "(i)" and insert "(1)"

Page 11, line 9, delete "(ii)" and insert "(2)"

Page 11, line 11, delete everything after "network" and insert "who can communicate with the enrollee either directly or through an interpreter."

Page 11, line 14, before "The" insert:

"(c) This paragraph applies to requests under paragraph (a) or (b)."

Page 11, line 22, strike "(b)" and insert "(d)"

Page 12, line 29, delete "an acute condition" and insert "a chronic health condition that is in an acute phase"

Page 12, line 31, delete "or"

Page 12, delete lines 32 and 33 and insert:

"(4) a degenerative disease or disability; or

(5) other condition or disease of sufficient seriousness and complexity to require treatment by a specialist."

Page 13, line 6, delete everything after "specialist"

Page 13, line 7, delete "care provider and"

Page 13, line 8, after "enrollee" insert "for the condition, or related condition, for which the enrollee was referred"

Page 13, line 14, delete the new language

Page 13, line 15, delete the new language

Page 15, after line 5, insert:

"Sec. 20. [REPEALER.]

Minnesota Statutes 1998, sections 16B.93; 16B.94; 16B.95; 16B.96; 62D.08, subdivision 5; and 62Q.07, are repealed."

Page 15, line 7, delete "1 to 3 and 11 to 14" and insert "1, 4, 6, and 16 to 19"

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to health; providing patient protections; modifying the Health Care Administrative Simplification Act; modifying comprehensive health insurance provisions; advancing the expiration date for the consumer advisory board; requiring coverage for medical clinical trials; amending Minnesota Statutes 1998, sections 62D.08, by adding a subdivision; 62D.17, subdivision 1; 62E.04, subdivision 4; 62J.38; 62J.51, by adding subdivisions; 62J.52, subdivisions 1, 2, and 5; 62J.60, subdivision 1; 62J.75; 62Q.56; and 62Q.58; Minnesota Statutes 1999 Supplement, sections 45.027, subdivision 6; and 62M.02, subdivision 21; proposing coding for new law in Minnesota Statutes, chapters 62D; 62J; and 62Q, repealing Minnesota Statutes 1998, sections 16B.93; 16B.94; 16B.95; 16B.96; 62D.08, subdivision 5; and 62Q.07."

With the recommendation that when so amended the bill pass.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 3613, A bill for an act relating to transportation; providing for claims by person incurring injury to person or property while operating recreational vehicle on trunk highway right-of-way; amending Minnesota Statutes 1998, section 3.736, subdivision 3.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Smith from the Committee on Civil Law to which was referred:

H. F. No. 3615, A bill for an act relating to government data; codifying temporary classifications dealing with data of the St. Paul housing and redevelopment authority and St. Paul economic assistance data; proposing coding for new law in Minnesota Statutes, chapter 13.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 13.01, is amended by adding a subdivision to read:

Subd. 4. [HEADNOTES.] The headnotes printed in boldface type before paragraphs in this chapter are mere catchwords to indicate the content of a paragraph and are not part of the statute.

Sec. 2. Minnesota Statutes 1998, section 13.01, is amended by adding a subdivision to read:

Subd. 5. [PROVISIONS CODED IN OTHER CHAPTERS.] (a) The sections referenced in this chapter that are codified outside this chapter classify government data as other than public, place restrictions on access to government data, or involve data sharing.

(b) Those sections are governed by the definitions and general provisions in sections 13.01 to 13.07, and the remedies and penalties provided in sections 13.08 and 13.09 apply to those sections, except:

(1) for records of the judiciary, as provided in section 13.90; or

(2) as specifically provided otherwise by law.

Sec. 3. Minnesota Statutes 1999 Supplement, section 13.03, subdivision 3, is amended to read:

Subd. 3. [REQUEST FOR ACCESS TO DATA.] (a) Upon request to a responsible authority or designee, a person shall be permitted to inspect and copy public government data at reasonable times and places, and, upon request, shall be informed of the data's meaning. If a person requests access for the purpose of inspection, the responsible authority may not assess a charge or require the requesting person to pay a fee to inspect data.

(b) For purposes of this section, "inspection" includes, but is not limited to, the visual inspection of paper and similar types of government data. Inspection does not include printing copies by the government entity, unless printing a copy is the only method to provide for inspection of the data. In the case of data stored in electronic form and made available in electronic form on a remote access basis to the public by the government entity, inspection includes remote access to the data by the public and the ability to print copies of or download the data on the public's own computer equipment. Nothing in this section prohibits a government entity from charging a reasonable fee for remote access to data under a specific statutory grant of authority. A government entity may charge a fee for remote access to data where either the data or the access is enhanced at the request of the person seeking access.

(c) The responsible authority or designee shall provide copies of public data upon request. If a person requests copies or electronic transmittal of the data to the person, the responsible authority may require the requesting person to pay the actual costs of searching for and retrieving government data, including the cost of employee time, and for making, certifying, compiling, and electronically transmitting the copies of the data or the data, but may not charge for separating public from not public data. If the responsible authority or designee is not able to provide copies at the time a request is made, copies shall be supplied as soon as reasonably possible.

(d) When a request under this subdivision involves any person's receipt of copies of public government data that has commercial value and is a substantial and discrete portion of or an entire formula, pattern, compilation, program, device, method, technique, process, database, or system developed with a significant expenditure of public funds by

the agency, the responsible authority may charge a reasonable fee for the information in addition to the costs of making, certifying, and compiling the copies. Any fee charged must be clearly demonstrated by the agency to relate to the actual development costs of the information. The responsible authority, upon the request of any person, shall provide sufficient documentation to explain and justify the fee being charged.

(e) The responsible authority of a state agency, statewide system, or political subdivision that maintains public government data in a computer storage medium shall provide to any person making a request under this section a copy of any public data contained in that medium, in electronic form, if the government entity can reasonably make the copy or have a copy made. This does not require a government entity to provide the data in an electronic format or program that is different from the format or program in which the data are maintained by the government entity. The entity may require the requesting person to pay the actual cost of providing the copy.

(f) If the responsible authority or designee determines that the requested data is classified so as to deny the requesting person access, the responsible authority or designee shall inform the requesting person of the determination either orally at the time of the request, or in writing as soon after that time as possible, and shall cite the specific statutory section, temporary classification, or specific provision of federal law on which the determination is based. Upon the request of any person denied access to data, the responsible authority or designee shall certify in writing that the request has been denied and cite the specific statutory section, temporary classification, or specific provision of federal law upon which the denial was based.

Sec. 4. Minnesota Statutes 1998, section 13.03, subdivision 5, is amended to read:

Subd. 5. ~~[COPYRIGHT OR PATENT OF COMPUTER PROGRAM.] Nothing in this chapter or any other statute shall be construed to prevent~~ A state agency, statewide system, or political subdivision ~~from acquiring~~ may enforce a copyright or acquire a patent for a computer software program or components of a program created by that government agency without statutory authority. In the event that a government agency ~~does acquire~~ acquires a patent ~~or copyright~~ to a computer software program or component of a program, the data shall be treated as trade secret information pursuant to section 13.37.

Sec. 5. Minnesota Statutes 1998, section 13.05, subdivision 3, is amended to read:

Subd. 3. ~~[GENERAL STANDARDS FOR COLLECTION AND STORAGE.] Collection and storage, and use of all data on individuals and the use and dissemination of private and confidential data on individuals shall be is limited to that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government. Dissemination of private or confidential data on individuals is limited to that necessary for the administration and management of programs specifically authorized by the legislature or local governing body or mandated by the federal government.~~

Sec. 6. Minnesota Statutes 1998, section 13.05, is amended by adding a subdivision to read:

Subd. 12. [IDENTIFICATION OR JUSTIFICATION.] Unless specifically authorized by statute, state agencies, statewide systems, and political subdivisions may not require persons to identify themselves, state a reason for, or justify a request to gain access to public government data. A person may be asked to provide certain identifying or clarifying information for the sole purpose of facilitating access to the data.

Sec. 7. Minnesota Statutes 1998, section 13.05, is amended by adding a subdivision to read:

Subd. 13. [DATA PRACTICES COMPLIANCE OFFICIAL.] By December 1, 2000, each responsible authority or other appropriate authority in every government entity shall appoint or designate an employee of the government entity to act as the entity's data practices compliance official. The data practices compliance official is the designated employee of the government entity to whom persons may direct questions or concerns regarding problems in obtaining access to data or other data practices problems. The responsible authority may be the data practices compliance official.

Sec. 8. [13.081] [ADMINISTRATIVE REMEDIES.]

Subdivision 1. [COMPLAINTS.] Any person who believes that a government entity is not in compliance with this chapter may file a complaint with the commissioner. The commissioner shall specify the form of the complaint. The commissioner shall conduct an investigation to determine whether the complaint is valid or whether another alternative dispute resolution process exists to address the issue presented. If the commissioner determines the complaint is not valid or another alternative dispute resolution process is a more appropriate forum for resolving the dispute, the commissioner shall dismiss the complaint and so inform the person who filed the complaint and the government entity that was the subject of the complaint. If the commissioner determines the complaint is valid, the commissioner may take any of the actions under subdivision 2 to resolve the complaint. The commissioner shall either dismiss the complaint or refer it for one of the actions under subdivision 2 within 20 days of receipt of the complaint. For good cause and upon written notice to the person bringing the complaint, the commissioner may extend this deadline for one additional 30-day period.

Subd. 2. [INFORMAL RESOLUTION OF COMPLAINT.] The commissioner may attempt to resolve a complaint informally or, with the consent of both parties, refer the matter to an alternative dispute resolution process and use the services of the office of dispute resolution or the office of administrative hearings to arbitrate or mediate the dispute.

Sec. 9. Minnesota Statutes 1999 Supplement, section 13.32, subdivision 7, is amended to read:

Subd. 7. [USES OF DATA.] School officials who receive data on juveniles, as authorized under sections 260B.171 and 260C.171, may use and share that data within the school district or educational entity as necessary to protect persons and property or to address the educational and other needs of students. A school district, its agents, and employees who use and share such data in good faith are immune from civil or criminal liability that might otherwise result from their actions.

Sec. 10. [13.623] [ST. PAUL HOUSING AND REDEVELOPMENT AUTHORITY DATA.]

Subdivision 1. [PRIVATE AND NONPUBLIC DATA.] The following data that are submitted to the St. Paul housing and redevelopment authority by individuals and business entities that are requesting financial assistance are private data on individuals or nonpublic data: financial statements; credit reports; business plans; income and expense projections; customer lists; balance sheets; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Subd. 2. [PUBLIC DATA.] Data submitted to the authority under subdivision 1 become public data if the authority provides financial assistance to the individual or business entity, except that the following data remain private or nonpublic: business plans; income and expense projections not related to the financial assistance provided; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Sec. 11. [13.624] [ST. PAUL ECONOMIC ASSISTANCE DATA.]

Subdivision 1. [PRIVATE AND NONPUBLIC DATA.] The following data that are submitted to the city of St. Paul by individuals and business entities that are requesting financial assistance are private data on individuals or nonpublic data: financial statements; credit reports; business plans; income and expense projections; customer lists; balance sheets; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Subd. 2. [PUBLIC DATA.] Data submitted to the city under subdivision 1 become public data if the city provides financial assistance to the individual or business entity, except that the following data remain private or nonpublic: business plans; income and expense projections not related to the financial assistance provided; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Sec. 12. Minnesota Statutes 1998, section 13.84, subdivision 5, is amended to read:

Subd. 5. [DISCLOSURE.] Private or confidential court services data shall not be disclosed except:

- (a) Pursuant to section 13.05;
- (b) Pursuant to a statute specifically authorizing disclosure of court services data;
- (c) With the written permission of the source of confidential data;
- (d) To the court services department, parole or probation authority or state or local correctional agency or facility having statutorily granted supervision over the individual subject of the data;
- (e) Pursuant to subdivision 5a; or
- (f) Pursuant to a valid court order.

Sec. 13. Minnesota Statutes 1998, section 13.84, subdivision 6, is amended to read:

Subd. 6. [PUBLIC DATA.] The following court services data on adult individuals is public:

- (a) name, age, date of birth, sex, occupation and the fact that an individual is a parolee, probationer or participant in a diversion program, and if so, at what location;
- (b) the offense for which the individual was placed under supervision;
- (c) the dates supervision began and ended and the duration of supervision;
- (d) court services data which was public in a court or other agency which originated the data;
- (e) arrest and detention orders, orders for parole or probation revocation and the reasons for revocation;
- (f) the conditions of parole, probation or participation and the extent to which those conditions have been or are being met;
- (g) identities of agencies, units within agencies and individuals providing supervision; and
- (h) the legal basis for any change in supervision and the date, time and locations associated with the change.

Sec. 14. Minnesota Statutes 1998, section 13.87, subdivision 2, is amended to read:

Subd. 2. [CLASSIFICATION.] Criminal history data maintained by agencies, political subdivisions and statewide systems are classified as private, pursuant to section 13.02, subdivision 12, except that data created, collected, or maintained by the bureau of criminal apprehension that identify an individual who was convicted of a crime and the offense of which the individual was convicted are public data ~~for 15 years following the discharge of the sentence imposed for the offense.~~

The bureau of criminal apprehension shall provide to the public at the central office of the bureau the ability to inspect in person, at no charge, through a computer monitor the criminal conviction data classified as public under this subdivision.

Sec. 15. Minnesota Statutes 1999 Supplement, section 13.99, subdivision 19, is amended to read:

Subd. 19. [HMO EXAMINATIONS.] Data obtained by the commissioner of health in the course of an examination of the affairs of a health maintenance organization are classified under section 62D.14, subdivisions 1 and ~~4~~ 4a.

Sec. 16. Minnesota Statutes 1998, section 62D.14, is amended by adding a subdivision to read:

Subd. 4a. [CLASSIFICATION OF DATA.] Any data or information obtained by the commissioner pursuant to this section or section 62D.145 shall be classified as private data on individuals or nonpublic data as defined in chapter 13. Such data shall be protected and may be released consistent with the provisions of section 60A.03, subdivision 9.

Sec. 17. [62D.145] [DISCLOSURE OF INFORMATION HELD BY HEALTH MAINTENANCE ORGANIZATIONS.]

Subdivision 1. [PERSONAL AND PRIVILEGED INFORMATION.] The ability of a health maintenance organization to disclose personal information, as defined in section 72A.491, subdivision 17, and privileged information, as defined in section 72A.491, subdivision 19, is governed by sections 72A.497, 72A.499, and 72A.502.

Subd. 2. [HEALTH DATA OR INFORMATION.] (a) A health maintenance organization is prohibited from disclosing to any person any individually identifiable data or information held by the health maintenance organization pertaining to the diagnosis, treatment, or health of any enrollee, or any application obtained from any person, except:

(1) to the extent necessary to carry out the purposes of this chapter, the commissioner and a designee shall have access to the above data or information but the data removed from the health maintenance organization or participating entity shall not identify any particular patient or client by name or contain any other unique personal identifier;

(2) upon the express consent of the enrollee or applicant;

(3) pursuant to statute or court order for the production of evidence or the discovery thereof;

(4) in the event of claim or litigation between the person and the provider or health maintenance organization wherein such data or information is pertinent;

(5) as otherwise authorized pursuant to statute;

(6) to meet the requirements of contracts for prepaid medical services with the department of human services authorized under chapter 256B, 256D, or 256L; or

(7) to meet the requirements of contracts for benefit plans with the commissioner of employee relations under chapter 43A.

(b) In any case involving a suspected violation of a law applicable to health maintenance organizations in which access to health data maintained by the health maintenance organization or participating entity is necessary, the commissioner and agents, while maintaining the privacy rights of individuals and families, shall be permitted to obtain data that identifies any particular patient or client by name. A health maintenance organization shall be entitled to claim any statutory privileges against such disclosure which the provider who furnished the information to the health maintenance organization is entitled to claim.

Sec. 18. Minnesota Statutes 1998, section 72A.491, subdivision 17, is amended to read:

Subd. 17. [PERSONAL INFORMATION.] "Personal information" means any individually identifiable information gathered in connection with an insurance transaction from which judgments can be made about an individual's character, habits, avocations, finances, occupation, general reputation, credit, health, or any other personal characteristics. The term includes the individual's name and address and health record information, but does not include privileged information. Personal information does not include health record information maintained by a health maintenance organization as defined under section 62D.02, subdivision 4, in its capacity as a health provider.

Sec. 19. Minnesota Statutes 1998, section 119A.376, is amended by adding a subdivision to read:

Subd. 4. [DATA CLASSIFICATION.] Data collected on individuals from which the identity of any individual receiving services may be determined are private data on individuals and must be maintained according to chapter 13.

Sec. 20. Minnesota Statutes 1998, section 119A.44, is amended by adding a subdivision to read:

Subd. 7. [DATA CLASSIFICATION.] Data collected on individuals from which the identity of any individual receiving services may be determined are private data on individuals and must be maintained according to chapter 13.

Sec. 21. Minnesota Statutes 1998, section 119A.50, is amended to read:

119A.50 [HEAD START PROGRAM.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The department of children, families, and learning is the state agency responsible for administering the Head Start program. The commissioner of children, families, and learning may make grants to public or private nonprofit agencies for the purpose of providing supplemental funds for the federal Head Start program.

Subd. 2. [DATA CLASSIFICATION.] Data collected on individuals from which the identity of any individual receiving services may be determined are private data on individuals and must be maintained according to chapter 13.

Sec. 22. Minnesota Statutes 1999 Supplement, section 119B.011, subdivision 15, is amended to read:

Subd. 15. [INCOME.] "Income" means earned or unearned income received by all family members, including public assistance cash benefits and at-home infant care subsidy payments, unless specifically excluded. The following are excluded from income: funds used to pay for health insurance premiums for family members, Supplemental Security Income, scholarships, work-study income, and grants that cover costs or reimbursement for tuition, fees, books, and educational supplies; student loans for tuition, fees, books, supplies, and living expenses; state and federal earned income tax credits; in-kind income such as food stamps, energy assistance, foster care assistance, medical assistance, child care assistance, and housing subsidies; earned income of ~~full~~ full- or part-time students up to the age of 19, who have not earned a high school diploma or GED high school equivalency diploma including earnings from summer employment; grant awards under the family subsidy program; nonrecurring lump sum income only to the extent that it is earmarked and used for the purpose for which it is paid; and any income assigned to the public authority according to section 256.74 or 256.741.

Sec. 23. Minnesota Statutes 1999 Supplement, section 119B.03, subdivision 4, is amended to read:

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

and who need child care assistance to participate in the education program. Within this priority, the following subpriorities must be used:

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

Sec. 24. Minnesota Statutes 1998, section 124D.16, subdivision 1, is amended to read:

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

- (1) a description of the services to be provided;
- (2) a plan to ensure children at greatest risk receive appropriate services;
- (3) a description of procedures and methods to be used to coordinate public and private resources to maximize use of existing community resources, including school districts, health care facilities, government agencies, neighborhood organizations, and other resources knowledgeable in early childhood development;
- (4) comments about the district's proposed program by the advisory council required by section 124D.15, subdivision 7; and
- (5) agreements with all participating service providers.

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

Sec. 25. Minnesota Statutes 1999 Supplement, section 256.978, subdivision 1, is amended to read:

Subdivision 1. [REQUEST FOR INFORMATION.] (a) The public authority responsible for child support in this state or any other state, in order to locate a person or to obtain information necessary to establish paternity and child support or to modify or enforce child support or distribute collections, may request information reasonably necessary to the inquiry from the records of ~~(1) all departments, boards, bureaus, or other agencies of this state~~ agencies or political subdivisions of this state, as defined in section 13.02, which shall, notwithstanding the provisions of section 268.19 or any other law to the contrary, provide the information necessary for this purpose; and (2) employers, utility companies, insurance companies, financial institutions, credit grantors, and labor associations doing business in this state. They shall provide a response upon written or electronic request within 30 days of service of the request made by the public authority. Information requested and used or transmitted by the commissioner according to the authority conferred by this section may be made available to other agencies, statewide systems, and political subdivisions of this state, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program.

(b) For purposes of this section, "state" includes the District of Columbia, Puerto Rico, the United States Virgin Islands, and any territory or insular possession subject to the jurisdiction of the United States.

Sec. 26. Minnesota Statutes 1999 Supplement, section 260B.171, subdivision 2, is amended to read:

Subd. 2. [RECORD OF FINDINGS.] (a) The juvenile court shall forward to the bureau of criminal apprehension the following data in juvenile petitions involving felony- or gross misdemeanor-level offenses:

- (1) the name and birthdate of the juvenile, including any of the juvenile's known aliases or street names;
- (2) the act for which the juvenile was petitioned and date of the offense; and
- (3) the date and county where the petition was filed.

(b) Upon completion of the court proceedings, the court shall forward the court's finding and case disposition to the bureau. The court shall specify whether:

- (1) the juvenile was referred to a diversion program;
- (2) the petition was dismissed, continued for dismissal, or continued without adjudication; or

(3) the juvenile was adjudicated delinquent, in which case the court shall also provide information indicating whether the offense, for which the juvenile was adjudicated, would be a felony or gross misdemeanor if the offense had been committed by an adult.

(c) The juvenile court shall forward to the bureau, the sentencing guidelines commission, and the department of corrections the following data on individuals convicted as extended jurisdiction juveniles:

- (1) the name and birthdate of the offender, including any of the juvenile's known aliases or street names;
- (2) the crime committed by the offender and the date of the crime;
- (3) the date and county of the conviction; and
- (4) the case disposition.

The court shall notify the bureau, the sentencing guidelines commission, and the department of corrections whenever it executes an extended jurisdiction juvenile's adult sentence under section 260B.130, subdivision 5.

(d) The bureau, sentencing guidelines commission, and the department of corrections shall retain the extended jurisdiction juvenile data for as long as the data would have been retained if the offender had been an adult at the time of the offense. Data retained on individuals under this subdivision are private data under section 13.02, except that extended jurisdiction juvenile data becomes public data under section 13.87, subdivision 2, when the juvenile court notifies the bureau that the individual's adult sentence has been executed under section 260B.130, subdivision 5.

Sec. 27. Minnesota Statutes 1999 Supplement, section 260B.171, subdivision 5, is amended to read:

Subd. 5. [PEACE OFFICER RECORDS OF CHILDREN.] (a) Except for records relating to an offense where proceedings are public under section 260B.163, subdivision 1, peace officers' records of children who are or may be delinquent or who may be engaged in criminal acts shall be kept separate from records of persons 18 years of age or older and are private data but shall be disseminated: (1) by order of the juvenile court, (2) as required by section 121A.28, (3) as authorized under section 13.82, subdivision 2, (4) to the child or the child's parent or guardian unless disclosure of a record would interfere with an ongoing investigation, (5) to the Minnesota crime victims reparations

board as required by section 611A.56, subdivision 2, clause (f), for the purpose of processing claims for crime victims reparations, or (6) as otherwise provided in this subdivision. Except as provided in paragraph (c), no photographs of a child taken into custody may be taken without the consent of the juvenile court unless the child is alleged to have violated section 169.121 or 169.129. Peace officers' records containing data about children who are victims of crimes or witnesses to crimes must be administered consistent with section 13.82, subdivisions 2, 3, 4, and 10. Any person violating any of the provisions of this subdivision shall be guilty of a misdemeanor.

In the case of computerized records maintained about juveniles by peace officers, the requirement of this subdivision that records about juveniles must be kept separate from adult records does not mean that a law enforcement agency must keep its records concerning juveniles on a separate computer system. Law enforcement agencies may keep juvenile records on the same computer as adult records and may use a common index to access both juvenile and adult records so long as the agency has in place procedures that keep juvenile records in a separate place in computer storage and that comply with the special data retention and other requirements associated with protecting data on juveniles.

(b) Nothing in this subdivision prohibits the exchange of information by law enforcement agencies, including federal and other state law enforcement agencies, if the exchanged information is pertinent and necessary for law enforcement purposes.

(c) A photograph may be taken of a child taken into custody pursuant to section 260B.175, subdivision 1, clause (b), provided that the photograph must be destroyed when the child reaches the age of 19 years. The commissioner of corrections may photograph juveniles whose legal custody is transferred to the commissioner. Photographs of juveniles authorized by this paragraph may be used only for institution management purposes, case supervision by parole agents, and to assist law enforcement agencies to apprehend juvenile offenders. The commissioner shall maintain photographs of juveniles in the same manner as juvenile court records and names under this section.

(d) Traffic investigation reports are open to inspection by a person who has sustained physical harm or economic loss as a result of the traffic accident. Identifying information on juveniles who are parties to traffic accidents may be disclosed as authorized under section 13.82, subdivision 4, and accident reports required under section 169.09 may be released under section 169.09, subdivision 13, unless the information would identify a juvenile who was taken into custody or who is suspected of committing an offense that would be a crime if committed by an adult, or would associate a juvenile with the offense, and the offense is not an adult court traffic offense under section 260B.225.

(e) A law enforcement agency shall notify the principal or chief administrative officer of a juvenile's school of an incident occurring within the agency's jurisdiction if:

(1) the agency has probable cause to believe that the juvenile has committed an offense that would be a crime if committed as an adult, that the victim of the offense is a student or staff member of the school, and that notice to the school is reasonably necessary for the protection of the victim; or

(2) the agency has probable cause to believe that the juvenile has committed an offense described in subdivision 3, paragraph (a), clauses (1) to (3), that would be a crime if committed by an adult, regardless of whether the victim is a student or staff member of the school.

A law enforcement agency is not required to notify the school under this paragraph if the agency determines that notice would jeopardize an ongoing investigation. Notwithstanding section 138.17, data from a notice received from a law enforcement agency under this paragraph must be destroyed when the juvenile graduates from the school or at the end of the academic year when the juvenile reaches age 23, whichever date is earlier. For purposes of this paragraph, "school" means a public or private elementary, middle, or secondary school.

(f) In any county in which the county attorney operates or authorizes the operation of a juvenile prepetition or pretrial diversion program, a law enforcement agency or county attorney's office may provide the juvenile diversion program with data concerning a juvenile who is a participant in or is being considered for participation in the program.

(g) Upon request of a local social services agency, peace officer records of children who are or may be delinquent or who may be engaged in criminal acts may be disseminated to the agency to promote the best interests of the subject of the data.

(h) Upon written request, the prosecuting authority shall release investigative data collected by a law enforcement agency to the victim of a criminal act or alleged criminal act or to the victim's legal representative, except as otherwise provided by this paragraph. Data shall not be released if:

- (1) the release to the individual subject of the data would be prohibited under section 13.391; or
- (2) the prosecuting authority reasonably believes:
 - (i) that the release of that data will interfere with the investigation; or
 - (ii) that the request is prompted by a desire on the part of the requester to engage in unlawful activities.

Sec. 28. Minnesota Statutes 1999 Supplement, section 268.19, is amended to read:

268.19 [~~INFORMATION~~ DATA PRIVACY.]

(a) Except as otherwise provided by this section, data gathered from any employer or individual pursuant to the administration of sections 268.03 to 268.23 are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except pursuant to a court order or section 13.05. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

- (1) state and federal agencies specifically authorized access to the data by state or federal law;
- (2) any agency of Minnesota or any other state; or any federal agency charged with the administration of an employment security law or the maintenance of a system of public employment offices;
- (3) human rights agencies within Minnesota that have enforcement powers;
- (4) the department of revenue must have access to department private data on individuals and nonpublic data not on individuals only to the extent necessary for enforcement of Minnesota tax laws;
- (5) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;
- (6) the department of labor and industry on an interchangeable basis with the department subject to the following limitations and regardless of any law to the contrary:
 - (i) the department must have access to private data on individuals and nonpublic data not on individuals for uses consistent with the administration of its duties under sections 268.03 to 268.23; and
 - (ii) the department of labor and industry must have access to private data on individuals and nonpublic data not on individuals for uses consistent with the administration of its duties under Minnesota law;
- (7) the department of trade and economic development may have access to private data on individual employers and nonpublic data not on individual employers for its internal use only; when received by the department of trade and economic development, the data remain private data on individuals or nonpublic data;

(8) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(9) local, state, and federal law enforcement agencies for the sole purpose of ascertaining the last known address and employment location of the data subject, provided the data subject is the subject of a criminal investigation; ~~and~~

(10) the federal Immigration and Naturalization Service shall have access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency; and

(11) the department of health may have access to private data on individuals and nonpublic data not on individuals solely for the purposes of epidemiologic investigations.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation pursuant to section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except pursuant to statute or court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Tape recordings and transcripts of recordings of proceedings conducted in accordance with section 268.105 and exhibits received into evidence at those proceedings are private data on individuals and nonpublic data not on individuals and must be disclosed only pursuant to the administration of section 268.105, or pursuant to a court order.

(d) The department may disseminate an employer's name, address, industry code, occupations employed, and the number of employees by ranges of not less than 100 for the purpose of assisting individuals using the Minnesota workforce center system in obtaining employment.

(e) The general aptitude test battery and the nonverbal aptitude test battery as administered by the department are private data on individuals or nonpublic data.

(f) Data gathered by the department pursuant to the administration of sections 268.03 to 268.23 must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Sec. 29. Minnesota Statutes 1999 Supplement, section 299C.095, subdivision 1, is amended to read:

Subdivision 1. [ACCESS.] (a) The bureau shall administer and maintain the computerized juvenile history record system based on sections 260B.171 and 260C.171 and other statutes requiring the reporting of data on juveniles. The data in the system are private data as defined in section 13.02, subdivision 12, but are accessible to criminal justice agencies as defined in section 13.02, subdivision 3a, to all trial courts and appellate courts, to a person who has access to the juvenile court records as provided in sections 260B.171 and 260C.171 or under court rule and to criminal justice agencies in other states in the conduct of their official duties.

(b) Except for access authorized under paragraph (a), the bureau shall only disseminate a juvenile adjudication history record in connection with a background check required by statute or rule and performed on a licensee, license applicant, or employment applicant or performed under section 299C.62 or 624.713. A consent for release of information from an individual who is the subject of a juvenile adjudication history is not effective and the bureau shall not release a juvenile adjudication history record and shall not release information in a manner that reveals the existence of the record.

Sec. 30. Minnesota Statutes 1998, section 299C.13, is amended to read:

299C.13 [INFORMATION FURNISHED TO PEACE OFFICER.]

Upon receipt of information data as to any arrested person, the bureau shall immediately ascertain whether the person arrested has a criminal record or is a fugitive from justice, and shall at once inform the arresting officer of the facts ascertained, including references to any juvenile or adult court disposition data that are not in the criminal history system. Upon application by any sheriff, chief of police, or other peace officer in the state, or by an officer of the United States or by an officer of another state, territory, or government duly authorized to receive the same and effecting reciprocal interchange of similar information with the division, it shall be the duty of the bureau to furnish all information in its possession pertaining to the identification of any person. If the bureau has a sealed record on the arrested person, it shall notify the requesting peace officer of that fact and of the right to seek a court order to open the record for purposes of law enforcement. A criminal justice agency shall be notified, upon request, of the existence and contents of a sealed record containing conviction information about an applicant for employment. For purposes of this section a "criminal justice agency" means courts or a government agency that performs the administration of criminal justice under statutory authority.

Sec. 31. [299C.175] [REPORT BY COURT.]

The court must determine the level of offense of each convicted individual and report the level of offense information to the bureau.

Sec. 32. [CITATION.]

Sections 299C.58 and 299C.582 may be cited as the National Crime Prevention and Privacy Compact.

Sec. 33. [299C.58] [COMPACT.]

The National Crime Prevention and Privacy Compact is hereby ratified, enacted into law, and entered into by this state with any other states legally joining therein in the form substantially as follows:

ARTICLE I

DEFINITIONS

In this compact:

(1) [ATTORNEY GENERAL.] The term "attorney general" means the Attorney General of the United States.

(2) [COMPACT OFFICER.] The term "compact officer" means

(A) with respect to the federal government, an official so designated by the director of the Federal Bureau of Investigation; and

(B) with respect to a party state, the chief administrator of the state's criminal history record repository or a designee of the chief administrator who is a regular full-time employee of the repository.

(3) [COUNCIL.] The term "council" means the compact council established under article VI.

(4) [CRIMINAL HISTORY RECORDS.] The term "criminal history records"

(A) means information collected by criminal justice agencies on individuals consisting of identifiable descriptions and notations of arrests, detentions, indictments, or other formal criminal charges, and any disposition arising therefrom, including acquittal, sentencing, correctional supervision, or release; and

(B) does not include identification information such as fingerprint records if such information does not indicate involvement of the individual with the criminal justice system.

(5) [CRIMINAL HISTORY RECORD REPOSITORY.] The term "criminal history record repository" means the state agency designated by the governor or other appropriate executive official or the legislature of a state to perform centralized record-keeping functions for criminal history records and services in the state.

(6) [CRIMINAL JUSTICE.] The term "criminal justice" includes activities relating to the detection, apprehension, detention, pretrial release, posttrial release, prosecution, adjudication, correctional supervision, or rehabilitation of accused persons or criminal offenders. The administration of criminal justice includes criminal identification activities and the collection, storage, and dissemination of criminal history records.

(7) [CRIMINAL JUSTICE AGENCY.] The term "criminal justice agency"

(A) means:

(i) courts; and

(ii) a governmental agency or any subunit thereof that:

(I) performs the administration of criminal justice pursuant to a statute or executive order; and

(II) allocates a substantial part of its annual budget to the administration of criminal justice; and

(B) includes federal and state inspectors general offices.

(8) [CRIMINAL JUSTICE SERVICES.] The term "criminal justice services" means services provided by the FBI to criminal justice agencies in response to a request for information about a particular individual or as an update to information previously provided for criminal justice purposes.

(9) [CRITERION OFFENSE.] The term "criterion offense" means any felony or misdemeanor offense not included on the list of nonserious offenses published periodically by the FBI.

(10) [DIRECT ACCESS.] The term "direct access" means access to the National Identification Index by computer terminal or other automated means not requiring the assistance of or intervention by any other party or agency.

(11) [EXECUTIVE ORDER.] The term "executive order" means an order of the President of the United States or the chief executive officer of a state that has the force of law and that is promulgated in accordance with applicable law.

(12) [FBI.] The term "FBI" means the Federal Bureau of Investigation.

(13) [INTERSTATE IDENTIFICATION INDEX SYSTEM.] The term "Interstate Identification Index System" or "III System"

(A) means the cooperative federal-state system for the exchange of criminal history records; and

(B) includes the National Identification Index, the National Fingerprint File, and, to the extent of their participation in such system, the criminal history record repositories of the states and the FBI.

(14) [NATIONAL FINGERPRINT FILE.] The term "National Fingerprint File" means a database of fingerprints, or other uniquely personal identifying information, relating to an arrested or charged individual maintained by the FBI to provide positive identification of record subjects indexed in the III System.

(15) [NATIONAL IDENTIFICATION INDEX.] The term "National Identification Index" means an index maintained by the FBI consisting of names, identifying numbers, and other descriptive information relating to record subjects about whom there are criminal history records in the III System.

(16) [NATIONAL INDEXES.] The term "national indexes" means the National Identification Index and the National Fingerprint File.

(17) [NONPARTY STATE.] The term "nonparty state" means a state that has not ratified this compact.

(18) [NONCRIMINAL JUSTICE PURPOSES.] The term "noncriminal justice purposes" means uses of criminal history records for purposes authorized by federal or state law other than purposes relating to criminal justice activities, including employment suitability, licensing determinations, immigration and naturalization matters, and national security clearances.

(19) [PARTY STATE.] The term "party state" means a state that has ratified this compact.

(20) [POSITIVE IDENTIFICATION.] The term "positive identification" means a determination, based upon a comparison of fingerprints or other equally reliable biometric identification techniques, that the subject of a record search is the same person as the subject of a criminal history record or records indexed in the III System. Identifications based solely upon a comparison of subjects' names or other nonunique identification characteristics or numbers, or combinations thereof, shall not constitute positive identification.

(21) [SEALED RECORD INFORMATION.] The term "sealed record information" means:

(A) with respect to adults, that portion of a record that is:

(i) not available for criminal justice uses;

(ii) not supported by fingerprints or other accepted means of positive identification; or

(iii) subject to restrictions on dissemination for noncriminal justice purposes pursuant to a court order related to a particular subject or pursuant to a federal or state statute that requires action on a sealing petition filed by a particular record subject; and

(B) with respect to juveniles, whatever each state determines is a sealed record under its own law and procedure.

(22) [STATE.] The term "state" means any state, territory, or possession of the United States, the District of Columbia, and the Commonwealth of Puerto Rico.

ARTICLE II

PURPOSES

The purposes of this compact are to:

(1) provide a legal framework for the establishment of a cooperative federal-state system for the interstate and federal-state exchange of criminal history records for noncriminal justice uses;

(2) require the FBI to permit use of the National Identification Index and the National Fingerprint File by each party state, and to provide, in a timely fashion, federal and state criminal history records to requesting states, in accordance with the terms of this compact and with rules, procedures, and standards established by the council under article VI;

(3) require party states to provide information and records for the National Identification Index and the National Fingerprint File and to provide criminal history records, in a timely fashion, to criminal history record repositories of other states and the federal government for noncriminal justice purposes, in accordance with the terms of this compact and with rules, procedures, and standards established by the council under article VI;

(4) provide for the establishment of a council to monitor III System operations and to prescribe system rules and procedures for the effective and proper operation of the III System for noncriminal justice purposes; and

(5) require the FBI and each party state to adhere to III System standards concerning record dissemination and use, response times, system security, data quality, and other duly established standards, including those that enhance the accuracy and privacy of such records.

ARTICLE III

RESPONSIBILITIES OF COMPACT PARTIES

(a) [FBI RESPONSIBILITIES.] The director of the FBI shall:

(1) appoint an FBI compact officer who shall:

(A) administer this compact within the Department of Justice and among federal agencies and other agencies and organizations that submit search requests to the FBI pursuant to article V(c);

(B) ensure that compact provisions and rules, procedures, and standards prescribed by the council under article VI are complied with by the Department of Justice and the federal agencies and other agencies and organizations referred to in article III(1)(A); and

(C) regulate the use of records received by means of the III System from party states when such records are supplied by the FBI directly to other federal agencies;

(2) provide to federal agencies and to state criminal history record repositories, criminal history records maintained in its database for the noncriminal justice purposes described in article IV, including:

(A) information from nonparty states; and

(B) information from party states that is available from the FBI through the III System, but is not available from the party state through the III System;

(3) provide a telecommunications network and maintain centralized facilities for the exchange of criminal history records for both criminal justice purposes and the noncriminal justice purposes described in article IV, and ensure that the exchange of such records for criminal justice purposes has priority over exchange for noncriminal justice purposes; and

(4) modify or enter into user agreements with nonparty state criminal history record repositories to require them to establish record request procedures conforming to those prescribed in article V.

(b) [STATE RESPONSIBILITIES.] Each party state shall:

(1) appoint a compact officer who shall:

(A) administer this compact within that state;

(B) ensure that compact provisions and rules, procedures, and standards established by the council under article VI are complied with in the state; and

- (C) regulate the in-state use of records received by means of the III System from the FBI or from other party states;
- (2) establish and maintain a criminal history record repository, which shall provide:
- (A) information and records for the National Identification Index and the National Fingerprint File; and
- (B) the state's III System-indexed criminal history records for noncriminal justice purposes described in article IV;
- (3) participate in the National Fingerprint File; and
- (4) provide and maintain telecommunications links and related equipment necessary to support the services set forth in this compact.

(c) [COMPLIANCE WITH III SYSTEM STANDARDS.] In carrying out their responsibilities under this compact, the FBI and each party state shall comply with III System rules, procedures, and standards duly established by the council concerning record dissemination and use, response times, data quality, system security, accuracy, privacy protection, and other aspects of III System operation.

(d) [MAINTENANCE OF RECORD SERVICES.]

(1) Use of the III System for noncriminal justice purposes authorized in this compact shall be managed so as not to diminish the level of services provided in support of criminal justice purposes.

(2) Administration of compact provisions shall not reduce the level of service available to authorized noncriminal justice users on the effective date of this compact.

ARTICLE IV

AUTHORIZED RECORD DISCLOSURES

(a) [STATE CRIMINAL HISTORY RECORD REPOSITORIES.] To the extent authorized by United States Code, title 5, section 552a, commonly known as the "Privacy Act of 1974," the FBI shall provide on request criminal history records (excluding sealed records) to state criminal history record repositories for noncriminal justice purposes allowed by federal statute, federal executive order, or a state statute that has been approved by the attorney general and that authorizes national indexes checks.

(b) [CRIMINAL JUSTICE AGENCIES AND OTHER GOVERNMENTAL OR NONGOVERNMENTAL AGENCIES.] The FBI, to the extent authorized by United States Code, title 5, section 552a, commonly known as the "Privacy Act of 1974," and state criminal history record repositories shall provide criminal history records (excluding sealed records) to criminal justice agencies and other governmental or nongovernmental agencies for noncriminal justice purposes allowed by federal statute, federal executive order, or a state statute that has been approved by the attorney general, that authorizes national indexes checks.

(c) [PROCEDURES.] Any record obtained under this compact may be used only for the official purposes for which the record was requested. Each compact officer shall establish procedures, consistent with this compact, and with rules, procedures, and standards established by the council under article VI, which procedures shall protect the accuracy and privacy of the records, and shall:

- (1) ensure that records obtained under this compact are used only by authorized officials for authorized purposes;
- (2) require that subsequent record checks are requested to obtain current information whenever a new need arises; and

(3) ensure that record entries that may not legally be used for a particular noncriminal justice purpose are deleted from the response and, if no information authorized for release remains, an appropriate "no record" response is communicated to the requesting official.

ARTICLE V

RECORD REQUEST PROCEDURES

(a) [POSITIVE IDENTIFICATION.] Subject fingerprints or other approved forms of positive identification shall be submitted with all requests for criminal history record checks for noncriminal justice purposes.

(b) [SUBMISSION OF STATE REQUESTS.] Each request for a criminal history record check utilizing the national indexes made under any approved state statute shall be submitted through that state's criminal history record repository. A state criminal history record repository shall process an interstate request for noncriminal justice purposes through the national indexes only if such request is transmitted through another state criminal history record repository or the FBI.

(c) [SUBMISSION OF FEDERAL REQUESTS.] Each request for criminal history record checks utilizing the national indexes made under federal authority shall be submitted through the FBI or, if the state criminal history record repository consents to process fingerprint submissions, through the criminal history record repository in the state in which such request originated. Direct access to the National Identification Index by entities other than the FBI and state criminal history records repositories shall not be permitted for noncriminal justice purposes.

(d) [FEES.] A state criminal history record repository or the FBI:

(1) may charge a fee, in accordance with applicable law, for handling a request involving fingerprint processing for noncriminal justice purposes; and

(2) may not charge a fee for providing criminal history records in response to an electronic request for a record that does not involve a request to process fingerprints.

(e) [ADDITIONAL SEARCH.]

(1) If a state criminal history record repository cannot positively identify the subject of a record request made for noncriminal justice purposes, the request, together with fingerprints or other approved identifying information, shall be forwarded to the FBI for a search of the national indexes.

(2) If, with respect to a request forwarded by a state criminal history record repository under paragraph (1), the FBI positively identifies the subject as having a III System-indexed record or records:

(A) the FBI shall so advise the state criminal history record repository; and

(B) the state criminal history record repository shall be entitled to obtain the additional criminal history record information from the FBI or other state criminal history record repositories.

ARTICLE VI

ESTABLISHMENT OF COMPACT COUNCIL

(a) [ESTABLISHMENT.]

(1) [IN GENERAL.] There is established a council to be known as the "Compact Council," which shall have the authority to promulgate rules and procedures governing the use of the III System for noncriminal justice purposes, not to conflict with FBI administration of the III System for criminal justice purposes.

(2) [ORGANIZATION.] The council shall:

(A) continue in existence as long as this compact remains in effect;

(B) be located, for administrative purposes, within the FBI; and

(C) be organized and hold its first meeting as soon as practicable after the effective date of this Compact.

(b) [MEMBERSHIP.] The council shall be composed of 15 members, each of whom shall be appointed by the attorney general, as follows:

(1) Nine members, each of whom shall serve a two-year term, who shall be selected from among the compact officers of party states based on the recommendation of the compact officers of all party states, except that, in the absence of the requisite number of compact officers available to serve, the chief administrators of the criminal history record repositories of nonparty states shall be eligible to serve on an interim basis.

(2) Two at-large members, nominated by the Director of the FBI, each of whom shall serve a three-year term, of whom:

(A) one shall be a representative of the criminal justice agencies of the federal government and may not be an employee of the FBI; and

(B) one shall be a representative of the noncriminal justice agencies of the federal government.

(3) Two at-large members, nominated by the chairman of the council, once the chair is elected pursuant to article VI(c), each of whom shall serve a three-year term, of whom:

(A) one shall be a representative of state or local criminal justice agencies; and

(B) one shall be a representative of state or local noncriminal justice agencies.

(4) One member, who shall serve a three-year term, and who shall simultaneously be a member of the FBI's advisory policy board on criminal justice information services, nominated by the membership of that policy board.

(5) One member, nominated by the Director of the FBI, who shall serve a three-year term, and who shall be an employee of the FBI.

(c) [CHAIR AND VICE-CHAIR.]

(1) [IN GENERAL.] From its membership, the council shall elect a chair and a vice-chair of the council, respectively. Both the chair and vice-chair of the council:

(A) shall be a compact officer, unless there is no compact officer on the council who is willing to serve, in which case the chair may be an at-large member; and

(B) shall serve a two-year term and may be reelected to only one additional two-year term.

(2) [DUTIES OF VICE-CHAIR.] The vice-chair of the council shall serve as the chair of the council in the absence of the chair.

(d) [MEETINGS.]

(1) [IN GENERAL.] The council shall meet at least once each year at the call of the chair. Each meeting of the council shall be open to the public. The council shall provide prior public notice in the Federal Register of each meeting of the council, including the matters to be addressed at such meeting.

(2) [QUORUM.] A majority of the council or any committee of the council shall constitute a quorum of the council or of such committee, respectively, for the conduct of business. A lesser number may meet to hold hearings, take testimony, or conduct any business not requiring a vote.

(e) [RULES, PROCEDURES, AND STANDARDS.] The council shall make available for public inspection and copying at the council office within the FBI, and shall publish in the Federal Register, any rules, procedures, or standards established by the council.

(f) [ASSISTANCE FROM FBI.] The council may request from the FBI such reports, studies, statistics, or other information or materials as the council determines to be necessary to enable the council to perform its duties under this compact. The FBI, to the extent authorized by law, may provide such assistance or information upon such a request.

(g) [COMMITTEES.] The chair may establish committees as necessary to carry out this compact and may prescribe their membership, responsibilities, and duration.

ARTICLE VII

RATIFICATION OF COMPACT

This compact shall take effect upon being entered into by two or more states as between those states and the federal government. Upon subsequent entering into this compact by additional states, it shall become effective among those states and the federal government and each party state that has previously ratified it. When ratified, this compact shall have the full force and effect of law within the ratifying jurisdictions. The form of ratification shall be in accordance with the laws of the executing state.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

(a) [RELATION OF COMPACT TO CERTAIN FBI ACTIVITIES.] Administration of this compact shall not interfere with the management and control of the Director of the FBI over the FBI's collection and dissemination of criminal history records and the advisory function of the FBI's advisory policy board chartered under the Federal Advisory Committee Act (United States Code, title 5, appendix 2) for all purposes other than noncriminal justice.

(b) [NO AUTHORITY FOR NONAPPROPRIATED EXPENDITURES.] Nothing in this compact shall require the FBI to obligate or expend funds beyond those appropriated to the FBI.

(c) [RELATING TO PUBLIC LAW NUMBER 92-544.] Nothing in this compact shall diminish or lessen the obligations, responsibilities, and authorities of any state, whether a party state or a nonparty state, or of any criminal history record repository or other subdivision or component thereof, under the Departments of State, Justice, and Commerce, the Judiciary, and Related Agencies Appropriation Act, 1973 (Public Law Number 92-544), or regulations and guidelines promulgated thereunder, including the rules and procedures promulgated by the council under article VI(a), regarding the use and dissemination of criminal history records and information.

ARTICLE IX

RENUNCIATION

(a) [IN GENERAL.] This compact shall bind each party state until renounced by the party state.

(b) [EFFECT.] Any renunciation of this compact by a party state shall:

(1) be effected in the same manner by which the party state ratified this compact; and

(2) become effective 180 days after written notice of renunciation is provided by the party state to each other party state and to the federal government.

ARTICLE X

SEVERABILITY

The provisions of this compact shall be severable, and if any phrase, clause, sentence, or provision of this compact is declared to be contrary to the constitution of any participating state, or to the Constitution of the United States, or the applicability thereof to any government, agency, person, or circumstance is held invalid, the validity of the remainder of this compact and the applicability thereof to any government, agency, person, or circumstance shall not be affected thereby. If a portion of this compact is held contrary to the constitution of any party state, all other portions of this compact shall remain in full force and effect as to the remaining party states and in full force and effect as to the party state affected, as to all other provisions.

ARTICLE XI

ADJUDICATION OF DISPUTES

(a) [IN GENERAL.] The council shall:

(1) have initial authority to make determinations with respect to any dispute regarding

(A) interpretation of this compact;

(B) any rule or standard established by the council pursuant to article V; and

(C) any dispute or controversy between any parties to this compact; and

(2) hold a hearing concerning any dispute described in paragraph (1) at a regularly scheduled meeting of the council and only render a decision based upon a majority vote of the members of the council. Such decision shall be published pursuant to the requirements of article VI(e).

(b) [DUTIES OF THE FBI.] The FBI shall exercise immediate and necessary action to preserve the integrity of the III System, maintain system policy and standards, protect the accuracy and privacy of records, and to prevent abuses, until the council holds a hearing on such matters.

(c) [RIGHT OF APPEAL.] The FBI or a party state may appeal any decision of the council to the attorney general, and thereafter may file suit in the appropriate district court of the United States, which shall have original jurisdiction of all cases or controversies arising under this compact. Any suit arising under this compact and initiated in a state court shall be removed to the appropriate district court of the United States in the manner provided by United States Code, title 28, section 1446, or other statutory authority.

Sec. 34. [299C.582] [POWERS WITH RELATION TO COMPACT.]

The commissioner of public safety or a designee is hereby authorized and directed to do all things necessary or incidental to the carrying out of the compact.

Sec. 35. Minnesota Statutes 1998, section 609.115, subdivision 5, is amended to read:

Subd. 5. [REPORT TO COMMISSIONER OR LOCAL CORRECTIONAL AGENCY.] If the defendant is sentenced to the commissioner of corrections, a copy of any report made pursuant to this section and not made by the commissioner shall accompany the commitment. If the defendant is sentenced to a local correctional agency or facility, a copy of the report must be provided to that agency or facility.

Sec. 36. Laws 1999, chapter 216, article 2, section 27, subdivision 1, is amended to read:

Subdivision 1. [PILOT PROJECT AUTHORIZED; PURPOSE.] The fourth judicial district may establish a domestic fatality review team as a 30-month pilot project to review domestic violence deaths that have occurred in the district. The team may review cases in which prosecution has been completed or the prosecutorial authority has decided not to pursue the case. The purpose of the review team is to assess domestic violence deaths in order to develop recommendations for policies and protocols for community prevention and intervention initiatives to reduce and eliminate the incidence of domestic violence and resulting fatalities.

Sec. 37. Laws 1999, chapter 216, article 2, section 27, is amended by adding a subdivision to read:

Subd. 3a. [DUTIES; ACCESS TO DATA.] (a) The domestic fatality review team shall collect, review, and analyze death certificates and death data, including investigative reports; medical and counseling records; victim service records; employment records; child abuse reports; or other information concerning domestic violence deaths; survivor interviews and surveys; and other information deemed by the team as necessary and appropriate concerning the causes and manner of domestic violence deaths.

(b) As part of any review, the domestic fatality review team may compel the production of records by applying to the district court for a subpoena, which will be effective throughout the state according to the rules of civil procedure. The review team has access to the following not public data, as defined in Minnesota Statutes, section 13.02, subdivision 8a, relating to a case being reviewed by the team: inactive law enforcement investigative data under Minnesota Statutes, section 13.82; autopsy records and coroner or medical examiner investigative data under Minnesota Statutes, section 13.83; hospital, public health, or other medical records of the victim under Minnesota Statutes, section 13.42; and records under Minnesota Statutes, section 13.46, created by social service agencies that provided services to the victim, the alleged perpetrator, or another victim who experienced or was threatened with domestic abuse by the perpetrator; and child maltreatment records under Minnesota Statutes, section 626.556, relating to the victim or a family or household member of the victim. Access to medical records under this paragraph also includes records governed by Minnesota Statutes, section 144.335.

Sec. 38. Laws 1999, chapter 216, article 2, section 27, is amended by adding a subdivision to read:

Subd. 3b. [CONFIDENTIALITY; DATA PRIVACY.] A person attending a domestic fatality review team meeting may not disclose what transpired at the meeting, except to carry out the purposes of the review team, and except as otherwise provided in this subdivision. The review team may disclose the names of the victims in the cases it reviewed. The proceedings and records of the review team are confidential data as defined in Minnesota Statutes, section 13.02, subdivision 3, or protected nonpublic data as defined in Minnesota Statutes, section 13.02, subdivision 13, regardless of their classification in the hands of the person who provided the data, and are not subject to discovery or introduction into evidence in a civil or criminal action against a professional, the state or a county agency, arising out of the matters the team is reviewing. Information, documents, and records otherwise available from other sources are not immune from discovery or use in a civil or criminal action solely because they were presented during proceedings of the review team. This section does not limit a person who presented information before the review team or who is a member of the panel from testifying about matters within the person's knowledge. However, in a civil or criminal proceeding, a person may not be questioned about the person's good faith presentation of information to the review team or opinions formed by the person as a result of the review team meetings.

Sec. 39. Laws 1999, chapter 216, article 2, section 27, is amended by adding a subdivision to read:

Subd. 3c. [IMMUNITY.] Members of the fourth judicial district domestic fatality advisory board, members of the domestic fatality review team, and members of each review panel, as well as their agents or employees, are immune from claims and are not subject to any suits, liability, damages, or any other recourse, civil or criminal, arising from any act, proceeding, decision, or determination undertaken or performed or recommendation made by the domestic fatality review team, provided they acted in good faith and without malice in carrying out their responsibilities. Good faith is presumed until proven otherwise and the complainant has the burden of proving malice or a lack of good faith. No organization, institution, or person furnishing information, data, testimony, reports, or records to the domestic fatality review team as part of an investigation is civilly or criminally liable or subject to any other recourse for providing the information.

Sec. 40. [REPEALER.]

Minnesota Statutes 1998, section 62D.14, subdivision 4, is repealed.

Sec. 41. [EFFECTIVE DATE.]

Section 8 is effective July 1, 2001."

Delete the title and insert:

"A bill for an act relating to government data practices; making technical and clarifying changes; providing for collection of data; classifying data; specifying when data classified as not public may be disclosed; directing government entities to appoint or designate a data practices compliance official; providing remedies; providing for a National Crime Prevention and Privacy Compact; specifying the immunity of school districts, their agents, and employees for using or sharing certain data on juveniles; amending Minnesota Statutes 1998, sections 13.01, by adding subdivisions; 13.03, subdivision 5; 13.05, subdivision 3, and by adding subdivisions; 13.84, subdivisions 5 and 6; 13.87, subdivision 2; 62D.14, by adding a subdivision; 72A.491, subdivision 17; 119A.376, by adding a subdivision; 119A.44, by adding a subdivision; 119A.50; 124D.16, subdivision 1; 299C.13; and 609.115, subdivision 5; Minnesota Statutes 1999 Supplement, sections 13.03, subdivision 3; 13.32, subdivision 7; 13.99, subdivision 19; 119B.011, subdivision 15; 119B.03, subdivision 4; 256.978, subdivision 1; 260B.171, subdivisions 2 and 5; 268.19; and 299C.095, subdivision 1; Laws 1999, chapter 216, article 2, section 27, subdivision 1, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 13; 62D; and 299C; repealing Minnesota Statutes 1998, section 62D.14, subdivision 4."

With the recommendation that when so amended the bill pass.

The report was adopted.

Seagren from the Committee on K-12 Education Finance to which was referred:

H. F. No. 3652, A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, unintended results, and technical errors in human services and prekindergarten-grade 12 education code; appropriating money; amending Minnesota Statutes 1998, sections 125A.21, subdivision 1; and 256B.501, by adding a subdivision; Minnesota Statutes 1999 Supplement, sections 124D.65, subdivision 4; 126C.052; 126C.10, subdivisions 2 and 23; 126C.12, subdivision 1; and 256B.77, subdivision 10; Laws 1999, chapters 241, articles 1, section 70; and 4, section 29; 245, articles 1, section 3, subdivision 2; and 4, section 121; repealing Laws 1999, chapter 241, article 10, section 5.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Broecker from the Committee on Judiciary Finance to which was referred:

H. F. No. 3659, A bill for an act relating to crime prevention; increasing the felony penalty for child endangerment; amending Minnesota Statutes 1998, section 609.378, subdivision 1.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Larsen, P., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 3694, A bill for an act relating to the metropolitan council; eliminating or modifying requirements that are obsolete, unnecessary, or inefficient; authorizing the use of facsimile or digital signatures; amending Minnesota Statutes 1998, sections 473.129, by adding a subdivision; 473.13, subdivision 1; 473.254, subdivision 1; and 473.704, subdivision 19; repealing Minnesota Statutes 1998, sections 473.1623, subdivisions 3 and 6; and 473.23, subdivision 1; Minnesota Rules, chapter 5900.

Reported the same back with the following amendments:

Page 1, line 15, delete "facsimile signatures."

Page 1, line 16, delete "electronic approvals, or" and after "signatures" insert "and facsimile or electronic approvals if digital signatures are not practicable under chapter 325K"

Page 4, after line 4, insert:

"Sec. 5. [TASK FORCE ON METROPOLITAN GOVERNMENT CREATED.]

Subdivision 1. [ESTABLISHED.] A task force on metropolitan government is created.

Subd. 2. [DUTIES.] The task force shall study and make recommendations to the legislature by January 1, 2001, on the appropriate role and responsibilities of metropolitan government in the metropolitan area, as defined in Minnesota Statutes, section 473.121, subdivision 2. Considering the legislation introduced in the 1999-2000 legislative session, and in particular, the legislation proposing to eliminate the metropolitan council, the task force shall examine:

(1) each statute and law that relates to the metropolitan council and whether powers and duties given to the council are still appropriate;

(2) what services should be provided and what functions fulfilled by metropolitan government;

(3) what powers are needed by metropolitan government to deliver the services and fulfill those functions;

(4) whether any service or function currently performed by metropolitan government should be discontinued or transferred to another governmental entity; and

(5) what governance structures will best support the identified roles and responsibilities of metropolitan government, and be responsive to, understandable by, and accountable to citizens.

Subd. 3. [MEMBERSHIP.] The task force consists of 18 members who serve at the pleasure of their respective appointing authorities as follows:

(1) the chairs of the house local government and metropolitan affairs committee and the senate local and metropolitan government committee, to serve as co-chairs;

(2) two state representatives, one member of the majority appointed by the speaker of the house, and one member of the minority appointed by the house minority leader;

(3) two state senators, one member of the majority and one member of the minority, each appointed by the subcommittee on committees of the committee on rules and administration;

(4) the governor or the governor's designee;

(5) two local elected officials to represent metropolitan area counties, appointed by the Association of Minnesota Counties;

(6) two local elected officials to represent metropolitan area cities, appointed by the Association of Metropolitan Municipalities;

(7) two local elected officials to represent metropolitan area towns, appointed by the Minnesota Association of Townships;

(8) two current members of the metropolitan council, appointed by the chair of the council; and

(9) three union members employed at the metropolitan council, appointed by agreement of the union officials at the council.

Members must be appointed as soon as practicable after the effective date of this section.

Subd. 4. [ADMINISTRATIVE; STAFF ASSISTANCE.] Legislative staff shall provide administrative and staff assistance to the task force. Executive branch staff shall assist the task force upon request.

Subd. 5. [EFFECTIVE DATE; EXPIRATION.] This section is effective the day following final enactment and expires June 30, 2001."

Page 4, line 5, delete "5" and insert "6"

Page 4, line 6, delete "subdivisions" and insert "subdivision"

Page 4, line 7, delete "and 6"

Page 4, line 24, delete "6" and insert "7"

Page 4, line 25, delete "1 to 5" and insert "1 to 4 and 6"

Page 4, line 27, delete "7" and insert "8"

Amend the title as follows:

Page 1, line 5, after the semicolon, insert "establishing a task force to study legislative proposals relating to metropolitan government structure and to make recommendations by January 1, 2001;"

Page 1, line 9, delete "subdivisions 3 and 6" and insert "subdivision 3"

With the recommendation that when so amended the bill pass.

The report was adopted.

Molnau from the Committee on Transportation Finance to which was referred:

H. F. No. 3791, A bill for an act relating to transportation; prohibiting expenditures of trunk highway funds for certain purposes relating to light rail transit; amending Minnesota Statutes 1998, section 174.35.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Seagren from the Committee on K-12 Education Finance to which was referred:

H. F. No. 3800, A bill for an act relating to education; modifying certain charter school provisions; appropriating money; amending Minnesota Statutes 1999 Supplement, sections 124D.10, subdivisions 3, 4, 6, 8, 11, 14, 15, and 23; 124D.11, subdivisions 4 and 6; and 126C.05, subdivision 3; Laws 1999, chapter 241, article 5, section 18, subdivisions 5 and 6.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

GENERAL EDUCATION

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

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

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

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

Sec. 2. Minnesota Statutes 1999 Supplement, section 124D.65, subdivision 4, is amended to read:

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

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

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

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

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

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

Sec. 3. Minnesota Statutes 1999 Supplement, section 124D.86, subdivision 1, is amended to read:

Subdivision 1. [USE OF THE REVENUE.] Integration revenue under this section must be used for programs established under a desegregation plan filed with the department of children, families, and learning according to Minnesota Rules, parts 3535.0100 to 3535.0180, or under court order, to increase. The revenue must be used to create or enhance learning opportunities and reduce the learning gap between learners living in high concentrations of poverty and their peers which are designed to provide opportunities for students to have increased interracial contacts through classroom experiences, staff initiatives, and other educationally related programs.

Sec. 4. Minnesota Statutes 1998, section 124D.86, is amended by adding a subdivision to read:

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

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

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

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

(4) if plans are proposed to enhance existing programs, a total budget reflecting the appropriation for the program that includes the part funded using integration revenue and the part funded using other revenues.

Sec. 5. Minnesota Statutes 1998, section 124D.86, is amended by adding a subdivision to read:

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

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

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

(3) the specific goals of the integration plan.

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

Sec. 6. Minnesota Statutes 1999 Supplement, section 124D.86, subdivision 3, is amended to read:

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

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

- (2) for independent school district No. 625, St. Paul, \$446 times the adjusted pupil units for the school year;
- (3) for special school district No. 1, Minneapolis, \$536 times the adjusted pupil units for the school year; and
- (4) for a district not listed in clause (1), (2), or (3) that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180, ~~as proposed in 23 State Register 1344, December 7, 1998~~, the lesser of

- (i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or
- (ii) \$93 times the adjusted pupil units for the school year.

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

Sec. 7. Minnesota Statutes 1998, section 124D.86, subdivision 6, is amended to read:

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

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

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

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

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

Sec. 8. Minnesota Statutes 1999 Supplement, section 124D.87, is amended to read:

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

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

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

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

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

Sec. 9. Minnesota Statutes 1999 Supplement, section 126C.052, is amended to read:

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

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

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

Sec. 10. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 1, is amended to read:

Subdivision 1. [GENERAL EDUCATION REVENUE.] For fiscal year ~~2000~~ 2001 and thereafter, the general education revenue for each district equals the sum of the district's basic revenue, basic skills revenue, training and experience revenue, secondary sparsity revenue, elementary sparsity revenue, transportation sparsity revenue, total operating capital revenue, equity revenue, small school enhanced equity revenue, referendum offset adjustment, transition revenue, and supplemental revenue.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2001.

Sec. 11. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the ~~resident~~ adjusted marginal cost pupil units for the school year. The formula allowance for fiscal year 1998 is \$3,581. The formula allowance for fiscal year 1999 is \$3,530. The formula allowance for fiscal year 2000 is \$3,740. The formula allowance for fiscal year 2001 and subsequent fiscal years is ~~\$3,875~~ \$3,925.

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

Sec. 12. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 14, is amended to read:

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

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures, including library media centers;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the Uniform Fire Code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;

- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;
- (11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;
- (12) to improve buildings that are leased according to section 123B.51, subdivision 4;
- (13) to pay special assessments levied against school property but not to pay assessments for service charges;
- (14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Northeast Minnesota Economic Protection Trust Fund Act according to sections 298.292 to 298.298;
- (15) to purchase or lease interactive telecommunications equipment;
- (16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;
- (17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;
- (18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;
- (19) to purchase or lease assistive technology or equipment for instructional programs;
- (20) to purchase textbooks;
- (21) to purchase new and replacement library ~~books~~ media resources or technology;
- (22) to purchase vehicles;
- (23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:
 - (i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;
 - (ii) managing student assessment, services, and achievement information required for students with individual education plans; and
 - (iii) other classroom information management needs; and
- (24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

Sec. 13. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 23, is amended to read:

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

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

Sec. 14. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 24, is amended to read:

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

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

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

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2001.

Sec. 15. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 25, is amended to read:

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

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

Sec. 16. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 26, is amended to read:

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

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

Sec. 17. Minnesota Statutes 1998, section 126C.10, is amended by adding a subdivision to read:

Subd. 29. [SMALL SCHOOL ENHANCED EQUITY REVENUE.] (a) A district qualifies for small school enhanced equity revenue if: (1) the sum of its transition, supplemental, and referendum revenue is less than \$800 per adjusted marginal cost pupil unit; (2) its total adjusted marginal cost pupil units for that year are less than 3,000; and (3) its adjusted marginal cost pupil units are fewer in the current year than in the previous year.

(b) A district's small school enhanced equity revenue equals: (1) \$70; times (2) the district's adjusted marginal cost pupil units for that year; times (3) the lesser of one, or the ratio of the percent change in the district's adjusted marginal cost pupil units from the previous year to the current year to four percent.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2001.

Sec. 18. Minnesota Statutes 1999 Supplement, section 126C.12, subdivision 1, is amended to read:

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

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

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

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

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

Sec. 19. Minnesota Statutes 1999 Supplement, section 126C.17, subdivision 9, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 20. Minnesota Statutes 1999 Supplement, section 126C.44, is amended to read:

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

Each district may make a levy on all taxable property located within the district for the purposes specified in this ~~subdivision~~ section. The maximum amount which may be levied for all costs under this ~~subdivision~~ section shall be equal to \$1.50 multiplied by the population of the school district. For purposes of this ~~subdivision~~ section, "population" of the school district means the same as contained in section 275.14. The proceeds of the levy must be used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison services in the district's middle and secondary schools; (2) to pay the costs for a drug abuse prevention program as defined in Minnesota Statutes 1991 Supplement, section 609.101, subdivision 3, paragraph (f), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the middle schools; ~~or~~ (4) to pay the costs for security in the districts' schools and on school property; or (5) to pay the costs for other crime prevention and drug abuse and violence prevention measures taken by the school district. The district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this ~~subdivision~~ section is not included in determining the school district's levy limitations.

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

Sec. 21. Minnesota Statutes 1999 Supplement, section 127A.45, subdivision 12a, is amended to read:

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

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

Sec. 22. Minnesota Statutes 1998, section 127A.48, subdivision 1, is amended to read:

Subdivision 1. [COMPUTATION.] The department of revenue must annually conduct an assessment/sales ratio study of the taxable property in each school district in accordance with the procedures in subdivisions 2 and 3. Based upon the results of ~~this~~ these assessment/sales ratio ~~study~~ studies for the three most recent years, the department of revenue must determine an aggregate equalized net tax capacity for the various classes of taxable property in each district, which tax capacity shall be designated as the adjusted net tax capacity. The adjusted net tax capacities shall be determined using the net tax capacity percentages in effect for the assessment year following the assessment year of the study. The department of revenue must make whatever estimates are necessary to account for changes in the classification system. The department of revenue may incur the expense necessary to make the determinations. The commissioner of revenue may reimburse any county or governmental official for requested services performed in ascertaining the adjusted net tax capacity. On or before March 15 annually, the department of revenue shall file with the chair of the tax committee of the house of representatives and the chair of the committee on taxes and tax laws of the senate a report of adjusted net tax capacities. On or before June 15 annually, the department of revenue shall file its final report on the adjusted net tax capacities established by the previous year's assessments and the current year's net tax capacity percentages with the commissioner of children, families, and learning and each county auditor for those districts for which the auditor has the responsibility for determination of local tax rates. A copy of the report so filed shall be mailed to the clerk of each district involved and to the county assessor or supervisor of assessments of the county or counties in which each district is located.

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

Sec. 23. Minnesota Statutes 1999 Supplement, section 127A.51, is amended to read:

127A.51 [STATEWIDE AVERAGE REVENUE.]

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

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

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

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

Sec. 24. Laws 1999, chapter 241, article 1, section 66, is amended to read:

Sec. 66. [EQUITY REVENUE ADJUSTMENT.]

For fiscal years ~~year 2000 and 2001~~, a school district that does not have an operating referendum is eligible for additional equity revenue under section 30 equal to \$12 times the district's adjusted marginal cost pupil units for that year.

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

Sec. 25. Laws 1999, chapter 241, article 1, section 68, subdivision 4, is amended to read:

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

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

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

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

Sec. 26. Laws 1999, chapter 241, article 1, section 68, subdivision 5, is amended to read:

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

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

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

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

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

Sec. 27. Laws 1999, chapter 241, article 1, section 70, is amended to read:

Sec. 70. [EFFECTIVE DATES.]

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

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

Sec. 28. [APPROPRIATION.]

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

Subd. 2. [GENERAL EDUCATION AID.]

| | | |
|---------------------|-----------|-------------|
| <u>\$ 1,225,000</u> | : : : : : | <u>2000</u> |
| <u>\$50,903,000</u> | : : : : : | <u>2001</u> |

This aid is in addition to any other aid appropriated for this purpose.

Sec. 29. [TRANSPORTATION STUDY.]

The commissioner of children, families, and learning must form a pupil transportation working group to analyze the effects of increasing labor and fuel costs on school transportation needs. The commissioner must include recommendations for adequate pupil transportation funding in the redesigned school finance formulas presented to the 2001 legislature.

Sec. 30. [REPEALER.]

Subdivision 1. [STATUTES.] Minnesota Statutes 1998, sections 126C.30; 126C.31; 126C.32; 126C.33; 126C.34; 126C.35; and 126C.36, are repealed.

Subd. 2. [LAWS.] Laws 1999, chapter 241, article 1, section 64, is repealed.

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

ARTICLE 2

SPECIAL PROGRAMS

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

Subdivision 1. [AWARDS.] The commissioner, with the advice and counsel of the Minnesota Indian scholarship committee, may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the commissioner, has the capabilities to benefit from further education. Scholarships must be for ~~advanced or specialized education~~ accredited degree programs in accredited colleges or universities or for courses in accredited or approved colleges or in business, technical, or vocational schools. Scholarships shall be used to defray the total cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a standardized need analysis. The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee.

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

Sec. 2. Minnesota Statutes 1999 Supplement, section 125A.76, subdivision 2, is amended to read:

Subd. 2. [SPECIAL EDUCATION BASE REVENUE.] (a) The special education base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the fiscal year, not including the share of salaries for personnel providing health-related services counted in clause (8), whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability, not including the portion of the expenses for supplies and equipment used to provide health-related services counted in clause (8), an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year; and

(7) for fiscal years 1999 and later, the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); ~~and~~

~~(8) for fiscal years 2001 and later, the cost of salaries, supplies and equipment, and other related costs actually expended by the district for the nonfederal share of medical assistance services according to section 256B.0625, subdivision 26.~~

The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

(b) If requested by a school district operating a special education program during the base year for less than the full fiscal year, or a school district in which is located a Minnesota correctional facility operating on a fee-for-service basis for less than the full fiscal year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full fiscal year.

(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base revenue attributable to a Minnesota correctional facility operating on a fee-for-service basis during the facility's first year of operating on a fee-for-service basis shall be computed using current year data.

Sec. 3. Laws 1999, chapter 241, article 2, section 60, subdivision 7, is amended to read:

Subd. 7. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid according to Minnesota Statutes, section 124D.83:

| | | |
|---|-----------|------|
| \$2,706,000 <u>\$1,671,000</u> | | 2000 |
| \$2,790,000 <u>\$1,882,000</u> | | 2001 |

The 2000 appropriation includes \$283,000 for 1999 and ~~\$2,423,000~~ \$1,388,000 for 2000.

The 2001 appropriation includes ~~\$269,000~~ \$154,000 for 2000 and ~~\$2,521,000~~ \$1,728,000 for 2001.

Sec. 4. Laws 1999, chapter 241, article 2, section 60, subdivision 9, is amended to read:

Subd. 9. [MAGNET SCHOOL GRANTS.] For magnet school and program grants under Laws 1994, chapter 647, article 8, section 38:

| | | |
|-------------|-------|------|
| \$1,750,000 | ..... | 2000 |
| \$1,750,000 | ..... | 2001 |

These amounts may be used for magnet school programs according to Minnesota Statutes, section 124D.88. The budget base for this program for fiscal year 2003 and each year thereafter is \$1,050,000.

Sec. 5. Laws 1999, chapter 241, article 2, section 60, subdivision 12, is amended to read:

Subd. 12. [AID FOR CHILDREN WITH A DISABILITY.] For aid according to Minnesota Statutes, section 125A.75, subdivision 3, for children with a disability placed in residential facilities within the district boundaries for whom no district of residence can be determined:

| | | |
|---|-------|------|
| \$ 443,000 <u>\$ 433,000</u> | ..... | 2000 |
| \$1,064,000 <u>\$4,263,000</u> | ..... | 2001 |

If the appropriation for either year is insufficient, the appropriation for the other year is available. Any balance in the first year does not cancel but is available in the second year.

Sec. 6. Laws 1999, chapter 241, article 2, section 60, subdivision 13, is amended to read:

Subd. 13. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services according to Minnesota Statutes, section 125A.75, subdivision 1:

| | | |
|---------------------------------------|-------|------|
| \$133,000 <u>\$125,000</u> | ..... | 2000 |
| \$139,000 <u>\$130,000</u> | ..... | 2001 |

The 2000 appropriation includes \$11,000 for 1999 and ~~\$122,000~~ \$114,000 for 2000.

The 2001 appropriation includes \$13,000 for 2000 and ~~\$126,000~~ \$117,000 for 2001.

Sec. 7. Laws 1999, chapter 241, article 2, section 60, subdivision 14, is amended to read:

Subd. 14. [SPECIAL EDUCATION EXCESS COST AID.] For excess cost aid:

| | | |
|---|-------|------|
| \$60,498,000 <u>\$66,032,000</u> | ..... | 2000 |
| \$79,405,000 <u>\$89,269,000</u> | ..... | 2001 |

The 2000 appropriation includes \$4,693,000 for 1999 and ~~\$55,805,000~~ \$61,339,000 for 2000.

The 2001 appropriation includes ~~\$6,200,000~~ \$6,815,000 for 2000 and ~~\$73,205,000~~ \$82,454,000 for 2001.

Sec. 8. Laws 1999, chapter 241, article 2, section 60, subdivision 17, is amended to read:

Subd. 17. [INTEGRATION AID.] For integration aid:

| | | |
|---|-------|------|
| \$37,182,000 <u>\$37,610,000</u> | ..... | 2000 |
| \$43,787,000 <u>\$55,828,000</u> | ..... | 2001 |

The 2000 appropriation includes \$2,902,000 for 1999 and ~~\$34,280,000~~ \$34,708,000 for 2000.

The 2001 appropriation includes ~~\$3,809,000~~ \$3,856,000 for 2000 and ~~\$39,978,000~~ \$51,972,000 for 2001.

Sec. 9. Laws 1999, chapter 241, article 2, section 60, subdivision 19, is amended to read:

Subd. 19. [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION AID.] (a) For interdistrict desegregation or integration transportation aid under Minnesota Statutes, section 124D.87:

| | | |
|-----------|-------|------|
| \$970,000 | ..... | 2000 |
| \$970,000 | ..... | 2001 |

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

(b) The budget base for this program for fiscal year 2002 is \$500,000. This amount may be spent for interdistrict desegregation or integration transportation aid. For fiscal year 2003 and later, the budget base for this program is the forecasted cost of fully reimbursing districts according to Minnesota Statutes, section 124D.87.

Sec. 10. [REPEALER.]

(a) Laws 1999, chapter 216, article 4, section 12, is repealed.

(b) Minnesota Rules, part 3535.9920, is repealed.

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

ARTICLE 3

EMPLOYMENT AND TRANSITIONS

Section 1. Minnesota Statutes 1998, section 124D.44, is amended to read:

124D.44 [MATCH REQUIREMENTS.]

Youth works grant funds must be used for the living allowance, cost of employer taxes under sections 3111 and 3301 of the Internal Revenue Code of 1986, workers' compensation coverage, ~~and~~ health benefits for each program participant, and administrative expenses, which must not exceed five percent of total program costs. Youthworks grant funds may also be used to supplement applicant resources to fund postservice benefits for program participants. Applicant resources, from sources and in a form determined by the commission ~~and, beginning January 1, 1997, the council,~~ must be used to provide for all other program costs, including the portion of the applicant's obligation for postservice benefits that is not covered by state or federal grant funds and such costs as supplies, materials, transportation, and salaries and benefits of those staff directly involved in the operation, internal monitoring, and evaluation of the program. ~~Administrative expenses must not exceed five percent of total program costs.~~

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

Sec. 2. Minnesota Statutes 1999 Supplement, section 124D.453, subdivision 3, is amended to read:

Subd. 3. [CAREER AND TECHNICAL AID.] A district's career and technical education aid for fiscal ~~year~~ years 2000 and 2001 equals the lesser of:

(a) \$73 times the district's average daily membership in grades 10 to 12; or

(b) 25 percent of approved expenditures for the following:

(1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

(2) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

(3) necessary travel between instructional sites by licensed career and technical education personnel;

(4) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

(5) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(6) necessary travel by licensed career and technical education personnel for noncollegiate credit bearing professional development; and

(7) specialized vocational instructional supplies.

(c) Up to ten percent of a district's career and technical aid may be spent on equipment purchases. Districts using career and technical aid for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

Sec. 3. Laws 1999, chapter 241, article 3, section 3, subdivision 2, is amended to read:

Subd. 2. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid according to Minnesota Statutes, section 124D.453:

| | | |
|---|-------|------|
| \$11,335,000 <u>\$12,413,000</u> | ..... | 2000 |
| \$1,130,000 <u>\$12,417,000</u> | ..... | 2001 |

The 2000 appropriation includes \$1,159,000 for 1999 and ~~\$10,176,000~~ \$11,254,000 for 2000. The 2001 appropriation includes ~~\$1,130,000~~ \$1,250,000 for 2000 and \$11,167,000 for 2001.

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

Sec. 4. Laws 1999, chapter 241, article 3, section 3, subdivision 4, is amended to read:

Subd. 4. [EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS.] For education and employment transitions programming under Minnesota Statutes, section 124D.46:

| | | |
|---|-------|------|
| \$3,225,000 | ..... | 2000 |
| \$3,225,000 <u>\$1,075,000</u> | ..... | 2001 |

\$200,000 each year is for the development and implementation of the ISEEK Internet-based education and employment information system.

\$1,000,000 ~~each in fiscal~~ year 2000 is for an employer rebate program for qualifying employers who offer youth internships to educators.

\$500,000 ~~each in fiscal~~ year 2000 is for youth entrepreneurship grants.

\$750,000 each year is for youth apprenticeship grants.

\$300,000 ~~each in fiscal~~ year 2000 is for grants to programs in cities of the first class to expand the number of at-risk students participating in school-to-work projects.

\$350,000 ~~each in fiscal~~ year 2000 is for agricultural school-to-work grants.

\$125,000 each year is to conduct a high school follow-up survey to include first, third, and sixth year graduates of Minnesota schools.

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

Sec. 5. Laws 1999, chapter 241, article 3, section 5, is amended to read:

Sec. 5. [REPEALER.]

Minnesota Statutes 1998, section 124D.453, is repealed effective for revenue for fiscal year ~~2001~~ 2002.

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

ARTICLE 4

FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 1998, section 123A.485, subdivision 4, is amended to read:

Subd. 4. [NEW DISTRICTS.] If a district consolidates with another district that has received aid under section 123A.39, subdivision 3, or 123A.485 for a combination or consolidation taking effect within six years of the effective date of the new consolidation, only the pupil units in the district or districts not previously reorganized must be counted for aid purposes under subdivision 2. If two or more districts consolidate and all districts received aid under subdivision 2 for a consolidation taking effect within six years of the effective date of the new consolidation, only one quarter of the pupil units in the newly created district must be used to determine aid under subdivision 2.

Sec. 2. Minnesota Statutes 1998, section 123B.51, subdivision 6, is amended to read:

Subd. 6. [PROCEEDS OF SALE OR EXCHANGE.] (a) Proceeds of the sale or exchange of school buildings or real property of the district must be used as provided in this subdivision.

(b) In districts with outstanding bonds, the proceeds of the sale or exchange shall first be deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds which is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property which is sold.

(c) After satisfying the requirements of paragraph (b), a district with outstanding bonds may deposit proceeds of the sale or exchange in its ~~capital expenditure fund~~ general fund reserved for operating capital account if the amount deposited is used for the following:

(1) for expenditures for the cleanup of polychlorinated biphenyls, if the method for cleanup is approved by the department;

(2) for capital expenditures for the betterment, as defined in section 475.51, subdivision 8, of district-owned school buildings; or

(3) to replace the building or property sold.

(d) In a district with outstanding bonds, the amount of the proceeds of the sale or exchange remaining after the application of paragraphs (b) and (c), which is sufficient to meet when due that percentage of the principal and interest payments for the district's outstanding bonds which is not governed by paragraph (b), shall be deposited in the debt retirement fund.

(e) Any proceeds of the sale or exchange remaining in districts with outstanding bonds after the application of paragraphs (b), (c), and (d), and all proceeds of the sale or exchange in districts without outstanding bonds shall be deposited in the ~~capital expenditure~~ general fund reserved for operating capital account of the district.

(f) Notwithstanding paragraphs (c) and (d), a district with outstanding bonds may deposit in its ~~capital expenditure~~ general fund reserved for operating capital account and use for any lawful operating capital expenditure without the reduction of any levy limitation the same percentage of the proceeds of the sale or exchange of a building or property as the percentage of the initial cost of purchasing or constructing the building or property which was paid using revenue from the ~~capital expenditure~~ general fund reserved for operating capital account.

Sec. 3. Minnesota Statutes 1998, section 123B.52, is amended by adding a subdivision to read:

Subd. 6. [DISPOSING OF SURPLUS SCHOOL COMPUTERS.] Notwithstanding section 471.345, governing school district contracts made upon sealed bid or otherwise complying with the requirements for competitive bidding, other provisions of this section governing school district contracts, or other law to the contrary, a school district under this subdivision may dispose of a surplus school computer and related equipment if the district disposes of the surplus property by conveying the property and title to:

(1) another school district;

(2) the state department of corrections;

(3) the board of trustees of the Minnesota state colleges and universities; or

(4) the family of a student residing in the district whose total family income meets the federal definition of poverty.

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

Sec. 4. Minnesota Statutes 1999 Supplement, section 123B.53, subdivision 4, is amended to read:

Subd. 4. [DEBT SERVICE EQUALIZATION REVENUE.] The debt service equalization revenue of a district equals the eligible debt service revenue minus the amount raised by a levy of 12 percent times the adjusted net tax capacity of the district minus the district's enhanced debt service equalization revenue according to subdivision 8.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and later.

Sec. 5. Minnesota Statutes 1999 Supplement, section 123B.53, subdivision 6, is amended to read:

Subd. 6. [DEBT SERVICE EQUALIZATION AID.] A district's debt service equalization aid is the sum of (1) the difference between the debt service equalization revenue and the equalized debt service levy, and (2) the enhanced debt service equalization aid according to subdivision 10.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and later.

Sec. 6. Minnesota Statutes 1998, section 123B.53, is amended by adding a subdivision to read:

Subd. 8. [ENHANCED DEBT SERVICE EQUALIZATION REVENUE.] The enhanced debt service equalization revenue of a district equals the eligible debt service revenue minus the amount raised by a levy of 20 percent times the adjusted net tax capacity of the district.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and later.

Sec. 7. Minnesota Statutes 1998, section 123B.53, is amended by adding a subdivision to read:

Subd. 9. [ENHANCED EQUALIZED DEBT SERVICE LEVY.] To obtain enhanced debt service equalization revenue, a district must levy an amount not to exceed the district's enhanced debt service equalization revenue times the lesser of one or the ratio of:

(1) the quotient derived by dividing the adjusted net tax capacity of the district for the year before the year the levy is certified by the adjusted pupil units in the district for the school year ending in the year prior to the year the levy is certified; to

(2) \$8,000.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and later.

Sec. 8. Minnesota Statutes 1998, section 123B.53, is amended by adding a subdivision to read:

Subd. 10. [ENHANCED DEBT SERVICE EQUALIZATION AID.] A district's enhanced debt service equalization aid is the difference between the enhanced debt service equalization revenue and the enhanced equalized debt service levy.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and later.

Sec. 9. Minnesota Statutes 1999 Supplement, section 123B.54, is amended to read:

123B.54 [DEBT SERVICE APPROPRIATION.]

(a) ~~\$33,165,000~~ \$33,141,000 in fiscal year 2000, ~~\$32,057,000~~ \$29,400,000 in fiscal year 2001, and ~~\$31,280,000~~ \$37,134,000 in fiscal year 2002, and \$38,940,000 in fiscal year 2003 and each year thereafter is appropriated from the general fund to the commissioner of children, families, and learning for payment of debt service equalization aid under section 123B.53. The 2002 appropriation includes ~~\$3,201,000~~ \$2,904,000 for 2001 and ~~\$29,079,000~~ \$34,230,000 for 2002.

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 10. Minnesota Statutes 1998, section 123B.59, is amended by adding a subdivision to read:

Subd. 5a. [ALTERNATIVE FACILITIES REVENUE.] A school district's alternative facilities revenue equals the amount approved under this section.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and later.

Sec. 11. Minnesota Statutes 1998, section 123B.59, subdivision 6, is amended to read:

Subd. 6. [ALTERNATIVE FACILITIES AID.] For fiscal year 2002, a district's alternative facilities aid is the amount equal to the district's annual debt service costs, provided that the amount does not exceed the amount certified to be levied for those purposes for taxes payable in 1997, or for a district that made a levy under subdivision

5, paragraph (b), the lesser of the district's annual levy amount, or one-sixth of the amount of levy that it certified for that purpose for taxes payable in 1998 equals the lesser of the district's annual alternative facilities revenue for that year or 45 percent of the amount of aid the district received in fiscal year 2001. For fiscal year 2003 and later, a district's alternative facilities aid equals the lesser of the district's annual alternative facilities revenue for that year or 25 percent of the amount of aid the district received in fiscal year 2001.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and later.

Sec. 12. Minnesota Statutes 1998, section 123B.59, is amended by adding a subdivision to read:

Subd. 7a. [ALTERNATIVE FACILITIES APPROPRIATION.] (a) An amount not to exceed \$9,000,000 in fiscal year 2002, and \$5,000,000 in fiscal year 2003 and each year thereafter is appropriated from the general fund to the commissioner of children, families, and learning for payment of alternative facilities aid under this section.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and later.

Sec. 13. Minnesota Statutes 1998, section 123B.71, subdivision 3, is amended to read:

Subd. 3. [INDOOR AIR QUALITY RESOURCES; COMMISSIONER'S ROLE.] As part of the consultation under subdivision 1, the commissioner shall provide each school district with:

- (1) information concerning indoor air quality; and
- (2) procedures for monitoring of outdoor airflow and total airflow of ventilation systems in new school facilities.

Sec. 14. Minnesota Statutes 1998, section 123B.71, subdivision 10, is amended to read:

Subd. 10. [INDOOR AIR QUALITY.] A school board seeking a review and comment under this section must submit information demonstrating to the commissioner's satisfaction that:

- (1) indoor air quality issues have been considered; ~~and~~
- (2) the architects and engineers designing the facility will have professional liability insurance;
- (3) the facility's heating, ventilation, and air conditioning systems meet or exceed the standards established by code; and
- (4) the facility's design will provide the ability for monitoring of outdoor airflow and total airflow of ventilation systems in new school facilities.

Sec. 15. [123B.715] [NEW SCHOOL BUILDING CONSTRUCTION STANDARDS.]

Subdivision 1. [APPLICABLE BUILDING PROJECTS.] This section applies to school building projects for which a review and comment under section 123B.71 is requested on or after July 1, 2002.

Subd. 2. [DEFINITIONS.] "ASHRAE" means the American Society of Heating, Refrigerating, and Air Conditioning Engineers. "MERV" means minimum efficiency reporting value.

Subd. 3. [AIR HANDLING SYSTEMS.] Any heating, ventilation, or air conditioning system that is installed subject to this section must provide a filtration system with a MERV rating of MERV 11 as defined in ASHRAE standard 52.2.

Sec. 16. Minnesota Statutes 1998, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. [TO LEASE BUILDING OR LAND.] (a) When a district finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed \$100 times the resident pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the department of children, families, and learning after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) For purposes of this subdivision, any reference to building or land includes personal property.

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

Sec. 17. Minnesota Statutes 1999 Supplement, section 126C.40, subdivision 6, is amended to read:

Subd. 6. [LEASE PURCHASE; INSTALLMENT BUYS.] (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, paragraphs (a) and (b), a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law. An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) For the purposes of this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner to be in compliance with department of children, families, and learning rules relating to equality of educational opportunity and school desegregation and, for a district eligible for revenue under section 124D.86, subdivision 3, clause (4), where the acquisition of property under this subdivision is determined by the commissioner to contribute to the implementation of the desegregation plan; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program and the commissioner determines that the joint programs are being undertaken to implement the districts' desegregation plan.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) For the purposes of this subdivision, any references in subdivision 1 to building or land shall include personal property.

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

Sec. 18. Minnesota Statutes 1998, section 126C.40, is amended by adding a subdivision to read:

Subd. 7. [UNEQUALIZED CAPITAL LEVIES.] A school district's unequalized capital levy equals the sum of its:

(1) disabled access levy under section 123B.58;

(2) technology and building construction down payment levy under section 123B.63;

(3) building lease levies under subdivision 1;

(4) cooperating district capital levy under subdivision 3; and

(5) energy conservation levy under subdivision 4.

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

Sec. 19. Minnesota Statutes 1999 Supplement, section 126C.63, subdivision 8, is amended to read:

Subd. 8. [MAXIMUM EFFORT DEBT SERVICE LEVY.] "Maximum effort debt service levy" means the lesser of:

(1) a levy in whichever of the following amounts is applicable:

(a) in any district granted a debt service loan for a debt service levy payable in 2001 and thereafter, or a capital loan granted after June 30, 2000, a levy in a total dollar amount computed at a rate of 30 percent of adjusted net tax capacity for taxes payable in 2001 and thereafter;

(b) in any district receiving a debt service loan for a debt service levy payable in 1991 and thereafter, or granted a capital loan ~~after~~ between January 1, 1990, and June 30, 2000, a levy in a total dollar amount computed at a rate of 24 percent of adjusted net tax capacity for taxes payable in 1991 and thereafter;

~~(b)~~ (c) in any district granted a debt service loan ~~after~~ between July 31, 1981, and December 31, 1989, or granted a capital loan which is approved ~~after~~ between July 31, 1981, and December 31, 1989, a levy in a total dollar amount computed as a tax rate of 21.92 percent on the adjusted net tax capacity for taxes payable in 1991 and thereafter; or

(2) a levy in any district for which a capital loan was approved prior to August 1, 1981, a levy in a total dollar amount equal to the sum of the amount of the required debt service levy and an amount which when levied annually will in the opinion of the commissioner be sufficient to retire the remaining interest and principal on any outstanding loans from the state within 30 years of the original date when the capital loan was granted.

The board in any district affected by the provisions of clause (2) may elect instead to determine the amount of its levy according to the provisions of clause (1). If a district's capital loan is not paid within 30 years because it elects to determine the amount of its levy according to the provisions of clause (2), the liability of the district for the amount of the difference between the amount it levied under clause (2) and the amount it would have levied under clause (1), and for interest on the amount of that difference, must not be satisfied and discharged pursuant to Minnesota Statutes 1988, or an earlier edition of Minnesota Statutes if applicable, section 124.43, subdivision 4.

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

Sec. 20. Minnesota Statutes 1998, section 126C.69, subdivision 3, is amended to read:

Subd. 3. [DISTRICT REQUEST FOR REVIEW AND COMMENT.] A district or a joint powers district that intends to apply for a capital loan must submit a proposal to the commissioner for review and comment according to section 123B.71 by July 1 of an odd-numbered year. The commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. In addition to the information provided under section 123B.71, subdivision 9, the commissioner shall require that predesign packages comparable to those required under section 16B.335 be prepared by the applicant school district. The predesign packages must be sufficient to define the scope, cost, and schedule of the project and must demonstrate that the project has been analyzed according to appropriate space needs standards and also consider the following criteria in determining whether to make a positive review and comment.

(a) To grant a positive review and comment the commissioner shall determine that all of the following conditions are met:

(1) the facilities are needed for pupils for whom no adequate facilities exist or will exist;

(2) the district will serve, on average, at least ~~80~~ 60 pupils per grade or is eligible for elementary or secondary sparsity revenue;

(3) no form of cooperation with another district would provide the necessary facilities;

(4) the facilities are comparable in size and quality to facilities recently constructed in other districts that have similar enrollments;

(5) the facilities are comparable in size and quality to facilities recently constructed in other districts that are financed without a capital loan;

(6) the district is projected to ~~maintain or increase its average daily membership over the next five years or is eligible for elementary or secondary sparsity revenue~~ have access to funds in its general operating budget to support its program;

(7) the current facility poses a threat to the life, health, and safety of pupils, and cannot reasonably be brought into compliance with fire, health, or life safety codes;

(8) the district has made a good faith effort, as evidenced by its maintenance expenditures, to adequately maintain the existing facility during the previous ten years and to comply with fire, health, and life safety codes and state and federal requirements for handicapped accessibility;

(9) the district has made a good faith effort to encourage integration of social service programs within the new facility; ~~and~~

(10) evaluations by boards of adjacent districts have been received; and

(11) the proposal includes a comprehensive technology plan.

(b) The commissioner may grant a negative review and comment if:

(1) the state demographer has examined the population of the communities to be served by the facility and determined that the communities have not grown during the previous five years;

(2) the state demographer determines that the economic and population bases of the communities to be served by the facility are not likely to grow or to remain at a level sufficient, during the next ten years, to ensure use of the entire facility;

(3) the need for facilities could be met within the district or adjacent districts at a comparable cost by leasing, repairing, remodeling, or sharing existing facilities or by using temporary facilities;

(4) the district plans do not include cooperation and collaboration with health and human services agencies and other political subdivisions; or

(5) if the application is for new construction, an existing facility that would meet the district's needs could be purchased at a comparable cost from any other source within the area.

Sec. 21. Minnesota Statutes 1999 Supplement, section 126C.69, subdivision 9, is amended to read:

Subd. 9. [LOAN AMOUNT LIMITS.] (a) A loan must not be recommended for approval for a district exceeding an amount computed as follows:

(1) the amount requested by the district under subdivision 6;

(2) plus the aggregate principal amount of general obligation bonds of the district outstanding on June 30 of the year following the year the application was received, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or ~~363~~ 400 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(3) less the maximum net debt permissible for the district on December 1 of the year the application is received, under the limitation in section 475.53, subdivision 4, or ~~363~~ 400 percent of its adjusted net tax capacity as most recently determined, whichever is less;

(4) less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted.

(b) The loan may be approved in an amount computed as provided in paragraph (a), clauses (1) to (3), subject to later reduction according to paragraph (a), clause (4).

Sec. 22. Minnesota Statutes 1998, section 136D.281, subdivision 4, is amended to read:

Subd. 4. [REVERSE REFERENDUM.] The intermediate school board ~~shall not~~ may sell and issue bonds for acquisition or betterment purposes if: (1) each member school district board has adopted a resolution authorizing the project; (2) the intermediate board has prepared and published in a newspaper of general circulation in the district a notice of the public meeting on the intermediate district's intent to sell bonds; and (3) the intermediate board has adopted a resolution authorizing the bonds. The resolution becomes final unless within 30 days after the meeting where the resolution was adopted a petition requesting an election is filed with the board. The petition must be signed by a number of qualified voters in excess of five percent of the registered voters of the intermediate school district on the day the petition is filed with the board. If the petition is filed, then the board resolution authorizing the sale and issuance of bonds has no effect until the question of their issuance has been submitted to the voters of the intermediate school district at a special election held in and for the intermediate district. The date of the election, the question to be submitted, and all other necessary conduct of the election shall be fixed by the intermediate school board. The election shall be conducted and canvassed under the direction of the intermediate school board in accordance with chapter 205A, insofar as applicable.

If a majority of the total number of votes cast on the question within the intermediate school district is in favor of the question, the intermediate school board may proceed with the sale and issuance of the bonds.

The bonds shall be general obligations of the intermediate school district; however, each member school district must each year certify its proportionate share of the debt service levy on the bonds, with the allocation of its share of that levy determined in accordance with the resolution authorizing the project previously adopted by each member school board. For purposes of section 123B.53, the debt service levies certified for this purpose by an individual member school district shall be considered debt service levies of that school district. By July 1 and December 1 of each year, the school board of each member school district shall transfer to the intermediate school district an amount equal to 50 percent of the debt service levy certified by that member school district in the previous fiscal year to pay its proportionate share.

Sec. 23. Minnesota Statutes 1998, section 136D.741, subdivision 4, is amended to read:

Subd. 4. [REVERSE REFERENDUM.] The intermediate school board ~~shall not~~ may sell and issue bonds for acquisition or betterment purposes if: (1) each member school district board has adopted a resolution authorizing the project; (2) the intermediate board has prepared and published in a newspaper of general circulation in the district a notice of the public meeting on the intermediate district's intent to sell bonds; and (3) the intermediate board has adopted a resolution authorizing the bonds. The resolution becomes final unless within 30 days after the meeting where the resolution was adopted a petition requesting an election is filed with the board. The petition must be signed by a number of qualified voters in excess of five percent of the registered voters of the intermediate school district on the day the petition is filed with the board. If the petition is filed, then the board resolution authorizing the sale and issuance of bonds has no effect until the question of their issuance has been submitted to the voters of the intermediate school district at a special election held in and for such intermediate district. The date of such election, the question to be submitted, and all other necessary conduct of such election shall be fixed by the intermediate school board and said election shall be conducted and canvassed under the direction of the intermediate school board in accordance with chapter 205A, insofar as the same may be deemed applicable.

If a majority of the total number of votes cast on the question within the intermediate school district is in favor of the question, the intermediate school board may thereupon proceed with the sale and the issuance of said bonds.

The bonds shall be general obligations of the intermediate school district; however, each member school district must each year certify its proportionate share of the debt service levy on the bonds, with the allocation of its share of that levy determined in accordance with the resolution authorizing the project previously adopted by each member school board. For purposes of section 123B.53, the debt service levies certified for this purpose by an individual

member school district shall be considered debt service levies of that school district. By July 1 and December 1 of each year, the school board of each member school district shall transfer to the intermediate school district an amount equal to 50 percent of the debt service levy certified by that member school district in the previous fiscal year to pay its proportionate share.

Sec. 24. Minnesota Statutes 1998, section 136D.88, subdivision 4, is amended to read:

Subd. 4. [REVERSE REFERENDUM.] The intermediate school board shall not may sell and issue bonds for acquisition or betterment purposes if: (1) each member school district board has adopted a resolution authorizing the project; (2) the intermediate board has prepared and published in a newspaper of general circulation in the district a notice of the public meeting on the intermediate district's intent to sell bonds; and (3) the intermediate board has adopted a resolution authorizing the bonds. The resolution becomes final unless within 30 days after the meeting where the resolution was adopted a petition requesting an election is filed with the board. The petition must be signed by a number of qualified voters in excess of five percent of the registered voters of the intermediate school district on the day the petition is filed with the board. If the petition is filed, then the board resolution authorizing the sale and issuance of bonds has no effect until the question of their issuance has been submitted to the voters of the intermediate school district at a special election held in and for the intermediate district. The date of the election, the question to be submitted, and all other necessary conduct of the election shall be fixed by the intermediate school board. The election shall be conducted and canvassed under the direction of the intermediate school board in accordance with chapter 205A, insofar as applicable.

If a majority of the total number of votes cast on the question within the intermediate school district is in favor of the question, the intermediate school board may thereupon proceed with the sale and issuance of the bonds.

The bonds shall be general obligations of the intermediate school district; however, each member school district must each year certify its proportionate share of the debt service levy on the bonds, with the allocation of its share of that levy determined in accordance with the resolution authorizing the project previously adopted by each member school board. For purposes of section 123B.53, the debt service levies certified for this purpose by an individual member school district shall be considered debt service levies of that school district. By July 1 and December 1 of each year, the school board of each member school district shall transfer to the intermediate school district an amount equal to 50 percent of the debt service levy certified by that member school district in the previous fiscal year to pay its proportionate share.

Sec. 25. Minnesota Statutes 1998, section 475.53, subdivision 4, is amended to read:

Subd. 4. [SCHOOL DISTRICTS.] Except as otherwise provided by law, no school district shall be subject to a net debt in excess of ten percent of the actual market value of all taxable property situated within its corporate limits, as computed in accordance with this subdivision. The county auditor of each county containing taxable real or personal property situated within any school district shall certify to the district upon request the market value of all such property. Whenever the commissioner of revenue, in accordance with section 127A.48, subdivisions 1 to 6, has determined that the net tax capacity of any district furnished by county auditors is not based upon the market value of taxable property in the district, the commissioner of revenue shall certify to the district upon request the ratio most recently ascertained to exist between such value and the actual market value of property within the district. The actual market value of property within a district, on which its debt limit under this subdivision is based, is (a) the value certified by the county auditors, or (b) this value divided by the ratio certified by the commissioner of revenue, whichever results in a higher value times the adjusted net tax capacity of the district as defined in section 126C.01, subdivision 2.

Sec. 26. Laws 1999, chapter 241, article 4, section 27, subdivision 2, is amended to read:

Subd. 2. [HEALTH AND SAFETY AID.] For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

| | | | |
|-------------------------|---------------------|-------|------|
| \$14,528,000 | <u>\$14,015,000</u> | ..... | 2000 |
| \$14,957,000 | <u>\$14,450,000</u> | ..... | 2001 |

The 2000 appropriation includes \$1,415,000 for 1999 and ~~\$13,113,000~~ \$12,600,000 for 2000.

The 2001 appropriation includes ~~\$1,456,000~~ \$1,400,000 for 2000 and ~~\$13,501,000~~ \$13,050,000 for 2001.

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

Sec. 27. Laws 1999, chapter 241, article 4, section 27, subdivision 3, is amended to read:

Subd. 3. [DEBT SERVICE AID.] For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

| | | |
|---|-------|------|
| \$33,165,000 <u>\$33,141,000</u> | ..... | 2000 |
| \$32,084,000 <u>\$29,400,000</u> | ..... | 2001 |

The 2000 appropriation includes \$3,842,000 for 1999 and ~~\$29,323,000~~ \$29,299,000 for 2000.

The 2001 appropriation includes ~~\$3,256,000~~ \$3,255,000 for 2000 and ~~\$28,828,000~~ \$26,145,000 for 2001.

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

Sec. 28. Laws 1999, chapter 241, article 4, section 27, subdivision 4, is amended to read:

Subd. 4. [INTERACTIVE TELEVISION (ITV) AID.] For interactive television (ITV) aid under Minnesota Statutes, section 126C.40, subdivision 4:

| | | |
|---|-------|------|
| \$4,197,000 <u>\$4,194,000</u> | ..... | 2000 |
| \$2,851,000 <u>\$2,761,000</u> | ..... | 2001 |

The 2000 appropriation includes \$405,000 for 1999 and ~~\$3,792,000~~ \$3,789,000 for 2000.

The 2001 appropriation includes \$421,000 for 2000 and ~~\$2,430,000~~ \$2,340,000 for 2001.

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

Sec. 29. Laws 1999, chapter 241, article 4, section 27, subdivision 5, is amended to read:

Subd. 5. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59:

| | | |
|---|-------|------|
| \$19,058,000 <u>\$18,920,000</u> | ..... | 2000 |
| \$19,286,000 <u>\$19,134,000</u> | ..... | 2001 |

The 2000 appropriation includes \$1,700,000 for ~~2000~~ 1999 and ~~\$17,358,000~~ \$17,220,000 for ~~2001~~ 2000.

The 2001 appropriation includes ~~\$1,928,000~~ \$1,913,000 for 2000 and ~~\$17,358,000~~ \$17,221,000 for 2001.

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

Sec. 30. Laws 1999, chapter 241, article 4, section 27, subdivision 7, is amended to read:

Subd. 7. [TELECOMMUNICATION ACCESS GRANTS.] (a) For telecommunication access grants according to Minnesota Statutes, section 125B.20:

| | | |
|---------------------|-------|-------------|
| \$ 5,000,000 | ..... | 2000 |
| <u>\$10,000,000</u> | ..... | <u>2001</u> |

(b) Any balance in the first year does not cancel but is available in the second year. This amount shall not be included as part of the base for fiscal year 2002-2003.

Sec. 31. Laws 1999, chapter 241, article 4, section 27, subdivision 10, is amended to read:

Subd. 10. [DECLINING PUPIL AID; ST. PETER.] For a grant to independent school district No. 508, St. Peter, to ameliorate general fund operating losses associated with the March, 1998 tornado:

| | | |
|---|-------|------|
| \$ 105,000 <u>\$ 75,000</u> | ..... | 2000 |
| \$ 278,000 <u>\$ 115,000</u> | ..... | 2001 |

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

Sec. 32. Laws 1999, chapter 241, article 4, section 27, subdivision 11, is amended to read:

Subd. 11. [FLOODS; DECLINING PUPIL AID.] For declining pupil aid under section 23:

| | | |
|---|-------|------|
| \$2,132,000 <u>\$2,087,000</u> | ..... | 2000 |
| \$1,758,000 <u>\$1,639,000</u> | ..... | 2001 |

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

Sec. 33. Laws 1999, chapter 241, article 4, section 29, is amended to read:

Sec. 29. [REPEALER.]

(a) Minnesota Statutes 1998, ~~sections 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.57, subdivisions 4, 5, and 7; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; section 123B.66; 123B.67; 123B.68; and 123B.69, are,~~ is repealed effective the day following final enactment.

(b) ~~Minnesota Statutes 1998, section 123B.58, is repealed effective July 1, 2004.~~

(c) ~~Minnesota Statutes 1998, section 123B.64, subdivision 4, is repealed effective for revenue for fiscal year 2000.~~

(d) ~~Minnesota Statutes 1998, section 123B.64, subdivisions 1, 2, and 3, are repealed effective for revenue for fiscal year 2001.~~

(e) ~~Minnesota Rules, parts 3500.3900; 3500.4000; 3500.4100; 3500.4200; and 3500.4300, are repealed.~~

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

Sec. 34. [TECHNOLOGY CAPABILITIES TASK FORCE.]

The commissioner of children, families, and learning must convene a task force to determine the ongoing technology needs of Minnesota's school districts including the cost of maintenance, support services, and technology upgrades. The task force is composed of the commissioner of children, families, and learning, or the commissioner's designee, two persons appointed by Education Minnesota, two persons appointed by the Minnesota school boards association, one person appointed by the Minnesota rural education association, one person appointed by the service cooperatives, one elementary school principal appointed by the Minnesota elementary principals association, one secondary school principal appointed by the Minnesota association of secondary school principals, one superintendent appointed by the Minnesota association of school administrators, one school media specialist appointed by the Minnesota educational media organization, one teacher aide appointed by the commissioner, one

assistive technology practitioner appointed by the commissioner, one person appointed by the Minnesota high technology council, one person from the Minnesota Business Partnership, one person from the Minnesota Chamber of Commerce, and two people from the Minnesota education telecommunications council. The task force must establish minimum technology standards for school districts and for school sites. The task force must report its minimum standards for technology to the education committees of the legislature by February 15, 2001.

Sec. 35. [REPEALER WITHOUT EFFECT.]

The repeal of Minnesota Statutes 1998, sections 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.57, subdivisions 4, 5, and 7; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; 123B.67; 123B.68; and 123B.69, by Laws 1999, chapter 241, article 4, section 29, with an effective date of May 26, 1999, is without effect and Minnesota Statutes 1998, sections 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.57, subdivisions 4, 5, and 7; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; 123B.67; 123B.68; and 123B.69, remain in effect after May 25, 1999.

EFFECTIVE DATE: This section is effective retroactive to May 25, 1999.

Sec. 36. [REPEALER.]

(a) Minnesota Statutes 1998, sections 136D.281, subdivision 8; 136D.741, subdivision 8; and 136D.88, subdivision 8, are repealed effective July 1, 2000.

(b) Minnesota Statutes 1998, section 123B.59, subdivision 7, is repealed effective June 30, 2001.

ARTICLE 5

EDUCATIONAL EXCELLENCE AND OTHER POLICY

Section 1. Minnesota Statutes 1998, section 120A.41, is amended to read:

120A.41 [LENGTH OF SCHOOL YEAR; DAYS OF INSTRUCTION.]

A school board's annual school calendar must include at least ~~three additional days of student instruction beyond the number of 173~~ days of student instruction ~~the board formally adopted as its school calendar at the beginning of the 1996-1997 school year~~ and five days of staff development or parent-teacher conferences and related activities.

EFFECTIVE DATE: This section is effective the day following final enactment and applies for 2001-2002 and later school years.

Sec. 2. [121A.582] [STUDENT DISCIPLINE; REASONABLE FORCE.]

Subdivision 1. [REASONABLE FORCE STANDARD.] (a) A teacher, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to correct or restrain a student or prevent bodily harm or death to another.

(b) A school employee, school bus driver, or other agent of a district, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student or prevent bodily harm or death to another.

(c) Paragraphs (a) and (b) do not authorize conduct prohibited under sections 121A.58 and 121A.67.

Subd. 2. [CIVIL LIABILITY.] (a) A teacher who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (a), has a defense against a civil action for damages under section 123B.25.

(b) A school employee, bus driver, or other agent of a district who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (b), has a defense against a civil action for damages under section 123B.25.

Subd. 3. [CRIMINAL PROSECUTION.] (a) A teacher who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (a), has a defense against a criminal prosecution under section 609.06, subdivision 1.

(b) A school employee, bus driver, or other agent of a district who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (b), has a defense against a criminal prosecution under section 609.06, subdivision 1.

Subd. 4. [SUPPLEMENTARY RIGHTS AND DEFENSES.] Any right or defense in this section is supplementary to those specified in section 121A.58, 121A.67, 123B.25, or 609.06, subdivision 1.

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

Sec. 3. Minnesota Statutes 1998, section 121A.61, subdivision 3, is amended to read:

Subd. 3. [POLICY COMPONENTS.] The policy must include at least the following components:

- (a) rules governing student conduct and procedures for informing students of the rules;
- (b) the grounds for removal of a student from a class;
- (c) the authority of the classroom teacher to remove students from the classroom pursuant to procedures and rules established in the district's policy;
- (d) the procedures for removal of a student from a class by a teacher, school administrator, or other school district employee;
- (e) the period of time for which a student may be removed from a class, which may not exceed five class periods for a violation of a rule of conduct;
- (f) provisions relating to the responsibility for and custody of a student removed from a class;
- (g) the procedures for return of a student to the specified class from which the student has been removed;
- (h) the procedures for notifying a student and the student's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;
- (i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a student's behavior;
- (j) any procedures determined appropriate for encouraging early detection of behavioral problems;
- (k) any procedures determined appropriate for referring a student in need of special education services to those services;
- (l) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individual education plan of a student with a disability who is removed from class;
- (m) procedures for detecting and addressing chemical abuse problems of a student while on the school premises;

(n) the minimum consequences for violations of the code of conduct; ~~and~~

(o) procedures for immediate and appropriate interventions tied to violations of the code; and

(p) a provision that states that a teacher, school employee, school bus driver, or other agent of a district may use reasonable force in compliance with section 121A.582 and other laws.

EFFECTIVE DATE: This section is effective for the 2001-2002 school year and thereafter.

Sec. 4. Minnesota Statutes 1999 Supplement, section 122A.09, subdivision 4, is amended to read:

Subd. 4. [LICENSE AND RULES.] (a) The board must adopt rules to license public school teachers and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules must require college and universities offering a board approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a post-secondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a post-secondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes.

(e) The board must adopt rules requiring successful completion of an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective on the dates determined by the board, but not later than September 1, 2001.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule. The rules adopted under this paragraph apply to teachers who renew their licenses in year 2001 and later.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) Notwithstanding any law or rule to the contrary, the board of teaching shall issue an alternative two-year license to teach in Minnesota if the applicant:

(1) holds a degree from an out-of-state institution of higher education that is comparable in rank and standing to a Minnesota state university, the University of Minnesota, or a nonpublic state liberal arts college or university, provided the applicant received the degree for completing a teacher preparation program;

(2) has successfully completed a basic skills exam in reading, writing, and mathematics approved by the board of teaching under section 122A.09, subdivision 4, clause (b);

(3) has undergone a background check under section 122A.18, subdivision 8, and, as a result of the background check, is eligible to be licensed by the board of teaching; and

(4) documents that the applicant has experience as a licensed teacher of school-age children and provides personal references.

A school district that hires a teacher with an alternative two-year license under this subdivision shall name for the teacher a mentorship team that includes the school principal or other person charged with administering the school site. The team shall evaluate the teacher and recommend to the board of teaching whether or not the teacher should receive a continuing license. If the recommendation is favorable, the board of teaching shall issue a continuing license to the teacher. If the recommendation is unfavorable, the board of teaching may, at its discretion, renew the alternative two-year license under this subdivision for an additional two-year period or decline to further consider the applicant for a license under this subdivision.

Sec. 5. Minnesota Statutes 1998, section 122A.18, subdivision 2, is amended to read:

Subd. 2. [TEACHER AND SUPPORT PERSONNEL QUALIFICATIONS.] (a) The board of teaching must issue licenses under its jurisdiction to persons the board finds to be qualified and competent for their respective positions.

(b) The board must require a person to successfully complete an examination of skills in reading, writing, and mathematics before being granted an initial teaching license to provide direct instruction to pupils in prekindergarten, elementary, secondary, or special education programs. The board must require colleges and universities offering a board approved teacher preparation program to provide remedial assistance that includes a formal diagnostic component to persons enrolled in their institution who did not achieve a qualifying score on the skills examination, including those for whom English is a second language. The colleges and universities must provide assistance in the specific academic areas of deficiency in which the person did not achieve a qualifying score. School districts must provide similar, appropriate, and timely remedial assistance that includes a formal diagnostic component and mentoring to those persons employed by the district who completed their teacher education program outside the state of Minnesota, received a one-year license to teach in Minnesota and did not achieve a qualifying score on the skills examination, including those persons for whom English is a second language. The board of teaching shall report annually to the education committees of the legislature on the total number of teacher candidates during the most recent school year taking the basic skills examination under section 122A.09, subdivision 4, clause (b), the number who achieve a qualifying score on the examination, the number who do not achieve a qualifying score on the examination, the distribution of all candidates' scores, the number of candidates who have taken the examination at least once before, and the number of candidates who have taken the examination at least once before and achieve a qualifying score. The data shall be disaggregated to the institutional level.

(c) A person who has completed an approved teacher preparation program and obtained a one-year license to teach, but has not successfully completed the skills examination, may renew the one-year license for two additional one-year periods. Each renewal of the one-year license is contingent upon the licensee:

(1) providing evidence of participating in an approved remedial assistance program provided by a school district or post-secondary institution that includes a formal diagnostic component in the specific areas in which the licensee did not obtain qualifying scores; and

(2) attempting to successfully complete the skills examination during the period of each one-year license.

(d) The board of teaching must grant continuing licenses only to those persons who have met board criteria for granting a continuing license, which includes successfully completing the skills examination in reading, writing, and mathematics.

(e) All colleges and universities approved by the board of teaching to prepare persons for teacher licensure must include in their teacher preparation programs a common core of teaching knowledge and skills to be acquired by all persons recommended for teacher licensure. This common core shall meet the standards developed by the interstate new teacher assessment and support consortium in its 1992 "model standards for beginning teacher licensing and development." Amendments to standards adopted under this paragraph are covered by chapter 14. The board of teaching shall report annually to the education committees of the legislature on the performance of teacher candidates on common core assessments of knowledge and skills under this paragraph during the most recent school year.

EFFECTIVE DATE: This section is effective for the 2000-2001 school year and thereafter.

Sec. 6. [122A.655] [RECRUITMENT OF EXCELLENT TEACHERS IN SCIENCE, MATH, INDUSTRIAL TECHNOLOGY, AND SPECIAL EDUCATION AND IN RURAL AREAS; LOAN FORGIVENESS PROGRAM.]

Subdivision 1. [PROGRAM ESTABLISHED; ACCOUNT CREATED.] (a) A loan forgiveness program is established to assist Minnesota public schools in recruiting and retaining excellent teachers in science, math, industrial technology, and special education and in rural areas. A loan forgiveness program account is created in the state treasury. The account consists of money appropriated by the legislature and repayments and penalties collected under subdivision 4. All money in this account is annually appropriated to the commissioner and must be used to repay loans of qualified licensed teachers who agree to teach in high-need areas under subdivision 2.

(b) A school district that employs a teacher participating in this program must provide the teacher with mentoring that:

(1) offers appropriate intervention, which may include assisting with student discipline or classroom management, adjustments to the teaching assignment, student motivation, lesson planning, accommodations for individual student differences, or finding and using effective materials;

(2) orients the teacher to the school and the community; and

(3) ensures instructional and interpersonal support that fosters professional development and the teacher's retention.

Subd. 2. [ELIGIBILITY; APPLICATION.] (a) To participate in this program, a person must:

(1) have graduated from an approved teacher preparation institution within 12 months of submitting an application to the commissioner to participate in this program;

(2) have a 3.0 grade point average or higher in that portion of the teacher preparation program affecting licensure in the field of math, science, industrial technology, or special education, and be licensed to teach in the field of math, science, industrial technology, or special education; and

(3) agree to be employed as a teacher for at least three consecutive school years in one Minnesota public school.

(b) A person who meets the criteria in paragraph (a) and agrees to be employed as a teacher in a public school located in Minnesota outside the metropolitan area, as defined in section 473.121, subdivision 2, is eligible to receive an additional amount of \$1,000 per year under subdivision 3.

(c) To be eligible to participate in this program, a person must submit an application to the commissioner in the form and manner the commissioner prescribes.

(d) The commissioner shall select applicants that qualify for this program, notify eligible people about the program, develop and disseminate application materials, and carry out other activities needed to implement this section.

Subd. 3. [LOAN FORGIVENESS.] For fiscal year 2001, the commissioner may select teacher applicants to participate in this program. Program participants are responsible for securing their own loans. Program participants who meet the criteria in subdivision 2, paragraph (a), may designate for each year of post-secondary education leading to a license to teach, up to a total of three years, an agreed amount, not to exceed \$3,000 per year, as a qualified loan. Program participants who meet the criteria in subdivision 2, paragraphs (a) and (b), may designate for each year of post-secondary education leading to a license to teach, up to a total of three years, an agreed amount not to exceed \$4,000 per year, as a qualified loan. For each year that a participant is employed in a school district according to subdivision 2, up to a total of three years, the commissioner shall annually pay an amount equal to one year of qualified loans.

Subd. 4. [PENALTY.] If a teacher participating in this program does not fulfill the required three years of service in a qualifying public school for full repayment of all qualified loans, then the commissioner must collect from the teacher the amount paid under this loan forgiveness program. The commissioner shall deposit the money the commissioner collects in the loan forgiveness program account under subdivision 1. The commissioner may grant a waiver for all or part of the money owed as a result of a penalty if, according to criteria established by the commissioner, emergency circumstances prevent the teacher from fulfilling the teacher's three-year commitment to teach.

Sec. 7. [123B.055] [CONTRACTS FOR COMPUTERS OR RELATED EQUIPMENT OR SERVICE.]

The school board of a school district may not enter into a contract or permit a school within the district to enter into a contract for the use of a computer or related equipment or service that requires advertising to be disseminated to students unless the school board:

- (1) enters into the contract at a public hearing of the school board;
- (2) makes a finding that the offered electronic product or service is an integral component of students' education;
- (3) provides written notice to students' parents that advertising will be used in the classroom, media center, computer lab, or other areas of learning;
- (4) as part of normal, ongoing district communications with parents, allows parents to request in writing that (i) their student not be exposed to the program that contains the advertising for the current school year, or that (ii) any or all directory information relating to the student that is collected as a result of this contract is not disclosed; and
- (5) honors parents' request, under clause (4), that their student not be exposed to the advertising program or that directory information relating to the student is not disclosed and allows parents to withdraw their request at any time.

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

Sec. 8. Minnesota Statutes 1998, section 123B.79, subdivision 7, is amended to read:

Subd. 7. [ACCOUNT TRANSFER FOR CERTAIN SEVERANCE PAY.] A district may maintain in a designated reserve for certain severance pay account not more than 50 percent of the amount necessary to meet the obligations for the portion of severance pay that constitutes compensation for accumulated sick leave to be used for payment of

premiums for group insurance provided for former employees by the district. The amount necessary must be calculated according to standards established by the ~~advisory council on uniform financial accounting and reporting standards~~ department.

Sec. 9. Minnesota Statutes 1998, section 123B.86, subdivision 1, is amended to read:

Subdivision 1. [GENERAL PROVISIONS.] A district shall provide equal transportation within the district for all school children to any school when transportation is deemed necessary by the school board because of distance or traffic condition in like manner and form as provided in sections 123B.88 and ~~124.223~~ 123B.92, when applicable.

Sec. 10. Minnesota Statutes 1998, section 123B.88, subdivision 3, is amended to read:

Subd. 3. [TRANSPORTATION SERVICES CONTRACTS.] The board may contract for the furnishing of authorized transportation under ~~rules established by the commissioner~~ section 123B.52, and may purchase gasoline and furnish same to a contract carrier for use in the performance of a contract with the school district for transportation of school children to and from school.

Sec. 11. Minnesota Statutes 1998, section 124D.081, subdivision 6, is amended to read:

Subd. 6. [PREPAREDNESS REVENUE.] (a) A qualifying school district is eligible for first-grade preparedness revenue equal to the basic formula allowance for that year times the number of children five years of age or older enrolled in a kindergarten program at the site on October 1 of the previous year times .53.

(b) This revenue must supplement and not replace compensatory revenue that the district uses for the same or similar purposes under chapters 120B, 123A, 123B, 124D, 126C, and 127A.

(c) A pupil enrolled in the first grade preparedness program at a qualifying school site is eligible for transportation under section 123B.88, subdivision 1.

(d) First grade preparedness revenue paid to a charter school for which a school district is providing transportation according to section 124D.10, subdivision 16, shall be decreased by an amount equal to the product of ~~\$170~~ the formula allowance according to section 126C.10, subdivision 2, times .0485 times the pupil units calculated according to paragraph (a). This amount shall be paid to the school district for transportation costs.

Sec. 12. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 3, is amended to read:

Subd. 3. [SPONSOR.] A school board; ~~intermediate school district school board;~~ education districts district organized under sections 123A.15 to 123A.19; ~~charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986 that is a member of the Minnesota council of nonprofits, registered with the attorney general's office, and reports an end-of-year fund balance of at least \$1,000,000; Minnesota private college; that grants two- or four-year degrees and is registered with the higher education services office under chapter 136A; community college, state university, or technical college, governed by the board of trustees of the Minnesota state colleges and universities; or the University of Minnesota~~ may sponsor one or more charter schools.

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

Sec. 13. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 4, is amended to read:

Subd. 4. [FORMATION OF SCHOOL.] (a) A sponsor may authorize one or more licensed teachers under section 122A.18, subdivision 1, to operate a charter school subject to approval by the commissioner. A school board or a board or designee of a higher education institution must vote on charter school application for sponsorship no later than 90 days after receiving the application. After 90 days, the applicant may apply to the commissioner. If a school board or a board or designee of a higher education institution elects not to sponsor a charter school, the applicant may appeal the ~~board's~~ decision of the school board or higher education institution board or designee to the

commissioner. If the commissioner authorizes the school, the commissioner must sponsor the school according to this section. The school must be organized and operated as a cooperative under chapter 308A or nonprofit corporation under chapter 317A.

(b) Before the operators may form and operate a school, the sponsor must file an affidavit with the commissioner stating its intent to authorize a charter school. The affidavit must state the terms and conditions under which the sponsor would authorize a charter school. The charter school developers must submit the charter school proposal and affidavit to the commissioner quarterly on dates the commissioner determines and announces in advance. The commissioner must approve or disapprove the sponsor's proposed authorization within 60 days of receipt of receiving the affidavit. Failure to obtain commissioner approval precludes a sponsor from authorizing the charter school that was the subject of the affidavit. The commissioner shall organize and facilitate an orderly review of charter school proposals. The commissioner may appoint a review committee to assist in the review process. The committee may review applications and participate in interviews with applicants. The committee's role shall be solely advisory. The commissioner shall complete the review and decide to grant or not grant a new charter within 60 days of receiving the application.

(c) The operators authorized to organize and operate a school must hold an election for members of the school's board of directors in a timely manner after the school is operating. Any staff members who are employed at the school, including teachers providing instruction under a contract with a cooperative, and all parents of children enrolled in the school may participate in the election. Licensed teachers employed at the school, including teachers providing instruction under a contract with a cooperative, must be a majority of the members of the board of directors, unless the commissioner waives the requirement for the school. A provisional board may operate before the election of the school's board of directors. Board of director meetings must comply with section 471.705.

(d) The granting or renewal of a charter by a sponsoring entity must not be conditioned upon the bargaining unit status of the employees of the school.

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

Sec. 14. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 6, is amended to read:

Subd. 6. [CONTRACT.] The sponsor's authorization for a charter school must be in the form of a written contract signed by the sponsor and the board of directors of the charter school. The contract must be completed within 90 days of the commissioner's approval of the sponsor's proposed authorization. The contract for a charter school must be in writing and contain at least the following:

- (1) a description of a program that carries out one or more of the purposes in subdivision 1;
- (2) specific outcomes pupils are to achieve under subdivision 10;
- (3) admission policies and procedures;
- (4) management and administration of the school;
- (5) requirements and procedures for program and financial audits;
- (6) how the school will comply with subdivisions 8, 13, 16, and 23;
- (7) assumption of liability by the charter school;
- (8) types and amounts of insurance coverage to be obtained by the charter school;
- (9) the term of the contract, which may be up to three years for the first term and may be renewed for up to five years for subsequent terms if the sponsor determines that the charter school board of directors and operators have substantially complied with the contract terms; and

(10) if the board of directors or the operators of the charter school provide special instruction and services for children with a disability under sections 125A.03 to 125A.24, and 125A.65, a description of the financial parameters within which the charter school will operate to provide the special instruction and services to children with a disability.

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

Sec. 15. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 8, is amended to read:

Subd. 8. [STATE AND LOCAL REQUIREMENTS.] (a) A charter school shall meet all applicable state and local health and safety requirements.

(b) A school sponsored by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution. If such a board denies a request to locate within its boundaries a charter school sponsored by another school board, the sponsoring school board may appeal to the commissioner. If the commissioner authorizes the school, the commissioner must sponsor the school.

(c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled.

(e) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(f) A charter school may not charge tuition.

(g) A charter school is subject to and must comply with chapter 363 and section 121A.04.

(h) A charter school is subject to and must comply with The Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee law, sections 123B.34 to 123B.39.

(i) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. The audit must ~~be consistent~~ comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. The department of children, families, and learning, state auditor, or legislative auditor may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(j) A charter school is a district for the purposes of tort liability under chapter 466.

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

Sec. 16. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 11, is amended to read:

Subd. 11. [EMPLOYMENT AND OTHER OPERATING MATTERS.] A charter school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The charter school's state aid may be reduced under section 127A.42 if the school employs a teacher who does not hold a valid teaching license or permit in a public school or is not otherwise approved by the board of teaching. The school may employ necessary employees who are

not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties.

The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

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

Sec. 17. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 14, is amended to read:

Subd. 14. [ANNUAL PUBLIC REPORTS.] A charter school must report at least annually to its sponsor and the commissioner the information required by the sponsor ~~or the commissioner~~. The reports are public data under chapter 13.

Sec. 18. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 15, is amended to read:

Subd. 15. [REVIEW AND COMMENT.] The department must review and comment on the evaluation, by the ~~chartering school district~~ sponsor, of the performance of a charter school before the charter school's contract is renewed. A sponsor shall monitor and evaluate the fiscal and student performance of the school, and may for this purpose annually assess the school up to \$10 per student up to a maximum of \$3,500. The information ~~from~~ for the review and comment shall be reported by the sponsor to the commissioner of children, families, and learning in a timely manner. Periodically, the commissioner shall report trends or suggestions based on the evaluation of charter school contracts to the education committees of the state legislature.

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

Sec. 19. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 23, is amended to read:

Subd. 23. [CAUSES FOR NONRENEWAL OR TERMINATION OF CHARTER SCHOOL CONTRACT.] (a) The duration of the contract with a sponsor must be for the term contained in the contract according to subdivision 6. The sponsor may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before the sponsor within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor shall give reasonable notice to the charter school's board of directors of the hearing date. The sponsor shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. If the sponsor is a local board, the school's board of directors may appeal the sponsor's decision to the commissioner.

(b) A contract may be terminated or not renewed upon any of the following grounds:

- (1) failure to meet the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed, the school must be dissolved according to the applicable provisions of chapter 308A or 317A, except when the commissioner approves the decision of a different eligible sponsor to authorize the charter school.

(c) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing sponsor, and after providing an opportunity for a public hearing, may terminate the existing sponsorial relationship if the charter school has a history of:

(1) financial mismanagement; or

(2) repeated violations of the law.

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

Sec. 20. Minnesota Statutes 1999 Supplement, section 124D.11, subdivision 4, is amended to read:

Subd. 4. ~~[BUILDING LEASE AID.] When a charter school finds it economically advantageous to rent or lease a building or land for any instructional purposes and it determines that the total operating capital revenue under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for building lease aid for this purpose. Criteria for aid approval and revenue uses shall be as defined for the building lease levy in section 126C.40, subdivision 1, paragraphs (a) and (b).~~ A charter school is eligible for building lease aid. The criteria for approving lease applications under this subdivision must include the:

(1) reasonableness of the price; and

(2) conformity of the lease to state laws and rules.

The proceeds of the lease aid must not be used for custodial or other maintenance services. The amount of building lease aid per pupil unit served for a charter school for any year shall not exceed the lesser of (a) 90 percent of the approved lease cost or (b) the product of the pupil units served for the current school year times \$1,500. Existing charter schools must apply by January 15 of the fiscal year in which the lease applies to be considered for this program. The application must include the cost of the lease and confirmation that a certificate of occupancy has been issued for the building. The commissioner must act on an application in this section within 30 calendar days of receiving the application.

Sec. 21. Minnesota Statutes 1999 Supplement, section 124D.11, subdivision 6, is amended to read:

Subd. 6. [OTHER AID, GRANTS, REVENUE.] (a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120A to 129C, as though it were a district.

(b) Notwithstanding paragraph (a), a charter school may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section.

(c) Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(d) A charter school may receive money from any source for capital facilities needs. In the year-end report to the commissioner of children, families, and learning, the charter school shall report the total amount of funds received from grants and other outside sources.

(e) Notwithstanding paragraph (a) or (b), a charter school ~~is eligible~~ may apply for a grant to receive the aid portion of integration revenue under section 124D.86, subdivision 3, for enrolled students who are residents of a district that is eligible for integration revenue ~~if the enrollment of the pupil in the charter school contributes to desegregation or integration purposes.~~ The commissioner shall determine grant recipients and may adopt application

guidelines. The grants must be competitively determined and must demonstrate that enrolling pupils in the charter school contributes to desegregation or integration purposes as determined by the commissioner. If the charter school has elected not to provide transportation under section 124D.10, subdivision 16, the aid shall be reduced by the amount per pupil unit specified for the district where the charter school is located under section 123B.92, subdivision 8.

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

Sec. 22. Minnesota Statutes 1998, section 124D.128, subdivision 4, is amended to read:

Subd. 4. [TRANSPORTATION.] A district must report data to the department as required by the department to account for learning year summer transportation expenditures for this program must be included in nonregular transportation according to sections 124.225, subdivision 8, and 124.226, subdivision 4.

Sec. 23. [125B.22] [INTERNET ACCESS FOR STUDENTS.]

(a) Recognizing the difference between school libraries, school computer labs, and school media centers, which serve unique educational purposes, and public libraries, which are designed for public inquiry, all school computers with access to the Internet available for student use must be equipped, to the maximum extent permitted under law, to restrict, including by use of available software filtering technology, all student access to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) A school is not required to purchase filtering technology if the school would incur more than incidental expense in making the purchase.

Sec. 24. [134.77] [INTERNET ACCESS FOR CHILDREN.]

(a) Recognizing the difference between public libraries, which are designed for public inquiry, and school libraries, school computer labs, and school media centers, which serve unique educational purposes, all public library computers with access to the Internet available for use by children under the age of 17 must be equipped, to the maximum extent permitted under law, to restrict, including by use of available software filtering technology, all access by children to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) A public library is not required to purchase filtering technology if the public library would incur more than incidental expense in making the purchase.

Sec. 25. Minnesota Statutes 1998, section 471.15, is amended to read:

471.15 [RECREATIONAL FACILITIES BY MUNICIPALITY, VETERANS; BONDS.]

(a) Any home rule charter or statutory city or any town, county, school district, or any board thereof, or any incorporated post of the American Legion or any other incorporated veterans' organization, may expend not to exceed \$800 in any one year, for the purchase of awards and trophies and may operate a program of public recreation and playgrounds; acquire, equip, and maintain land, buildings, or other recreational facilities, including an outdoor or indoor swimming pool; and expend funds for the operation of such program pursuant to the provisions of sections 471.15 to 471.19. The city, town, county or school district may issue bonds pursuant to chapter 475 for the purpose of carrying out the powers granted by this section. The city, town, county or school district may operate the program and facilities directly or establish one or more recreation boards to operate all or various parts of them.

(b) A home rule charter or statutory city, a county, or a town may expend funds for the purpose of supporting student academic or extracurricular activities sponsored by the local school district.

Sec. 26. Laws 1999, chapter 241, article 5, section 18, subdivision 5, is amended to read:

Subd. 5. [CHARTER SCHOOL BUILDING LEASE AID.] For building lease aid according to Minnesota Statutes, section 124D.11, subdivision 4:

| | | | |
|------------------------|---------------------|-------|------|
| \$2,992,000 | <u>\$5,981,000</u> | ..... | 2000 |
| \$3,616,000 | <u>\$10,807,000</u> | ..... | 2001 |

The 2000 appropriation includes \$194,000 for 1999 and ~~\$2,798,000~~ \$5,787,000 for 2000.

The 2001 appropriation includes ~~\$311,000~~ \$643,000 for 2000 and ~~\$3,305,000~~ \$10,164,000 for 2001.

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

Sec. 27. Laws 1999, chapter 241, article 5, section 18, subdivision 6, is amended to read:

Subd. 6. [CHARTER SCHOOL START-UP GRANTS.] For charter school start-up cost aid under Minnesota Statutes, section 124D.11:

| | | | |
|------------------------|--------------------|-------|------|
| \$1,789,000 | <u>\$1,955,000</u> | ..... | 2000 |
| \$1,876,000 | <u>\$2,926,000</u> | ..... | 2001 |

The 2000 appropriation includes \$100,000 for 1999 and ~~\$1,689,000~~ \$1,855,000 for 2000.

The 2001 appropriation includes ~~\$188,000~~ \$206,000 for ~~1999~~ 2000 and ~~\$1,688,000~~ \$2,720,000 for 2001.

Any balance in the first year does not cancel but is available in the second year. This appropriation may also be used for grants to convert existing schools into charter schools.

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

Sec. 28. [RESIDENTIAL ACADEMIES.]

The commissioner may not withdraw or reallocate funds from a recipient who has been awarded a grant under Laws 1998, chapter 398, article 5, section 46, and has received approval for updated capital and operating budget plans after June 1, 1999, without the prior consent of the legislature.

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

Sec. 29. [APPROPRIATION.]

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

Subd. 2. [RECRUITMENT OF EXCELLENT TEACHERS; LOAN FORGIVENESS PROGRAM.] For a loan forgiveness program to help recruit excellent teachers under Minnesota Statutes, section 122A.65:

| | | |
|------------------|-------|-------------|
| <u>\$500,000</u> | | <u>2001</u> |
|------------------|-------|-------------|

ARTICLE 6

NUTRITION; FUND TRANSFERS

Section 1. Minnesota Statutes 1998, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] Each school year, the state must pay districts participating in the national school lunch program the amount of ~~6.5~~ eight cents for each full paid, reduced, and free student lunch served to students in the district.

Sec. 2. Minnesota Statutes 1999 Supplement, section 124D.1155, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] An applicant for a grant must be a public or nonpublic elementary school that participates in the federal school breakfast and lunch programs. The commissioner must give first priority to schools where at least 33 percent of the lunches the school served to children during the second preceding school year were provided free or at a reduced price. The commissioner must give second priority to all other public or nonpublic elementary schools.

Sec. 3. Laws 1999, chapter 241, article 6, section 14, subdivision 2, is amended to read:

Subd. 2. [ABATEMENT AID.] For abatement aid according to Minnesota Statutes, section 127A.49:

| | | |
|---|-------|------|
| \$9,110,000 <u>\$9,577,000</u> | | 2000 |
|---|-------|------|

| | | |
|---|-------|------|
| \$8,947,000 <u>\$8,279,000</u> | | 2001 |
|---|-------|------|

The 2000 appropriation includes \$1,352,000 for 1999 and ~~\$7,758,000~~ \$8,225,000 for 2000.

The 2001 appropriation includes ~~\$861,000~~ \$914,000 for 2000 and ~~\$8,086,000~~ \$7,365,000 for 2001.

Sec. 4. Laws 1999, chapter 241, article 6, section 14, subdivision 3, is amended to read:

Subd. 3. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123B.40 to 123B.48 and 123B.87:

| | | |
|---|-------|------|
| \$10,996,000 <u>\$11,552,000</u> | | 2000 |
|---|-------|------|

| | | |
|---|-------|------|
| \$11,878,000 <u>\$12,757,000</u> | | 2001 |
|---|-------|------|

The 2000 appropriation includes \$970,000 for 1999 and ~~\$10,026,000~~ \$10,582,000 for 2000.

The 2001 appropriation includes ~~\$1,114,000~~ \$1,175,000 for 2000 and ~~\$10,764,000~~ \$11,582,000 for 2001.

The department shall recompute the maximum allotments established on March 1, 1999, for fiscal year 2000 under Minnesota Statutes, sections 123B.42, subdivision 3, and 123B.44, subdivision 6, to reflect the amount appropriated in this subdivision for fiscal year 2000.

Sec. 5. Laws 1999, chapter 241, article 6, section 14, subdivision 4, is amended to read:

Subd. 4. [CONSOLIDATION TRANSITION AID.] For districts consolidating under Minnesota Statutes, section 123A.485:

| | | |
|---------------------------------------|-------|------|
| \$451,000 <u>\$563,000</u> | | 2000 |
|---------------------------------------|-------|------|

| | | |
|---------------------------------------|-------|------|
| \$375,000 <u>\$455,000</u> | | 2001 |
|---------------------------------------|-------|------|

The 2000 appropriation includes \$113,000 for 1999 and ~~\$338,000~~ \$450,000 for 2000.

The 2001 appropriation includes ~~\$37,000~~ \$50,000 for 2000 and ~~\$338,000~~ \$405,000 for 2001.

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

Sec. 6. Laws 1999, chapter 241, article 6, section 14, subdivision 5, is amended to read:

Subd. 5. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

| | | |
|---|-----------|------|
| \$18,586,000 <u>\$20,358,000</u> | | 2000 |
| \$20,922,000 <u>\$21,333,000</u> | | 2001 |

The 2000 appropriation includes \$1,848,000 for ~~2000~~ 1999 and ~~\$16,738,000~~ \$18,510,000 for ~~2001~~ 2000.

The 2001 appropriation includes ~~\$1,860,000~~ \$2,057,000 for 2000 and ~~\$19,062,000~~ \$19,276,000 for 2001.

Sec. 7. [FUND TRANSFERS.]

Subdivision 1. [LAKEVILLE.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, on June 30, 2000, independent school district No. 194, Lakeville, may permanently transfer up to \$1,000,000 from its reserved account for operating capital to the unreserved, undesignated general fund.

Subd. 2. [CHOKIO-ALBERTA.] (a) Notwithstanding Minnesota Statutes, section 123B.58, 123B.79, or 123B.80, on June 30, 2000, upon approval of the commissioner of children, families, and learning, independent school district No. 771, Chokio-Alberta, may permanently transfer up to \$121,000 from its reserved account for disabled accessibility to its undesignated general fund balance.

(b) Prior to making the fund transfer, independent school district No. 771, Chokio-Alberta, must demonstrate to the commissioner's satisfaction that the district's school buildings are accessible to students or employees with disabilities.

Subd. 3. [MAHTOMEDI.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2000, independent school district No. 832, Mahtomedi, may permanently transfer the balance of its debt redemption fund to its capital account in its general fund without making a levy reduction to purchase land for a school facility.

Subd. 4. [NORMAN COUNTY EAST.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2000, independent school district No. 2215, Norman County East, may permanently transfer up to \$419,000 from its building construction fund to the reserved account for operating capital in the general fund without making a levy reduction.

Subd. 5. [BROWERVILLE.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2000, independent school district No. 787, Browerville, may permanently transfer up to \$110,000 from its debt redemption fund to its general fund without making a levy reduction.

Subd. 6. [ST. FRANCIS.] Notwithstanding Minnesota Statutes, section 123B.53, on June 30, 2000, independent school district No. 15, St. Francis, may permanently transfer \$534,000 from its debt service fund to the general fund to help the district out of statutory operating debt without making a levy reduction.

Subd. 7. [STAPLES-MOTLEY.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on May 31, 2000, independent school district No. 2170, Staples-Motley, may permanently transfer up to \$71,000 from the debt service account of the former independent school district No. 483, Motley, to the operating capitol fund of independent school district No. 2170, Staples-Motley, without making a levy reduction.

Subd. 8. [FERGUS FALLS.] Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, on June 30, 2000, independent school district No. 544, Fergus Falls, may permanently transfer up to \$200,000 from the debt redemption fund to the general fund without making a levy reduction.

Subd. 9. [LAKEVIEW.] Notwithstanding any law to the contrary, independent school district No. 2167, Lakeview, is authorized to retain a cooperative facilities grant awarded in fiscal year 1995, and may permanently transfer that amount to its undesignated general fund balance, to be used to bring its bleachers into compliance with Minnesota Statutes, section 16B.616.

Subd. 10. [WINONA.] Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, 124D.135, 124D.20, or 126C.10, subdivision 14, on June 30, 2000, independent school district No. 861, Winona, may permanently transfer up to \$300,000 from its reserved accounts and undesignated balance in the community service fund and up to \$2,000,000 from its reserve for operating capital account in the general fund to the undesignated balance in its general fund.

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

Sec. 8. [LEVY RESTORATION; INDEPENDENT SCHOOL DISTRICT NO. 2859, GLENCOE-SILVER LAKE.]

(a) Independent school district No. 2859, Glencoe-Silver Lake, may levy up to one-third of the total of the sum from paragraph (b) in each of the fiscal years 2002, 2003, and 2004.

(b) For each of the fiscal years of 1999, 2000, and 2001, the amount of the levy is equal to the sum of:

(1) the difference between the maximum amount of levy authorized by law for the fiscal year and the amount of levy certified by independent school district No. 2859, Glencoe-Silver Lake, under Minnesota Statutes 1996 and 1997 Supplement, section 124.2725;

(2) the difference between the maximum amount of levy authorized by law for the fiscal year and the amount of levy certified by independent school district No. 2859, Glencoe-Silver Lake, under Minnesota Statutes, section 126C.42; and

(3) the difference between the maximum amount of levy authorized by law for the fiscal year and the amount of levy certified by independent school district No. 2859, Glencoe-Silver Lake, under Minnesota Statutes, section 126C.22.

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

ARTICLE 7

LIBRARIES

Section 1. Laws 1997, First Special Session chapter 4, article 8, section 4, as amended by Laws 1998, chapter 398, article 7, section 1, and Laws 1999, chapter 241, article 8, section 1, is amended to read:

Sec. 4. [LIBRARY PROJECT.]

Subdivision 1. [ESTABLISHMENT.] Notwithstanding law to the contrary and subject to approvals in subdivision 2, a public library may operate as a library project jointly with the school library at Nashwauk-Keewatin high school, located in the city of Nashwauk. The public library is established to serve persons within the boundaries of independent school district No. 319, except the city of Keewatin.

Subd. 2. [APPROVALS.] Operation of the public library is contingent upon the governing bodies of cities, towns, and unorganized townships within the geographical boundaries of independent school district No. 319, except for the city of Keewatin, entering into a joint powers agreement under Minnesota Statutes 1998, section 471.59, to accomplish the purpose of this section. The joint powers agreement must provide for continuing the library project if one party or more parties to the agreement withdraws from or fails to enter into the agreement. For the purposes of this subdivision, the Itasca county board is designated as the governing body for the unorganized townships.

Subd. 3. [BOARD; APPOINTMENTS.] The joint powers agreement in subdivision 2 shall provide for a library board of seven members as follows: two members appointed by the school board of independent school district No. 319, one member appointed by each town board located within independent school district No. 319 boundaries that is a member of the library district, one member appointed by the council of the city of Nashwauk, and one member appointed by the Itasca county board to represent the unorganized towns within the school district territory.

Subd. 4. [BOARD TERMS; COMPENSATION.] The library board members shall serve for the term of the library project. An appointing authority may remove for misconduct or neglect any member it has appointed to the board and may replace that member by appointment. Board members shall receive no compensation for their services but may be reimbursed for actual and necessary travel expenses incurred in the discharge of library board duties and activities.

Subd. 5. [FUNDING.] For taxes payable in ~~1998, 1999, 2000~~, 2001, 2002, and 2003 only, and provided that the joint powers agreement under subdivision 2 has been executed by September 1 of the previous calendar year, the library board may levy a tax in an amount up to \$25,000 annually on property located within the boundaries of independent school district No. 319, except the city of Keewatin. ~~The Itasca county auditor shall collect the tax and distribute it to the library board. The levy shall be assessed against the individual members of the joint powers agreement.~~ The money may be used for library staff and for the purchase of library materials, including computer software. ~~The levy must also fund the amount necessary to receive bookmobile services from the Arrowhead regional library system.~~ For taxes payable in ~~1998, 1999, 2000~~, 2001, 2002, and 2003 only, the county may not levy under Minnesota Statutes, section 134.07, for the areas described in this section.

Subd. 6. [BUILDING.] The school district shall provide the physical space and costs associated with operating the library including, but not limited to, heat, light, telephone service, and maintenance.

Subd. 7. [ORGANIZATION.] Immediately after appointment, the library board shall organize by electing one of its number as president and one as secretary, and it may appoint other officers it finds necessary.

Subd. 8. [DUTIES.] The library board shall adopt bylaws and regulations for the library and for the conduct of its business as may be expedient and conformable to law. It shall have exclusive control of the expenditure of all money collected for it. The library board shall appoint a qualified library director and other staff, establish the compensation of employees, and remove any of them for cause. The library board may contract with the school board, the regional library board, or the city in which the library is located to provide personnel, fiscal, or administrative services. The contract shall state the personnel, fiscal, and administrative services and payments to be provided by each party.

Subd. 9. [CRITERIA.] The library shall meet all requirements in statutes and rules applicable to public libraries and school media centers. A media supervisor licensed by the board of teaching may be the director of the library. Public parking, restrooms, drinking water, and other necessities shall be easily accessible to library patrons.

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

Sec. 2. Laws 1999, chapter 241, article 8, section 4, subdivision 5, is amended to read:

Subd. 5. [LIBRARY FOR THE BLIND.] For compact shelving, technology, and staffing for the Minnesota library for the blind and physically handicapped:

| | | |
|-----------|-------|------|
| \$212,000 | | 2000 |
|-----------|-------|------|

This appropriation is available until June 30, 2001.

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

ARTICLE 8

STATE AGENCIES

Section 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.]

(a) The sums indicated in this section are appropriated from the general fund unless otherwise indicated to the department of children, families, and learning for the fiscal years designated.

| | | |
|--------------|-------|------|
| \$32,316,000 | ..... | 2000 |
| \$29,785,000 | ..... | 2001 |

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

(c) \$21,000 each year is from the trunk highway fund.

(d) \$673,000 in 2000 and \$678,000 in 2001 is for the board of teaching.

(e) Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, the commissioner of children, families, and learning may contract with a school district for a period no longer than five consecutive years to work in the development or implementation of the graduation rule. The commissioner may contract for services and expertise as necessary. The contracts are not subject to Minnesota Statutes, section 16B.06.

(f) \$165,000 in 2000 is for the state board of education. Any functions of the state board of education that are not specifically transferred to another agency are transferred to the department of children, families, and learning under Minnesota Statutes, section 15.039. For the position that is classified, upon transferring the responsibilities, the current incumbent is appointed to the classified position without exam or probationary period.

(g) \$2,000,000 in 2000 is for litigation costs and may only be used for those purposes. This appropriation is available until June 30, 2001. This is a one-time appropriation.

EFFECTIVE DATE: This section is effective retroactive to July 1, 1999.

Sec. 2. Laws 1999, chapter 241, article 10, section 6, is amended to read:

Sec. 6. [APPROPRIATIONS; LOLA AND RUDY PERPICH MINNESOTA CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the center for arts education for the fiscal years designated:

| | | |
|-------------|-------|------|
| \$7,239,000 | ..... | 2000 |
| \$7,400,000 | ..... | 2001 |

Of each year's appropriation, \$154,000 is to fund artist and arts organization participation in the education residency and education technology projects, \$75,000 is for school support for the residency project, \$121,000 is for further development of the partners: arts and school for students (PASS) program, including pilots, and ~~\$220,000~~ \$110,000 is to fund the center for arts education base for asset preservation and facility repair. The guidelines for the education residency project and the pass program shall be developed and defined by the center for arts education in cooperation with the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education and the Minnesota arts board shall cooperate to fund these projects.

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

Sec. 3. [REPEALER.]

Laws 1999, chapter 241, article 10, section 5, is repealed retroactive to July 1, 1999.

EFFECTIVE DATE: This section is effective retroactive to July 1, 1999.

ARTICLE 9

TECHNICAL, CONFORMING, AND CLARIFYING AMENDMENTS

Section 1. Minnesota Statutes 1998, section 120A.22, subdivision 3, is amended to read:

Subd. 3. [PARENT DEFINED; RESIDENCY DETERMINED.] (a) In this section and sections 120A.24; and 120A.26, ~~and 120A.41~~, "parent" means a parent, guardian, or other person having legal custody of a child.

(b) In sections 125A.03 to 125A.24 and 125A.65, "parent" means a parent, guardian, or other person having legal custody of a child under age 18. For an unmarried pupil age 18 or over, "parent" means the pupil unless a guardian or conservator has been appointed, in which case it means the guardian or conservator.

(c) For purposes of sections 125A.03 to 125A.24 and 125A.65, the school district of residence for an unmarried pupil age 18 or over who is a parent under paragraph (b) and who is placed in a center for care and treatment, shall be the school district in which the pupil's biological or adoptive parent or designated guardian resides.

(d) For a married pupil age 18 or over, the school district of residence is the school district in which the married pupil resides.

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

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

Sec. 3. Minnesota Statutes 1998, section 123B.02, is amended by adding a subdivision to read:

Subd. 5a. [TRESPASSES ON SCHOOL PROPERTY.] Trespasses on school property shall be governed according to section 609.605, subdivision 4.

Sec. 4. Minnesota Statutes 1998, section 123B.85, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] The following words and terms in sections 121A.585, 121A.59, 123B.84 to 123B.87, ~~and 123B.89 to~~ 123B.90, and 123B.91, shall have the following meanings ascribed to them.

Sec. 5. Minnesota Statutes 1999 Supplement, section 124D.128, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER DESIGNATION.] An area learning center designated by the state must be a site. To be designated, a district or center must demonstrate to the commissioner that it will:

- (1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and
- (2) maintain a record system that, for purposes of section ~~124.17~~ 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total number of pupil units attributable to an individual pupil as a result of a learning year program.

Sec. 6. Minnesota Statutes 1998, section 124D.454, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of this section ~~and section 125A.77~~, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995. Base year for later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means 1.00 for fiscal year 1998 and later.

(e) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997, 80 percent for fiscal year 1998, 90 percent for fiscal year 1999, and 100 percent for fiscal year 2000 and later.

Sec. 7. Minnesota Statutes 1998, section 124D.454, subdivision 10, is amended to read:

Subd. 10. [EXCLUSION.] A district shall not receive aid pursuant to section 124D.453; ~~or 125A.76, or 125A.77~~ for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

Sec. 8. Minnesota Statutes 1999 Supplement, section 125A.023, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For purposes of this section and section 125A.027, the following terms have the meanings given them:

(a) "Health plan" means:

- (1) a health plan under section 62Q.01, subdivision 3;
- (2) a county-based purchasing plan under section 256B.692;
- (3) a self-insured health plan established by a local government under section 471.617; or
- (4) self-insured health coverage provided by the state to its employees or retirees.

(b) For purposes of this section, "health plan company" means an entity that issues a health plan as defined in paragraph (a).

(c) "Individual interagency intervention plan" means a standardized written plan describing those programs or services and the accompanying funding sources available to eligible children with disabilities.

(d) "Interagency intervention service system" means a system that coordinates services and programs required in state and federal law to meet the needs of eligible children with disabilities ages three to 21, including:

(1) services provided under the following programs or initiatives administered by state or local agencies:

(i) the maternal and child health program under title V of the Social Security Act, United States Code, title 42, sections 701 to 709;

(ii) the Individuals with Disabilities Education Act under United States Code, title 20, chapter 33, subchapter II, sections 1411 to 1420;

(iii) medical assistance under the Social Security Act, United States Code, title 42, chapter 7, subchapter XIX, section 1396, et seq.;

(iv) the Developmental Disabilities Assistance and Bill of Rights Act, United States Code, title 42, chapter 75, subchapter II, sections 6021 to 6030, Part B;

(v) the Head Start Act, United States Code, title 42, chapter 105, subchapter II, sections 9831 to 9852;

(vi) rehabilitation services provided under chapter 268A;

(vii) Juvenile Court Act services provided under sections 260.011 to 260.91; 260B.001 to 260B.446; and 260C.001 to 260C.451;

(viii) the children's mental health collaboratives under section 245.493;

(ix) the family service collaboratives under section 124D.23;

(x) the family community support plan under section 245.4881, subdivision 4;

(xi) the MinnesotaCare program under chapter 256L;

(xii) the community health services grants under chapter 145;

(xiii) the Community Social Services Act funding under the Social Security Act, United States Code, title 42, sections 1397 to 1397f; and

(xiv) the community ~~interagency~~ transition interagency committees under section 125A.22;

(2) services provided under a health plan in conformity with an individual family service plan or an individual education plan; and

(3) additional appropriate services that local agencies and counties provide on an individual need basis upon determining eligibility and receiving a request from the interagency early intervention committee and the child's parent.

(e) "Children with disabilities" has the meaning given in section 125A.02.

(f) A "standardized written plan" means those individual services or programs available through the interagency intervention service system to an eligible child other than the services or programs described in the child's individual education plan or the child's individual family service plan.

Sec. 9. Minnesota Statutes 1999 Supplement, section 125A.023, subdivision 5, is amended to read:

Subd. 5. [INTERVENTION DEMONSTRATION PROJECTS.] (a) The commissioner of children, families, and learning, based on recommendations from the state interagency committee, shall issue a request for proposals by January 1, 1999, for grants to the governing boards of interagency early intervention committees under section 125A.027 or a combination of one or more counties and school districts to establish five voluntary interagency intervention demonstration projects. One grant shall be used to implement a coordinated service system for all eligible children with disabilities up to age five who received services under sections 125A.26 to 125A.48. One grant shall be used to implement a coordinated service system for a population of minority children with disabilities from ages 12 to 21, who may have behavioral problems and are in need of transitional services. Each project must be operational by July 1, 1999. The governing boards of the interagency early intervention committees and the counties and school districts receiving project grants must develop efficient ways to coordinate services and funding for children with disabilities ages three to 21, consistent with the requirements of this section and section 125A.027 and the guidelines developed by the state interagency committee under this section.

(b) The state interagency committee shall evaluate the demonstration projects and provide the evaluation results to interagency early intervention committees.

Sec. 10. Minnesota Statutes 1999 Supplement, section 125A.08, is amended to read:

125A.08 [SCHOOL DISTRICT OBLIGATIONS.]

(a) As defined in this section, ~~to the extent required by federal law as of July 1, 2000~~, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individual education plan. The individual education plan team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individual education plan. The plan must address the student's need to develop skills to live and work as independently as possible within the community. By grade 9 or age 14, the plan must address the student's needs for transition from secondary services to post-secondary education and training, employment, community participation, recreation, and leisure and home living. In developing the plan, districts must inform parents of the full range of transitional goals and related services that should be considered. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial assessment or reassessment, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(b) For paraprofessionals employed to work in programs for students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon employment, each paraprofessional develops sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs of the students with whom the paraprofessional works;

(2) annual training opportunities are available to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 11. Minnesota Statutes 1998, section 125A.76, subdivision 7, is amended to read:

Subd. 7. [REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES.] For the purposes of this section and ~~section 125A.77~~, a special education cooperative or an intermediate district must allocate its approved expenditures for special education programs among participating school districts.

Sec. 12. Minnesota Statutes 1999 Supplement, section 125A.79, subdivision 8, is amended to read:

Subd. 8. [OUT-OF-STATE TUITION.] For children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under ~~section 125A.115~~ 125A.155, the resident school district shall submit the balance of the tuition bills, minus the amount of the basic revenue, as defined by section 126C.10, subdivision 2, of the district for the child and the special education aid, and any other aid earned on behalf of the child.

Sec. 13. Minnesota Statutes 1999 Supplement, section 125A.80, is amended to read:

125A.80 [UNIFORM BILLING SYSTEM FOR THE EDUCATION COSTS OF OUT-OF-HOME PLACED STUDENTS.]

The commissioner, in cooperation with the commissioners of human services and corrections and with input from appropriate billing system users, shall develop and implement a uniform billing system for school districts and other agencies, including private providers, who provide the educational services for students who are placed out of the home. The uniform billing system must:

(1) allow for the proper and timely billing to districts by service providers with a minimum amount of district administration;

(2) allow districts to bill the state for certain types of special education and regular education services as provided by law;

- (3) provide flexibility for the types of services that are provided for children placed out of the home, including day treatment services;
- (4) allow the commissioner to track the type, cost, and quality of services provided for children placed out of the home;
- (5) conform existing special education and proposed regular education billing procedures;
- (6) provide a uniform reporting standard of per diem rates;
- (7) determine allowable expenses and maximum reimbursement rates for the state reimbursement of care and treatment services ~~according to section 124D.701~~; and
- (8) provide a process for the district to appeal to the commissioner tuition bills submitted to districts and to the state.

Sec. 14. Minnesota Statutes 1999 Supplement, section 125B.21, subdivision 3, is amended to read:

Subd. 3. [CRITERIA.] In addition to responsibilities of the council under Laws 1993, First Special Session chapter 2, as amended, the telecommunications council shall evaluate grant applications under section ~~124C.74~~ 125B.20 and applications from district organizations using the following criteria:

- (1) evidence of cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in the geographic region;
- (2) plans for shared classes and programs;
- (3) avoidance of network duplication;
- (4) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;
- (5) a plan for development of a list of all courses available in the region for delivery at a distance;
- (6) a plan for coordinating and scheduling courses; and
- (7) a plan for evaluation of costs, access, and outcomes.

Sec. 15. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 24, is amended to read:

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

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

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

Sec. 16. Minnesota Statutes 1998, section 126C.12, subdivision 2, is amended to read:

Subd. 2. [INSTRUCTOR DEFINED.] Primary instructor means a public employee licensed by the board of teaching whose duties are full-time instruction, excluding a teacher for whom categorical aids are received pursuant to ~~sections section~~ section 125A.76 and 125A.77. Except as provided in section 122A.68, subdivision 6, instructor does not include supervisory and support personnel, except school social workers as defined in section 122A.15. An instructor whose duties are less than full-time instruction must be included as an equivalent only for the number of hours of instruction in grades kindergarten through 6.

Sec. 17. Minnesota Statutes 1998, section 127A.05, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE RULES.] The commissioner may adopt new rules ~~and amend them~~ or amend any existing rules only under specific authority and consistent with the requirements of chapter 14. The commissioner may repeal any existing rules adopted by the commissioner. Notwithstanding the provisions of section 14.05, subdivision 4, the commissioner may grant a variance to rules adopted by the commissioner upon application by a school district for purposes of implementing experimental programs in learning or school management. This subdivision shall not prohibit the commissioner from making technical changes or corrections to ~~adopted~~ adopted by the commissioner.

Sec. 18. Minnesota Statutes 1998, section 127A.41, subdivision 8, is amended to read:

Subd. 8. [APPROPRIATION TRANSFERS.] If a direct appropriation from the general fund to the department for any education aid or grant authorized in this chapter and chapters 122A, 123A, 123B, 124D, 126C, and 134, excluding appropriations under sections 124D.135, ~~124D.14~~, 124D.16, 124D.20, 124D.21, 124D.22, 124D.52, 124D.53, 124D.54, 124D.55, and 124D.56, exceeds the amount required, the commissioner may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 126C.20 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations must be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 19. Minnesota Statutes 1998, section 127A.41, subdivision 9, is amended to read:

Subd. 9. [APPROPRIATION TRANSFERS FOR COMMUNITY EDUCATION PROGRAMS.] If a direct appropriation from the general fund to the department of children, families, and learning for an education aid or grant authorized under section 124D.135, ~~124D.14~~, 124D.16, 124D.20, 124D.21, 124D.22, 124D.52, 124D.53, 124D.54, 124D.55, or 124D.56 exceeds the amount required, the commissioner of children, families, and learning may transfer the excess to any education aid or grant appropriation that is insufficiently funded under these sections. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of children, families, and learning. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 20. Minnesota Statutes 1999 Supplement, section 181A.04, subdivision 6, is amended to read:

Subd. 6. A high school student under the age of 18 must not be permitted to work after 11:00 p.m. on an evening before a school day or before 5:00 a.m. on a school day, except as permitted by section 181A.07, subdivisions 1, 2, 3, and 4. If a high school student under the age of 18 has supplied the employer with a note signed by the parent or guardian of the student, the student may be permitted to work until 11:30 p.m. on the evening before a school day and beginning at 4:30 a.m. on a school day.

For the purpose of this subdivision, a high school student does not include a student enrolled in an alternative education program approved by the commissioner of children, families, and learning or an area learning center, including area learning centers under sections 123A.05 to 123A.08 or according to section ~~122A.164~~ 122A.163.

Sec. 21. Laws 1999, chapter 241, article 1, section 69, is amended to read:

Sec. 69. [REPEALER.]

(a) Minnesota Statutes 1998, sections 123B.89; and 123B.92, subdivisions 2, 4, 6, 7, 8, and 10, are repealed.

(b) Minnesota Statutes 1998, section 120B.05, is repealed effective for revenue for fiscal year 2000.

(c) Minnesota Statutes 1998, section 124D.65, subdivisions 1, 2, and 3, are repealed effective for revenue for fiscal year 2001.

(d) Minnesota Statutes 1998, sections 124D.67; 126C.05, subdivision 4; and 126C.06, are repealed effective the day following final enactment.

~~This appropriation is available until June 30, 2001.~~

Sec. 22. Laws 1999, chapter 241, article 4, section 27, subdivision 5, is amended to read:

Subd. 5. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59:

| | | |
|--------------|-------|------|
| \$19,058,000 | ..... | 2000 |
| \$19,286,000 | ..... | 2001 |

The 2000 appropriation includes \$1,700,000 for ~~2000~~ 1999 and \$17,358,000 for ~~2001~~ 2000.

The 2001 appropriation includes \$1,928,000 for 2000 and \$17,358,000 for 2001.

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

Sec. 23. Laws 1999, chapter 241, article 6, section 14, subdivision 5, is amended to read:

Subd. 5. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

| | | |
|--------------|-------|------|
| \$18,586,000 | ..... | 2000 |
| \$20,922,000 | ..... | 2001 |

The 2000 appropriation includes \$1,848,000 for ~~2000~~ 1999 and \$16,738,000 for ~~2001~~ 2000.

The 2001 appropriation includes \$1,860,000 for 2000 and \$19,062,000 for 2001.

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

Sec. 24. Laws 1999, chapter 241, article 9, section 49, is amended to read:

Sec. 49. [TRANSITION.]

Notwithstanding Minnesota Statutes, section 15.0597, the terms of persons who are members appointed by the governor before the effective date of section 8 37, shall have their term end on July 31 of the year following the last year of their appointment.

Sec. 25. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor shall renumber section 123B.02, subdivision 12, as 120A.22, subdivision 1a. The revisor shall correct all cross-references to be consistent with the renumbering.

Sec. 26. [REPEALER.]

Laws 1999, chapter 241, article 9, sections 35 and 36, are repealed. Laws 1999, chapter 245, article 4, section 3, is repealed."

Delete the title and insert:

"A bill for an act relating to education; kindergarten through grade 12; providing for general education; special programs; employment and transitions; facilities and technology; educational excellence and other policy; nutrition; fund transfers; libraries; state agencies; and technical, conforming, and clarifying amendments; appropriating money; amending Minnesota Statutes 1998, sections 120A.22, subdivision 3; 120A.41; 121A.61, subdivision 3; 122A.18, subdivision 2; 122A.31, subdivision 4; 123A.485, subdivision 4; 123B.02, by adding a subdivision; 123B.51, subdivision 6; 123B.52, by adding a subdivision; 123B.53, by adding subdivisions; 123B.59, subdivision 6, and by adding subdivisions; 123B.71, subdivisions 3 and 10; 123B.79, subdivision 7; 123B.85, subdivision 1; 123B.86, subdivision 1; 123B.88, subdivision 3; 124D.081, subdivision 6; 124D.111, subdivision 1; 124D.128, subdivision 4; 124D.44; 124D.454, subdivisions 2 and 10; 124D.86, subdivision 6, and by adding subdivisions; 125A.76, subdivision 7; 126C.10, by adding a subdivision; 126C.12, subdivision 2; 126C.40, subdivision 1, and by adding a subdivision; 126C.69, subdivision 3; 127A.05, subdivision 4; 127A.41, subdivisions 8 and 9; 127A.48, subdivision 1; 136D.281, subdivision 4; 136D.741, subdivision 4; 136D.88, subdivision 4; 471.15; 475.53, subdivision 4; Minnesota Statutes 1999 Supplement, sections 122A.09, subdivision 4; 123B.53, subdivisions 4 and 6; 123B.54; 124D.10, subdivisions 3, 4, 6, 8, 11, 14, 15, and 23; 124D.11, subdivisions 1, 4, and 6; 124D.1155, subdivision 2; 124D.128, subdivision 2; 124D.453, subdivision 3; 124D.65, subdivision 4; 124D.84, subdivision 1; 124D.86, subdivisions 1 and 3; 124D.87; 125A.023, subdivisions 3 and 5; 125A.08; 125A.76, subdivision 2; 125A.79, subdivision 8; 125A.80; 125B.21, subdivision 3; 126C.052; 126C.10, subdivisions 1, 2, 14, 23, 24, 25, and 26; 126C.12, subdivision 1; 126C.17, subdivision 9; 126C.40, subdivision 6; 126C.44; 126C.63, subdivision 8; 126C.69, subdivision 9; 127A.45, subdivision 12a; 127A.51; and 181A.04, subdivision 6; Laws 1997, First Special Session chapter 4, article 8, section 4, as amended; Laws 1999, chapter 241, article 1, sections 66; 68, subdivisions 4 and 5; 69; and 70; article 2, section 60, subdivisions 7, 9, 12, 13, 14, 17, and 19; article 3, sections 3, subdivisions 2 and 4; and 5; article 4, sections 27, subdivisions 2, 3, 4, 5, 7, 10, and 11; and 29; article 5, section 18, subdivisions 5 and 6; article 6, section 14, subdivisions 2, 3, 4, and 5; article 8, section 4, subdivision 5; article 9, section 49; article 10, section 6; proposing coding for new law in Minnesota Statutes, chapters 121A; 122A; 123B; 125B; and 134; repealing Minnesota Statutes 1998, sections 123B.59, subdivision 7; 126C.30; 126C.31; 126C.32; 126C.33; 126C.34; 126C.35; 126C.36; 136D.281, subdivision 8; 136D.741, subdivision 8; 136D.88, subdivision 8; Laws 1999, chapter 216, article 4, section 12; chapter 241, articles 1, section 64; 9, sections 35 and 36; and 10, section 5; chapter 245, article 4, section 3; Minnesota Rules, part 3535.9920."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Taxes.

The report was adopted.

Ness from the Committee on Agriculture and Rural Development Finance to which was referred:

H. F. No. 3844, A bill for an act relating to agriculture; making the farmer-lender mediation program permanent; expanding eligibility for ethanol producer payments; creating an agroforestry loan program; providing funding for farm relief; appropriating money; amending Minnesota Statutes 1998, section 41A.09, subdivisions 2a, 3a, and by adding subdivisions; Laws 1999, chapter 231, section 11, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 17; repealing Minnesota Statutes 1998, section 583.21; Laws 1986, chapter 398, article 1, section 18, as amended.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

AGRICULTURE

Section 1. 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. 2. 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. 3. 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. ~~The~~ Except as provided below, 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.~~ Production in excess of eligible quarterly production may be applied to quarters below eligible capacity because of plant outages, repair, or major maintenance. Payments must be made for the eighth quarter of the biennium exempt from the \$750,000 quarterly limit. The fiscal year limits under paragraph (d) remain in effect. This provision applies only to production shortfalls that occur in quarters beginning after December 31, 1999.

(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 approved for at least 12,000,000 gallons but less than 15,000,000 gallons of annual production prior to July 1, 1998, is approved for 15,000,000 gallons of production capacity.~~

(j) 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. 4. 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. 5. 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. 6. 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. 7. 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. 8. 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. 9. 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. 10. 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. 11. [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; and
- (7) 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. 12. 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~~ \$70,658,000 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. 13. [APPROPRIATION; AGROFORESTRY LOAN PROGRAM.]

\$200,000 is appropriated from the general fund to the commissioner of agriculture 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 appropriation remains available until expended.

Sec. 14. [APPROPRIATION; STATE MEAT INSPECTION PROGRAM.]

\$120,000 in fiscal year 2000 and \$374,000 in fiscal year 2001 is appropriated from the general fund to the commissioner of agriculture to expand the state meat inspection program. If the appropriation for either year is insufficient the appropriation for the other year is available.

Sec. 15. [APPROPRIATION; PSEUDORABIES MONITORING AND TESTING.]

\$245,000 is appropriated from the general fund to the board of animal health for continued efforts to control pseudorabies in swine. This appropriation may be used to cover the costs of pseudorabies monitoring, vaccines, blood tests, and laboratory fees. This appropriation is available until June 30, 2001.

Sec. 16. [APPROPRIATION; FARM BUSINESS PLANNING SOFTWARE.]

\$135,000 is appropriated from the general fund to the commissioner of agriculture 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 appropriation is available until March 31, 2001.

Sec. 17. [APPROPRIATION; FARM DRAINAGE AND RUN-OFF POLLUTION.]

\$300,000 is appropriated from the general fund to the commissioner of agriculture 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. No later than March 1, 2001, the program must report to the agriculture policy and finance committees of the senate and the house of representatives on the drainage and pollution control research project. This appropriation is available until March 31, 2001.

Sec. 18. [APPROPRIATION; FARM ADVOCATES.]

\$100,000 is appropriated from the general fund to the commissioner of agriculture for the farm advocates program. This appropriation is in addition to the appropriation for the farm advocates program in Laws 1999, chapter 231, section 11, and is available until June 30, 2001.

Sec. 19. [EFFECTIVE DATE.]

Section 2 is effective the day following final enactment and applies to claims for corrective action costs incurred after that date. Sections 3 to 11 and 13 to 18 are effective the day following final enactment. Section 12 is effective retroactive to July 1, 1999.

ARTICLE 2

A resolution memorializing the State of Iowa to promptly accelerate the swine pseudorabies control and eradication program.

Whereas, pseudorabies is a highly contagious respiratory disease primarily affecting swine; and

Whereas, swine herds infected with pseudorabies impose a heavy financial cost on producers through increased feed costs, reduced weight gains, increased mortality, and expenses for herd health management; and

Whereas, during the past fifteen months, Minnesota swine producers, through a program generously supported by the Minnesota Legislature, the Minnesota board of animal health, the United States Department of Agriculture, private veterinarians, and volunteers, have nearly eradicated pseudorabies from Minnesota resident herds; and

Whereas, a large number of swine herds in the State of Iowa remain infected and under quarantine because of pseudorabies; and

Whereas, there is substantial danger that Minnesota herds will be unintentionally reinfected with pseudorabies by the transport of swine from the State of Iowa to slaughter facilities in Minnesota; *Now, Therefore*,

Be It Resolved by the Legislature of the State of Minnesota that it memorializes the Legislature of the State of Iowa to accelerate the program for the control and eradication of pseudorabies in Iowa.

Be It Further Resolved that the Secretary of State of the State of Minnesota is directed to prepare copies of this memorial and transmit them to the Governor of Iowa, the President of the Iowa Senate, the Speaker of the Iowa House of Representatives, and the Iowa Secretary of Agriculture."

Delete the title and insert:

"A bill for an act relating to agriculture; increasing the amount of certain reimbursements; establishing a program and changing eligibility and maximum loan amounts for certain rural finance authority programs; appropriating money for certain agricultural purposes; appropriating money; memorializing the state of Iowa to control swine pseudorabies; amending Minnesota Statutes 1998, sections 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; and 41B.045, subdivision 2; Laws 1999, chapter 231, section 11, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 41B."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Larsen, P., from the Committee on Local Government and Metropolitan Affairs to which was referred:

H. F. No. 3877, A bill for an act relating to real estate; continuing a certain exemption on a certain land exchange.

Reported the same back with the recommendation that the bill pass.

The report was adopted.

Pursuant to Senate Concurrent Resolution No. 10, H. F. No. 3877 was re-referred to the Committee on Rules and Legislative Administration.

Seagren from the Committee on K-12 Education Finance to which was referred:

H. F. No. 3965, A bill for an act relating to education finance; clarifying a timeline under the consolidation transition revenue program; amending Minnesota Statutes 1998, section 123A.485, subdivision 4.

Reported the same back with the recommendation that the bill pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Davids from the Committee on Commerce to which was referred:

H. F. No. 3974, A bill for an act relating to liquor; authorizing the city of Duluth to issue an on-sale intoxicating liquor license to the Lake Superior Center Authority.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 37.21, is amended to read:

37.21 [SALE OF LIQUORS.]

Subdivision 1. [LIQUOR PROHIBITED.] No person may sell, barter, give away, or otherwise dispose of or introduce, have, or keep for barter, gift, or sale, any intoxicating liquors of any kind upon or within one-half mile of the state fairgrounds, or aid and abet any of those acts. The presence and possession of any kind of these liquors, in any quantity, upon the person or upon the premises leased or occupied by any person within these limits is a public nuisance and is prima facie evidence of the purpose of the person to barter, give away, or sell the liquor. Any person who violates this section is guilty of a misdemeanor.

Subd. 2. [EXCEPTIONS.] Notwithstanding subdivision 1, the state agricultural society may authorize, under terms and conditions it chooses, the sale, possession, and consumption of intoxicating liquors at special events taking place on the fairgrounds at times other than during the annual fair including, but not limited to, family reunions, class reunions, weddings, conventions, and similar events.

Sec. 2. Minnesota Statutes 1998, section 340A.101, subdivision 7, is amended to read:

Subd. 7. [CLUB.] "Club" is an incorporated organization organized under the laws of the state for civic, fraternal, social, or business purposes, for intellectual improvement, or for the promotion of sports, or a congressionally chartered veterans' organization, which:

(1) has more than ~~50~~ 20 members;

(2) has owned or rented a building or space in a building for more than one year that is suitable and adequate for the accommodation of its members;

(3) is directed by a board of directors, executive committee, or other similar body chosen by the members at a meeting held for that purpose. No member, officer, agent, or employee shall receive any profit from the distribution or sale of beverages to the members of the club, or their guests, beyond a reasonable salary or wages fixed and voted each year by the governing body.

Sec. 3. Minnesota Statutes 1999 Supplement, section 340A.404, subdivision 2, is amended to read:

Subd. 2. [SPECIAL PROVISION; CITY OF MINNEAPOLIS.] (a) The city of Minneapolis may issue an on-sale intoxicating liquor license to the Guthrie Theater, the Cricket Theatre, the Orpheum Theatre, and the State Theatre, notwithstanding the limitations of law, or local ordinance, or charter provision relating to zoning or school or church distances. The licenses authorize sales on all days of the week to holders of tickets for performances presented by the theaters and to members of the nonprofit corporations holding the licenses and to their guests.

(b) The city of Minneapolis may issue an intoxicating liquor license to 510 Groveland Associates, a Minnesota cooperative, for use by a restaurant on the premises owned by 510 Groveland Associates, notwithstanding limitations of law, or local ordinance, or charter provision.

(c) The city of Minneapolis may issue an on-sale intoxicating liquor license to Zuhrah Shrine Temple for use on the premises owned by Zuhrah Shrine Temple at 2540 Park Avenue South in Minneapolis, notwithstanding limitations of law, or local ordinances, or charter provision relating to zoning or school or church distances.

(d) The city of Minneapolis may issue an on-sale intoxicating liquor license to the American Association of University Women, Minneapolis branch, for use on the premises owned by the American Association of University Women, Minneapolis branch, at 2115 Stevens Avenue South in Minneapolis, notwithstanding limitations of law, or local ordinances, or charter provisions relating to zoning or school or church distances.

(e) The city of Minneapolis may issue an on-sale wine license and an on-sale 3.2 percent malt liquor license to a restaurant located at 5000 Penn Avenue South, and an on-sale wine license and an on-sale malt liquor license to a restaurant located at 1931 Nicollet Avenue South, notwithstanding any law or local ordinance or charter provision.

(f) The city of Minneapolis may issue an on-sale wine license and an on-sale malt liquor license to the Brave New Workshop Theatre located at 3001 Hennepin Avenue South, ~~and to the Theatre de la Jeune Lune, the Illusion Theatre located at 528 Hennepin Avenue South, and the Hollywood Theatre located at 2815 Johnson Street Northeast,~~ notwithstanding any law or local ordinance or charter provision. The license authorizes sales on all days of the week.

(g) The city of Minneapolis may issue an on-sale intoxicating liquor license to University Gateway Corporation, a Minnesota nonprofit corporation, for use by a restaurant or catering operator at the building owned and operated by the University Gateway Corporation on the University of Minnesota campus, notwithstanding limitations of law, or local ordinance or charter provision. The license authorizes sales on all days of the week.

Sec. 4. [340A.34] [WINEMAKING ON PREMISES STORE.]

A commercial establishment in which individuals make wine on the premises for personal and family use only and not for resale, using ingredients or materials or both supplied by the establishment, is not required to be licensed under this chapter if the establishment is operated in accordance with Code of Federal Regulations, title 27, section 24.75. No person under the age of 21 years may participate in the making of wine in such an establishment. Alcoholic beverages may not be sold or otherwise provided to customers of an establishment described in this section unless the establishment holds the appropriate license for such sale or provision.

Sec. 5. [340A.419] [WINE TASTINGS CONDUCTED BY EXCLUSIVE LIQUOR STORE.]

Subdivision 1. [DEFINITION.] For purposes of this section, a "wine tasting" is an event of not more than four hours' duration at which persons pay a fee to participate and are allowed to consume wine by the glass without paying a separate charge for each glass.

Subd. 2. [TASTINGS.] (a) Notwithstanding any other law, an exclusive liquor store may conduct a wine tasting on the premises of a holder of an on-sale intoxicating liquor license that is not a temporary license if the exclusive liquor store complies with this section.

(b) No wine at a wine tasting under this section may be sold for off-premises consumption. A participant in the tasting may fill out a form indicating preferences for wine. The form may be held on the premises of the exclusive liquor store to assist the participant in making an off-sale purchase at a later date.

(c) Notwithstanding any other law, an exclusive liquor store may purchase or otherwise obtain wine for a wine tasting conducted under this section from a wholesaler licensed to sell wine. The wholesaler may sell or give wine to an exclusive liquor store for a wine tasting conducted under this section and may provide personnel to assist in the wine tasting.

(d) An exclusive liquor store that conducts a wine tasting under this section must use any fees collected from participants in the tasting only to defray the cost of conducting the tasting.

Sec. 6. Laws 1999, chapter 202, section 15, is amended to read:

Sec. 15. [CITY OF BEMIDJI; LIQUOR LICENSE.]

The city of Bemidji may issue one on-sale intoxicating liquor license in addition to the number authorized by law. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, other than Minnesota Statutes, section 340A.412, subdivision 4, paragraph (a), clause (8), apply to the licenses license authorized under this section.

Sec. 7. [CITY OF DULUTH; LAKE SUPERIOR CENTER AUTHORITY.]

Notwithstanding any law, ordinance, or charter provision to the contrary, the city of Duluth may issue an on-sale intoxicating liquor license to the Lake Superior Center authority for certain events at the Lake Superior Center. The license shall limit the sale of intoxicating liquor to persons leasing space in the Lake Superior Center and their guests for the purpose of conducting any convention, banquet, conference, meeting, or social affair. The fee for the license shall be set by the Duluth city council. The license must be issued in accordance with laws governing issuance of on-sale intoxicating liquor licenses in cities of the first class not inconsistent with this section and with city charter provisions and ordinances not inconsistent with this section.

Sec. 8. [CITY OF SPRINGFIELD; AUTHORIZATION.]

The city of Springfield may authorize a holder of a retail on-sale intoxicating liquor license issued by the city to dispense intoxicating liquor at an event on December 31, 2000, and January 1, 2001, at a facility owned by the city, notwithstanding Minnesota Statutes, section 340A.504, subdivision 3. All provisions of Minnesota Statutes, section

340A.404, subdivision 4, paragraph (a), apply to the authority granted under this section. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized under this section.

Sec. 9. [CITY OF EVELETH; LIQUOR LICENSE.]

Notwithstanding other law, the city of Eveleth may issue one on-sale intoxicating liquor license to the Quad Cities Joint Recreational Center authority. The authority may, but shall not be required to, contract with an independent contractor to operate the on-sale liquor establishment. The independent contractor need not hold a license in its own name. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized under this section.

Sec. 10. [WINE LICENSE; MAIN STREET STAGE THEATRE.]

The city of Anoka may issue an on-sale wine license to the Lyric Arts Company of Anoka, Inc. for the Main Street Stage Theatre. The license authorizes sales on all days of the week to holders of tickets for performances at the theater. All provisions of Minnesota Statutes, chapter 340A, not inconsistent with this section, apply to the license authorized under this section.

Sec. 11. [EFFECTIVE DATE; LOCAL APPROVAL.]

Section 3 is effective the day after the governing body of Minneapolis and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 6 is effective the day after the governing body of Bemidji and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 7 is effective the day after the governing body of Duluth and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 8 is effective the day after the governing body of Springfield and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 9 is effective the day after the governing body of Eveleth and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 10 is effective the day after the governing body of Anoka and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3."

Delete the title and insert:

"A bill for an act relating to liquor; providing exceptions to the prohibition on intoxicating liquors at the state fairgrounds; modifying the definition of "club"; authorizing the city of Minneapolis to issue an on-sale wine and malt liquor license for the Illusion Theatre and the Hollywood Theatre; exempting winemaking-on-premises stores from state licensing with certain restrictions; authorizing exclusive liquor stores to conduct wine tastings; exempting an on-sale intoxicating liquor license in Bemidji from statutory restrictions on proximity to a state university; authorizing the cities of Duluth, Springfield, and Eveleth to issue on-sale intoxicating liquor licenses; authorizing the city of Anoka to issue an on-sale wine license; amending Minnesota Statutes 1998, sections 37.21; and 340A.101, subdivision 7; Minnesota Statutes 1999 Supplement, section 340A.404, subdivision 2; Laws 1999, chapter 202, section 15; proposing coding for new law in Minnesota Statutes, chapter 340A."

With the recommendation that when so amended the bill pass.

The report was adopted.

Broecker from the Committee on Judiciary Finance to which was referred:

H. F. No. 3981, A bill for an act relating to judiciary finance; requesting a study of and report on court fines, fees, and surcharges.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

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 act, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" where used in this act, 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. DISTRICT COURTS | ..... | 79,000 |
| <p>\$79,000 is for the fiscal year ending June 30, 2000, to be used to reimburse Carlton county for extraordinary expenses related to homicide trials. This is a one-time appropriation added to the district courts appropriation for fiscal year 2001 in Laws 1999, chapter 216, article 1, section 4.</p> | | |
| Sec. 3. PUBLIC SAFETY | | |
| Subdivision 1. Total Appropriation | 3,813,000 | 250,000 |
| Subd. 2. Emergency Management | | |
| <p>\$3,813,000 is for fiscal year 2000 for the state match of federal disaster assistance funds under Minnesota Statutes, section 12.221. This appropriation is available to fund state obligations incurred through the receipt of federal disaster assistance grants. This appropriation is added to Laws 1999, article 1, chapter 216, section 7, subdivision 2.</p> | | |
| Subd. 3. Law Enforcement and Community Grants | | |
| <p>\$250,000 is for a one-time grant to the Ramsey county attorney's office to establish and fund the domestic assault and child abuse prosecution unit.</p> | | |

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

The commissioner of public safety shall consider using funds appropriated for grants under Minnesota Statutes, section 299A.62, for grants 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 under this section. All dogs shall be certified by the United States Police Canine Association or another equally recognized certifying organization.

Sec. 4. CORRECTIONS

Subdivision 1. Community Services

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 \$5,000,000. The commissioner of finance shall reflect this reduction in the base budget of the department of corrections for the next biennium.

Sec. 5. AUTO THEFT PREVENTION BOARD

By June 30, 2001, the commissioner of finance shall transfer \$3,500,000 from the auto 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 section. This is a one-time transfer.

Sec. 6. MINNESOTA SAFETY COUNCIL

.. 26,000

This appropriation is to fund grants under Minnesota Statutes, section 169.2151.

Sec. 7. Laws 1999, chapter 216, article 1, section 2, subdivision 3, is amended to read:

Subd. 3. Civil Legal Services

6,484,000 ~~6,484,000~~ 6,250,000

This appropriation is for legal services to low-income clients and for family farm legal assistance under Minnesota Statutes, section 480.242. Any unencumbered balance remaining in the first year does not cancel but is available for the second year of the biennium. A qualified legal services program, as defined in Minnesota Statutes, section 480.24, subdivision 3, may provide legal services to persons eligible for family farm legal assistance under Minnesota Statutes, section 480.242.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Of this appropriation, \$877,000 the first year and \$877,000 the second year are to improve the access of low-income clients to legal representation in family law matters. This appropriation must be distributed under Minnesota Statutes, section 480.242, to the qualified legal services programs described in Minnesota Statutes, section 480.242, subdivision 2, paragraph (a). Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium. This is a one-time reduction that applies to fiscal year 2001 only.

Sec. 8. Laws 1999, chapter 216, article 1, section 14, is amended to read:

| | | |
|--------------------------------|----------------------------|---------------|
| Sec. 14. CORRECTIONS OMBUDSMAN | 470,000 400,000 | <u>75,000</u> |
|--------------------------------|----------------------------|---------------|

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.

\$75,000 the second year is for severance costs resulting from elimination of the office of corrections ombudsman.

To the extent practicable and to the extent consistent with any collective bargaining agreements that apply, the commissioner of employee relations must find other comparable state employment for employees displaced by elimination of the office of ombudsman for the Minnesota state department of corrections.

Sec. 9. Laws 1999, chapter 216, article 1, section 9, is amended to read:

| | | |
|--------------------------------|----------------------------|----------------|
| Sec. 9. CRIME VICTIM OMBUDSMAN | 404,000 389,000 | <u>364,000</u> |
|--------------------------------|----------------------------|----------------|

\$20,000 the first year is for the crime victims case management system.

Sec. 10. SUNSET OF UNCODIFIED LANGUAGE

All uncodified language contained in this article expires on June 30, 2001, unless a different expiration date is explicit.

ARTICLE 2

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~~ \$800, 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~~ \$800, 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~~ \$800.

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~~ \$800.

Sec. 9. Minnesota Statutes 1998, section 609.2231, subdivision 1, is amended to read:

Subdivision 1. [PEACE OFFICERS.] Whoever assaults a peace officer licensed under section 626.845, subdivision 1, when that officer is effecting a lawful arrest or executing any other duty imposed by law ~~and inflicts demonstrable bodily harm~~ is guilty of a ~~felony 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. If the assault inflicts demonstrable bodily harm, the person is guilty of a felony~~ and may be sentenced to imprisonment for not more than ~~two~~ three years or to payment of a fine of not more than ~~\$4,000~~ \$6,000, or both.

Sec. 10. [STUDY OF COURT-IMPOSED FINES, FEES, AND SURCHARGES.]

Subdivision 1. [WORK GROUP; MEMBERSHIP.] The state court administrator is requested to establish a work group to study and make recommendations to improve the current system of fines, fees, and surcharges imposed by the courts. The work group shall represent entities that impose, collect, or receive proceeds from court fines, fees, and surcharges and shall include at least one representative from the following:

- (1) district courts;
- (2) victims programs;
- (3) city and county prosecuting authorities;
- (4) district court administrators;
- (5) drug abuse prevention programs;
- (6) peace officers;
- (7) department of natural resources;
- (8) school districts;
- (9) prostitution outreach programs;
- (10) state troopers;
- (11) emergency medical services;
- (12) department of transportation;
- (13) sentencing guidelines commission;
- (14) legislature;
- (15) public defenders;

(16) legal aid providers; and

(17) corrections.

The state court administrator may appoint other members as necessary and shall ensure that the work group represents both rural and metropolitan areas.

Subd. 2. [DUTIES OF WORK GROUP.] The work group shall study and make recommendations for improvement in the following areas:

(1) the purpose and need for a separate systems of fines, fees, and surcharges, considering specifically the current purposes of generating revenue, punishing wrongdoing, and funding special programs. The work group shall give special consideration to how the imposition of fines, fees, and surcharges for these purposes impacts victim restitution and reparations;

(2) methods to track the imposition, and nonimposition, and collection of fines and fees including (a) a centralized tracking system, (b) modifying the sentencing guidelines worksheet to include all crimes and fines, and (c) sources for collection services including the use of existing services such as county child support collections and Minnesota collection enterprises;

(3) the impact of fragmented revenue distribution on tracking, imposition, and collection, including the effect a simplified or flat fee may have on revenue and tracking and any policy implications of simplifying the system;

(4) the impact of the state takeover of court costs and any opportunity to simplify the system of fines, fees, and surcharges or provide for a centralized revenue collection system;

(5) the rationale for continuing to charge a fee for presentence domestic abuse investigations under Minnesota Statutes, section 609.2244, when fees for presentence investigations are not imposed for other crimes; and

(6) other issues the work group considers necessary.

Subd. 3. [REPORT REQUIRED.] By January 15, 2001, the state court administrator is requested to submit an interim progress report to the chairs and ranking minority members of the house of representatives and senate committees and divisions with jurisdiction over judiciary finance, civil law policy, and criminal law policy and a final report by December 1, 2001. The final report shall be based on the study of the work group and shall contain detailed findings and recommendations, including proposed legislative changes for improving the current system of fines, fees, and surcharges.

Sec. 11. [REPORT ON RESTITUTION SENTENCING.]

The legislature is interested in assessing the effectiveness of using stayed sentences containing increased penalties as an incentive and means to enforce the payment of full restitution by property crime offenders. This alternative sentencing process would encourage use of a character development program as part of the stayed sentence and would permit the court to revoke or adjust the stayed sentence where necessary.

To enable the legislature to assess the effectiveness of such an alternative sentencing process, the conference of chief judges is requested to gather and report information on the experience of district judges who use these procedures and report the information to the house and senate committees having jurisdiction over criminal justice policy and funding. Information on restitution enforcement, victim restoration, offender rehabilitation, and possible prison bed impacts is requested as useful information becomes available and a final report is requested by January 1, 2002.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 9 are effective August 1, 2000, and apply to offenses committed on or after that date. Sections 10 and 11 are effective July 1, 2000.

ARTICLE 3

PUBLIC SAFETY

Section 1. Minnesota Statutes 1998, section 169.01, subdivision 37, is amended to read:

Subd. 37. [CROSSWALK.] "Crosswalk" means (1) that portion of a roadway ordinarily included with the prolongation or connection of the lateral lines of sidewalks at intersections, or in the case of an intersection with no sidewalk and no marked crosswalk, the width of the roadway from the intersection area to a line ten feet therefrom; or (2) any portion of a roadway distinctly indicated for pedestrian crossing by lines or other markings on the surface.

Sec. 2. 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~~. 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~~ 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. 3. 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~~ 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. 4. [169.2151] [PEDESTRIAN SAFETY CROSSINGS.]

A local road authority may by ordinance provide 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 crossing as 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. 5. [CROSSWALK SAFETY AWARENESS GRANTS.]

With the appropriation under section 6 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. 6. [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 would have authority to prosecute misdemeanors, gross misdemeanors, and felonies. The unit would also coordinate efforts with child protection attorneys. The unit would include four cross-deputized assistant city attorneys and assistant county attorneys. A victim/witness advocate, a law clerk, and a legal secretary would 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 must report to the legislature 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 must share the results of the pilot project with the state and other counties and cities.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 4 are effective September 1, 2000. Section 5 is effective July 1, 2000.

ARTICLE 4

CORRECTIONS

Section 1. Minnesota Statutes 1999 Supplement, section 241.272, subdivision 6, is amended to read:

Subd. 6. [USE OF FEES.] Excluding correctional fees collected from offenders supervised by department agents under the authority of section 244.19, subdivision 1, paragraph (a), clause (3), all correctional fees collected under this section go to the general fund. Fees collected by agents under the authority of section 244.19, subdivision 1, paragraph (a), clause (3), shall go to the county treasurer in the county where supervision is provided. These fees shall be used according to section 244.18, subdivision 6.

Sec. 2. Minnesota Statutes 1999 Supplement, section 242.192, is amended to read:

242.192 [CHARGES TO COUNTIES.]

(a) The commissioner shall charge counties or other appropriate jurisdictions for one-half 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) The department of corrections shall be responsible for the other half 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 MCF-RED WING.]

Subdivision 1. [WHEN COURT MUST CONSIDER; PROHIBITION ON PLACEMENT AT OUT-OF-STATE FACILITY.] 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 needs of the child and/or the safety needs of the community can be best met by a placement in an out-of-state facility.

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 needs of the community could not be met at the Minnesota correctional facility-Red Wing.

(b) By February 15 of each year, the commissioner 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.1991] [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 residents by reducing the risk of the use of alcohol, drugs, or other mind-altering substances and assist the resident 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 residents by reducing the risk of sexual reoffense and other aggressive behavior and assist the resident 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) If the court makes a finding on the record that the needs of the child cannot be met at the Minnesota correctional facility-Red Wing, the court may order an appropriate alternative placement.

(d) Notwithstanding paragraphs (a) and (c), the court may place a child in an out-of-state facility if the facility is located closer to the child's home than the Minnesota correctional facility-Red Wing.

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 on the distance to the out-of-state facility from the offender's home compared to that of the Minnesota correctional facility-Red Wing. 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 act 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 nonstate-operated facilities within Minnesota.

Sec. 10. [STUDY; REPORT.]

(a) The commissioner of corrections 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.

(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. [OFFICE ABOLISHED.]

The office of ombudsman for the Minnesota state department of corrections is hereby abolished.

Sec. 12. [REPEALER.]

Minnesota Statutes 1998, sections 241.41; 241.42; 241.43; 241.44; 241.441; and 241.45, are repealed.

Sec. 13. [EFFECTIVE DATE.]

Section 1 is effective July 1, 2001.

ARTICLE 5

BATTERED WOMEN AND DOMESTIC ABUSE

Section 1. Minnesota Statutes 1998, section 13.82, subdivision 3b, is amended to read:

Subd. 3b. [DOMESTIC ABUSE DATA.] The written police report required by section 629.341, subdivision 4, of an alleged incident described in section 629.341, subdivision 1, and arrest data, request for service data, and response or incident data described in subdivision 2, 3, or 4 that arise out of this type of incident or out of an alleged

violation of an order for protection must be released upon request at no cost to an organization designated by the Minnesota center for crime victims services, the department of corrections, or the department of public safety as providing services to victims of domestic abuse. The executive director or the commissioner of the appropriate state agency shall develop written criteria for this designation in consultation with the ~~battered women's~~ advisory council on battered women and domestic abuse.

Sec. 2. Minnesota Statutes 1999 Supplement, section 13.99, subdivision 108, is amended to read:

Subd. 108. [~~BATTERED WOMEN VICTIMS OF DOMESTIC ABUSE.~~] Data on battered women and victims of domestic abuse maintained by grantees and recipients of per diem payments for emergency shelter for battered women and support services for ~~battered women victims of domestic abuse~~ are governed by ~~section~~ sections 611A.32, subdivision 5, and 611A.371, subdivision 3.

Sec. 3. Minnesota Statutes 1999 Supplement, section 15.059, subdivision 5a, is amended to read:

Subd. 5a. [LATER EXPIRATION.] Notwithstanding subdivision 5, the advisory councils and committees listed in this subdivision do not expire June 30, 1997. These groups expire June 30, 2001, unless the law creating the group or this subdivision specifies an earlier expiration date.

Investment advisory council, created in section 11A.08;

Intergovernmental information systems advisory council, created in section 16B.42, expires June 30, 1999;

Feedlot and manure management advisory committee, created in section 17.136;

Aquaculture advisory committee, created in section 17.49;

Dairy producers board, created in section 17.76;

Pesticide applicator education and examination review board, created in section 18B.305;

Advisory seed potato certification task force, created in section 21.112;

Food safety advisory committee, created in section 28A.20;

Minnesota organic advisory task force, created in section 31.95;

Public programs risk adjustment work group, created in section 62Q.03;

Workers' compensation self-insurers' advisory committee, created in section 79A.02;

Youth corps advisory committee, created in section 84.0887;

Iron range off-highway vehicle advisory committee, created in section 85.013;

Mineral coordinating committee, created in section 93.002;

Game and fish fund citizen advisory committees, created in section 97A.055;

Wetland heritage advisory committee, created in section 103G.2242;

Wastewater treatment technical advisory committee, created in section 115.54;

Solid waste management advisory council, created in section 115A.12;

Nuclear waste council, created in section 116C.711;

Genetically engineered organism advisory committee, created in section 116C.93;

Environment and natural resources trust fund advisory committee, created in section 116P.06;

Child abuse prevention advisory council, created in section 119A.13;

Chemical abuse and violence prevention council, created in section 119A.293;

Youth neighborhood centers advisory board, created in section 119A.295;

Interagency coordinating council, created in section 125A.28, expires June 30, 1999;

Desegregation/integration advisory board, created in section 124D.892;

Nonpublic education council, created in section 123B.445;

Permanent school fund advisory committee, created in section 127A.30;

Indian scholarship committee, created in section 124D.84, subdivision 2;

American Indian education committees, created in section 124D.80;

Summer scholarship advisory committee, created in section 124D.95;

Multicultural education advisory committee, created in section 124D.894;

Male responsibility and fathering grants review committee, created in section 124D.33;

Library for the blind and physically handicapped advisory committee, created in section 134.31;

Higher education advisory council, created in section 136A.031;

Student advisory council, created in section 136A.031;

Cancer surveillance advisory committee, created in section 144.672;

Maternal and child health task force, created in section 145.881;

State community health advisory committee, created in section 145A.10;

Mississippi River Parkway commission, created in section 161.1419;

School bus safety advisory committee, created in section 169.435;

Advisory council on workers' compensation, created in section 175.007;

Code enforcement advisory council, created in section 175.008;

Medical services review board, created in section 176.103;

Apprenticeship advisory council, created in section 178.02;

OSHA advisory council, created in section 182.656;

Health professionals services program advisory committee, created in section 214.32;

Rehabilitation advisory council for the blind, created in section 248.10;

American Indian advisory council, created in section 254A.035;

Alcohol and other drug abuse advisory council, created in section 254A.04;

Medical assistance drug formulary committee, created in section 256B.0625;

Home care advisory committee, created in section 256B.071;

Preadmission screening, alternative care, and home and community-based services advisory committee, created in section 256B.0911;

Traumatic brain injury advisory committee, created in section 256B.093;

Minnesota commission serving deaf and hard-of-hearing people, created in section 256C.28;

American Indian child welfare advisory council, created in section 260.835;

Juvenile justice advisory committee, created in section 268.29;

Northeast Minnesota economic development fund technical advisory committees, created in section 298.2213;

Iron range higher education committee, created in section 298.2214;

Northeast Minnesota economic protection trust fund technical advisory committee, created in section 298.297;

~~Battered women's~~ Advisory council on battered women and domestic abuse, created in section 611A.34.

Sec. 4. Minnesota Statutes 1998, section 15.0591, subdivision 2, is amended to read:

Subd. 2. [BODIES AFFECTED.] A member meeting the qualifications in subdivision 1 must be appointed to the following boards, commissions, advisory councils, task forces, or committees:

- (1) advisory council on battered women and domestic abuse;
- (2) advisory task force on the use of state facilities;
- (3) alcohol and other drug abuse advisory council;
- (4) board of examiners for nursing home administrators;
- (5) board on aging;
- (6) chiropractic examiners board;
- (7) consumer advisory council on vocational rehabilitation;
- (8) council on disability;

- (9) council on affairs of Chicano/Latino people;
- (10) council on Black Minnesotans;
- (11) dentistry board;
- (12) department of economic security advisory council;
- (13) higher education services office;
- (14) housing finance agency;
- (15) Indian advisory council on chemical dependency;
- (16) medical practice board;
- (17) medical policy directional task force on mental health;
- (18) Minnesota employment and economic development task force;
- (19) Minnesota office of citizenship and volunteer services advisory committee;
- (20) Minnesota state arts board;
- (21) nursing board;
- (22) optometry board;
- (23) pharmacy board;
- (24) physical therapists council;
- (25) podiatry board;
- (26) psychology board;
- (27) veterans advisory committee.

Sec. 5. Minnesota Statutes 1998, section 119A.37, subdivision 4, is amended to read:

Subd. 4. [ADDITIONAL SERVICES.] Each family visitation center may provide parenting and child development classes, and offer support groups to participating custodial parents and hold regular classes designed to assist children who have experienced domestic violence and abuse. Each family visitation center must have available an individual knowledgeable about or experienced in the provision of services to ~~battered women~~ domestic abuse victims on its staff, its board of directors, or otherwise available to it for consultation.

Sec. 6. Minnesota Statutes 1998, section 120B.22, subdivision 1, is amended to read:

Subdivision 1. [VIOLENCE PREVENTION CURRICULUM.] (a) The commissioner of children, families, and learning, in consultation with the commissioners of health and human services, state minority councils, ~~battered women's domestic abuse~~ programs, battered women's shelters, sexual assault centers, representatives of religious communities, and the assistant commissioner of the office of drug policy and violence prevention, shall assist districts on request in developing or implementing a violence prevention program for students in kindergarten to grade 12 that can be integrated into existing curriculum. The purpose of the program is to help students learn how to resolve conflicts within their families and communities in nonviolent, effective ways.

(b) Each district is encouraged to integrate into its existing curriculum a program for violence prevention that includes at least:

(1) a comprehensive, accurate, and age appropriate curriculum on violence prevention, nonviolent conflict resolution, sexual, racial, and cultural harassment, and student hazing that promotes equality, respect, understanding, effective communication, individual responsibility, thoughtful decision making, positive conflict resolution, useful coping skills, critical thinking, listening and watching skills, and personal safety;

(2) planning materials, guidelines, and other accurate information on preventing physical and emotional violence, identifying and reducing the incidence of sexual, racial, and cultural harassment, and reducing child abuse and neglect;

(3) a special parent education component of early childhood family education programs to prevent child abuse and neglect and to promote positive parenting skills, giving priority to services and outreach programs for at-risk families;

(4) involvement of parents and other community members, including the clergy, business representatives, civic leaders, local elected officials, law enforcement officials, and the county attorney;

(5) collaboration with local community services, agencies, and organizations that assist in violence intervention or prevention, including family-based services, crisis services, life management skills services, case coordination services, mental health services, and early intervention services;

(6) collaboration among districts and service cooperatives;

(7) targeting early adolescents for prevention efforts, especially early adolescents whose personal circumstances may lead to violent or harassing behavior;

(8) opportunities for teachers to receive in-service training or attend other programs on strategies or curriculum designed to assist students in intervening in or preventing violence in school and at home; and

(9) administrative policies that reflect, and a staff that models, nonviolent behaviors that do not display or condone sexual, racial, or cultural harassment or student hazing.

(c) The department may provide assistance at a neutral site to a nonpublic school participating in a district's program.

Sec. 7. Minnesota Statutes 1998, section 257.75, subdivision 6, is amended to read:

Subd. 6. [PATERNITY EDUCATIONAL MATERIALS.] The commissioner of human services shall prepare educational materials for new and prospective parents that describe the benefits and effects of establishing paternity. The materials must include a description and comparison of the procedures for establishment of paternity through a recognition of parentage under this section and an adjudication of paternity under sections 257.51 to 257.74. The commissioner shall consider the use of innovative audio or visual approaches to the presentation of the materials to facilitate understanding and presentation. In preparing the materials, the commissioner shall consult with child advocates and support workers, ~~battered women's~~ advocates for domestic abuse victims, social service providers, educators, attorneys, hospital representatives, and people who work with parents in making decisions related to paternity. The commissioner shall consult with representatives of communities of color. On and after January 1, 1994, the commissioner shall make the materials available without cost to hospitals, requesting agencies, and other persons for distribution to new parents.

Sec. 8. Minnesota Statutes 1998, section 518B.01, subdivision 21, is amended to read:

Subd. 21. [ORDER FOR PROTECTION FORMS.] The state court administrator, in consultation with the advisory council on battered women and domestic abuse, city and county attorneys, and legal advocates who work with victims, shall develop a uniform order for protection form that will facilitate the consistent enforcement of orders for protection throughout the state.

Sec. 9. Minnesota Statutes 1998, section 611A.07, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] The commissioner of corrections, after considering the recommendations of the ~~battered women~~ advisory council on battered women and domestic abuse and the sexual assault advisory council, and in collaboration with the commissioner of public safety, shall adopt standards governing electronic monitoring devices used to protect victims of domestic abuse. In developing proposed standards, the commissioner shall consider the experience of the courts in the tenth judicial district in the use of the devices to protect victims of domestic abuse. These standards shall promote the safety of the victim and shall include measures to avoid the disparate use of the device with communities of color, product standards, monitoring agency standards, and victim disclosure standards.

Sec. 10. Minnesota Statutes 1998, section 611A.32, subdivision 1, is amended to read:

Subdivision 1. [GRANTS AWARDED.] The commissioner shall award grants to programs which provide emergency shelter services to battered women and support services to ~~battered women~~ domestic abuse victims and their children. The commissioner shall also award grants for training, technical assistance, and for the development and implementation of education programs to increase public awareness of the causes of battering, the solutions to preventing and ending domestic violence, and the problems faced by battered women and domestic abuse victims. Grants shall be awarded in a manner that ensures that they are equitably distributed to programs serving metropolitan and nonmetropolitan populations. By July 1, 1995, community-based domestic abuse advocacy and support services programs must be established in every judicial assignment district.

Sec. 11. Minnesota Statutes 1998, section 611A.32, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS.] Any public or private nonprofit agency may apply to the commissioner for a grant to provide emergency shelter services to battered women, support services to domestic abuse victims, or both, to battered women and their children. The application shall be submitted in a form approved by the commissioner by rule adopted under chapter 14, after consultation with the advisory council, and shall include:

(1) a proposal for the provision of emergency shelter services for battered women, support services for domestic abuse victims, or both, for battered women and their children;

(2) a proposed budget;

(3) evidence of an ability to integrate into the proposed program the uniform method of data collection and program evaluation established under sections 611A.33 and 611A.34;

(4) evidence of an ability to represent the interests of battered women and domestic abuse victims and their children to local law enforcement agencies and courts, county welfare agencies, and local boards or departments of health;

(5) evidence of an ability to do outreach to unserved and underserved populations and to provide culturally and linguistically appropriate services; and

(6) any other content the commissioner may require by rule adopted under chapter 14, after considering the recommendations of the advisory council.

Programs which have been approved for grants in prior years may submit materials which indicate changes in items listed in clauses (1) to (6), in order to qualify for renewal funding. Nothing in this subdivision may be construed to require programs to submit complete applications for each year of renewal funding.

Sec. 12. Minnesota Statutes 1998, section 611A.32, subdivision 3, is amended to read:

Subd. 3. [DUTIES OF GRANTEES.] Every public or private nonprofit agency which receives a grant to provide emergency shelter services to battered women and support services to battered women and domestic abuse victims shall comply with all rules of the commissioner related to the administration of the pilot programs.

Sec. 13. Minnesota Statutes 1998, section 611A.32, subdivision 5, is amended to read:

Subd. 5. [CLASSIFICATION OF DATA COLLECTED BY GRANTEES.] Personal history information and other information collected, used or maintained by a grantee from which the identity or location of any ~~battered woman~~ victim of domestic abuse may be determined is private data on individuals, as defined in section 13.02, subdivision 12, and the grantee shall maintain the data in accordance with the provisions of chapter 13.

Sec. 14. Minnesota Statutes 1998, section 611A.33, is amended to read:

611A.33 [DUTIES OF COMMISSIONER.]

The commissioner shall:

(1) Review applications for and award grants to a program pursuant to section 611A.32, subdivision 1, after considering the recommendation of the advisory council;

(2) Appoint the members of the advisory council created under section 611A.34, and provide consultative staff and other administrative services to the advisory council;

(3) After considering the recommendation of the advisory council, appoint a program director to perform the duties set forth in section 611A.35;

(4) Design and implement a uniform method of collecting data on ~~battered women~~ domestic abuse victims to be used to evaluate the programs funded under section 611A.32;

(5) Provide technical aid to applicants in the development of grant requests and provide technical aid to programs in meeting the data collection requirements established by the commissioner; and

(6) Adopt, under chapter 14, all rules necessary to implement the provisions of sections 611A.31 to 611A.36.

Sec. 15. Minnesota Statutes 1998, section 611A.34, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] The commissioner shall appoint a 12-member advisory council to advise the commissioner on the implementation and continued operation of sections 611A.31 to 611A.36. The ~~battered women's domestic abuse~~ advisory council shall also serve as a liaison between the commissioner and organizations that provide services to ~~battered women~~ domestic abuse victims. Section 15.059 governs the filling of vacancies and removal of members of the advisory council. The terms of the members of the advisory council shall be two years. No member may serve on the advisory council for more than two consecutive terms. Notwithstanding section 15.059, the council shall not expire. Council members shall not receive per diem, but shall receive expenses in the same manner and amount as state employees.

Sec. 16. Minnesota Statutes 1998, section 611A.34, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP.] Persons appointed shall be knowledgeable about and have experience or interest in issues concerning battered women and domestic abuse victims, including the need for effective advocacy services. The membership of the council shall broadly represent the interests of ~~battered women~~ domestic abuse victims in Minnesota. No more than six of the members of the ~~battered women's~~ advisory council on battered women and domestic abuse may be representatives of community or governmental organizations that provide services to battered women and domestic abuse victims. One-half of the council's members shall reside in the metropolitan area, composed of Hennepin, Ramsey, Anoka, Dakota, Scott, Washington, and Carver counties, and one-half of the members shall reside in the nonmetropolitan area. To the extent possible, nonmetropolitan members must be representative of all nonmetropolitan regions of the state.

Sec. 17. Minnesota Statutes 1998, section 611A.34, subdivision 3, is amended to read:

Subd. 3. [DUTIES.] The advisory council shall:

(1) advise the commissioner on all planning, development, data collection, rulemaking, funding, and evaluation of programs and services for battered women and domestic abuse victims that are funded under section 611A.32, other than matters of a purely administrative nature;

(2) advise the commissioner on the adoption of rules under chapter 14 governing the award of grants to ensure that funded programs are consistent with section 611A.32, subdivision 1;

(3) recommend to the commissioner the names of five applicants for the position of ~~battered women's~~ domestic abuse program director;

(4) advise the commissioner on the rules adopted under chapter 14 pursuant to section 611A.33;

(5) review applications received by the commissioner for grants under section 611A.32 and make recommendations on the awarding of grants; and

(6) advise the program director in the performance of duties in the administration and coordination of the programs funded under section 611A.32.

Sec. 18. Minnesota Statutes 1998, section 611A.345, is amended to read:

611A.345 [ADVISORY COUNCIL RECOMMENDATIONS.]

The commissioner shall consider the advisory council's recommendations before awarding grants or adopting policies regarding the planning, development, data collection, rulemaking, funding or evaluation of programs and services for battered women and domestic abuse victims funded under section 611A.32. Before taking action on matters related to programs and services for battered women and domestic abuse victims and their children, except day-to-day administrative operations, the commissioner shall notify the advisory council of the intended action. Notification of grant award decisions shall be given to the advisory council in time to allow the council to request reconsideration.

Sec. 19. Minnesota Statutes 1998, section 611A.35, is amended to read:

611A.35 [~~BATTERED WOMEN'S~~ ADVISORY COUNCIL ON BATTERED WOMEN AND DOMESTIC ABUSE PROGRAM DIRECTOR.]

The commissioner shall appoint a program director. In appointing the program director the commissioner shall give due consideration to the list of applicants submitted to the commissioner pursuant to section 611A.34, subdivision 3, clause (3). The program director shall administer the funds appropriated for sections 611A.31 to

611A.36, consult with and provide staff to the advisory council, and perform other duties related to battered women's and domestic abuse programs as the commissioner may assign. The program director shall serve at the pleasure of the commissioner in the unclassified service.

Sec. 20. Minnesota Statutes 1998, section 611A.36, subdivision 1, is amended to read:

Subdivision 1. [FORM PRESCRIBED.] The commissioner shall, by rule adopted under chapter 14, after considering the recommendations of the advisory council, prescribe a uniform form and method for the collection of data on ~~battered women~~ domestic abuse victims. The method and form of data collection shall be designed to document the incidence of assault on ~~battered women~~ domestic abuse victims as defined in section 611A.31, subdivision 2. All data collected by the commissioner pursuant to this section shall be summary data within the meaning of section 13.02, subdivision 19.

Sec. 21. Minnesota Statutes 1998, section 611A.36, subdivision 2, is amended to read:

Subd. 2. [MANDATORY DATA COLLECTION.] Every local law enforcement agency shall collect data related to ~~battered women~~ domestic abuse victims in the form required by the commissioner. The data shall be collected and transmitted to the commissioner at such times as the commissioner shall, by rule, require.

Sec. 22. [611A.37] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For purposes of sections 22 to 26, the terms defined have the meanings given them unless otherwise provided or indicated by the context.

Subd. 2. [DIRECTOR.] "Director" means the director of the Minnesota center for crime victim services or a designee.

Subd. 3. [CENTER.] "Center" means the Minnesota center for crime victim services.

Subd. 4. [SHELTER FACILITY.] "Shelter facility" means a secure crisis shelter, housing network, safe home, or other facility operated by a nonprofit organization and designated by the center for the purpose of providing food, lodging, safety, and 24-hour coverage for battered women and their minor children.

Subd. 5. [DESIGNATED SHELTER FACILITY.] "Designated shelter facility" means a facility that has applied to, and been approved by, the center to provide shelter and services to battered women and their minor children.

Subd. 6. [PER DIEM RATE.] "Per diem rate" means a daily charge per person for providing food, lodging, safety, and 24-hour coverage for battered women and their minor children.

Subd. 7. [RESERVE AMOUNT.] "Reserve amount" means the amount the center has reserved for each shelter facility.

Subd. 8. [BATTERED WOMAN.] "Battered woman" has the meaning given in section 611A.31, subdivision 2.

Sec. 23. [611A.371] [PROGRAM OPERATION.]

Subdivision 1. [PURPOSE.] The purpose of the per diem program is to provide reimbursement in a timely, efficient manner to local programs for the reasonable and necessary costs of providing battered women and their minor children with food, lodging, and safety. Per diem funding may not be used for other purposes.

Subd. 2. [NONDISCRIMINATION.] Designated shelter facilities are prohibited from discriminating against a battered woman or her minor children on the basis of race, color, creed, religion, national origin, marital status, status with regard to public assistance, disability, or sexual orientation.

Subd. 3. [DATA.] Personal history information collected, used, or maintained by a designated shelter facility from which the identity or location of any battered woman may be determined is private data on individuals, as defined in section 13.02, subdivision 12, and the facility shall maintain the data in accordance with the provisions of chapter 13.

Sec. 24. [611A.372] [DUTIES OF THE DIRECTOR.]

In addition to any other duties imposed by law, the director, with the approval of the commissioner of public safety, shall:

- (1) adopt rules consistent with law for carrying out the provisions of sections 22 to 26;
- (2) supervise the administration of per diem payments to designated shelter facilities;
- (3) collect data on shelter facilities;
- (4) conduct an annual evaluation of the per diem program;
- (5) report to the governor and the legislature on the need for emergency secure shelter; and
- (6) develop an application process for shelter facilities to follow in seeking reimbursement under the per diem program.

The per diem program contained in sections 22 to 26 is exempt from rulemaking until January 1, 2003.

Sec. 25. [611A.373] [PAYMENTS.]

Subdivision 1. [PAYMENT REQUESTS.] Designated shelter facilities may submit requests for payment monthly based on the number of persons housed. Upon approval of the request for payment by the center, payments shall be made directly to designated shelter facilities from per diem funds on behalf of women and their minor children who reside in the shelter facility. Payments made to a designated shelter facility must not exceed the annual reserve amount for that facility unless approved by the director. These payments must not affect the eligibility of individuals who reside in shelter facilities for public assistance benefits, except when required by federal law or regulation.

Subd. 2. [RESERVE AMOUNT.] The center shall calculate annually the reserve amount for each designated shelter facility. This calculation may be based upon program type, average occupancy rates, and licensed capacity limits. The total of all reserve amounts shall not exceed the legislative per diem appropriation.

Sec. 26. [611A.375] [APPEAL PROCESS.]

(a) Except as provided in paragraph (b), a designated shelter facility may, within 30 days after receiving a decision by the center to deny payment, request reconsideration. A designated shelter facility which is denied payment upon reconsideration is entitled to a contested case hearing within the meaning of chapter 14.

(b) A facility may not appeal a decision by the center to deny payments in excess of the facility's reserve amount.

Sec. 27. Minnesota Statutes 1999 Supplement, section 626.558, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT OF THE TEAM.] A county shall establish a multidisciplinary child protection team that may include, but not be limited to, the director of the local welfare agency or designees, the county attorney or designees, the county sheriff or designees, representatives of health and education, representatives of mental health or other appropriate human service or community-based agencies, and parent groups. As used in this section, a "community-based agency" may include, but is not limited to, schools, social service agencies, family service and mental health collaboratives, early childhood and family education programs, Head Start, or other

agencies serving children and families. A member of the team must be designated as the lead person of the team responsible for the planning process to develop standards for its activities with battered women's and domestic abuse programs and services.

Sec. 28. Minnesota Statutes 1998, section 629.342, subdivision 2, is amended to read:

Subd. 2. [POLICIES REQUIRED.] (a) By July 1, 1993, each law enforcement agency shall develop, adopt, and implement a written policy regarding arrest procedures for domestic abuse incidents. In the development of a policy, each law enforcement agency shall consult with domestic abuse advocates, community organizations, and other law enforcement agencies with expertise in the recognition and handling of domestic abuse incidents. The policy shall discourage dual arrests, include consideration of whether one of the parties acted in self defense, and provide guidance to officers concerning instances in which officers should remain at the scene of a domestic abuse incident until the likelihood of further imminent violence has been eliminated.

(b) The bureau of criminal apprehension, the board of peace officer standards and training, and the ~~battered women's~~ advisory council on battered women and domestic abuse appointed by the commissioner of corrections under section 611A.34, in consultation with the Minnesota chiefs of police association, the Minnesota sheriffs association, and the Minnesota police and peace officers association, shall develop a written model policy regarding arrest procedures for domestic abuse incidents for use by local law enforcement agencies. Each law enforcement agency may adopt the model policy in lieu of developing its own policy under the provisions of paragraph (a).

(c) Local law enforcement agencies that have already developed a written policy regarding arrest procedures for domestic abuse incidents before July 1, 1992, are not required to develop a new policy but must review their policies and consider the written model policy developed under paragraph (b).

Sec. 29. Minnesota Statutes 1998, section 629.72, subdivision 6, is amended to read:

Subd. 6. [NOTICE REGARDING RELEASE OF ARRESTED PERSON.] (a) Immediately after issuance of a citation in lieu of continued detention under subdivision 1, or the entry of an order for release under subdivision 2, but before the arrested person is released, the agency having custody of the arrested person or its designee must make a reasonable and good faith effort to inform orally the alleged victim, local law enforcement agencies known to be involved in the case, if different from the agency having custody, and, at the victim's request any local battered women's and domestic abuse programs established under section 611A.32 or sexual assault programs of:

- (1) the conditions of release, if any;
- (2) the time of release;
- (3) the time, date, and place of the next scheduled court appearance of the arrested person and the victim's right to be present at the court appearance; and
- (4) if the arrested person is charged with domestic abuse, the location and telephone number of the area battered women's shelter as designated by the department of corrections.

(b) As soon as practicable after an order for conditional release is entered, the agency having custody of the arrested person or its designee must personally deliver or mail to the alleged victim a copy of the written order and written notice of the information in paragraph (a), clauses (2) and (3)."

Delete the title and insert:

"A bill for an act relating to crime prevention; increasing penalties for assaulting a peace officer; increasing petty misdemeanor and misdemeanor fines; defining crosswalk and clarifying a driver's duties when a pedestrian crosses a roadway; allowing local road authorities to adjust pedestrian signal timing; authorizing the Minnesota Safety Council to award crosswalk safety awareness grants; allowing counties to retain certain local correctional fees;

reducing the per diem charges to counties for juveniles admitted to MCF-Red Wing; establishing distribution of juvenile residential treatment grants; establishing admission criteria for MCF-Red Wing; requesting the state court administrator to establish a workgroup to study court-imposed fines, fees, and surcharges; requesting the conference of chief judges report on stayed sentences and restitution requiring corrections to report on juveniles placed out-of-state; abolishing the office of ombudsman for the department of corrections; requiring the Ramsey county attorney and the St. Paul city attorney report to the legislature on the types of cases and outcomes of cases referred to the domestic abuse prosecution unit; appropriating money; amending Minnesota Statutes 1998, sections 13.82, subdivision 3b; 15.0591, subdivision 2; 119A.37, subdivision 4; 120B.22, subdivision 1; 169.01, subdivision 37; 169.21, subdivisions 2 and 3; 169.89, subdivision 2; 242.41; 242.43; 242.44; 257.75, subdivision 6; 518B.01, subdivision 21; 609.02, subdivisions 3 and 4a; 609.03; 609.033; 609.0331; 609.0332, subdivision 1; 609.034; 609.2231, 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; 629.342, subdivision 2; and 629.72, subdivision 6; Minnesota Statutes 1999 Supplement, sections 13.99, subdivision 108; 15.059, subdivision 5a; 241.272, subdivision 6; 242.192; and 626.558, subdivision 1; Laws 1999, chapter 216, article 1, sections 2, subdivision 3; 9; and 14; proposing coding for new law in Minnesota Statutes, chapters 169; 242; 260B; and 611A; repealing Minnesota Statutes 1998, sections 241.41; 241.42; 241.43; 241.44; 241.441; and 241.45."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

Holsten from the Committee on Environment and Natural Resources Finance to which was referred:

H. F. No. 4080, A bill for an act relating to appropriations; appropriating money for environmental and natural resources purposes.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"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 act, 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 act is added to it.

| | APPROPRIATIONS | |
|---|------------------------|------|
| | Available for the Year | |
| | Ending June 30 | |
| | 2000 | 2001 |
| Sec. 2. POLLUTION CONTROL AGENCY | 306,000 | -0- |
| For WIF construction program administration. This appropriation is available until June 30, 2001. | | |

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

The agency must allocate \$104,000 of the appropriation in Laws 1999, chapter 231, section 2, for WIF construction program administration.

Sec. 3. BOARD OF WATER AND SOIL RESOURCES

| | | |
|------------------------------------|-----|---------|
| Subdivision 1. Wetland Replacement | -0- | 400,000 |
|------------------------------------|-----|---------|

Professional and technical services to replace wetlands under Minnesota Statutes, section 103G.222, subdivision 1.

| | | |
|--------------------------------------|-----------|-----|
| Subd. 2. Agricultural Land Set-aside | 5,000,000 | -0- |
|--------------------------------------|-----------|-----|

\$5,000,000 is for the purposes of sections 13 to 17. This appropriation remains available until expended. Administrative costs may not exceed ten percent of the appropriation.

Sec. 4. NATURAL RESOURCES

| | | |
|---|-----------|-----|
| Subdivision 1. Mille Lacs Treaty Litigation | 3,954,463 | -0- |
|---|-----------|-----|

\$3,954,463 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 interest payment on the settlement of legal costs contained in this subdivision is for 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 final enactment of this bill.

| | | |
|---------------------------------|-----|--------|
| Subd. 2. Canada Geese Abatement | -0- | 54,000 |
|---------------------------------|-----|--------|

\$54,000 is to purchase emergency damage abatement materials to prevent Canada geese from causing crop depredation in western Minnesota. This is a one-time appropriation.

| | | |
|----------------------------|-----------|-----|
| Subd. 3. Wildfire Response | 1,459,000 | -0- |
|----------------------------|-----------|-----|

\$730,000 is from the environmental fund and \$729,000 is from the natural resources fund in fiscal year 2000 to the commissioner of natural resources 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.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Sec. 5. OFFICE OF ENVIRONMENTAL ASSISTANCE

The appropriation in Laws 1999, chapter 231, section 3, is reduced in fiscal year 2001 by \$104,000. This is a base reduction. In reducing spending, the agency may give priority to the elimination of positions which are vacant.

Sec. 6. MINNESOTA RESOURCES

The availability of the appropriation for the following project is extended to June 30, 2002: Laws 1997, chapter 216, section 15, subdivision 4, paragraph (c), clause (3), local initiatives grants program. \$250,000 is to provide matching funds for an ISTEA grant and to provide acquisition and engineering costs for a proposed trail between the city of Pelican Rapids and Maplewood state park.

The availability of the appropriation for the following project is extended to June 30, 2001: Laws 1997, chapter 216, section 15, subdivision 4, paragraph (b), metropolitan regional park system, for the portion related to Hyland-Bush-Anderson Lake Park Reserve development.

Sec. 7. [NATURAL RESOURCES APPROPRIATIONS; OPERATIONS SUPPORT.]

Subdivision 1. [OPERATIONS SUPPORT.] (a) \$1,565,000 is appropriated in fiscal year 2001 from the general fund to the commissioner of natural resources for operations support. The amount supplants funding from the game and fish fund under paragraph (b) for the commissioner's office, human resources, and office of management and budget services operations support.

(b) The appropriation for fiscal year 2001 from the game and fish fund in Laws 1999, chapter 231, section 5, subdivision 9, is reduced by \$1,565,000.

Subd. 2. [ACCELERATED WALLEYE STOCKING.] (a) \$500,000 is appropriated in fiscal year 2001 from the general fund to the commissioner of natural resources for an accelerated walleye stocking program.

(b) \$5,665,000 is appropriated in fiscal year 2001 from the game and fish fund to the commissioner of natural resources for fish and wildlife management. The appropriation includes the \$1,565,000 reduced from the operations support budget under subdivision 1, paragraph (b). The money is available due to the general fund appropriation under subdivision 1, paragraph (a), which reduces the obligation of the game and fish fund to operations support.

Sec. 8. Minnesota Statutes 1998, section 115B.17, subdivision 19, is amended to read:

Subd. 19. [REIMBURSEMENT UNDER CERTAIN SETTLEMENTS.] (a) When the agency determines that some but not all persons responsible for a release are willing to implement response actions, the agency may agree, pursuant to a settlement of its claims under sections 115B.01 to 115B.18, to reimburse the settling parties for response costs incurred to take the actions. The agency may agree to reimburse any amount which does not exceed the amount that the agency estimates may be attributable to the liability of responsible persons who are not parties to the settlement. Reimbursement may be provided only for the cost of conducting remedial design and constructing remedial action pursuant to the terms of the settlement. Reimbursement under this subdivision shall be paid only

upon the agency's determination that the remedial action approved by the agency has been completed in accordance with the terms of the settlement. The agency may use money appropriated to it for actions authorized under section 115B.20, subdivision 2, clause (2), to pay reimbursement under this subdivision.

(b) The agency may agree to provide reimbursement under a settlement only when all of the following requirements have been met:

(1) the agency has made the determination under paragraph (c) regarding persons who are not participating in the settlement, and has provided written notice to persons identified under paragraph (c), clauses (1) and (2), of their opportunity to participate in the settlement or in a separate settlement under subdivision 20;

(2) the release addressed in the settlement has been assigned a priority pursuant to agency rules adopted under subdivision 13, and the priority is at least as high as a release for which the agency would be allowed to allocate funds for remedial action under the rules;

(3) an investigation of the release addressed in the settlement has been completed in accordance with a plan approved by the agency; and

(4) the agency has approved the remedial action to be implemented under the settlement.

(c) Before entering into a settlement providing for reimbursement under this subdivision, the agency shall determine that there are one or more persons who meet any of the following criteria who are not participating in the settlement:

(1) persons identified by the agency as responsible for the release addressed in the settlement but who are likely to have only minimal involvement in actions leading to the release, or are insolvent or financially unable to pay any significant share of response action costs;

(2) persons identified by the agency as responsible for the release other than persons described in clause (1) and who are unwilling to participate in the settlement or to take response actions with respect to the release;

(3) persons whom the agency has reason to believe are responsible for the release addressed in the settlement but whom the agency has been unable to identify; or

(4) persons identified to the agency by a party to the proposed settlement as persons who are potentially responsible for the release but for whom the agency has insufficient information to determine responsibility.

(d) Except as otherwise provided in this subdivision, a decision of the agency under this subdivision to offer or agree to provide reimbursement in any settlement, or to determine the amount of reimbursement it will provide under a settlement, is a matter of agency discretion in the exercise of its enforcement authority. In exercising discretion in this matter, the agency may consider, among other factors, the degree of cooperation with the agency that has been shown prior to the settlement by the parties seeking reimbursement.

(e) The agency may require as a term of settlement under this subdivision that the parties receiving reimbursement from the agency waive any rights they may have to bring a claim for contribution against persons who are not parties to the settlement.

(f) Notwithstanding any provisions to the contrary in paragraphs (a) to (e), until June 30, 2001, the agency may use the authority under this subdivision to enter into agreements for the implementation of a portion of an approved response action plan and to provide funds in the form of a grant for the purpose of implementing the agreement. The amount paid for implementing a portion of an approved response action plan may not exceed the proportion of the costs of the response action plan which are attributable to the liability of responsible persons who are not parties to the agreement.

(g) A decision of the agency under paragraph (f) to offer or agree to provide funds in any agreement or to determine the specific remedial actions included in any agreement to implement an approved action plan or the amount of funds the agency will provide under an agreement is a matter of agency discretion in the exercise of its enforcement authority.

Sec. 9. 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. 10. Laws 1999, chapter 231, section 5, subdivision 4, as amended by Laws 1999, chapter 249, section 9, is amended to read:

Subd. 4. Forest Management

34,670,000 ~~35,175,000~~ 34,675,000

Summary by Fund

General

34,207,000 ~~34,701,000~~ 34,201,000

Natural Resources

463,000 474,000

\$3,599,000 the first year and \$3,688,000 the second year are for presuppression and suppression costs of emergency fire fighting. If the appropriation for either year is insufficient to cover all costs of suppression, the amount necessary to pay for emergency firefighting expenses during the biennium is appropriated from the general fund. If money is spent under the appropriation in the preceding sentence, the commissioner of natural resources shall, by 15 days after the end of the following quarter, report on how the money was spent to the chairs of the house of representatives ways and means committee, the environment and agriculture budget division of the senate environment and natural resources committee, and the house of representatives environment and natural resources finance committee. The appropriations may not be transferred.

\$722,000 the first year and \$724,000 the second year are for programs and practices on state, county, and private lands to regenerate and protect Minnesota's white pine. Up to \$280,000 of the appropriation in each year may be used by the commissioner to provide 50 percent matching funds to implement cultural

practices for white pine management on nonindustrial, private forest lands at rates specified in the Minnesota stewardship incentives program manual. Up to \$150,000 of the appropriation in each year may be used by the commissioner to provide funds to implement cultural practices for white pine management on county-administered lands through grant agreements with individual counties, with priorities for areas that experienced wind damage in July 1995. \$40,000 each year is for a study of the natural regeneration process of white pine. The remainder of the funds in each fiscal year will be available to the commissioner for white pine regeneration and protection on department-administered lands.

\$150,000 the first year and \$150,000 the second year are for a grant to the University of Minnesota's College of Natural Resources for research to reduce the impact of blister rust on Minnesota's white pine.

The commissioner may contract with and make grants to nonprofit agencies to carry out the purposes, plans, and programs of the office of youth programs, Minnesota conservation corps.

\$61,000 the first year and \$62,000 the second year are for the focus on community forests program, to provide communities with natural resources technical assistance.

\$225,000 the first year is for grants to local community forest ecosystem health programs. This appropriation is available until June 30, 2001. The commissioner of natural resources shall allocate individual grants of up to \$25,000 to local communities that match the grants with nonstate money to undertake projects that improve the health of forest ecosystems, including insect and disease suppression programs, community-based forest health education programs, and other arboricultural treatments.

\$100,000 the first year and \$100,000 the second year are an increase in the base appropriation for the Minnesota conservation corps program activities.

\$500,000 ~~each~~ the first year is for the activities of the forest resources council. This is a one-time appropriation.

Sec. 11. 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

\$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 \$90,000 the second year are for a grant 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 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. 12. [SNOWMOBILE TRAILS AND ENFORCEMENT ACCOUNT; AUTHORIZATION.]

The commissioner of natural resources 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 trail grooming equipment to be used for grant-in-aid trails. The costs must be incurred in fiscal year 2000 and recipients seeking reimbursement under this section must provide acceptable documentation of the costs to the commissioner. All applications for reimbursement under this section must be received no later than September 1, 2000.

Sec. 13. [PURPOSE.]

The legislature finds that the frequency of disaster declarations covering agricultural areas of the state has increased. In successive years, crop disease has resulted in economic hardship and abnormal precipitation has prevented planting or harvesting. Because of these crop production problems, the legislature finds that there is a need to establish an agricultural land set-aside program to provide short term economic assistance to landowners.

Sec. 14. [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 14 to 17, 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. 15. [ELIGIBILITY TERMS.]

(a) Agricultural land eligible for the board's program under section 16 must not exceed 160 acres for individual landowners.

(b) Agricultural land eligible for payment in a fiscal year prior to 2002 must have been in a county under presidential disaster declaration in either 1998 or 1999. In fiscal years 2000 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 16 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 13 to 17.

Sec. 16. [PAYMENTS.]

To the extent appropriated money is available for this purpose, annual payments for eligible land under section 15 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.

Sec. 17. [ADMINISTRATION.]

The land payment program in sections 15 and 16 must be administered by soil and water conservation districts under guidelines and grants by the board.

Sec. 18. [EFFECTIVE DATE.]

Sections 2; 3, subdivision 2; 4, subdivisions 1 and 3; 8; and 12 to 17, are effective on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to appropriations; appropriating money for environmental and natural resources purposes; imposing certain conditions; changing certain fees and accounts; amending Minnesota Statutes 1998, section 115B.17, subdivision 19; Laws 1999, chapter 231, sections 2, subdivision 2; 5, subdivision 4, as amended; and 6, as amended."

With the recommendation that when so amended the bill pass and be re-referred to the Committee on Ways and Means.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 857, 2436, 2563, 2610, 2688, 2830, 2833, 2945, 2969, 2999, 3023, 3041, 3091, 3134, 3263, 3303, 3369, 3457, 3505, 3571, 3610, 3613, 3615, 3652, 3659, 3694, 3791 and 3974 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 2193, 2348, 2385, 2500, 2511, 2652, 2734, 2737, 2748, 2896 and 3300 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Krinkie introduced:

H. F. No. 4105, A bill for an act relating to taxation; reducing individual income tax rates; providing an exclusion for long-term capital gains; expanding income tax brackets for married taxpayers filing jointly; repealing the marriage penalty credit; reducing property tax class rates on commercial-industrial property and on certain apartments; increasing the educational homestead credit; creating a MinnesotaCare subsidized health insurance account; repealing the premium tax and the MinnesotaCare provider tax; amending Minnesota Statutes 1998, sections 60A.15, subdivision 1; 62J.041, subdivision 1; 62Q.095, subdivision 6; 144.1494, subdivision 1; 144.1495, subdivision 2; 144.1496, subdivision 1; 214.16, subdivisions 2 and 3; 256L.02, subdivisions 3 and 4; and 270B.01, subdivision 8; Minnesota Statutes 1999 Supplement, sections 270B.14, subdivision 1; 273.13, subdivisions 24 and 25; 273.1382, subdivision 1a; 290.01, subdivision 19b; 290.06, subdivisions 2c and 2d; 290.091, subdivisions 1, 2, and 6; proposing coding for new law in Minnesota Statutes, chapter 16A; repealing Minnesota Statutes 1998, sections 16A.724; 16A.76; 62T.10; 144.1484, subdivision 2; 295.50, subdivisions 1, 2, 2a, 3, 6, 6a, 7, 9b, 9c, 10a, 10b, 12b, 13, 14, and 15; 295.51; 295.52, subdivisions 1, 1a, 2, 3, 4, 4a, and 6; 295.53, subdivisions 2, 3, and 4; 295.54; 295.55, subdivisions 1, 4, 5, 6, and 7; 295.56; 295.57, subdivisions 1, 2, and 3; 295.58; 295.581; 295.582; and 295.59; Minnesota Statutes 1999 Supplement, sections 13.99, subdivision 86b; 290.0675; 295.50, subdivision 4; 295.52, subdivisions 5 and 7; 295.53, subdivision 1; 295.55, subdivisions 2 and 3; and 295.57, subdivision 4.

The bill was read for the first time and referred to the Committee on Taxes.

Seifert, M.; Kubly and Peterson introduced:

H. F. No. 4106, A bill for an act relating to Yellow Medicine county; authorizing an economic development authority.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Policy.

Sykora, Boudreau, Nornes, Bradley and Abeler, for the Committee on Family and Early Childhood Education Finance, introduced:

H. F. No. 4107, A bill for an act relating to early childhood education; making changes to adult basic education programs; modifying child care licensing and inservice training requirements; transferring energy assistance programs; changing eligibility for individual development accounts; changing requirements for child care assistance; appropriating money; amending Minnesota Statutes 1998, sections 124D.52, subdivisions 1, 2, 3, and by adding subdivisions; and 245A.14, subdivision 4, and by adding subdivisions; Minnesota Statutes 1999 Supplement, sections 119B.011, subdivision 20; and 124D.53, subdivision 3; Laws 1998, First Special Session chapter 1, article 1, sections 10, subdivision 1, as amended; and 11, subdivision 2, as amended; Laws 1999, chapter 205, article 1, sections 65; and 71, subdivisions 3, 7, and 9; Laws 1999, chapter 205, article 2, section 4, subdivisions 2, 3, and 4; Laws 1999, chapter 205, article 3, section 5, subdivision 9; Laws 1999, chapter 205, article 4, section 12, subdivisions 5, 6, and 7; proposing coding for new law in Minnesota Statutes, chapter 124D; repealing Minnesota Statutes 1998, section 124D.53; Laws 1998, First Special Session chapter 1, article 1, section 10, subdivision 2, as amended.

The bill was read for the first time and referred to the Committee on Ways and Means.

Lenczewski introduced:

H. F. No. 4108, A bill for an act relating to veterans; expanding coverage of veterans preference termination rights to state employees; amending Minnesota Statutes 1998, section 197.46.

The bill was read for the first time and referred to the Committee on Governmental Operations and Veterans Affairs Policy.

Abeler introduced:

H. F. No. 4109, A bill for an act relating to human services; stating findings related to the financial condition of nursing facilities; requiring the commissioners of human services and health and the legislature to consider the financial crisis facing nursing facilities when developing and acting on proposals related to long-term care services and nursing facility reimbursement; amending Minnesota Statutes 1998, section 256B.41, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Abrams and Milbert introduced:

H. F. No. 4110, A bill for an act relating to taxes; sales and use; exempting the rental of luggage carts and baby strollers; amending Minnesota Statutes 1998, section 297A.25, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Taxes.

McElroy and Sykora, for the Committee on Jobs and Economic Development Finance, introduced:

H. F. No. 4111, A bill for an act relating to state government; appropriating money for economic development and related purposes; increasing certain fees; requiring reports; establishing a task force; increasing certain penalties; amending Minnesota Statutes 1998, sections 60H.03, by adding a subdivision; 80A.122, by adding a subdivision; 80A.28, subdivision 1; 182.661, subdivision 1; 182.666, subdivision 2, and by adding a subdivision; 268.362, subdivision 2; 345.31, by adding a subdivision; and 345.39, subdivision 1; Minnesota Statutes 1999 Supplement, sections 116J.421, subdivision 2; and 326.105; Laws 1999, chapter 223, article 1, section 6, subdivision 1; article 2, section 81, as amended; and article 3, section 8; proposing coding for new law in Minnesota Statutes, chapters 136F; 144; 182; 326; and 345; repealing Minnesota Rules, part 3800.3810.

The bill was read for the first time and referred to the Committee on Ways and Means.

Krinkie introduced:

H. F. No. 4112, A bill for an act relating to taxation; providing an increased levy limit base for the city of Circle Pines.

The bill was read for the first time and referred to the Committee on Taxes.

Hasskamp introduced:

H. F. No. 4113, A bill for an act relating to taxes; sales and use tax; reducing the rate; amending Minnesota Statutes 1998, section 297A.02, subdivision 1.

The bill was read for the first time and referred to the Committee on Taxes.

Milbert, Jennings, Van Dellen and Abrams introduced:

H. F. No. 4114, A bill for an act relating to taxes; amending the requirements for revenue estimates; amending Minnesota Statutes 1998, section 270.067, subdivision 5.

The bill was read for the first time and referred to the Committee on Taxes.

Milbert, Leighton, Pugh, Jennings, Van Dellen, Lenczewski and Abrams introduced:

H. F. No. 4115, A bill for an act relating to taxes; sales and use; adding an instruction to the department of revenue regarding interpreting sales tax applicability; proposing coding for new law in Minnesota Statutes, chapter 297A.

The bill was read for the first time and referred to the Committee on Taxes.

Leighton introduced:

H. F. No. 4116, A bill for an act relating to game and fish; imposing restrictions for conibear-type traps; proposing coding for new law in Minnesota Statutes, chapter 97B.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Gunther, Westfall, Kalis and Harder introduced:

H. F. No. 4117, A bill for an act relating to the environment; authorizing a state and county environmental partnership program for individual sewage treatment system improvement and replacement; appropriating money.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Policy.

Milbert; Larson, D.; Osthoff; Dawkins; Pugh; Lenczewski; Hasskamp; McGuire; Pelowski; Jennings; Swapinski; Greiling; Holsten; McCollum and Tomassoni introduced:

H. F. No. 4118, A bill for an act relating to individual income taxation; allowing taxpayers filing electronically to designate the use of a portion of their tax liability; amending Minnesota Statutes 1998, section 290.62; proposing coding for new law in Minnesota Statutes, chapter 290.

The bill was read for the first time and referred to the Committee on Taxes.

MESSAGES FROM THE SENATE

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. 2723, A bill for an act relating to McLeod county; extending the authority to temporarily office in Glencoe township; amending Laws 1995, chapter 207, article 2, section 37.

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. 3236, A bill for an act relating to health; modifying provisions for issuing certified copies of vital records; amending Minnesota Statutes 1998, section 144.225, subdivision 7.

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. 979, A bill for an act relating to landlords and tenants; providing that landlords may apportion utility payments among residential units; amending Minnesota Statutes 1998, section 504.185, subdivision 1a.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Lindner moved that the House concur in the Senate amendments to H. F. No. 979 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 979, A bill for an act relating to landlords and tenants; providing that landlords may apportion utility payments among residential units; amending Minnesota Statutes 1999 Supplement, section 504B.215, subdivision 2, and by adding a subdivision.

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 121 yeas and 9 nays as follows:

Those who voted in the affirmative were:

| | | | | | |
|--------------|----------|-----------|---------|----------|---------|
| Abeler | Bishop | Carlson | Daggett | Dorn | Fuller |
| Abrams | Boudreau | Cassell | Davids | Entenza | Gerlach |
| Anderson, B. | Bradley | Chaudhary | Dawkins | Erhardt | Goodno |
| Anderson, I. | Broecker | Clark, J. | Dehler | Erickson | Gray |
| Biernat | Buesgens | Clark, K. | Dorman | Finseth | Haake |

| | | | | | |
|-----------|------------|----------|-------------|------------|--------------|
| Haas | Kelliher | McCollum | Ozment | Skoe | Wagenius |
| Hackbarth | Kielkucki | McElroy | Paulsen | Skoglund | Wejcman |
| Harder | Knoblach | McGuire | Pawlenty | Smith | Wenzel |
| Hasskamp | Krinkie | Milbert | Pelowski | Solberg | Westerberg |
| Hausman | Kubly | Molnau | Peterson | Stanek | Westfall |
| Hilty | Kuisle | Mulder | Pugh | Stang | Westrom |
| Holberg | Larsen, P. | Mullery | Rest | Storm | Wilkin |
| Holsten | Leighton | Murphy | Reuter | Swapinski | Winter |
| Howes | Lenczewski | Ness | Rhodes | Swenson | Wolf |
| Huntley | Leppik | Nornes | Rifenberg | Sykora | Workman |
| Jaros | Lieder | Olson | Rostberg | Tingelstad | Spk. Sviggum |
| Jennings | Lindner | Opatz | Rukavina | Tomassoni | |
| Johnson | Luther | Orfield | Schumacher | Tuma | |
| Juhnke | Mares | Osskopp | Seagren | Tunheim | |
| Kahn | Mariani | Osthoff | Seifert, J. | Van Dellen | |
| Kalis | Marko | Otremba | Seifert, M. | Vandever | |

Those who voted in the negative were:

| | | | | |
|------------|------------|----------|---------|---------|
| Carruthers | Gleason | Greiling | Mahoney | Trimble |
| Folliard | Greenfield | Koskinen | Paymar | |

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

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. 1865, A bill for an act relating to courts; jury service; excusing from service nursing mothers; proposing coding for new law in Minnesota Statutes, chapter 593.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Pawlenty moved that the House concur in the Senate amendments to H. F. No. 1865 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1865, A bill for an act relating to courts; requesting the jury reform task force to consider issues related to nursing mothers.

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 130 yeas and 1 nay as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Boudreau

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

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. 2815, A bill for an act relating to crime; providing for the distribution of certain fine proceeds in Hennepin county; repealing an expiration date; amending Minnesota Statutes 1998, section 488A.03, subdivision 11; repealing Laws 1998, chapter 367, article 8, section 25.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Carruthers moved that the House concur in the Senate amendments to H. F. No. 2815 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2815, A bill for an act relating to crime; providing for the distribution of certain fine proceeds in Hennepin county; repealing an expiration date; amending Minnesota Statutes 1998, section 488A.03, subdivision 11; repealing Laws 1998, chapter 367, article 8, section 25.

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 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 2691, 2688, 3154, 3018, 2653, 3428, 3161, 3150, 2756, 2850, 3586, 3046, 3678, 3529, 3323 and 2946.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 3554, 2813, 3028, 3005, 3330, 2767, 3412, 2951, 2894, 1048, 2326 and 3307.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 2514, 3133, 3354, 2575, 3229, 2870, 2919, 3023, 2821, 2579, 2789 and 3064.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2691, A bill for an act relating to the State Building Code; transferring authority to develop the energy portions of the building code from the commissioner of public service to the commissioner of administration; amending Minnesota Statutes 1998, sections 16B.61, subdivision 6; 216C.20, subdivision 1; and 216C.27, subdivision 8; repealing Minnesota Statutes 1998, section 216C.195, subdivisions 2 and 3; Minnesota Statutes 1999 Supplement, sections 216C.19, subdivision 8; and 216C.195, subdivision 1.

The bill was read for the first time.

Boudreau moved that S. F. No. 2691 and H. F. No. 3281, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2688, A bill for an act relating to metropolitan agencies; changing the name of the metropolitan airports commission to Minnesota airports commission; providing instructions to the revisor of statutes.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

S. F. No. 3154, A bill for an act relating to public defense; authorizing access to various criminal and juvenile justice databases for purposes of criminal defense; amending Minnesota Statutes 1998, sections 299C.147, subdivisions 2 and 3; 299C.46, subdivision 3; Minnesota Statutes 1999 Supplement, section 299C.095, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 611.

The bill was read for the first time.

Broecker moved that S. F. No. 3154 and H. F. No. 3950, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3018, A bill for an act relating to children; providing for designation of standby and alternate custodians of children; amending Minnesota Statutes 1998, sections 171.07, subdivision 11; and 524.5-505; proposing coding for new law as Minnesota Statutes, chapter 257B; repealing Minnesota Statutes 1998, sections 257A.01; 257A.02; 257A.03; 257A.04; 257A.05; 257A.06; 257A.07; 257A.08; 257A.09; and 257A.10.

The bill was read for the first time.

Luther moved that S. F. No. 3018 and H. F. No. 3318, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2653, A bill for an act relating to state government; requiring state agencies to provide grant information on the Internet; requiring the commissioner of administration to develop a uniform Internet application for grants; amending Minnesota Statutes 1998, section 16B.467; proposing coding for new law in Minnesota Statutes, chapter 15.

The bill was read for the first time.

Haake moved that S. F. No. 2653 and H. F. No. 4076, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3428, A bill for an act relating to professions; modifying supervisory and disciplinary requirements for psychologists; amending Minnesota Statutes 1998, sections 148.89, by adding subdivisions; and 148.925, subdivisions 1, 2, 3, 5, and 6; Minnesota Statutes 1999 Supplement, section 148.941, subdivision 2.

The bill was read for the first time.

Mulder moved that S. F. No. 3428 and H. F. No. 3626, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3161, A bill for an act relating to health; modifying provisions for health care purchasing alliances; amending Minnesota Statutes 1998, sections 62T.03; 62T.05; 62T.06, subdivisions 1 and 2; and 62T.11; Minnesota Statutes 1999 Supplement, section 62T.04; proposing coding for new law in Minnesota Statutes, chapter 62T; repealing Minnesota Statutes 1998, section 62T.13.

The bill was read for the first time.

Mulder moved that S. F. No. 3161 and H. F. No. 3375, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3150, A bill for an act relating to higher education; increasing the higher education facilities authority bonding authority; amending Minnesota Statutes 1998, section 136A.29, subdivision 9.

The bill was read for the first time and referred to the Committee on Higher Education Finance.

S. F. No. 2756, A bill for an act relating to hospital districts; authorizing the annexation of a city or town that is contiguous to a contiguous city or town; amending Minnesota Statutes 1998, section 447.36.

The bill was read for the first time.

Stang moved that S. F. No. 2756 and H. F. No. 3016, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2850, A bill for an act relating to human services; extending participation in the prepayment demonstration project for Itasca county; amending Minnesota Statutes 1998, section 256B.69, subdivision 2.

The bill was read for the first time.

Solberg moved that S. F. No. 2850 and H. F. No. 3052, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3586, A bill for an act relating to game and fish; permitting angling with a lighted fishing lure; amending Minnesota Statutes 1998, section 97C.335.

The bill was read for the first time.

Gerlach moved that S. F. No. 3586 and H. F. No. 3352, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3046, A bill for an act relating to crime; clarifying that the definition of "peace officer" in the fleeing a peace officer crime includes tribal peace officers; defining flee to include refusing to stop the vehicle; amending Minnesota Statutes 1998, section 609.487, subdivisions 1 and 2.

The bill was read for the first time.

Murphy moved that S. F. No. 3046 and H. F. No. 2486, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3678, A bill for an act relating to natural resources; allowing the use of external sources of funding for certain drainage projects; amending Minnesota Statutes 1998, section 103E.011, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources Finance.

S. F. No. 3529, A bill for an act relating to reemployment insurance; excluding smokechasers from the definition of noncovered employment; amending Minnesota Statutes 1999 Supplement, section 268.035, subdivision 20.

The bill was read for the first time and referred to the Committee on Jobs and Economic Development Policy.

S. F. No. 3323, A bill for an act relating to environment; encouraging recycling of construction debris by public entities; proposing coding for new law in Minnesota Statutes, chapter 115A.

The bill was read for the first time.

Buesgens moved that S. F. No. 3323 and H. F. No. 3630, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2946, A bill for an act relating to motor fuels; limiting the use of certain oxygenates in gasoline sold in Minnesota; amending Minnesota Statutes 1998, section 239.761, subdivision 6; Minnesota Statutes 1999 Supplement, section 239.791, subdivision 1.

The bill was read for the first time.

Dorman moved that S. F. No. 2946 and H. F. No. 3292, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3554, A bill for an act relating to reemployment compensation; modifying nonprofit organization provisions; instructing the revisor to change certain terms; amending Minnesota Statutes 1999 Supplement, sections 268.03, subdivision 1; and 268.053, subdivision 1, and by adding a subdivision.

The bill was read for the first time.

Wolf moved that S. F. No. 3554 and H. F. No. 3806, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2813, A bill for an act relating to motor vehicles; modifying how state vehicles are identified; amending Minnesota Statutes 1999 Supplement, section 168.012, subdivision 1.

The bill was read for the first time.

Anderson, B., moved that S. F. No. 2813 and H. F. No. 3475, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3028, A bill for an act relating to vulnerable adults; specifying rights for reconsideration and review of determinations regarding maltreatment; amending Minnesota Statutes 1998, section 626.557, subdivisions 9c, 9d, and 12b; Minnesota Statutes 1999 Supplement, section 13.99, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 256.

The bill was read for the first time.

Greenfield moved that S. F. No. 3028 and H. F. No. 3250, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3005, A bill for an act relating to health and human services; establishing the right to seek licensure for excluded adult foster care providers; changing requirements to background studies for licensed programs; establishing tribal licensing agency access to criminal history data; amending Minnesota Statutes 1998, sections 245A.03, subdivision 2, and by adding a subdivision; and 245A.04, subdivisions 3 and 3b; Minnesota Statutes 1999 Supplement, section 245A.04, subdivision 3d; proposing coding for new law in Minnesota Statutes, chapter 245A.

The bill was read for the first time.

Sykora moved that S. F. No. 3005 and H. F. No. 3103, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3330, A bill for an act relating to corrections; authorizing the commissioner of corrections to establish and operate alternative residential programs for juveniles; deleting a reference to a closed correctional facility; changing the data collection date for the Interstate Compact for Supervision of Parolees and Probationers Report; requiring an offender in phase II of the challenge incarceration program to report to an agent or program staff; requiring that pretrial diversion reports prepared by county attorneys be submitted to the state court administrator; authorizing the commissioner of corrections to enter into rental agreements for emergency housing; appropriating money; amending Minnesota Statutes 1998, sections 241.021, subdivision 4; 242.32, by adding a subdivision; 242.55; 243.162, subdivision 3; 244.172, subdivision 2; and 401.065, subdivision 4; Laws 1999, chapter 216, article 1, section 13, subdivision 4.

The bill was read for the first time.

Westerberg moved that S. F. No. 3330 and H. F. No. 3370, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2767, A bill for an act relating to health; requiring prompt payment by health plan companies and third-party administrators of clean claims for health care services; proposing coding for new law in Minnesota Statutes, chapter 62Q; repealing Minnesota Statutes 1999 Supplement, section 65D.108.

The bill was read for the first time.

Luther moved that S. F. No. 2767 and H. F. No. 2643, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3412, A bill for an act relating to insurance; removing certain state involvement with the state fund mutual insurance company; repealing Minnesota Statutes 1998, sections 79.371; 176A.01; 176A.02; 176A.03; 176A.04; 176A.05; 176A.06; 176A.07; 176A.08; 176A.09; 176A.10; 176A.11; and 176A.12.

The bill was read for the first time.

Paulsen moved that S. F. No. 3412 and H. F. No. 3683, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2951, A bill for an act relating to municipalities; clarifying the use of alternative dispute resolution in certain proceedings; requiring a report to the legislature; exempting the office of strategic and long-range planning from adopting rules until a certain date; providing instructions to the revisor of statutes; amending Minnesota Statutes 1999 Supplement, section 414.12; repealing Minnesota Statutes 1998, section 414.10.

The bill was read for the first time.

Larsen, P., moved that S. F. No. 2951 and H. F. No. 3586, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2894, A bill for an act relating to occupational safety and health; classifying certain communications regarding discrimination complaints as privileged; amending Minnesota Statutes 1998, section 182.669, subdivision 1.

The bill was read for the first time.

Dorman moved that S. F. No. 2894 and H. F. No. 3290, now on the General Register, be referred to the Chief Clerk for comparison. 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 first time.

Jennings moved that S. F. No. 1048 and H. F. No. 988, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2326, A bill for an act relating to state government; designating the monarch as the state butterfly; proposing coding for new law in Minnesota Statutes, chapter 1.

The bill was read for the first time.

Mares moved that S. F. No. 2326 and H. F. No. 2588, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3307, A bill for an act relating to transportation; providing for claims by person incurring injury to person or property while operating recreational vehicle on trunk highway right-of-way; amending Minnesota Statutes 1998, section 3.736, subdivision 3.

The bill was read for the first time.

Holberg moved that S. F. No. 3307 and H. F. No. 3613, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2514, A bill for an act relating to game and fish; establishing temporary daily and possession limits for yellow perch on inland waters.

The bill was read for the first time.

Howes moved that S. F. No. 2514 and H. F. No. 2807, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3133, A bill for an act relating to health; extending the application deadline for essential community provider status for a facility providing culturally competent health care; modifying termination and renewal of designation as an essential community provider; amending Minnesota Statutes 1998, section 62Q.19, subdivisions 2 and 6.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

S. F. No. 3354, A bill for an act relating to manufactured homes; clarifying the requirements for a limited dealer license; amending Minnesota Statutes 1998, section 327B.04, subdivision 8.

The bill was read for the first time.

Lindner moved that S. F. No. 3354 and H. F. No. 3584, now on the General Register, be referred to the Chief Clerk for comparison. 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 first time and referred to the Committee on Jobs and Economic Development Policy.

S. F. No. 3229, A bill for an act relating to state government; modifying provisions administered by the commissioner of administration relating to public lands, procurements, easements, designer selection, parking facilities, energy efficiency in state buildings; capital project predesign; amending Minnesota Statutes 1998, sections 16A.28, subdivision 5; 16B.26; 16B.33, subdivision 3; 16B.58, subdivisions 5 and 7; 16B.85, subdivisions 2 and 3; and 16C.06, subdivision 3; Minnesota Statutes 1999 Supplement, sections 16B.32, subdivision 2; and 16C.081; Laws 1998, chapter 386, article 1, section 35; repealing Minnesota Statutes 1999 Supplement, section 16B.415.

The bill was read for the first time.

Kahn moved that S. F. No. 3229 and H. F. No. 3564, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2870, A bill for an act relating to financial institutions; regulating certain loan charges and payments; making various technical changes; amending Minnesota Statutes 1998, sections 47.59, subdivisions 7, 10, and by adding a subdivision; 47.60, subdivision 2; 48.56; 52.04, subdivision 1; 56.131, subdivision 4; 58.02, subdivision 10; 58.04, subdivisions 2 and 3; 58.05, by adding a subdivision; 58.08, as amended; 58.10, subdivision 1; and 168.72, by adding a subdivision; Minnesota Statutes 1999 Supplement, sections 47.52; and 58.04, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 58; repealing Minnesota Statutes 1998, sections 58.02, subdivision 15; and 58.05, subdivision 2; Minnesota Rules, part 2675.4180.

The bill was read for the first time.

Davids moved that S. F. No. 2870 and H. F. No. 2973, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2919, A bill for an act relating to telecommunications; establishing a work group to discuss and propose changes in telecommunication law.

The bill was read for the first time and referred to the Committee on Commerce.

S. F. No. 3023, A bill for an act relating to motor vehicles; modifying vehicle registration and titling provisions; modifying interstate commercial vehicle registration provisions to conform to interstate registration plan; conforming state open bottle law to federal law; allowing exception to requirement of school bus drivers to activate school bus stop signals; adopting federal odometer regulations; modifying provisions to conform to federal standards for emergency vehicle siren; extending allowable length of recreational vehicle combinations; modifying fee provisions; making technical and clarifying changes; amending Minnesota Statutes 1998, sections 168.012, subdivision 7; 168.017, subdivision 3; 168.09, subdivision 6; 168.1235, subdivisions 1 and 4; 168.1291; 168.13; 168.187, subdivision 8; 168.31, subdivision 4; 168.33, subdivision 7; 168.54, subdivisions 5 and 6; 168A.03; 168A.06; 168A.13; 168A.14; 168A.31, subdivision 1; 169.122, subdivisions 1, 2, and 3; 169.443, subdivision 3; 169.68; 169.781, subdivision 3; 169.81, subdivision 3c; 171.20, subdivision 4; and 325E.15; Minnesota Statutes 1999 Supplement, sections 168.15, subdivision 1; 168.16; and 171.29, subdivision 2; Laws 1995, chapter 264, article 2, section 44, as amended; repealing Minnesota Statutes 1998, section 168.1292.

The bill was read for the first time.

Workman moved that S. F. No. 3023 and H. F. No. 2953, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2821, A bill for an act relating to charitable organizations; amending report filing requirements; amending Minnesota Statutes 1998, section 309.53, subdivision 2.

The bill was read for the first time.

Rest moved that S. F. No. 2821 and H. F. No. 2785, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2579, A bill for an act relating to trade regulations; regulating certain prescription drug discounts; providing remedies; proposing coding for new law in Minnesota Statutes, chapter 325F.

The bill was read for the first time.

Howes moved that S. F. No. 2579 and H. F. No. 2883, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2789, A bill for an act relating to counties; authorizing certain compensation to coroner, deputy coroner, coroner's investigator, or medical examiner; amending Minnesota Statutes 1998, section 382.18.

The bill was read for the first time.

Wilkin moved that S. F. No. 2789 and H. F. No. 3202, now on the General Register, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 3064, A bill for an act relating to local government; clarifying that the town of Silver may elect to join the Moose Lake area fire protection district in whole but not in part; authorizing issuance of equipment certificates by the fire protection district; amending Laws 1987, chapter 402, section 2, subdivisions 1, 4, and 5.

The bill was read for the first time and referred to the Committee on Taxes.

CONSENT CALENDAR

H. F. No. 3825 was reported to the House.

Upon objection of ten members, H. F. No. 3825 was stricken from the Consent Calendar and placed on the General Register.

S. F. No. 2776, A bill for an act relating to human services; extending the deadline for commencing construction for a previously approved moratorium project; providing for changes to the rate setting for a nursing facility in St. Louis county approved for a renovation; amending Minnesota Statutes 1999 Supplement, section 256B.431, subdivision 17.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 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 | Haas | Koskinen | Molnau | Rest | Sykora |
| Dawkins | Hackbarth | Krinkie | Mulder | Reuter | Tingelstad |
| Dehler | Harder | Kubly | Mullery | Rhodes | Tomassoni |
| Dempsey | Hasskamp | Kuisle | Murphy | Rifenberg | Trimble |
| Dorman | Hausman | Larsen, P. | Ness | Rostberg | Tuma |
| Dorn | Hilty | Leighton | Nornes | Rukavina | Tunheim |
| Entenza | Holberg | Lenczewski | Olson | Schumacher | Van Dellen |
| Erhardt | Holsten | Leppik | Opatz | Seagren | Vandever |
| Erickson | Howes | Lieder | Orfield | Seifert, J. | Wagenius |
| Finseth | Huntley | Lindner | Osskopp | Seifert, M. | Wejman |
| Folliard | Jaros | Luther | Osthoff | Skoe | Wenzel |
| Fuller | Jennings | Mahoney | Otremba | Skoglund | Westerberg |
| Gerlach | Johnson | Mares | Ozment | Smith | Westfall |
| Gleason | Juhnke | Mariani | Paulsen | Solberg | Westrom |
| Goodno | Kahn | Marko | Pawlenty | Stanek | Wilkin |
| Gray | Kalis | McCollum | Paymar | Stang | Winter |
| Greiling | Kelliher | McElroy | Pelowski | Storm | Wolf |
| Gunther | Kielkucki | McGuire | Peterson | Swapinski | Workman |
| Haake | Knoblach | Milbert | Pugh | Swenson | Spk. Sviggum |

The bill was passed and its title agreed to.

S. F. No. 3355, A bill for an act relating to state government; authorizing electronic disbursement of port authority funds; amending Minnesota Statutes 1998, section 469.051, subdivision 4.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

| | | | | | |
|------------|---------|------------|------------|----------|---------|
| Sykora | Trimble | Van Dellen | Wejcman | Westfall | Winter |
| Tingelstad | Tuma | Vandev eer | Wenzel | Westrom | Wolf |
| Tomassoni | Tunheim | Wagenius | Westerberg | Wilkin | Workman |

The bill was passed and its title agreed to.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Pawlenty from the Committee on Rules and Legislative Administration, pursuant to rule 1.21, designated the following bills to be placed on the Calendar for the Day, immediately following the remaining bill on the Calendar for the day, for Wednesday, March 15, 2000:

H. F. Nos. 3016 and 2809; S. F. No. 3097; H. F. Nos. 3708, 2656, 3375, 2883, 3209, 3325, 3188, 3219 and 3281; S. F. No. 2365; H. F. Nos. 3122, 3292, 3352, 3370 and 3399; S. F. No. 3257; and H. F. Nos. 3497, 2629 and 2785.

CALENDAR FOR THE DAY

H. F. No. 2809, A bill for an act relating to human services; clarifying admissions criteria for the Ah-Gwah-Ching center; requiring the center to provide information on and promote the use of the geriatric rapid assessment stabilization program; proposing coding for new law in Minnesota Statutes, chapter 251.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

| | | | | | |
|---------|------------|-----------|------------|------------|---------|
| Solberg | Swapinski | Tomassoni | Van Dellen | Wenzel | Wilkin |
| Stanek | Swenson | Trimble | Vandever | Westerberg | Winter |
| Stang | Sykora | Tuma | Wagenius | Westfall | Wolf |
| Storm | Tingelstad | Tunheim | Wejcman | Westrom | Workman |

The bill was passed and its title agreed to.

Pawlenty moved that the remaining bills on the Calendar for the Day be continued. The motion prevailed.

MOTIONS AND RESOLUTIONS

Greenfield moved that the name of Skoglund be added as an author on H. F. No. 857. The motion prevailed.

Tunheim moved that the names of Finseth, Lieder, Skoe and Otremba be added as authors on H. F. No. 2797. The motion prevailed.

Abrams moved that the name of Paulsen be added as an author on H. F. No. 3101. The motion prevailed.

Harder moved that the name of Storm be added as an author on H. F. No. 3161. The motion prevailed.

Sykora moved that the name of Paulsen be added as an author on H. F. No. 3175. The motion prevailed.

Otremba moved that her name be stricken as an author on H. F. No. 3621. The motion prevailed.

McElroy moved that the name of Rifenberg be added as an author on H. F. No. 3772. The motion prevailed.

Solberg moved that the names of Howes and Anderson, I., be added as authors on H. F. No. 4061. The motion prevailed.

Rest moved that the name of Biernat be added as an author on H. F. No. 4082. The motion prevailed.

Leppik moved that the name of Storm be added as an author on H. F. No. 4097. The motion prevailed.

Howes moved that H. F. No. 1070 be recalled from the Committee on Environment and Natural Resources Finance and be re-referred to the Committee on Ways and Means. The motion prevailed.

Kuisle moved that H. F. No. 4084 be recalled from the Committee on Local Government and Metropolitan Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

Seifert, M., moved that H. F. No. 4106 be recalled from the Committee on Jobs and Economic Development Policy and be re-referred to the Committee on Taxes. The motion prevailed.

Mulder moved that H. F. No. 2911 be returned to its author. The motion prevailed.

FISCAL CALENDAR ANNOUNCEMENT

Pursuant to rule 1.22, Bishop announced his intention to place H. F. No. 2688 on the Fiscal Calendar for Thursday, March 16, 2000.

ADJOURNMENT

Pawlenty moved that when the House adjourns today it adjourn until 1:00 p.m., Thursday, March 16, 2000. The motion prevailed.

Pawlenty moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 1:00 p.m., Thursday, March 16, 2000.

EDWARD A. BURDICK, Chief Clerk, House of Representatives