

STATE OF MINNESOTA

EIGHTY-FIRST SESSION — 1999

 FORTY-NINTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, APRIL 22, 1999

The House of Representatives convened at 12:00 noon and was called to order by Steve Sviggum, Speaker of the House.

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

A quorum was present.

Mahoney and Munger were excused.

Holberg was excused until 1:40 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Peterson moved that further reading of the Journal be suspended and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Bishop from the Committee on Ways and Means to which was referred:

H. F. No. 2388, A bill for an act relating to state government; appropriating money for environmental and natural resources purposes; amending Minnesota Statutes 1998, sections 14.386; 84.027, subdivision 15; 84.0855, subdivision 2, and by adding a subdivision; 84.83, subdivisions 3 and 4; 84.86, subdivision 1; 84.862, subdivisions 1 and 2; 84.872, subdivision 1; 84.91, subdivision 1; 84.98, subdivision 6; 85.015, by adding a subdivision; 85.019, subdivision 2, and by adding subdivisions; 86B.415, subdivision 1; 88.067; 92.46, subdivision 1; 97A.075, subdivision 1; 97A.475, subdivisions 2, 3, 6, 7, 8, 11, 12, 13, and 20; 97A.485, subdivision 12; 97B.020; 103B.227, subdivision 2; 103C.401, by adding a subdivision; 115.55, subdivision 5a; 115A.02; 115A.554; 115A.918, subdivision 1; 115B.42; 169.121, subdivision 3; 169.1217, subdivisions 7a and 9; 169.123, subdivision 1; 171.07, subdivisions 12 and 13; 290.431; 290.432; 296A.18, subdivision 3; 297H.13, subdivision 5; 325E.11; 325E.112, subdivisions 1, 2, 3, and 4; 325E.113; 574.263; and 574.264, subdivision 1; Laws 1995, chapter 220, section 142, as amended; Laws 1996, chapter 351, section 2, as amended; Laws 1998, chapter 404, section 7, subdivisions 23 and 26; proposing coding for new law in Minnesota Statutes, chapters 103F; 115B; and 116; repealing Minnesota Statutes 1998, sections 1.31; 84B.11; 86B.415, subdivision 7a; 115A.929; 115A.9651; 115A.981; 297H.13, subdivision 6; 325E.112, subdivision 5; and 473.845, subdivision 2.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

ENVIRONMENT AND NATURAL RESOURCES

Section 1. [ENVIRONMENT AND NATURAL RESOURCES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "1999," "2000," and "2001," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1999, June 30, 2000, or June 30, 2001, respectively.

SUMMARY BY FUND

	1999	2000	2001	TOTAL
General	\$	\$181,667,000	\$178,169,000	\$359,836,000
Petroleum Tank		3,333,000	3,393,000	6,726,000
State Government Special Revenue		44,000	45,000	89,000
Environmental		27,808,000	22,601,000	50,409,000
Solid Waste		6,953,000	7,032,000	13,985,000
Natural Resources		24,683,000	23,908,000	48,591,000
Game and Fish		64,913,000	66,021,000	130,934,000

Minnesota Future Resources		15,177,000	830,000	16,007,000
Environmental Trust	991,000	13,004,000	13,005,000	26,009,000
Great Lakes Protection		200,000	-0-	200,000
TOTAL	\$991,000	\$337,782,000	\$315,004,000	\$653,777,000

APPROPRIATIONS
Available for the Year
Ending June 30

2000	2001
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Sec. 2. POLLUTION CONTROL AGENCY

Subdivision 1. Total Appropriation	\$ 53,254,000	\$ 48,351,000
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Summary by Fund

General	16,484,000	16,653,000
Petroleum Tank	3,333,000	3,393,000
State Government		
Special Revenue	44,000	45,000
Environmental	26,540,000	21,328,000
Solid Waste	6,853,000	6,932,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Protection of the Water

15,418,000	15,908,000
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Summary by Fund

General	12,508,000	12,687,000
State Government		
Special Revenue	44,000	45,000
Environmental	2,616,000	3,176,000
Petroleum Tank	250,000	-0-

\$200,000 the first year and \$200,000 the second year are for individual sewage treatment system (ISTS) grants. Any unexpended balance in the first year does not cancel, but is available in the second year.

\$1,375,000 the first year and \$1,375,000 the second year are for grants to local units of government for the clean water partnership program for phase II implementation projects. If the balance in either year is insufficient, the balance remaining in the other year is available for it.

\$265,000 the second year is for feedlot grants for county administration of the feedlot permit program, including inventories. These amounts are transferred to the board of water and soil resources for disbursement in accordance with Minnesota

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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. Any money remaining after the first year is available for the second year.

\$496,000 the second year is from the environmental fund contingent upon adoption of feedlot rule changes for staff and associated expenses for purposes of addressing issues relating to feedlots to improve water quality.

\$375,000 the first year and \$375,000 the second year are for total maximum daily load allocation studies to improve water quality.

\$250,000 the first year 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.

\$200,000 the first year and \$200,000 the second year are for a grant to the University of Minnesota center for rural technology and cooperative development for the continued development of water quality cooperatives that own or control alternative discharging sewage systems as defined in Minnesota Statutes, section 115.58, subdivision 1. The university must study and prepare a report to the legislature on the barriers to financing and permitting cost-effective innovative or alternative sewage treatment technologies, systems, methods, and processes under existing statutes, agency rules, and practices, and on the potential

APPROPRIATIONS
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Ending June 30
2000 2001

for such treatment technologies for reducing point and nonpoint sources of water pollution. As a condition of this grant, the university must submit a work program and submit semiannual progress reports as provided in Minnesota Statutes, section 116P.05, subdivision 2, paragraph (c). This is a one-time appropriation.

\$100,000 for the biennium is for a grant to 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.

Subd. 3. Protection of the Air

7,871,000 8,023,000

Summary by Fund

General	181,000	142,000
Environmental	7,690,000	7,881,000

\$181,000 the first year and \$142,000 the second year are for mercury reduction strategies other than education programs.

Subd. 4. Protection of the Land

23,008,000 16,882,000

Summary by Fund

General	1,722,000	1,746,000
Petroleum Tank	2,891,000	2,951,000
Environmental	12,678,000	6,417,000
Solid Waste	5,717,000	5,768,000

All money in the environmental response, compensation, and compliance account in the environmental fund not otherwise appropriated is appropriated to the commissioners of the pollution control agency and the department of agriculture for purposes of Minnesota Statutes, section 115B.20, subdivision 2, clauses (1), (2), (3), (4), (10), (11), and (12). At the beginning of each fiscal year, the two commissioners shall jointly submit an annual spending plan to the commissioner of finance that maximizes the utilization of resources and appropriately allocates the money between the two agencies. This appropriation is available until June 30, 2001.

\$136,000 the first year and \$139,000 the second year are from the solid waste fund for staff and associated expenses related to permitting, compliance, and response actions at eligible facilities under Minnesota Statutes, section 473.845.

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All money in the metropolitan landfill abatement account in the environmental fund not otherwise appropriated is appropriated to the office of environmental assistance for the purposes of Minnesota Statutes, section 473.844.

Notwithstanding Minnesota Statutes, section 115A.54, subdivision 2, paragraph (h), and rules of the office of environmental assistance, an applicant that receives a grant from money appropriated in Laws 1998, chapter 404, section 8, for less than 25 percent of the total capital costs of a project may be issued a second grant for capital costs of the project from other money appropriated for capital assistance grants. For the purpose of the grants issued under this item, each grant phase of the project shall be considered a separate project, but not for purposes of determining the maximum grant assistance as provided in Minnesota Statutes, section 115A.54, subdivision 2a.

Sec. 4. ZOOLOGICAL BOARD

7,349,000

7,429,000

\$1,900,000 the first year and \$1,900,000 the second year are for operation of the zoo. This is a one-time appropriation.

The zoological board must submit a report to the governor and legislature by February 1, 2000, analyzing alternative governing structures, including, but not limited to, conversion to a private nonprofit or local governmental entity. The report must include analysis of the impact on ownership of the facility, impacts on employees, and ongoing costs to the state related to any changes in governance structure. Release of the 2001 appropriation is contingent upon making significant progress toward financial self-sufficiency.

Notwithstanding Laws 1994, chapter 643, section 27, subdivision 2, as amended by Laws 1996, chapter 463, section 54, the zoological board may institute an admission fee increase before April 1, 2000.

The director must determine and report to the environmental finance committees of the legislature on whether altering the hours and dates of operation would reduce the zoo's operating deficit by February 1, 2000.

Sec. 5. NATURAL RESOURCES

Subdivision 1. Total Appropriation

206,955,000

204,135,000

Summary by Fund

General	117,259,000	114,106,000
Natural Resources	24,683,000	23,908,000
Game and Fish	64,913,000	66,021,000
Solid Waste	100,000	100,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

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programs must meet or exceed the requirements of state shoreland, floodplain, and wild and scenic river laws. The joint powers board must seek available federal funding, and funding or in-kind services from organizations and local units of government to complete the plan and implement the program.

\$1,100,000 the first year and \$500,000 the second year are for grants to local units of government located within the Red River Basin to develop comprehensive watershed plans, to establish agency interdisciplinary teams for each watershed in the Red River Valley, and to establish and maintain a basin repository including data on flood flows and water supply.

\$118,000 is for a grant to the city of Thief River Falls to finish dredging projects within the city on the Red Lake river and the Thief river. This appropriation is in addition to the appropriation in Laws 1997, chapter 216, section 5, subdivision 3. This appropriation is available to the extent matched by an equal amount of nonstate money until June 30, 2001. This is a one-time appropriation.

\$1,000,000 the first year is for the construction of ring dikes under Minnesota Statutes, section 103F.161. The ring dikes may be publicly or privately owned. This is a one-time appropriation.

\$1,400,000 is transferred to the general fund the first year from the special account established in Minnesota Statutes, section 103G.271, subdivision 6, paragraph (g).

Notwithstanding Minnesota Statutes, section 103G.271, subdivision 6, paragraph (g), all water appropriation fees collected from July 2, 1999, to June 30, 2001, shall be deposited in the general fund.

\$20,000 the first year is for a feasibility study of raising the control elevation of Coon Lake in Anoka county. The study must be completed by February 1, 2000.

Subd. 4. Forest Management

33,840,000	34,565,000
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Summary by Fund

General	33,387,000	34,101,000
Natural Resources	453,000	464,000

\$3,500,000 the first year and \$3,500,000 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,

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\$3,819,000 the first year and \$3,819,000 the second year are from the snowmobile trails and enforcement account in the natural resources fund for snowmobile grants-in-aid.

\$400,000 is to construct a snowmobile trail to connect the Willard Munger state trail at Hermantown to the North Shore state trail in Duluth. This is a one-time appropriation.

\$120,000 the first year is for the planning, development, and construction of the Gitchi-Gami trail on the north shore of Lake Superior. The trail must be designed primarily for hiking and bicycling and must connect communities, state parks, and other points of interest along the north shore. This is a one-time appropriation.

\$550,000 is to develop nonpaved alternative trails that are adjacent to Heartland and Paul Bunyan state trails. This is a one-time appropriation.

\$175,000 is for a grant to the Ramsey county board of commissioners and the Washington county board of commissioners to cooperatively develop a master plan, with the cooperation and assistance of the Minnesota parks and trails council, for a trail around Silver Lake, a White Bear Lake to Stillwater regional trail, a trail and route around White Bear Lake and trail connections with the Gateway trail and other state or regional trails within the counties. The master plan must be developed with the cities of North St. Paul, Maplewood, Oakdale, Birchwood, Dellwood, Mahtomedi, and White Bear Lake, White Bear township, and the departments of natural resources and transportation.

\$1,500,000 the first year and \$75,000 the second year are from the natural resources fund to plan, acquire, develop, and operate the Iron Range off-highway vehicle recreation area. The first year appropriation is one-time and available until expended. Of the amount appropriated the first year, \$750,000 is from the all-terrain vehicle account, \$600,000 is from the off-road vehicle account, and \$150,000 is from the off-highway motorcycle account. Of the amount appropriated in the second year, \$40,000 is from the all-terrain vehicle account, \$30,000 is from the off-road account, and \$5,000 is from the off-highway motorcycle account. The appropriations are available until expended.

\$360,000 the first year and \$660,000 the second year are from the natural resources fund for expansion of off-highway vehicle facilities. Of these amounts, \$144,000 the first year and \$264,000 the second year are from the all-terrain vehicle account, \$54,000 the first year and \$99,000 the second year are from the off-highway motorcycle account, and \$162,000 the first year and \$297,000 the second year are from the off-road vehicle account in the natural resources fund.

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\$668,000 the first year and \$673,000 the second year are from the waterfowl habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 2.

\$652,000 the first year and \$654,000 the second year are from the trout and salmon management account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 3.

\$545,000 the first year and \$545,000 the second year are from the pheasant habitat improvement account for only the purposes specified in Minnesota Statutes, section 97A.075, subdivision 4. In addition to the purposes specified in Minnesota Statutes, section 97A.075, subdivision 4, this appropriation may be used for pheasant restocking efforts.

\$1,565,000 the first year and \$1,565,000 the second year are for field operation costs associated with the division of wildlife and fish. Eighty-five percent of this appropriation must be used for regional field operations. The commissioner must provide a report by February 1, 2000, to the legislative finance committees on natural resources on how and where the money for regional field operations has been spent.

\$530,000 the first year and \$530,000 the second year are for expansion of the walleye stocking program. \$320,000 each year must be used for the purchase of fingerlings.

\$160,000 the first year is split equally for a joint development with the office of tourism to develop a Minnesota river valley birding trail and a Mississippi river valley birding trail, with the assistance of the Minnesota Audubon Society. The Mississippi river parkway commission also shall assist with the Mississippi river valley birding trail. A work plan for each trail must be developed by the department of natural resources and approved by the legislative commission on Minnesota resources. The appropriation is available for the biennium ending June 30, 2001.

Subd. 8. Enforcement

20,884,000 21,331,000

Summary by Fund

General	3,572,000	3,645,000	
Natural Resources	3,926,000	3,982,000	
Game and Fish	13,286,000	13,604,000	
Solid Waste	100,000	100,000	

\$1,082,000 the first year and \$1,082,000 the second year are from the water recreation account in the natural resources fund for grants to counties for boat and water safety.

\$130,000 the first year and \$130,000 the second year are to continue the enforcement community liaison officers program.

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\$100,000 the first year and \$100,000 the second year are to maintain the state parks Southeast Asian environmental education program. This is a one-time appropriation.

At least one-half of the base budget reductions for the biennium must be made in the department's central office.

Sec. 6. BOARD OF WATER AND SOIL RESOURCES

19,006,000

18,559,000

\$1,268,000 the first year and \$1,268,000 the second year are for the administrative costs of easement programs.

\$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.

\$32,000 is for a grant to the Blue Earth county soil and water conservation district for stream bank stabilization on the LeSueur river within the city limits of St. Clair. This is a one-time appropriation.

\$500,000 the first year and \$500,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts under Minnesota Statutes, section 103C.501. This appropriation is one-time and is available until expended.

\$5,443,000 the first year and \$5,443,000 the second year are for natural resources block grants to local governments.

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 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. The appropriation is in addition to any money distributed under Minnesota Statutes, section 103C.401, subdivision 2.

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\$500,000 is for a grant to the Minneapolis parks and recreation board to mitigate flooding, restore and stabilize the shoreline, and provide for wetland replacement at Lake of the Isles. This is a one-time appropriation.

\$50,000 the first year and \$50,000 the second year are for the Blue Earth river basin initiative in Minnesota Statutes, sections 103F.191 to 103F.197. This is a one-time appropriation.

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.

Sec. 7. CITIZENS COUNCIL ON VOYAGEURS NATIONAL PARK

66,000 -0-

The council's duties shall expire on June 30, 2000.

Sec. 8. SCIENCE MUSEUM OF MINNESOTA

1,199,000 1,235,000

Sec. 9. MINNESOTA-WISCONSIN BOUNDARY AREA COMMISSION

-0- -0-

Sec. 10. MINNESOTA ACADEMY OF SCIENCE

41,000 41,000

Sec. 11. TRANSPORTATION

200,000 -0-

\$200,000 is for a grant to the city of Savage or Scott county, or both, for engineering and environmental studies relating to the extension of Scott county state-aid highway No. 27 in the vicinity of the Savage fen wetlands complex. This is a one-time appropriation.

Sec. 12. ADMINISTRATION

200,000 200,000

\$200,000 the first year and \$200,000 the second year are for a grant to the Minnesota Children's Museum to fund Project GreenStart. The appropriation shall be used to enhance curricular programming, expand community outreach, and continue development of exhibit-based education. This is a one-time appropriation.

Sec. 13. MINNESOTA RESOURCES

Subdivision 1. Total Appropriation

28,381,000 13,835,000

Summary by Fund

Minnesota Future Resources Fund

15,177,000 830,000

Environment and Natural Resources Trust Fund

991,000 13,004,000 13,005,000

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Great Lakes Protection Account

	200,000	-0-
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Appropriations from the Minnesota future resources fund and the Great Lakes protection account are available for either year of the biennium.

For appropriations from the environment and natural resources trust fund, any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

Unless otherwise provided, the amounts in this section are available until June 30, 2001, when projects must be completed and final products delivered.

Subd. 2. Definitions

(a) "Future resources fund" means the Minnesota future resources fund referred to in Minnesota Statutes, section 116P.13.

(b) "Trust fund" means the Minnesota environment and natural resources trust fund referred to in Minnesota Statutes, section 116P.02, subdivision 6.

(c) "Great Lakes protection account" means the account referred to in Minnesota Statutes, section 116Q.02.

Subd. 3. Legislative Commission on Minnesota Resources

	583,000	284,000
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Summary by Fund

Future Resources		
Fund	300,000	-0-
Trust Fund	283,000	284,000

\$300,000 is from the future resources fund and \$283,000 the first year and \$284,000 the second year are from the trust fund, pursuant to Minnesota Statutes, section 116P.09, subdivision 5.

Subd. 4. Recreation

	8,862,000	3,550,000
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Summary by Fund

Future Resources		
Fund	6,142,000	830,000
Trust Fund	2,720,000	2,720,000

(a) Local Initiatives Grants Program

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This appropriation is to the commissioner of natural resources to provide matching grants, as follows:

(1) \$1,978,000 is from the future resources fund to local units of government for local park and recreation areas of up to \$250,000 notwithstanding Minnesota Statutes, section 85.019. \$50,000 is to complete the Larue Pit Recreation Development. \$28,000 is to the city of Hitterdal for park construction at Lake Flora. \$460,000 is available immediately upon enactment.

(2) \$435,000 the first year and \$435,000 the second year are from the trust fund to local units of government for natural and scenic areas pursuant to Minnesota Statutes, section 85.019.

(3) \$1,484,000 is from the future resources fund for trail grants to local units of government on land to be maintained for at least 20 years for the purposes of the grant. \$500,000 is for grants of up to \$50,000 per project for trail linkages between communities, trails, and parks, and \$720,000 is for grants of up to \$250,000 for locally funded trails of regional significance outside the metropolitan area. \$54,000 is to the Department of Natural Resources for planning and archaeological costs to develop a multiuse trail connecting the Douglas Trail in Rochester with Chester Woods County Park and the cities of Eyota and Dover. \$50,000 is to the upper Minnesota River valley regional development commission for the preliminary design and engineering of a single segment of the Minnesota River trail from Appleton to the Milan Beach on Lake Lac Qui Parle. \$160,000 is to the Department of Natural Resources to resurface four miles of recreational trail from the town of Milan to Lake Lac Qui Parle in Chippewa county.

(4) \$305,000 the first year and \$305,000 the second year are from the trust fund for a statewide conservation partners program, to encourage private organizations and local governments to cost share improvement of fish, wildlife, and native plant habitats and research and surveys of fish and wildlife. Conservation partners grants may be up to \$20,000 each. \$10,000 is for an agreement with the Canby Sportsman's Club for shelterbelts for habitat and erosion control.

(5) \$100,000 the first year and \$100,000 the second year are from the trust fund for environmental partnerships program grants of up to \$20,000 each for environmental service projects and related education activities through public and private partnerships.

In addition to the required work program, grants may not be approved until grant proposals to be funded have been submitted to the legislative commission on Minnesota resources and the commission has approved the grants or allowed 60 days to pass. The commission shall monitor the grants for approximate balance over extended periods of time between the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, and the nonmetropolitan area through work program oversight and

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periodic allocation decisions. For the purpose of this paragraph, the match must be nonstate contributions, but may be either cash or in-kind. Recipients may receive funding for more than one project in any given grant period. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program. If a project financed under this program receives a federal grant, the availability of the financing from this subdivision for that project is extended to equal the period of the federal grant.

(b) Mesabi Trail Land Acquisition and Development - Continuation

\$1,000,000 is from the future resources fund to the commissioner of natural resources for an agreement with St. Louis and Lake Counties Regional Rail Authority for the fourth biennium to develop and acquire segments of the Mesabi trail and procure design and engineering for trail heads and enhancements. This appropriation must be matched by at least \$1,000,000 of nonstate money. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) Kabetogama to Ash River Community Trail System

\$100,000 is from the future resources fund to the commissioner of natural resources for an agreement with Kabetogama Lake Association in cooperation with the National Park Service for trail construction linking Lake Kabetogama, Ash River, and Voyagers National Park. This appropriation must be matched by at least \$100,000 of nonstate money.

This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(d) Mesabi Trail Connection

\$80,000 is from the future resources fund to the commissioner of natural resources for an agreement with the East Range Joint Powers Board to develop trail connections to the Mesabi Trail with the communities of Aurora, Hoyt Lakes, and White. This appropriation must be matched by at least \$80,000 of nonstate money. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(e) Dakota County Bikeway Mapping

\$15,000 is from the future resources fund to the metropolitan council for an agreement with Dakota county to cost share the integration of digital elevation information in the Dakota county geographic information system database with trail and bikeway routes and develop maps for trail and bikeway users.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(f) Mississippi Riverfront Trail and Access

\$155,000 is from the future resources fund to the commissioner of natural resources for an agreement with the city of Hastings to acquire and restore the public access area and to complete the connecting riverfront trail from the public access to lock and dam number two adjacent to Lake Rebecca. This appropriation must be matched by at least \$155,000 of nonstate money.

(g) Management and Restoration of Natural Plant Communities on State Trails

\$75,000 the first year and \$75,000 the second year are from the trust fund to the commissioner of natural resources to manage and restore natural plant communities along state trails under Minnesota Statutes, section 85.015

(h) Gitchi-Gami State Trail

\$275,000 the first year and \$275,000 the second year are from the trust fund to the commissioner of natural resources for construction of the Gitchi-Gami state trail through Split Rock State Park. The commissioner must submit grant requests for supplemental funding for federal TEA-21 money in eligible categories and report the results to the legislative commission on Minnesota resources. All segments of the trail must become part of the state trail system. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(i) State Park and Recreation Area Acquisition, Development, Betterment, and Rehabilitation

\$500,000 the first year and \$500,000 the second year are from the trust fund to the commissioner of natural resources as follows: (1) for state park and recreation area acquisition, \$500,000; and (2) for state park and recreation area development, rehabilitation, and resource management, \$500,000, unless otherwise specified in the approved work program. The use of the Minnesota conservation corps is encouraged. The commissioner must submit grant requests for supplemental funding for federal TEA-21 money in eligible categories and report the results to the legislative commission on Minnesota resources. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(j) Interpretive Boat Tours of Hill Annex Mine State Park

\$30,000 the first year and \$30,000 the second year are from the trust fund to the commissioner of natural resources to add interpretive boat excursion tours of the mine. The project will include purchase and equipping of a craft and development of a landing area.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

(k) Metropolitan Regional Parks Acquisition, Rehabilitation, and Development

\$1,000,000 the first year and \$1,000,000 the second year are from the trust fund to the metropolitan council for subgrants for acquisition, development, and rehabilitation in the metropolitan regional park system, consistent with the metropolitan council regional recreation open space capital improvement plan. This appropriation may be used for the purchase of homes only if the purchases are expressly included in the work program approved by the legislative commission on Minnesota resources. The metropolitan council shall collect and digitize all local, regional, state, and federal parks and all off-road trails with connecting on-road routes for the metropolitan area and produce a printed map that is available to the public. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(l) Como Park Campus Maintenance

\$500,000 is from the future resources fund to the department of finance for a grant to the city of St. Paul for a subsidy for the maintenance of live plant and animal exhibits for the zoo and the conservatory at the Como Park campus.

(m) Snowmobile Grants-in-Aid and DNR Operations

\$550,000 the first year and \$550,000 the second year are from the trust fund to the commissioner of natural resources for snowmobile grants-in-aid.

\$280,000 the first year and \$280,000 the second year are from the trust fund to the commissioner of natural resources for trails and waterways snowmobile operations.

Subd. 5. Historic	477,000	213,000
Summary by Fund		
Future Resources		
Fund	265,000	-0-
Trust Fund	212,000	213,000

(a) Using National Register Properties to Interpret Minnesota History

\$90,000 is from the future resources fund to the Minnesota Historical Society to create interactive, mini-documentaries in Internet format using the National Register properties to interpret selected themes in Minnesota history.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(b) Historic Site Land Acquisition

\$87,000 the first year and \$88,000 the second year are from the trust fund to the Minnesota Historical Society to purchase land adjacent to the Lower Sioux Agency, Jeffers Petroglyphs, and Oliver Kelley Farm sites to protect the historic resources. Allocation of dollars between the three sites shall be determined based on the willingness of sellers and reasonable purchase prices at the respective sites. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(c) Gibbs Farm Museum Interpretation

\$150,000 is from the future resources fund to the Minnesota Historical Society for an agreement with Ramsey County Historical Society to build and furnish replica structures of historic lifestyles and land use of the Dakota and pioneers.

(d) Traverse des Sioux Site Development

\$125,000 the first year and 125,000 the second year are from the trust fund to the Minnesota Historical Society to improve public access to state historic site Traverse des Sioux including trails, interpretive markers, and basic visitor amenities.

(e) Old Wadena Historic Site Development

\$25,000 is from the future resources fund to the Minnesota Historical Society for an agreement with Wah De Nah Historic and Environmental Learning Project to develop a footbridge, archaeological survey, and educational programs. This appropriation must be matched by at least \$6,000 of nonstate money.

Subd. 6. Water Quality

1,730,000	730,000
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Summary by Fund

Future Resources		
Fund	1,000,000	-0-
Trust Fund	730,000	730,000

(a) On-Site Sewage Treatment Alternatives; Performance, Outreach and Demonstration - Continuation

\$275,000 the first year and \$275,000 the second year are from the trust fund to the commissioner of the pollution control agency for the third biennium to monitor previously built test sites for pathogen removal and other parameters for indicators of treatment efficiency, to determine maintenance needs and system longevity, and to pursue the establishment of cooperative demonstration projects.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

(b) Identification of Sediment Sources in Agricultural Watersheds

\$175,000 the first year and \$175,000 the second year are from the trust fund to the Science Museum of Minnesota to quantify the contribution of streambank erosion versus overland erosion sources to riverine suspended sediment concentrations. This appropriation must be matched by at least \$90,000 of nonstate money.

(c) Accelerated Statewide Local Water Plan Implementation

\$1,000,000 is from the future resources fund to the board of water and soil resources to accelerate the local water planning challenge grant program under Minnesota Statutes, section 103B.3361, to assist in the implementation of high priority activities in comprehensive water management plans on a cost-share basis. \$140,000 is to St. Louis county to inventory and evaluate existing sewage treatment systems. \$75,000 is to the Whitefish Area Property Owners Association in cooperation with Crow Wing county to inspect all lakeshore properties on the Whitefish chain of lakes for conformance with septic system requirements. \$50,000 is to Chisago county to develop sustainable wastewater treatment alternatives which must be matched by at least \$30,000 of nonstate money.

(d) Tracking Sources of Fecal Pollution Using DNA Techniques

\$150,000 the first year and \$150,000 the second year are from the trust fund to the University of Minnesota to define sources of fecal pollution in waters.

(e) Groundwater Flow in the Prairie du Chien Aquifer

\$55,000 the first year and \$55,000 the second year are from the trust fund to the University of Minnesota to characterize groundwater flow within the Prairie du Chien Formation.

(f) Erosion Impacts on the Cannon Valley Big Woods

\$75,000 the first year and \$75,000 the second year are from the trust fund to the University of Minnesota in cooperation with the Big Woods Project to determine historical and future effects of land practices on soil erosion levels and develop land management tools in the big woods ecosystem in Rice county.

Subd. 7. Agriculture and Natural Resource Based Industries

	4,568,000	1,132,000
	Summary by Fund	
Future Resources		
Fund	3,435,000	-0-
Trust Fund	1,133,000	1,132,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(a) Green Forest Certification Project

\$75,000 the first year and \$75,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Institute for Agriculture and Trade Policy to certify foresters and to evaluate private forest lands for green certification.

(b) Accelerated Transfer of New Forest - Research Findings

\$58,000 the first year and \$57,000 the second year are from the trust fund to the University of Minnesota to accelerate educational programming by the sustainable forest education cooperative on the practical application of landscape-level analysis in site-level forest management.

(c) Minnesota Wildlife Tourism Initiative

\$125,000 the first year and \$125,000 the second year are from the trust fund to the commissioner of natural resources to develop, implement, and evaluate a project focusing on wildlife tourism as a sustainable industry in Minnesota in cooperation with the office of tourism.

(d) Integrated Prairie Management

\$175,000 the first year and \$175,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the University of Minnesota and Clay county in a cooperative project for an aggregate resource inventory on public lands, prairie restoration and research, and stewardship plans for management options. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(e) Improved Agricultural Systems Overlying Sensitive Aquifers in Southwestern Minnesota

\$200,000 is from the future resources fund to the commissioner of agriculture for an agreement with the University of Minnesota, Southwest Experiment Station, to provide technical support, research, systems evaluation, and advisory teams to protect sensitive alluvial aquifers threatened by nitrate contamination in southwest Minnesota.

(f) Diversifying Agriculture for Environmental, Economic, and Social Benefits

\$200,000 the first year and \$200,000 the second year are from the trust fund to the University of Minnesota to research new plant materials and crop management systems for diversification.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(g) Commercial Fertilizer Plant for Livestock Solid Waste Processing

\$400,000 is from the future resources fund to the agricultural utilization research institute for an agreement with AquaCare International, Inc. to establish a commercial grade fertilizer plant that will enhance and process animal wastewater solids through micronization technology. This appropriation must be matched by at least \$425,000 of nonstate money. As a condition of receiving this appropriation, AquaCare International, Inc. must agree to pay to the state a royalty. Notwithstanding Minnesota Statutes, section 116P.10, the royalty must be two percent of gross revenues accruing to AquaCare International, Inc. from this application of micronization technology. Receipts from the royalty must be credited to the fund.

(h) Preservation of Native Wild Rice Resource

\$200,000 is from the future resources fund to the commissioner of natural resources for an agreement with Leech Lake Reservation to analyze critical factors in different northern rice habitats and determine methods to preserve the natural diversity of wild rice. This appropriation must be matched by at least \$45,000 of nonstate money.

(i) Wild Rice Management Planning

\$200,000 is from the future resources fund to the commissioner of natural resources for an agreement with the Boise Forte Band of Chippewa to develop databases and management plans for northern wild rice lakes. This appropriation must be matched by at least \$20,000 of nonstate money.

(j) Mesabi Iron Range, Water and Mineral Resource Planning

\$200,000 the first year and \$200,000 the second year are from the trust fund to the commissioner of natural resources. \$125,000 the first year and \$125,000 the second year are from the trust fund to the University of Minnesota to develop and assemble essential data on stockpile composition and ownership, complete hydrogeologic base maps, site and design an overflow outlet, and distribute results to local government and industry. This project is to be coordinated by the Range Association of Municipalities and Schools. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(k) Sustainable Aquaculture Development in Minnesota

\$130,000 is from the future resources fund to the commissioner of agriculture in cooperation with the University of Minnesota to develop, demonstrate, and evaluate prototypes of aquaponic systems that operate in an urban environment and use a combination of aquacultural and hydroponic techniques to produce fish and plants for human consumption. \$55,000 is from the future resources fund to the commissioner of agriculture in

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

cooperation with the MinAqua Fisheries Cooperative, with assistance from the University of Minnesota, for the purchase, operation, and demonstration of ozonation equipment for water treatment and conditioning in large recirculating aquaculture systems. These appropriations are available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program. As a condition of receiving this appropriation, MinAqua Fisheries Cooperative must agree to pay to the state a royalty. Notwithstanding Minnesota Statutes, section 116P.10, the royalty must be two percent of the gross revenues accruing to MinAqua Fisheries Cooperative from this application of ozonation technology. Receipts from the royalty must be credited to the fund.

(l) Sustainable Farming Systems - Continuation

\$350,000 is from the future resources fund to the University of Minnesota, Minnesota Institute for Sustainable Agriculture, for on-farm and experiment station research, documentation and dissemination of information on alternative farm practices in order to integrate recent scientific advances, improve farm efficiencies, promote profitability, and to enhance environmental quality.

(m) Sustainable Livestock Systems

\$350,000 is from the future resources fund to the commissioner of agriculture for an agreement with the University of Minnesota, West Central Experiment Station, for on-farm research and education programs to support small- to moderate-scale farms through whole farm planning and monitoring of forage-based livestock systems.

(n) Forest Wildlife Biologist for Ruffed Grouse

\$1,000,000 is from the future resources fund to the commissioner of natural resources for an agreement with the Ruffed Grouse Society, Inc. to fund a position and related costs for a forest wildlife biologist employed by the society that will provide technical assistance to public and private landowners for improved ruffed grouse habitat and related forest wildlife conservation. The activity funded by this appropriation must be done in collaboration with institutes of higher learning and state agencies. The amounts of this appropriation made available in each fiscal year must not exceed those stated in the work program. As a condition of receiving this appropriation, the society must demonstrate that it has created a private endowment to fund this position and related costs with nonstate money after this appropriation has been spent. The society must demonstrate that it has a sound financial plan to increase the principal of the endowment to at least \$1,000,000 of nonstate money by January 1, 2000, and to \$2,000,000 of nonstate money by June 30, 2007. The work program must provide that failure of the society to meet the goals of the financial plan on time will cause further payments from this appropriation to be

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

withheld until the goals are met. This appropriation is available until June 30, 2007, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(o) Organic Farming Training Project

\$175,000 the first year and \$175,000 the second year are from the trust fund to the commissioner of agriculture for an agreement with the Minnesota Food Association in cooperation with the Midwest Organic Alliance to recruit and train new immigrant and conventional farmers in sustainable and organic methods utilizing a mentoring approach.

(p) Construction and Demolition Waste Abatement Demonstration Project

\$250,000 is from the future resources fund to the director of the office of environmental assistance for an agreement with the Green Institute to field test building salvage strategies, expanding markets for salvaged materials, and creating a community-based enterprise model.

(q) Minnesota River Basin Initiative; Local Leadership

\$300,000 is from the future resources fund to the board of water and soil resources for a cost-share agreement with the Minnesota River Basin Joint Powers Board for landscape planning and demonstration, and restoration and management projects for the Minnesota River on a cost-share basis.

Subd. 8. Urbanization Impacts

	715,000	175,000
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Summary by Fund

Future Resources		
Fund	540,000	-0-
Trust Fund	175,000	175,000

(a) Resources for Redevelopment: A Community Property Investigation Program

\$100,000 is from the future resources fund to the pollution control agency for an agreement with the Minnesota Environmental Initiative to assess environmental contamination in up to sixteen brownfield sites statewide on a cost-share basis for each site in order to promote property redevelopment by community nonprofit organizations.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

(b) Protecting Dakota County Farmland and Natural Areas

\$100,000 the first year and \$100,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Dakota county to inventory and identify unique farmland and natural areas and to protect land through conservation easements.

(c) Urban Corridor Design

\$400,000 is from the future resources fund to the University of Minnesota to develop sustainability designs for selected urban corridors. One project must be inside the metropolitan area and one project must be outside the metropolitan area.

(d) Conservation-Based Development Program

\$75,000 the first year and \$75,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Land Trust to design four model developments and acquire conservation easements within new developments that enhance the natural, rural landscape. This appropriation must be matched by at least \$65,000 of nonstate money.

(e) Chisago Lakes Outlet Channel Project

\$40,000 is from the future resources fund to the commissioner of natural resources for an agreement with Chisago county to complete the final construction phase of the outlet channel at Chisago Lakes. This appropriation must be matched by at least \$50,000 of nonstate money.

Subd. 9. Decision-Making Tools

795,000 500,000

Summary by Fund

Future Resources		
Fund	295,000	-0-
Trust Fund	500,000	500,000

(a) Goodhue County Natural Resources Inventory and Management Plan

\$75,000 is from the future resources fund to the board of water and soil resources for an agreement with Goodhue county to inventory, evaluate, and describe natural resources and create a geographic information system-based map and database. The appropriation must be matched by at least \$50,000 of nonstate money.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

(b) Public Access to Mineral Knowledge

\$100,000 is from the future resources fund to the department of natural resources to accelerate the automation of historic mineral exploration information and to make the database accessible and searchable.

(c) Updating Outmoded Soil Surveys - Continuation

\$250,000 the first year and \$250,000 the second year are from the trust fund to the board of water and soil resources for the first biennium of a four biennia project to accelerate a statewide program to begin to update and digitize soil surveys in up to 25 counties, including Fillmore county. Participating counties must provide a cost share.

(d) Minnesota Environmentally Preferable Chemicals Project

\$75,000 the first year and \$75,000 the second year are from the trust fund to the office of environmental assistance for an agreement with the Institute for Local Self-Reliance to build an industry network of users and producers of petrochemicals and biochemicals, and to promote a shift to environmentally preferable chemicals. This appropriation must be matched by at least \$40,000 of nonstate money.

(e) GIS Utilization of Historic Timberland Survey Records

\$120,000 is from the future resources fund to the Minnesota Historical Society to digitize and distribute historic timberland survey records in a geographic information system format.

(f) By-Products Application to Agricultural, Mineland, and Forest Soils

\$175,000 the first year and \$175,000 the second year are from the trust fund to the pollution control agency for an agreement with Western Lake Superior Sanitary District to create a northeast Minnesota consortium of public utilities, wood-products, and mining industries to research environmentally sound coapplications of industrial and municipal by-products for agriculture, forestry, and mineland reclamation. This appropriation must be matched by at least \$21,000 of nonstate money.

Subd. 10. Environmental Education

2,045,000 705,000

Summary by Fund

Future Resources		
Fund	1,340,000	-0-
Trust Fund	705,000	705,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(a) Uncommon Ground: An Educational Television Series

\$200,000 the first year and \$200,000 the second year are from the trust fund to the University of Minnesota for matching funding to produce a televised series of natural landscapes chronicling two centuries of change in Minnesota.

(b) Karst Education for Southeastern Minnesota

\$60,000 the first year and \$60,000 the second year are from the trust fund to the board of water and soil resources for an agreement with the Southeast Minnesota Water Resources Board to develop teacher training workshops, educational materials, and exhibits demonstrating the connections between land use and ground water contamination in southeastern Minnesota.

(c) Accessible Outdoor Recreation

\$200,000 the first year and \$200,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with wilderness inquiry to survey facilities in at least 50 state recreation units for the Minnesota guide to universal access, develop assessments of inclusion in recreation and environmental education activities, and provide opportunities for participation. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(d) Science Outreach and Integrated Learning on Soil

\$125,000 the first year and \$125,000 the second year are from the trust fund to the Science Museum of Minnesota to develop a soils experiment center and demonstration plots to increase the awareness of soil science and soil health. This appropriation must be matched by at least \$100,000 of nonstate money. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(e) Development and Rehabilitation of Recreational Shooting Ranges

\$350,000 is from the future resources fund to the commissioner of natural resources to provide cost-share grants to local recreational shooting clubs for the purpose of developing or rehabilitating shooting sports facilities for public use. In addition to the required work program, grants may not be approved until grant proposals to be funded have been submitted to the legislative commission on Minnesota resources and the commission has approved the grants or allowed 60 days to pass.

(f) Youth Outdoor Environmental Education Program

\$100,000 is from the future resources fund to the commissioner of natural resources for an agreement with Dakota county to develop youth-at-risk environmental education programs.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

(g) Twin Cities Environmental Service Learning - Continuation

\$20,000 the first year and \$20,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Eco Education to provide training and matching grants for student service environmental learning projects. This appropriation must be matched by at least \$40,000 of nonstate money.

(h) Minnesota Whitetail Deer Resource Center Exhibits

\$400,000 is from the future resources fund to the commissioner of natural resources for an agreement with the Minnesota Deer Hunters Association to construct exhibits on whitetail deer in Minnesota. This appropriation is available to the extent matched by expenditure of nonstate money on exhibits.

(i) Sustainability Forums

\$100,000 the first year and \$100,000 the second year are from the trust fund to the office of environmental assistance for an agreement with the Minnesota Division of the Izaak Walton League of America to conduct forums for the public and local units of government on sustainability and community-based planning objectives.

(j) Minnesota River Watershed Ecology and History Exhibit

\$90,000 is from the future resources fund to the Minnesota Historical Society for an agreement with Joseph R. Brown Heritage Society to design and construct exhibits at the Joseph R. Brown Minnesota River Center.

(k) Hyland Park Environmental Center

\$200,000 is from the future resources fund to the commissioner of natural resources for an agreement with Suburban Hennepin Regional Park District for predesign and design of an environmental education center in Hyland-Bush-Anderson Lakes Regional Park Reserve.

(l) Improved Shoreland Management Education

\$200,000 is from the future resources fund to the board of water and soil resources for a long-term coordinated education program, with a full-time education coordinator, that promotes stewardship to protect state lakes and rivers through improved shoreland management.

Subd. 11. Benchmarks and Indicators

2,365,000

1,965,000

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

(g) Assessing Lake Superior Waters Off the North Shore

\$100,000 the first year and \$100,000 the second year of this appropriation are from the trust fund, and \$200,000 is from the Great Lakes protection account to the University of Minnesota Duluth for a pilot program to establish benchmark data for Lake Superior. Expenses may not include capital cost for a research vessel. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(h) Minnesota's Forest Bird Diversity Initiative - Continuation

\$225,000 the first year and \$225,000 the second year are from the trust fund to the commissioner of natural resources for the fifth biennium of a six-biennium project to establish benchmarks for using birds as ecological indicators of forest health. This appropriation must be matched by at least \$80,000 of nonstate contributions. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(i) Farm Ponds as Critical Habitats for Native Amphibians

\$125,000 the first year and \$125,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Upper Mississippi Science Center to study management practices that sustain healthy populations of amphibians in southeastern Minnesota farm ponds and to recommend monitoring methods suitable for testing amphibian habitat quality. This appropriation must be matched by at least \$200,000 of nonstate contributions. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(j) Improved Minnesota Fungus Collection and Database

\$35,000 the first year and \$35,000 the second year are from the trust fund to the University of Minnesota to consolidate and preserve fungus specimen collections and computerize the data for use in agriculture, forestry, and recreation management.

Subd. 12. Critical Lands or Habitats

4,962,000	3,572,000
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Summary by Fund

Future Resources		
Fund	1,390,000	-0-
Trust Fund	3,572,000	3,572,000

(a) Sustainable Woodlands and Prairies on Private Lands - Continuation

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

\$225,000 the first year and \$225,000 the second year are from the trust fund to the commissioner of natural resources, in cooperation with the Minnesota Forestry Association and the Nature Conservancy, to develop stewardship plans for private landowners and to implement natural resource projects by providing matching money to private landowners. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(b) National Prairie Passage; Linking Isolated Prairie Preserves

\$75,000 the first year and \$75,000 the second year are from the trust fund to the commissioner of transportation to link isolated tallgrass prairie preserves with corridors of prairie. This appropriation must be matched by at least \$600,000 of nonstate money.

(c) Greening the Metro Mississippi-Minnesota River Valleys

\$400,000 the first year and \$400,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Greening the Great River Park to implement private and public habitat projects in the Mississippi and Minnesota River Valleys. This appropriation must be matched by at least \$374,000 of nonstate money and cost sharing is required for projects on private lands. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(d) Restoring the Greater Prairie Chicken to Southwestern Minnesota

\$30,000 the first year and \$30,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with the Minnesota Prairie Chicken Society to restore the greater prairie chicken to appropriate habitat.

(e) Prairie Heritage Fund - Continuation

\$342,000 the first year and \$342,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Pheasants Forever, Inc. to acquire and develop land for prairie grasslands and wetlands to be donated to the public. The land must be open and accessible to the public. This appropriation must be matched by at least \$500,000 of money. In addition to the required work program, parcels may not be acquired until parcel lists have been submitted to the legislative commission on Minnesota resources and the commission has approved the parcel list or allowed 60 days to pass.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(f) Public Boat Access and Fishing Piers

\$500,000 the first year and \$500,000 the second year are from the trust fund, and \$610,000 is from the future resources fund to the commissioner of natural resources for increased access to lakes and rivers statewide through the provision of public boat access, fishing piers, and shoreline access, with approximately equal allocations for the Twin Cities metropolitan area and the remainder of the state. These appropriations are available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program. \$212,000 of the appropriation from the future resources fund is available immediately upon enactment.

(g) Arboretum Land Acquisition and Wetlands Restoration - Continuation

\$350,000 the first year and \$350,000 the second year are from the trust fund to the University of Minnesota for an agreement with the University of Minnesota Landscape Arboretum Foundation for the third biennium for land acquisition. The priority is to acquire approximately 40 acres of land within the Arboretum boundary before completing the Spring Peeper Meadow wetland restoration. This appropriation must be matched by at least \$700,000 of nonstate money.

(h) Native Prairie Prescribed Burns

\$225,000 the first year and \$225,000 the second year are from the trust fund for a grant to the commissioner of natural resources for an agreement with the Nature Conservancy for prescribed burns of native prairie on state wildlife lands.

(i) RIM Shoreland Stabilization

\$175,000 the first year and \$175,000 the second year are from the trust fund to the commissioner of natural resources to complete the high priority bank stabilization on Lake Winnibigoshish and, if additional match money becomes available, to begin similar work on Lac Qui Parle Lake. This appropriation must be matched by at least \$56,000 of nonstate money, and is available until June 30, 2002, when the project must be completed and final products delivered, unless an earlier date is specified in the work program.

(j) Enhancing Canada Goose Hunting Opportunities for Recreation and Management Purposes

\$340,000 is from the future resources fund to the commissioner of natural resources for an agreement with Geese Unlimited to purchase leases and provide observational and hunting blinds for the public using volunteer labor.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(k) Nongame Wildlife Management

\$1,000,000 the first year and \$1,000,000 the second year are appropriated from the trust fund to the commissioner of natural resources for the purpose of nongame wildlife management.

(l) Wildlife Habitat Acquisition and Development

\$250,000 the first year and \$250,000 the second year are from the trust fund to the commissioner of natural resources to acquire and protect land and to make improvements of a capital nature for the Chub lake natural area. The appropriation is available until expended and must be matched by federal or local funds totaling \$500,000.

(m) Trout Stream Protection

\$440,000 is from the future resources fund to the commissioner of natural resources for trout stream protection.

Subd. 13. Native Species Planting

905,000	635,000
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Summary by Fund

Future Resources Fund	270,000	-0-
Trust Fund	635,000	635,000

(a) Minnesota Releaf Matching Grant Program - Continuation

\$290,000 the first year and \$290,000 the second year of this appropriation are from the trust fund, and \$270,000 is from the future resources fund to the commissioner of natural resources for the fourth biennium, with at least \$210,000 for matching grants to local communities to protect native oak forests from oak wilt and to provide technical assistance and cost sharing with communities for tree planting and community forestry assessments. The appropriation from the future resources fund is available immediately upon enactment.

(b) Landscaping for Wildlife and Nonpoint Source Pollution Prevention

\$75,000 the first year and \$75,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with St. Paul Neighborhood Energy Consortium to work with urban and suburban communities to expand native species planting through residential landscaping and cooperative neighborhood projects. The activities must include participant cost sharing. This appropriation must be matched by at least \$24,000 of nonstate money.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

(c) Lakescaping for Wildlife and Water Quality Initiative

\$70,000 the first year and \$70,000 the second year are from the trust fund to the commissioner of natural resources in cooperation with the Minnesota Lakes Association to promote lakescaping for wildlife and water quality through workshops, demonstration sites, and a registry program for lakeshore owners. The activities must include participant cost sharing.

(d) Development and Assessment of Oak Wilt Biological Control Technologies - Continuation

\$100,000 the first year and \$100,000 the second year are from the trust fund to the University of Minnesota to evaluate biocontrol efficacy, spore mat production, and root graft barrier guidelines for oak wilt, in cooperation with the department of agriculture.

(e) Restoring Ecological Health to St. Paul's Mississippi River Bluffs

\$100,000 the first year and \$100,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Friends of the Parks and Trails of St. Paul and Ramsey County to inventory and restore native species, and to plan for critical greenways and natural area habitat. This appropriation is available until June 30, 2002, at which time the project must be completed and final products delivered, unless an earlier date is specified in the work program.

Subd. 14. Native Fish

229,000	229,000
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Summary by Fund

Trust Fund	229,000	229,000
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(a) Mussel Resource Survey

\$200,000 the first year and \$200,000 the second year are from the trust fund to the commissioner of natural resources for the first biennium of a three-biennium project to survey mussels statewide for resource management.

(b) Freshwater Mussel Resources in the St. Croix River

\$29,000 the first year and \$29,000 the second year are from the trust fund to the commissioner of natural resources for an agreement with Macalester College to continue refugia studies and assess populations for freshwater mussels.

Subd. 15. Exotic Species

145,000	145,000
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APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Subd. 18. Match Requirements

Unless specifically authorized, appropriations in this section that must be matched and for which the match has not been committed by December 31, 1999, are canceled, and in-kind contributions may not be counted as match.

Subd. 19. Payment Conditions and Capital Equipment Expenditures

All agreements, grants, or contracts referred to in this section must be administered on a reimbursement basis. Notwithstanding Minnesota Statutes, section 16A.41, expenditures made on or after July 1, 1999, or the date the work program is approved, whichever is later, are eligible for reimbursement. Payment must be made upon receiving documentation that project-eligible reimbursable amounts have been expended, except that reasonable amounts may be advanced to projects in order to accommodate cash flow needs. The advances must be approved as part of the work program. No expenditures for capital equipment are allowed unless expressly authorized in the project work program.

Subd. 20. Purchase of Recycled and Recyclable Materials

A political subdivision, public or private corporation, or other entity that receives an appropriation in this section must use the appropriation in compliance with Minnesota Statutes, sections 16B.121 to 16B.123, requiring the purchase of recycled, repairable, and durable materials, the purchase of uncoated paper stock, and the use of soy-based ink, the same as if it were a state agency.

Subd. 21. Energy Conservation

A recipient to whom an appropriation is made in this section for a capital improvement project shall ensure that the project complies with the applicable energy conservation standards contained in law, including Minnesota Statutes, sections 216C.19 to 216C.21, and rules adopted thereunder. The recipient may use the energy planning and intervention and energy technologies units of the commissioner of public service to obtain information and technical assistance on energy conservation and alternative energy development relating to the planning and construction of the capital improvement project.

Subd. 22. Accessibility

New structures must be shown to meet the design standards in the Americans with Disability Act Accessibility Guidelines. Nonstructural facilities such as trails, campgrounds, picnic areas, parking, play areas, water sources, and the access routes to these features should be shown to be designed using guidelines in the Recommendations for Accessibility Guidelines: Recreational Facilities and Outdoor Developed Areas.

Sec. 15. Minnesota Statutes 1998, section 14.386, is amended to read:

14.386 [PROCEDURE FOR ADOPTING EXEMPT RULES; DURATION.]

(a) A rule adopted, amended, or repealed by an agency, under a statute enacted after January 1, 1997, authorizing or requiring rules to be adopted but excluded from the rulemaking provisions of chapter 14 or from the definition of a rule, has the force and effect of law only if:

- (1) the revisor of statutes approves the form of the rule by certificate;
- (2) the office of administrative hearings approves the rule as to its legality within 14 days after the agency submits it for approval and files two copies of the rule with the revisor's certificate in the office of the secretary of state; and
- (3) a copy is published by the agency in the State Register.

A statute enacted after January 1, 1997, authorizing or requiring rules to be adopted but excluded from the rulemaking provisions of chapter 14 or from the definition of a rule does not excuse compliance with this section unless it makes specific reference to this section.

(b) A rule adopted under this section is effective for a period of two years from the date of publication of the rule in the State Register. The authority for the rule expires at the end of this two-year period.

(c) The chief administrative law judge shall adopt rules relating to the rule approval duties imposed by this section and section 14.388, including rules establishing standards for review.

(d) This section does not apply to:

- (1) any group or rule listed in section 14.03, subdivisions 1 and 3, except as otherwise provided by law;
- (2) game and fish rules of the commissioner of natural resources adopted under section 84.027, subdivision 13, or sections 97A.0451 to 97A.0459;
- (3) experimental and special management waters designated by the commissioner of natural resources under sections 97C.001 and 97C.005; ~~or~~
- (4) game refuges designated by the commissioner of natural resources under section 97A.085; or
- (5) transaction fees established by the commissioner of natural resources for electronic or telephone sales of licenses, stamps, permits, registrations, or transfers under section 84.027, subdivision 15, paragraph (a), clause (3).

(e) If a statute provides that a rule is exempt from chapter 14, and section 14.386 does not apply to the rule, the rule has the force of law unless the context of the statute delegating the rulemaking authority makes clear that the rule does not have force of law.

Sec. 16. Minnesota Statutes 1998, section 84.027, subdivision 15, is amended to read:

Subd. 15. [ELECTRONIC TRANSACTIONS.] (a) The commissioner may receive an application for, sell, and issue any license, stamp, permit, registration, or transfer under the jurisdiction of the commissioner by electronic means, including by telephone. Notwithstanding section 97A.472, electronic and telephone transactions may be made outside of the state. The commissioner may:

- (1) provide for the electronic transfer of funds generated by electronic transactions, including by telephone;

(2) assign a license identification number to an applicant who purchases a hunting or fishing license by electronic means, to serve as temporary authorization to engage in the licensed activity until the license is received or expires;

(3) charge and permit agents to charge a fee of individuals who make electronic transactions; and transactions by telephone, including ~~a transaction~~ the issuing fee under section 97A.485, subdivision 6, and ~~a credit card~~ an additional transaction fee not to exceed \$3.50 ~~for electronic transactions~~;

(4) select up to four volunteer counties, not more than two in the metropolitan area, to participate in this pilot project and the counties shall select the participating agents; ~~and~~

(5) upon completion of a pilot project, implement a statewide system and select the participating agents; and

(6) adopt rules to administer the provisions of this subdivision.

(b) A county shall not collect a commission for the sale of licenses or permits made by agents selected by the participating counties under this subdivision.

(c) Establishment of the transaction fee under paragraph (a), clause (3), is not subject to the rulemaking procedures of chapter 14.

Sec. 17. Minnesota Statutes 1998, section 84.0855, is amended by adding a subdivision to read:

Subd. 1a. [SOFTWARE SALES.] Notwithstanding section 16B.405, the commissioner may sell or license intellectual property and software products or services developed by the department or custom developed by a vendor for the department.

Sec. 18. Minnesota Statutes 1998, section 84.0855, subdivision 2, is amended to read:

Subd. 2. [RECEIPTS; APPROPRIATION.] Money received by the commissioner under this section or to buy supplies for the use of volunteers, may be credited to one or more special accounts in the state treasury and is appropriated to the commissioner for the purposes for which the money was received. Money received from sales at the state fair shall be available for state fair related costs. Money received from sales of intellectual property and software products or services shall be available for development, maintenance, and support of software products and systems.

Sec. 19. Minnesota Statutes 1998, section 84.83, subdivision 3, is amended to read:

Subd. 3. [PURPOSES FOR THE ACCOUNT.] The money deposited in the account and interest earned on that money may be expended only as appropriated by law for the following purposes:

(1) for a grant-in-aid program to counties and municipalities for construction and maintenance of snowmobile trails, including maintenance of trails on lands and waters of Voyageurs National Park;

(2) for acquisition, development, and maintenance of state recreational snowmobile trails;

(3) for snowmobile safety programs; and

(4) for the administration and enforcement of sections 84.81 to 84.90.

Sec. 20. Minnesota Statutes 1998, section 84.83, subdivision 4, is amended to read:

Subd. 4. [PROVISIONS APPLICABLE TO FUNDING RECIPIENTS.] (a) Recipients of Minnesota trail assistance program funds must be afforded the same protection and be held to the same standard of liability as a political subdivision under chapter 466 for activities associated with the administration, design, construction, maintenance, and grooming of snowmobile trails.

(b) Recipients of Minnesota trail assistance program funds who maintain ice trails on waters of Voyageurs National Park are expressly immune from liability under section 466.03, subdivision 6e.

Sec. 21. Minnesota Statutes 1998, section 84.86, subdivision 1, is amended to read:

Subdivision 1. With a view of achieving maximum use of snowmobiles consistent with protection of the environment the commissioner of natural resources shall adopt rules in the manner provided by chapter 14, for the following purposes:

- (1) Registration of snowmobiles and display of registration numbers.
- (2) Use of snowmobiles insofar as game and fish resources are affected.
- (3) Use of snowmobiles on public lands and waters, or on grant-in-aid trails, including, but not limited to, the use of specified metal traction devices and nonmetal traction devices.
- (4) Uniform signs to be used by the state, counties, and cities, which are necessary or desirable to control, direct, or regulate the operation and use of snowmobiles.
- (5) Specifications relating to snowmobile mufflers.
- (6) A comprehensive snowmobile information and safety education and training program, including but not limited to the preparation and dissemination of snowmobile information and safety advice to the public, the training of snowmobile operators, and the issuance of snowmobile safety certificates to snowmobile operators who successfully complete the snowmobile safety education and training course. For the purpose of administering such program and to defray a portion of the expenses of training and certifying snowmobile operators, the commissioner shall collect a fee of not to exceed \$5 from each person who receives the youth and young adult training and a fee established under chapter 16A from each person who receives or the adult training. The commissioner shall establish a fee that neither significantly over recovers nor under recovers costs, including overhead costs, involved in providing the services. The fee is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The commissioner shall deposit the fee in the snowmobile trails and enforcement account and the amount thereof is appropriated annually to the commissioner of natural resources for the administration of such programs. The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this clause. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of snowmobile operators.
- (7) The operator of any snowmobile involved in an accident resulting in injury requiring medical attention or hospitalization to or death of any person or total damage to an extent of \$500 or more, shall forward a written report of the accident to the commissioner on such form as the commissioner shall prescribe. If the operator is killed or is unable to file a report due to incapacitation, any peace officer investigating the accident shall file the accident report within ten business days.

Sec. 22. Minnesota Statutes 1998, section 84.862, subdivision 1, is amended to read:

Subdivision 1. [YOUTH AND YOUNG ADULT SAFETY TRAINING.] Effective October 1, 1998, any resident born after December 31, 1979, who operates a snowmobile in Minnesota, must possess a valid snowmobile safety certificate or a driver's license or identification card with a valid snowmobile qualification indicator issued under section 171.07, subdivision 12. The certificate or qualification indicator may only be issued upon successful completion of ~~the~~ a course authorized under section 84.86 or 84.862, subdivision 2, if the person is 16 years of age or older.

Sec. 23. Minnesota Statutes 1998, section 84.862, subdivision 2, is amended to read:

Subd. 2. [ADULT SAFETY TRAINING.] Effective October 1, 2002, any resident born after December 31, 1976, and before December 31, 1983, who operates a snowmobile in Minnesota, must possess a valid operator's permit or driver's license or identification card with a valid snowmobile qualification indicator issued under section 171.07, subdivision 12, showing successful completion of a safety course designed for adults or persons 16 years of age or older. Whenever possible, the course shall include a riding component that stresses stopping distances.

Sec. 24. Minnesota Statutes 1998, section 84.872, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTIONS ON OPERATION.] (a) Notwithstanding anything in section 84.87 to the contrary, no person under 14 years of age shall make a direct crossing of a trunk, county state-aid, or county highway as the operator of a snowmobile, or operate a snowmobile upon a street or highway within a municipality.

A person 14 years of age or older, but less than 18 years of age, may make a direct crossing of a trunk, county state-aid, or county highway only if the person has in immediate possession a valid snowmobile safety certificate issued by the commissioner or a ~~valid motor vehicle operator's driver's license issued by the commissioner of public safety or the driver's license authority of another state~~ or identification card with a valid snowmobile qualification indicator issued under section 171.07, subdivision 12.

(b) Notwithstanding section 84.862, no person under the age of 14 years shall operate a snowmobile on any public land, public easements, or water or grant-in-aid trail unless accompanied by one of the following listed persons on the same or an accompanying snowmobile, or on a device towed by the same or an accompanying snowmobile: the person's parent, legal guardian, or other person 18 years of age or older designated by the parent or guardian. However, a person 12 years of age or older but under the age of 14 years may operate a snowmobile on public lands, public easements, and waters or a grant-in-aid trail if the person has in immediate possession a valid snowmobile safety certificate issued by the commissioner or an identification card with a valid snowmobile qualification indicator issued under section 171.07, subdivision 12.

Sec. 25. Minnesota Statutes 1998, section 84.91, subdivision 1, is amended to read:

Subdivision 1. [ACTS PROHIBITED.] (a) No owner or other person having charge or control of any snowmobile or all-terrain vehicle shall authorize or permit any individual the person knows or has reason to believe is under the influence of alcohol or a controlled substance or other substance to operate the snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state.

(b) No owner or other person having charge or control of any snowmobile or all-terrain vehicle shall knowingly authorize or permit any person, who by reason of any physical or mental disability is incapable of operating the vehicle, to operate the snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state.

(c) A person who operates or is in physical control of a snowmobile or all-terrain vehicle anywhere in this state or on the ice of any boundary water of this state is subject to sections 169.121 to 169.1218 and 169.123 to 169.129. In addition to the applicable sanctions under chapter 169, a person who is convicted of violating section 169.121 while operating a snowmobile or all-terrain vehicle, or who refuses to comply with a lawful request to submit to testing under section 169.123, shall be prohibited from operating the snowmobile or all-terrain vehicle for a period of one year. The commissioner shall notify the convicted person of the time period during which the person is prohibited from operating a snowmobile or all-terrain vehicle.

(d) Administrative and judicial review of the operating privileges prohibition is governed by section 97B.066, subdivisions 7 to 9, if the person does not have a prior impaired driving conviction or prior license revocation, as defined in section 169.121, subdivision 3. Otherwise, administrative and judicial review of the prohibition is governed by section 169.123.

(e) The court shall promptly forward to the commissioner and the department of public safety copies of all convictions and criminal and civil sanctions imposed under this section and chapter 169 relating to snowmobiles and all-terrain vehicles.

(f) A person who violates paragraph (a) or (b), or an ordinance in conformity with either of them, is guilty of a misdemeanor. A person who operates a snowmobile or all-terrain vehicle during the time period the person is prohibited from operating a vehicle under paragraph (c) is guilty of a misdemeanor.

Sec. 26. Minnesota Statutes 1998, section 84.98, subdivision 6, is amended to read:

Subd. 6. [FEES.] The commissioner may charge a fee for any service performed by the Minnesota conservation corps. Fees generated shall be deposited in a special revenue fund and appropriated to the commissioner for Minnesota conservation corps projects and administration.

Sec. 27. [ADDING LAND TO BLUE MOUNDS STATE PARK.]

[85.012] [Subd. 8.] The following area is added to Blue Mounds state park: That part of the Northeast Quarter of the Southwest Quarter and the Southeast Quarter of the Northwest Quarter of Section 13, Township 103 North, Range 45 West, Rock County, described as follows: Commencing at the southwest corner of said Northeast Quarter of the Southwest Quarter; thence on an assumed bearing of South 89 degrees 36 minutes 41 seconds East along the south line of said Northeast Quarter of the Southwest Quarter 165.00 feet to the point of beginning; thence North 00 degrees 17 minutes 27 seconds West parallel with the west line of said section 1438.74 feet to an iron stake with DNR caps; thence South 88 degrees 57 minutes 33 seconds East along an existing fence line 42.15 feet; thence South 00 degrees 30 minutes 38 seconds West along an existing fence line 1438.16 feet to the south line of said Northeast Quarter of the Southwest Quarter; thence North 89 degrees 36 minutes 41 seconds West along said south line 22.02 feet to the point of beginning.

Sec. 28. [ADDITIONS TO IRON RANGE OFF-HIGHWAY VEHICLE RECREATION AREA, ST. LOUIS COUNTY.]

Subdivision 1. [85.013] [Subd. 12a.] [IRON RANGE OFF-HIGHWAY VEHICLE RECREATION AREA, ST. LOUIS COUNTY.] The following areas are added to the Iron Range off-highway vehicle recreation area, all in St. Louis county:

(1) Section 2, Township 58 North, Range 17 West, EXCEPT: the East Half; the North Half of the Northwest Quarter; and the Southeast Quarter of the Northwest Quarter;

(2) Section 3, Township 58 North, Range 17 West, EXCEPT: the Southeast Quarter; the North Half of the Northeast Quarter; the North Half of the Northwest Quarter; Southwest Quarter of the Northwest Quarter; and the Northwest Quarter of the Southwest Quarter;

(3) Section 4, Township 58 North, Range 17 West, EXCEPT: the West Half; the Northeast Quarter; the North Half of the Southeast Quarter; and the Southwest Quarter of the Southeast Quarter;

(4) Section 8, Township 58 North, Range 17 West, EXCEPT: the West Half; the West Half of the Southeast Quarter; and the West Half of the Northeast Quarter;

(5) Section 9, Township 58 North, Range 17 West;

(6) Section 11, Township 58 North, Range 17 West, EXCEPT: the West Half of the Northwest Quarter; and the Northwest Quarter of the Southwest Quarter;

(7) Section 14, Township 58 North, Range 17 West, EXCEPT: the East Half;

(8) Section 15, Township 58 North, Range 17 West, lying North of the DM&IR grade, EXCEPT: the Southwest Quarter; and the South Half of the Northwest Quarter;

(9) Section 16, Township 58 North, Range 17 West, lying North of county road 921, EXCEPT: the East Half of the Southeast Quarter, lying North of the DM&IR grade;

(10) Section 22, Township 58 North, Range 17 West, lying North of the DM&IR grade; and

(11) Section 23, Township 58 North, Range 17 West, a 100 foot corridor of the Mesabi Trail as located between the West line of said Section 23 and Minnesota trunk highway No. 135.

Subd. 2. [ADVISORY COMMITTEE; ADDING MEMBERS.] The advisory committee created under Laws 1996, chapter 407, section 32, subdivision 4, shall continue to provide direction on the planning, development, and operation of the Iron Range off-highway vehicle recreation area, including the land added under subdivision 1. The following members are added to the advisory committee:

(1) a representative of the city council of Gilbert; and

(2) a representative of the city council of Virginia.

Subd. 3. [MINING.] The commissioner shall recognize the possibility that mining may be conducted in the future within the Iron Range off-highway vehicle area and that use of portions of the surface estate and control of the flowage of water may be necessary for future mining operations.

Subd. 4. [MANAGEMENT PLAN.] The commissioner of natural resources and the local area advisory committee shall cooperatively develop a separate comprehensive management plan for the land added to the Iron Range off-highway vehicle recreation area under subdivision 1. The management plan shall provide for:

(1) multiple use recreation for off-highway vehicles;

(2) protection of natural resources;

(3) limited timber management;

(4) mineral exploration and mining management;

(5) land acquisition needs;

(6) road and facility development; and

(7) trail and road connections between the land added under subdivision 1 and the land added by Laws 1996, chapter 407, section 32, subdivision 6.

The completed management plan, together with the management plan completed under Laws 1996, chapter 407, section 32, subdivision 5, shall serve as the master plan for the Iron Range off-highway vehicle recreation area under Minnesota Statutes, section 86A.09.

Subd. 5. [APPLICABILITY OF OTHER LAW.] Except as otherwise provided by subdivisions 2 and 4, the provisions of Laws 1996, chapter 407, section 32, apply to the land added to the Iron Range off-highway vehicle recreation area under subdivision 1.

Sec. 29. Minnesota Statutes 1998, section 85.015, is amended by adding a subdivision to read:

Subd. 21. [GITCHI-GAMI TRAIL, LAKE AND COOK COUNTIES.] (a) The trail shall originate in the city of Two Harbors and shall extend in a northeasterly direction along the shore of Lake Superior, running parallel to state highway 61 to the city of Grand Marais.

(b) The trail shall be developed primarily for hiking and bicycling.

Sec. 30. Minnesota Statutes 1998, section 85.019, subdivision 2, is amended to read:

Subd. 2. [PARKS AND OUTDOOR RECREATION AREAS.] The commissioner shall administer a program to provide grants to units of government for up to 50 percent of the costs or \$50,000, whichever is less, of acquisition and betterment of public land and improvements needed for parks and other outdoor recreation areas and facilities.

Sec. 31. Minnesota Statutes 1998, section 85.019, is amended by adding a subdivision to read:

Subd. 4b. [REGIONAL TRAILS.] The commissioner shall administer a program to provide grants to units of government for up to 50 percent of the costs of acquisition and betterment of public land and improvements needed for trails deemed to be of regional significance according to criteria published by the commissioner. If land used for the trails is not in full public ownership, then the recipients must prove it is dedicated to the purposes of the grants for at least 20 years.

Sec. 32. Minnesota Statutes 1998, section 85.019, is amended by adding a subdivision to read:

Subd. 4c. [LOCAL TRAIL CONNECTIONS.] The commissioner shall administer a program to provide grants to units of government for up to 50 percent of the costs of acquisition and betterment of public land and improvements needed for trails that connect communities, trails, and parks and thereby increase the effective length of trail experiences. If land used for the trails is not in full public ownership, then the recipients must prove it is dedicated to the purposes of the grants for at least 20 years.

Sec. 33. Minnesota Statutes 1998, section 86B.415, subdivision 1, is amended to read:

Subdivision 1. [WATERCRAFT 19 FEET OR LESS.] The fee for a watercraft license for watercraft 19 feet or less in length is \$12 except:

(1) for watercraft, other than personal watercraft, 19 feet in length or less that is offered for rent or lease, the fee is \$6;

(2) for a canoe, kayak, sailboat, sailboard, paddle boat, or rowing shell 19 feet in length or less, the fee is \$7;

(3) for personal watercraft, the fee is \$25;

(4) for a watercraft 19 feet in length or less used by a nonprofit corporation for teaching boat and water safety, the fee is as provided in subdivision 4; and

(5) for a watercraft owned by a dealer under a dealer's license, the fee is as provided in subdivision 5.

Sec. 34. Minnesota Statutes 1998, section 88.067, is amended to read:

88.067 [TRAINING OF GRANTS TO LOCAL FIRE DEPARTMENTS.]

The commissioner may make grants for procurement of fire suppression equipment and training of fire departments in techniques of fire control that. These grants will enable them local fire departments to assist the state more effectively in controlling wildfires. The commissioner may require a local match for any grant. Fire

suppression equipment may include, but is not limited to, fire suppression tools and equipment, protective clothing, dry hydrants, communications equipment, and conversion of vehicles to wildfire suppression vehicles. Training shall be provided to the extent practicable in coordination with other public agencies with training and educational responsibilities.

Sec. 35. Minnesota Statutes 1998, section 92.46, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC CAMPGROUNDS.] (a) The director may designate suitable portions of the state lands withdrawn from sale and not reserved, as provided in section 92.45, as permanent state public campgrounds. The director may have the land surveyed and platted into lots of convenient size, and lease them for cottage and camp purposes under terms and conditions the director prescribes, subject to the provisions of this section.

(b) A lease may not be for a term more than 20 years. The lease may allow renewal, from time to time, for additional terms of no longer than 20 years each. The lease may be canceled by the commissioner 90 days after giving the person leasing the land written notice of violation of lease conditions. The lease rate shall be based on the appraised value of leased land as determined by the commissioner of natural resources and shall be adjusted by the commissioner at the fifth, tenth, and 15th anniversary of the lease, if the appraised value has increased or decreased. For leases that are renewed in 1991 and following years, the lease rate shall be five percent of the appraised value of the leased land. The appraised value shall be the value of the leased land without any private improvements and must be comparable to similar land without any improvements within the same county. The minimum appraised value that the commissioner assigns to the leased land must be substantially equal to the county assessor's estimated market value of similar land adjusted by the assessment/sales ratio as determined by the department of revenue.

(c) By July 1, 1986, the commissioner of natural resources shall adopt rules under chapter 14 to establish procedures for leasing land under this section. The rules shall be subject to review and approval by the commissioners of revenue and administration prior to the initial publication pursuant to chapter 14 and prior to their final adoption. The rules must address at least the following:

(1) method of appraising the property; and

(2) an appeal procedure for both the appraised values and lease rates.

(d) All money received from these leases must be credited to the fund to which the proceeds of the land belong.

Notwithstanding section 16A.125 or any other law to the contrary, 50 percent of the money received from the lease of permanent school fund lands leased pursuant to this subdivision must be credited to the lakeshore leasing and sales account in the permanent school fund and is appropriated for use to survey, appraise, and pay associated selling ~~and~~, leasing, or exchange costs of lots as required in this section and Minnesota Statutes 1992, section 92.67, subdivision 3. ~~The money may not be used to pay the cost of surveying lots not scheduled for sale.~~ Any money designated for deposit in the permanent school fund that is not needed to survey, appraise, and pay associated selling ~~and~~, leasing, or exchange costs of lots, as required in this section, shall be deposited in the permanent school fund. The commissioner shall add to the appraised value of any lot offered for sale or exchange the costs of surveying, appraising, and ~~selling disposing of~~ the lot, and shall first deposit into the permanent school fund an amount equal to the costs of surveying, appraising, and ~~selling disposing of~~ any lot paid out of the permanent school fund. Any remaining money shall be deposited into any other contributing funds in proportion to the contribution from each fund. In no case may the commissioner add to the appraised value of any lot offered for sale or exchange an amount more than \$700 ~~for the~~ the actual contract service costs of surveying and, appraising, and disposing of the lot.

Sec. 36. Minnesota Statutes 1998, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. [DEER AND BEAR LICENSES.] (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses (4), (5), and (9), and 3, clauses (2), (3), and (7), and licenses issued under section 97B.301, subdivision 4.

(b) At least \$2 from each deer license shall be used for deer habitat improvement or deer management programs.

(c) At least \$1 from each deer license and each bear license shall be used for deer and bear management programs, including a computerized licensing system. Fifty cents from each deer license is appropriated for emergency deer feeding. Money appropriated for emergency deer feeding is available until expended. When the unencumbered balance in the appropriation for emergency deer feeding at the end of a fiscal year exceeds ~~\$750,000~~ \$1,500,000, \$750,000 is canceled to the unappropriated balance of the game and fish fund ~~and the amount appropriated for emergency deer feeding is reduced to 25 cents from each deer license.~~

Sec. 37. Minnesota Statutes 1998, section 97A.475, subdivision 2, is amended to read:

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

- (1) for persons under age 65 to take small game, ~~\$10~~ \$13;
- (2) for persons age 65 or over, ~~\$5~~ \$8;
- (3) to take turkey, ~~\$16~~ \$18;
- (4) to take deer with firearms, ~~\$22~~ \$25;
- (5) to take deer by archery, ~~\$22~~ \$25;
- (6) to take moose, for a party of not more than six persons, ~~\$275~~ \$310;
- (7) to take bear, ~~\$33~~ \$38;
- (8) to take elk, for a party of not more than two persons, ~~\$220~~ \$250;
- (9) to take antlered deer in more than one zone, ~~\$44~~ \$50; and
- (10) to take Canada geese during a special season, ~~\$3~~ \$4.

Sec. 38. Minnesota Statutes 1998, section 97A.475, subdivision 3, is amended to read:

Subd. 3. [NONRESIDENT HUNTING.] Fees for the following licenses, to be issued to nonresidents, are:

- (1) to take small game, ~~\$56~~ \$73;
- (2) to take deer with firearms, ~~\$110~~ \$125;
- (3) to take deer by archery, ~~\$110~~ \$125;
- (4) to take bear, ~~\$165~~ \$195;
- (5) to take turkey, ~~\$56~~ \$73;
- (6) to take raccoon, bobcat, fox, coyote, or lynx, ~~\$137.50~~ \$155;
- (7) to take antlered deer in more than one zone, ~~\$220~~ \$250; and
- (8) to take Canada geese during a special season, ~~\$3~~ \$4.

Sec. 39. Minnesota Statutes 1998, section 97A.475, subdivision 6, is amended to read:

Subd. 6. [RESIDENT FISHING.] Fees for the following licenses, to be issued to residents only, are:

- (1) to take fish by angling, for persons under age 65, ~~\$15~~ \$16;
- (2) to take fish by angling, for persons age 65 and over, ~~\$5.50~~ \$8.50;
- (3) to take fish by angling, for a combined license for a married couple, ~~\$20.50~~ \$22;
- (4) to take fish by spearing from a dark house, ~~\$15~~ \$15.50; and
- (5) to take fish by angling for a 24-hour period selected by the licensee, ~~\$8~~ \$8.25.

Sec. 40. Minnesota Statutes 1998, section 97A.475, subdivision 7, is amended to read:

Subd. 7. [NONRESIDENT FISHING.] Fees for the following licenses, to be issued to nonresidents, are:

- (1) to take fish by angling, ~~\$31~~ \$37;
- (2) to take fish by angling limited to seven consecutive days selected by the licensee, ~~\$21.50~~ \$26;
- (3) to take fish by angling for a 72-hour period selected by the licensee, ~~\$18~~ \$21;
- (4) to take fish by angling for a combined license for a family, ~~\$41.50~~ \$53;
- (5) to take fish by angling for a 24-hour period selected by the licensee, ~~\$8~~ \$8.50; and
- (6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days selected by one of the licensees, ~~\$32~~ \$37.

Sec. 41. Minnesota Statutes 1998, section 97A.475, subdivision 8, is amended to read:

Subd. 8. [MINNESOTA SPORTING.] The commissioner shall issue Minnesota sporting licenses to residents only. The licensee may take fish by angling and small game. The fee for the license is:

- (1) for an individual, ~~\$20~~ \$24; and
- (2) for a combined license for a married couple to take fish and for one spouse to take small game, ~~\$27.50~~ \$32.

Sec. 42. Minnesota Statutes 1998, section 97A.475, subdivision 11, is amended to read:

Subd. 11. [FISH HOUSES AND DARK HOUSES; RESIDENTS.] Fees for the following licenses are:

- (1) for a fish house or dark house that is not rented, ~~\$10~~ \$11.50; and
- (2) for a fish house or dark house that is rented, ~~\$23~~ \$26.

Sec. 43. Minnesota Statutes 1998, section 97A.475, subdivision 12, is amended to read:

Subd. 12. [FISH HOUSES; NONRESIDENT.] Fees for fish house licenses for a nonresident are:

- (1) annual, ~~\$31.50~~ \$33; and
- (2) seven consecutive days, ~~\$18.50~~ \$19.

Sec. 44. Minnesota Statutes 1998, section 97A.475, subdivision 13, is amended to read:

Subd. 13. [NETTING WHITEFISH AND CISCOES FOR PERSONAL CONSUMPTION.] The fee for a license to net whitefish and ciscoes in inland lakes and international waters for personal consumption is, for each net, ~~\$9~~ \$10.

Sec. 45. Minnesota Statutes 1998, section 97A.475, subdivision 20, is amended to read:

Subd. 20. [TRAPPING LICENSE.] The fee for a license to trap fur-bearing animals is:

(1) for persons over age 13 and under age 18, ~~\$5.50~~ \$6; and

(2) for persons age 18 and older, ~~\$18~~ \$20.

Sec. 46. Minnesota Statutes 1998, section 97A.485, subdivision 12, is amended to read:

Subd. 12. [YOUTH DEER LICENSE.] The commissioner may, for a fee of ~~\$5~~ \$5.50, issue to a resident under the age of 16 a license, without a tag, to take deer with firearms. A youth holding a license issued under this subdivision may hunt under the license only if accompanied by a licensed hunter who is at least 18 years of age and possesses a valid tag. A deer taken by a youth holding a license issued under this subdivision must be promptly tagged by the licensed hunter accompanying the youth. Section 97B.301, subdivision 6, does not apply to a youth holding a license issued under this subdivision.

Sec. 47. Minnesota Statutes 1998, section 97B.020, is amended to read:

97B.020 [FIREARMS SAFETY CERTIFICATE REQUIRED.]

Except as provided in this section, a person born after December 31, 1979, may not obtain a license to take wild animals by firearms. ~~A person may obtain a hunting license if~~ unless the person has a firearms safety certificate or equivalent certificate, driver's license or identification card with a valid firearms safety qualification indicator issued under section 171.07, subdivision 13, previous hunting license, or other evidence indicating that the person has completed in this state or in another state a hunter safety course recognized by the department under a reciprocity agreement. A person who is on active duty and has successfully completed basic training in the United States armed forces, reserve component, or national guard may obtain a hunting license or approval authorizing hunting regardless of whether the person is issued a firearms safety certificate.

Sec. 48. Minnesota Statutes 1998, section 103B.227, subdivision 2, is amended to read:

Subd. 2. [NOTICE OF BOARD VACANCIES.] Appointing authorities for watershed management organization board members shall publish a notice of vacancies resulting from expiration of members' terms and other reasons. The notices must be published at least once in a newspaper of general circulation in the watershed management organization area. The notices must state that persons interested in being appointed to serve on the watershed management organization board may submit their names to the appointing authority for consideration. After December 31, 1999, staff of local units of government that are members of the watershed management organization are not eligible to be appointed to the board. Published notice of the vacancy must be given at least 15 days before an appointment or reappointment is made.

Sec. 49. Minnesota Statutes 1998, section 103C.401, is amended by adding a subdivision to read:

Subd. 3. [GENERAL SERVICES ALLOCATION.] Subject to an appropriation by law for this purpose, the board shall provide an annual allocation of general services funding for each organized district in the state. If county funding for a district is reduced from the previous fiscal year funding level, the allocation under this subdivision must be reduced by an equal amount.

Sec. 50. [103F.191] [BLUE EARTH RIVER BASIN INITIATIVE BOUNDARIES.]

For the purposes of sections 103F.191 to 103F.197, the term "Blue Earth river basin initiative" means the area within the watersheds of rivers and streams that are tributaries of the Minnesota river from the south through the city of Mankato. Major rivers included within the watershed are the LeSueur, Blue Earth, and Watonwan and their tributaries. All of Watonwan county and parts of Blue Earth, Brown, Cottonwood, Faribault, Freeborn, Jackson, LeSueur, Martin, Steele, and Waseca counties are included in the boundary area.

Sec. 51. [103F.192] [PROGRAM.]

There shall be a state grant-in-aid program of providing financial assistance to the Blue Earth river basin initiative for administrative costs associated with the implementation of conservation practices.

Sec. 52. [103F.193] [AID FORMULA.]

Grants may be made by the board of water and soil resources to a local governmental unit for the purposes of sections 103F.191 to 103F.197.

Sec. 53. [103F.194] [OPERATION WITHIN AN AGENCY.]

Subdivision 1. [BOARD OF WATER AND SOIL RESOURCES.] The board of water and soil resources shall supervise the grant-in-aid program pursuant to sections 103F.191 to 103F.197.

Subd. 2. [PROCEDURES AND FORMS.] The board shall devise procedures and forms for application for grants by the local units of government, and review of and decisions on the applications by the state board.

Sec. 54. [103F.195] [CONDITIONS FOR GRANTS.]

Subdivision 1. [LOCAL EXPRESSION OF WILLINGNESS.] The local unit of government shall apply for a grant by a resolution requesting state funding assistance for administrative costs associated with the implementation of conservation practices within its jurisdiction.

Subd. 2. [GENERAL PLAN.] The Blue Earth river basin initiative shall demonstrate that it has a general plan for water management. The general plan shall be in conformity with the policy and objectives of this chapter and shall, where reasonable and practicable, include nonstructural means of water management.

Sec. 55. [103F.196] [INTERSTATE COOPERATION.]

The board of water and soil resources and the Blue Earth river basin initiative may enter into a working agreement with Iowa in regard to implementing conservation practices pursuant to sections 103F.191 to 103F.197 that involve the territory of the state of Iowa as well as this state.

Sec. 56. [103F.197] [REPORT TO THE LEGISLATURE.]

When the project has been in operation for a period of two years, the board of water and soil resources and the Blue Earth river basin initiative shall prepare and deliver a report to the legislature on the program and its consequences with an evaluation of the feasibility and benefit of continuing the project.

Sec. 57. Minnesota Statutes 1998, section 115.55, subdivision 5a, is amended to read:

Subd. 5a. [INSPECTION CRITERIA FOR EXISTING SYSTEMS.] (a) An inspection of an existing system must evaluate the criteria in paragraphs (b) to ~~(h)~~ (j).

(b) If the inspector finds one or more of the following conditions:

(1) sewage discharge to surface water;

(2) sewage discharge to ground surface;

(3) sewage backup; or

(4) any other situation with the potential to immediately and adversely affect or threaten public health or safety,

then the system constitutes an imminent threat to public health or safety and, if not repaired, must be upgraded, replaced, or its use discontinued within ten months of receipt of the notice described in subdivision 5b, or within a shorter period of time if required by local ordinance.

(c) An existing system that has none of the conditions in paragraph (b), and has at least two feet of soil separation need not be upgraded, repaired, replaced, or its use discontinued, notwithstanding any local ordinance that is more restrictive.

(d) Paragraph (c) does not apply to systems in shoreland areas regulated under sections 103F.201 to 103F.221, wellhead protection areas as defined in section 103I.005, or those used in connection with food, beverage, and lodging establishments regulated under chapter 157.

(e) If the local unit of government with jurisdiction over the system has adopted an ordinance containing local standards pursuant to subdivision 7, the existing system must comply with the ordinance. If the system does not comply with the ordinance, it must be upgraded, replaced, or its use discontinued according to the ordinance.

(f) If a seepage pit, drywell, cesspool, or leaching pit exists and the local unit of government with jurisdiction over the system has not adopted local standards to the contrary, the system is failing and must be upgraded, replaced, or its use discontinued within the time required by subdivision 3 or local ordinance.

(g) If the system fails to provide sufficient groundwater protection, then the local unit of government or its agent shall order that the system be upgraded, replaced, or its use discontinued within the time required by rule or the local ordinance.

(h) The authority to find a threat to public health under section 145A.04, subdivision 8, is in addition to the authority to make a finding under paragraphs (b) to (d).

(i) Local inspectors must use the standard inspection form provided by the agency. The inspection information required by local ordinance may be included as an attachment to the standard form. The following language must appear on the standard form: "If an existing system is not failing as defined in law, and has at least two feet of design soil separation, then the system need not be upgraded, repaired, replaced, or its use discontinued, notwithstanding any local ordinance that is more strict. This does not apply to systems in shoreland areas, wellhead protection areas, or those used in connection with food, beverage, and lodging establishments as defined in law."

(j) For the purposes of this subdivision, an "existing system" means a functioning system installed prior to April 1, 1996.

Sec. 58. Minnesota Statutes 1998, section 115A.02, is amended to read:

115A.02 [LEGISLATIVE DECLARATION OF POLICY; PURPOSES.]

(a) It is the goal of this chapter to protect the state's land, air, water, and other natural resources and the public health by improving waste management in the state to serve the following purposes:

(1) reduction in the amount and toxicity of waste generated;

(2) separation and recovery of materials and energy from waste;

- (3) reduction in indiscriminate dependence on disposal of waste;
- (4) coordination of solid waste management among political subdivisions; and
- (5) orderly and deliberate development and financial security of waste facilities including disposal facilities.

(b) The waste management goal of the state is to foster an integrated waste management system in a manner appropriate to the characteristics of the waste stream and thereby protect the state's land, air, water, and other natural resources and the public health. The following waste management practices are in order of preference:

- (1) waste reduction and reuse;
- (2) waste recycling;
- (3) composting of yard waste and food waste;
- (4) resource recovery through mixed municipal solid waste composting or incineration; ~~and~~
- (5) land disposal which involves the retrieval of methane gas as a fuel for the production of energy to be used on-site or for sale; and
- (6) land disposal which does not involve the retrieval of methane gas as a fuel for the production of energy to be used on-site or for sale.

Sec. 59. Minnesota Statutes 1998, section 115A.554, is amended to read:

115A.554 [AUTHORITY OF SANITARY DISTRICTS.]

A sanitary district has the authorities and duties of counties within the district's boundary for purposes of sections 115A.0716; 115A.46, subdivisions 4 and 5; 115A.48; 115A.551; 115A.552; 115A.553; 115A.919; ~~115A.929~~; 115A.93; 115A.96, subdivision 6; 115A.961; 116.072; 375.18, subdivision 14; 400.08; 400.16; and 400.161.

Sec. 60. Minnesota Statutes 1998, section 115A.918, subdivision 1, is amended to read:

Subdivision 1. [SCOPE.] The definitions in this section apply to this section and sections 115A.919 to ~~115A.929~~ 115A.923.

Sec. 61. Minnesota Statutes 1998, section 115B.42, is amended to read:

115B.42 [SOLID WASTE FUND.]

Subdivision 1. [ESTABLISHMENT; APPROPRIATION; SEPARATE ACCOUNTING.] (a) The solid waste fund is established in the state treasury. The fund consists of money credited to the fund and interest earned on the money in the fund. Except as provided in subdivision 2, ~~clause clauses~~ (7) and (8), money in the fund is annually appropriated to the commissioner for the purposes listed in subdivision 2.

(b) The commissioner of finance shall separately account for revenue deposited in the fund from financial assurance funds or other mechanisms, the metropolitan landfill contingency action trust fund, and all other sources of revenue.

Subd. 2. [EXPENDITURES.] (a) Money in the fund may be spent by the commissioner to:

- (1) inspect permitted mixed municipal solid waste disposal facilities to:
 - (i) evaluate the adequacy of final cover, slopes, vegetation, and erosion control;

(ii) determine the presence and concentration of hazardous substances, pollutants or contaminants, and decomposition gases; and

(iii) determine the boundaries of fill areas;

(2) monitor and take, or reimburse others for, environmental response actions, including emergency response actions, at qualified facilities;

(3) acquire and dispose of property under section 115B.412, subdivision 3;

(4) recover costs under section 115B.39;

(5) administer, including providing staff and administrative support for, sections 115B.39 to 115B.445;

(6) enforce sections 115B.39 to 115B.445;

(7) subject to appropriation, administer the agency's groundwater and solid waste management programs;

(8) subject to appropriation, pay for private water supply monitoring and health assessment costs of the commissioner of health in areas contaminated by unpermitted mixed municipal solid waste disposal facilities;

(9) reimburse persons under section 115B.43; and

~~(9)~~ (10) reimburse mediation expenses up to a total of \$250,000 annually or defense costs up to a total of \$250,000 annually for third-party claims for response costs under state or federal law as provided in section 115B.414.

Sec. 62. [115B.421] [CLOSED LANDFILL INVESTMENT FUND.]

The closed landfill investment fund is established in the state treasury. The fund consists of money credited to the fund, and interest and other earnings on money in the fund. The commissioner of finance shall transfer an initial amount of \$5,100,000 from the balance in the solid waste fund beginning in fiscal year 2000 and shall continue to transfer \$5,100,000 for each following fiscal year, ceasing after 2003. The fund shall be managed to maximize long-term gain through the state board of investment. Money in the fund may be spent by the commissioner after fiscal year 2020 in accordance with section 115B.42, subdivision 2, clauses (1) to (6).

Sec. 63. [116.915] [MERCURY REDUCTION.]

Subdivision 1. [GOAL.] It is the goal of the state to reduce mercury contamination by reducing the release of mercury into the air and water of the state by 60 percent from 1990 levels by December 31, 2000, and by 70 percent from 1990 levels by December 31, 2005. The goal applies to the statewide total of releases from existing and new sources of mercury. The commissioner shall publish updated estimates of 1990 releases in the State Register.

Subd. 2. [REDUCTION STRATEGIES.] The commissioner shall implement the strategies recommended by the mercury contamination reduction initiative advisory council and identified on pages 31 to 42 of the Minnesota pollution control agency's report entitled "Report on the Mercury Contamination Reduction Initiative Advisory Council's Results and Recommendations" as transmitted to the legislature by the commissioner's letter dated March 15, 1999. The commissioner shall solicit by July 1, 1999, voluntary reduction agreements from sources that emit more than 50 pounds of mercury per year.

Subd. 3. [PROGRESS REPORTS.] The commissioner, in cooperation with the director of the office of environmental assistance, shall submit progress reports to the legislature on October 15, 2001, and October 15, 2005. The reports shall address the state's success in meeting the mercury release reduction goals of subdivision 1, and discuss whether different voluntary or mandatory reduction strategies are needed. The reports shall also discuss whether the reduction goals are still appropriate given the most recent information regarding mercury risks.

Sec. 64. Minnesota Statutes 1998, section 116G.151, is amended to read:

116G.151 [REQUIRED ENVIRONMENTAL ASSESSMENT WORKSHEET; FACILITIES IN MISSISSIPPI RIVER AREA.]

(a) Until completion of an environmental assessment worksheet that complies with the rules of the environmental quality board and this section, a state or local agency may not issue a permit for construction or operation of a metal materials shredding project with a processing capacity in excess of 20,000 tons per month that would be located in the Mississippi river critical area, as described in section 116G.15, upstream from United States Corps of Engineers Lock and Dam Number One.

(b) Notwithstanding any other statute, rule, or local ordinance, resolution, or moratorium, upon completion of an environmental assessment worksheet and issuance of a negative declaration, whether the completion and issuance occurs prior to the effective date of this section or thereafter, all state and local authorities, agencies, and jurisdictions must issue all permits, licenses, and variances that are necessary or convenient for the completion of any project or development under this section within 60 days after issuance of the negative declaration or 30 days from the effective date of this section.

(c) The pollution control agency is the responsible governmental unit for the preparation of an environmental assessment worksheet required under this section.

~~(c)~~ (d) In addition to the contents required under law and rule, an environmental assessment worksheet completed under this section must also include the following major categories:

(1) effects of operation of the project, including vibrations and airborne particulates and dust, on the Mississippi river;

(2) effects of operation of the project, including vibrations and airborne particulates and dust, on adjacent businesses and on residents and neighborhoods;

(3) effects of operation of the project on barge and street traffic;

(4) discussion of alternative sites considered by the project proposer for the proposed project, possible design modifications including site layout, and the magnitude of the project;

(5) mitigation measures that could eliminate or minimize any adverse environmental effects of the proposed project;

(6) impact of the proposed project on the housing, park, and recreational use of the river;

(7) effects of waste and implication of the disposal of waste generated from the proposed project;

(8) effects on water quality from the project operations, including wastewater generated from operations of the proposed project;

(9) potential effects from fugitive emissions, fumes, dust, noise, and vibrations from project operations;

(10) compatibility of the existing operation and proposed operation with other existing uses;

(11) the report of the expert required by paragraph ~~(g)~~ (h).

~~(d)~~ (e) In addition to the publication and distribution provisions relating to environmental assessment worksheets under law and rule, notice of environmental assessment worksheets performed by this section shall also be published in a newspaper of general circulation as well as community newspapers in the affected neighborhoods.

(f) A public meeting in the affected communities must be held on the environmental assessment worksheet prepared under this section. After the public meeting on the environmental assessment worksheet, there must be an additional 30-day period for review and comment on the environmental assessment worksheet.

(g) If the pollution control agency determines that information necessary to make a reasonable decision about potential of significant environmental impacts is insufficient, the agency shall make a positive declaration and proceed with an environmental impact statement.

(h) The pollution control agency shall retain an expert in the field of toxicology who is capable of properly analyzing the potential effects and content of any airborne particulates, fugitive emissions, and dust that could be produced by a metal materials shredding project. The pollution control agency shall obtain any existing reports or documents from a governmental entity or project proposer that analyzes or evaluates the potential hazards of airborne particulates, fugitive emissions, or dust from the construction or operation of a metal materials shredding project in preparing the environmental assessment worksheet. The agency and the expert shall prepare, as part of the report, a risk assessment of the types of metals permitted to be shredded as compared to the types of materials that are likely to be processed at the facility. In performing the risk assessment, the agency and the expert must consider any actual experience at similar facilities. The report must be included as part of the environmental assessment worksheet.

(i) All negative declarations and permits issued by the pollution control agency and all other permits and licenses for projects to which this section applies may not be stayed in any manner by any litigation or appeal of any action of the agency by any party, whether the litigation or appeal is filed or perfected prior to or after the effective date of this section, unless the court of appeals finds clear and convincing evidence that a stay is necessary to prevent substantial damage to the environment and also requires a surety bond from the appellants in the amount of all lost profits and other damages established by the permittee by a preponderance of the evidence.

(j) If the pollution control agency determines that under the rules of the environmental quality board an environmental impact statement should be prepared, the pollution control agency shall be the responsible governmental unit for preparation of the environmental impact statement.

(k) A person aggrieved by a final decision of the pollution control agency or the commissioner of the pollution control agency with respect to any project to which this section applies may obtain judicial review with the court of appeals pursuant to sections 14.63 to 14.69 and may not obtain judicial review in state district court or under any other section of state law. Notwithstanding the time requirements of section 14.63, an aggrieved person may file an appeal with the court of appeals of a decision of the pollution control agency or the commissioner of the pollution control agency covered by this section and which is the subject of a pending district court action as of the effective date of this section within 30 days after the effective date of this section. Notwithstanding section 14.69, the standard of review applied by the court of appeals to appeals filed under this section shall be: (1) with regard to factual issues, whether the agency decision is arbitrary or capricious and without a rational basis; and (2) with regard to legal issues, whether the agency decision is in violation of constitutional provisions, in excess of statutory authority or jurisdiction of the agency, or otherwise contrary to law. This paragraph applies to any actions pending in state district court for which there has not been a final decision on the merits as of the effective date of this section and any appeal of a decision by the pollution control agency or the commissioner of the pollution control agency subject to this section after its effective date.

(l) If, in an environmental assessment worksheet, the pollution control agency has considered the factors set forth in paragraph (d), as they relate to a project covered by this section, and the environmental assessment worksheet demonstrates that the project will comply with applicable air emissions and water discharge standards, then a decision by the pollution control agency or the commissioner of the pollution control agency regarding the need for further environmental review and any findings in an environmental assessment worksheet are deemed valid and not arbitrary or capricious or without a rational basis.

Sec. 65. Minnesota Statutes 1998, section 169.121, subdivision 3, is amended to read:

Subd. 3. [CRIMINAL PENALTIES.] (a) As used in this section:

(1) "Prior impaired driving conviction" means a prior conviction under:

(i) this section; Minnesota Statutes 1996, section 84.91, subdivision 1, paragraph (a), or 86B.331, subdivision 1, paragraph (a); section 169.1211; section 169.129; or section 360.0752;

(ii) section 609.21, subdivision 1, clauses (2) to (6); subdivision 2, clauses (2) to (6); subdivision 2a, clauses (2) to (6); subdivision 2b, clauses (2) to (6); subdivision 3, clauses (2) to (6); or subdivision 4, clauses (2) to (6); or

(iii) an ordinance from this state, or a statute or ordinance from another state, in conformity with any provision listed in item (i) or (ii).

A prior impaired driving conviction also includes a prior juvenile adjudication that would have been a prior impaired driving conviction if committed by an adult.

(2) "Prior license revocation" means a driver's license suspension, revocation, cancellation, denial, or disqualification under:

(i) this section or section 169.1211, 169.123, 171.04, 171.14, 171.16, 171.165, 171.17, or 171.18 because of an alcohol-related incident;

(ii) section 609.21, subdivision 1, clauses (2) to (6); subdivision 2, clauses (2) to (6); subdivision 2a, clauses (2) to (6); subdivision 2b, clauses (2) to (6); subdivision 3, clauses (2) to (6); or subdivision 4, clauses (2) to (6); or

(iii) an ordinance from this state, or a statute or ordinance from another state, in conformity with any provision listed in item (i) or (ii).

"Prior license revocation" also means the revocation of snowmobile or all-terrain vehicle operating privileges under section 84.911, or motorboat operating privileges under section 86B.335, for violations that occurred on or after August 1, ~~1995~~ 1994; the revocation of snowmobile or all-terrain vehicle operating privileges under section 84.91; or the revocation of motorboat operating privileges under section 86B.331.

(b) A person who violates subdivision 1, clause (a), (b), (c), (d), (e), (g), or (h), or subdivision 1a, or an ordinance in conformity with any of them, is guilty of a misdemeanor.

(c) A person is guilty of a gross misdemeanor under any of the following circumstances:

(1) the person violates subdivision 1, clause (f);

(2) the person violates subdivision 1, clause (a), (b), (c), (d), (e), (g), or (h), or subdivision 1a, within five years of a prior impaired driving conviction or a prior license revocation;

(3) the person violates section 169.26 while in violation of subdivision 1; or

(4) the person violates subdivision 1 or 1a while a child under the age of 16 is in the vehicle, if the child is more than 36 months younger than the violator.

A person convicted of a gross misdemeanor under this paragraph is subject to the mandatory penalties provided in subdivision 3d.

(d) A person is guilty of an enhanced gross misdemeanor under any of the following circumstances:

(1) the person violates subdivision 1, clause (f), or commits a violation described in paragraph (c), clause (3) or (4), within ten years of one or more prior impaired driving convictions or prior license revocations;

(2) the person violates subdivision 1, clause (a), (b), (c), (d), (e), (g), or (h), or subdivision 1a, within ten years of the first of two or more prior impaired driving convictions, two or more prior license revocations, or any combination of two or more prior impaired driving convictions and prior license revocations, based on separate incidents.

A person convicted of an enhanced gross misdemeanor under this paragraph may be sentenced to imprisonment in a local correctional facility for not more than two years or to payment of a fine of not more than \$3,000, or both. Additionally, the person is subject to the applicable mandatory penalties provided in subdivision 3e.

(e) The court shall notify a person convicted of violating subdivision 1 or 1a that the registration plates of the person's motor vehicle may be impounded under section 168.042 and the vehicle may be subject to forfeiture under section 169.1217 upon a subsequent conviction for violating this section, section 169.129, or section 171.24, or a subsequent license revocation under section 169.123. The notice must describe the conduct and the time periods within which the conduct must occur in order to result in plate impoundment or forfeiture. The failure of the court to provide this information does not affect the applicability of the plate impoundment or the forfeiture provision to that person.

(f) The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section shall also be responsible for prosecution of gross misdemeanor and enhanced gross misdemeanor violations of this section.

(g) The court must impose consecutive sentences when it sentences a person for a violation of this section or section 169.129 arising out of separate behavioral incidents. The court also must impose a consecutive sentence when it sentences a person for a violation of this section or section 169.129 and the person, at the time of sentencing, is on probation for, or serving, an executed sentence for a violation of this section or section 169.129 and the prior sentence involved a separate behavioral incident. The court also may order that the sentence imposed for a violation of this section or section 169.129 shall run consecutively to a previously imposed misdemeanor, gross misdemeanor, or felony sentence for a violation other than this section or section 169.129.

(h) When the court stays the sentence of a person convicted under this section, the length of the stay is governed by section 609.135, subdivision 2.

(i) The court may impose consecutive sentences for offenses arising out of a single course of conduct as permitted in section 609.035, subdivision 2.

(j) When an attorney responsible for prosecuting gross misdemeanors or enhanced gross misdemeanors under this section requests criminal history information relating to prior impaired driving convictions from a court, the court must furnish the information without charge.

(k) A violation of subdivision 1a may be prosecuted either in the jurisdiction where the arresting officer observed the defendant driving, operating, or in control of the motor vehicle or in the jurisdiction where the refusal occurred.

Sec. 66. Minnesota Statutes 1998, section 169.1217, subdivision 7a, is amended to read:

Subd. 7a. [ADMINISTRATIVE FORFEITURE PROCEDURE.] (a) A motor vehicle used to commit a designated offense or used in conduct resulting in a designated license revocation is subject to administrative forfeiture under this subdivision.

(b) When a motor vehicle is seized under subdivision 2, the appropriate agency shall serve the driver or operator of the vehicle with a notice of the seizure and intent to forfeit the vehicle. Additionally, when a motor vehicle is seized under subdivision 2, or within a reasonable time after that, all persons known to have an ownership or possessory interest in the vehicle must be notified of the seizure and the intent to forfeit the vehicle. Notice mailed by certified mail to the address shown in department of public safety records is sufficient notice to the registered owner of the vehicle. Otherwise, notice may be given in the manner provided by law for service of a summons in a civil action.

(c) The notice must be in writing and contain:

(1) a description of the vehicle seized;

(2) the date of seizure; and

(3) notice of the right to obtain judicial review of the forfeiture and of the procedure for obtaining that judicial review, printed in English, Hmong, and Spanish. Substantially the following language must appear conspicuously: "IF YOU DO NOT DEMAND JUDICIAL REVIEW EXACTLY AS PRESCRIBED IN MINNESOTA STATUTES, SECTION 169.1217, SUBDIVISION 7a, YOU LOSE THE RIGHT TO A JUDICIAL DETERMINATION OF THIS FORFEITURE AND YOU LOSE ANY RIGHT YOU MAY HAVE TO THE ABOVE DESCRIBED PROPERTY. YOU MAY NOT HAVE TO PAY THE FILING FEE FOR THE DEMAND IF DETERMINED YOU ARE UNABLE TO AFFORD THE FEE. YOU DO NOT HAVE TO PAY THE FILING FEE IF THE PROPERTY IS WORTH LESS THAN \$500 AND YOU FILE YOUR CLAIM IN CONCILIATION COURT."

(d) Within 30 days following service of a notice of seizure and forfeiture under this subdivision, a claimant may file a demand for a judicial determination of the forfeiture. The demand must be in the form of a civil complaint and must be filed with the court administrator in the county in which the seizure occurred, together with proof of service of a copy of the complaint on the prosecuting authority having jurisdiction over the forfeiture, and the standard filing fee for civil actions unless the petitioner has the right to sue in forma pauperis under section 563.01. If the value of the seized property is less than \$500, the claimant may file an action in conciliation court for recovery of the seized vehicle without paying the conciliation court filing fee. No responsive pleading is required of the prosecuting authority and no court fees may be charged for the prosecuting authority's appearance in the matter. Except as provided in this section, judicial reviews and hearings are governed by section 169.123, subdivisions 5c and 6, and shall take place at the same time as any judicial review of the person's license revocation under section 169.123. The proceedings may be combined with any hearing on a petition filed under section 169.123, subdivision 5c, and are governed by the rules of civil procedure.

(e) The complaint must be captioned in the name of the claimant as plaintiff and the seized vehicle as defendant, and must state with specificity the grounds on which the claimant alleges the vehicle was improperly seized and the plaintiff's interest in the vehicle seized. Notwithstanding any law to the contrary, an action for the return of a vehicle seized under this section may not be maintained by or on behalf of any person who has been served with a notice of seizure and forfeiture unless the person has complied with this subdivision.

(f) If the claimant makes a timely demand for a judicial determination under this subdivision, the appropriate agency must conduct the forfeiture under subdivision 8.

(g) If a demand for judicial determination of an administrative forfeiture is filed under this subdivision and the court orders the return of the seized vehicle, the court shall order that filing fees be reimbursed to the person who filed the demand. In addition, the court may order the payment of reasonable costs, expenses, and attorney fees under section ~~549.21~~, subdivision 2 549.211.

Sec. 67. Minnesota Statutes 1998, section 169.1217, subdivision 9, is amended to read:

Subd. 9. [DISPOSITION OF FORFEITED VEHICLE.] (a) If the vehicle is administratively forfeited under subdivision 7a, or if the court finds under subdivision 8 that the vehicle is subject to forfeiture under subdivisions 6 and 7, the appropriate agency shall:

(1) sell the vehicle and distribute the proceeds under paragraph (b); or

(2) keep the vehicle for official use. If the agency keeps a forfeited motor vehicle for official use, it shall make reasonable efforts to ensure that the motor vehicle is available for use by the agency's officers who participate in the drug abuse resistance education program.

(b) The proceeds from the sale of forfeited vehicles, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the property, must be forwarded to the treasury of the political subdivision that employs the appropriate agency responsible for the forfeiture for use in DWI-related enforcement, training and education. If the appropriate agency is an agency of state government, the net proceeds must be forwarded to the state treasury and credited to the ~~general fund~~.

~~(c) The proceeds from the sale of forfeited off-road recreational vehicles and motorboats, after payment of seizure, storage, forfeiture, and sale expenses, and satisfaction of valid liens against the property, must be forwarded to the state treasury and credited to the following funds:~~

(1) if the forfeited vehicle is a motorboat, the net proceeds must be credited to the water recreation account in the natural resources fund;

(2) if the forfeited vehicle is a snowmobile, the net proceeds must be credited to the snowmobile trails and enforcement account in the natural resources fund;

(3) if the forfeited vehicle is an all-terrain vehicle, the net proceeds must be credited to the all-terrain vehicle account in the natural resources fund;

(4) if the forfeited vehicle is an off-highway motorcycle, the net proceeds must be credited to the off-highway motorcycle account in the natural resources fund;

(5) if the forfeited vehicle is an off-road vehicle, the net proceeds must be credited to the off-road vehicle account in the natural resources fund; and

(6) if otherwise, the net proceeds must be credited to the general fund.

Sec. 68. Minnesota Statutes 1998, section 169.123, subdivision 1, is amended to read:

Subdivision 1. [PEACE OFFICER DEFINED.] For purposes of this section, section 169.121, and section 169.1211, the term peace officer means (1) a state patrol officer, (2) University of Minnesota peace officer, (3) a constable as defined in section 367.40, subdivision 3, (4) police officer of any municipality, including towns having powers under section 368.01, or county, and (5) for purposes of violations of those sections in or on an off-road recreational vehicle or motorboat, or for violations of section 97B.065 or 97B.066, a state conservation officer.

Sec. 69. Minnesota Statutes 1998, section 171.07, subdivision 12, is amended to read:

Subd. 12. [SNOWMOBILE SAFETY CERTIFICATE.] (a) The department shall maintain in its records information transmitted electronically from the commissioner of natural resources identifying each person to whom the commissioner has issued a snowmobile safety certificate. The records transmitted from the department of natural resources must contain the full name and date of birth as required for the driver's license or identification card. Records that are not matched to a driver's license or identification card record may be deleted after seven years.

(b) After receiving information under paragraph (a) that a person has received a snowmobile safety certificate, the department shall include, on all drivers' licenses or Minnesota identification cards subsequently issued to the person, a graphic or written indication that the person has received the certificate.

(c) If a person who has received a snowmobile safety certificate applies for a driver's license or Minnesota identification card before that information has been transmitted to the department, the department may accept a copy of the certificate as proof of its issuance and shall then follow the procedures in paragraph (b).

Sec. 70. Minnesota Statutes 1998, section 171.07, subdivision 13, is amended to read:

Subd. 13. [FIREARMS SAFETY DESIGNATION.] (a) When an applicant has a record transmitted to the department as described in paragraph (c) or presents a firearms safety certificate issued for successfully completing a firearms safety course administered under section 97B.015, ~~voluntarily and~~ requests a driver's license or identification card described in paragraph (b), ~~pays the required fees, and otherwise qualifies;~~ the department shall issue, renew, or reissue to the applicant a driver's license or Minnesota identification card described in paragraph (b).

(b) Pursuant to paragraph (a), the department shall issue a driver's license or Minnesota identification card bearing a ~~designation or symbolic representation, as designed by the commissioner in consultation with the commissioner of natural resources, indicating~~ graphic or written indication that the applicant has successfully completed a firearms safety course and is knowledgeable in firearms safety administered under section 97B.015.

(c) The department shall maintain in its records information transmitted electronically from the commissioner of natural resources identifying each person to whom the commissioner has issued a firearms safety certificate. The records transmitted from the department of natural resources must contain the full name and date of birth as required for the driver's license or identification card. Records that are not matched to a driver's license or identification card record may be deleted after seven years.

Sec. 71. Minnesota Statutes 1998, section 290.431, is amended to read:

290.431 [NONGAME WILDLIFE CHECKOFF.]

Every individual who files an income tax return or property tax refund claim form may designate on their original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid into an account to be established for the management of nongame wildlife. The commissioner of revenue shall, on the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their tax or refund shall be paid into the nongame wildlife management account. The sum of the amounts so designated to be paid shall be credited to the nongame wildlife management account for use by the nongame program of the section of wildlife in the department of natural resources. All interest earned on money accrued, gifts to the program, contributions to the program, and reimbursements of expenditures in the nongame wildlife management account shall be credited to the account by the state treasurer. The commissioner of natural resources shall submit a work program for each fiscal year and semiannual progress reports to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be expended unless the commission has approved the work program.

The state pledges and agrees with all contributors to the nongame wildlife management account to use the funds contributed solely for the management of nongame wildlife projects and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of nongame wildlife.

Sec. 72. Minnesota Statutes 1998, section 290.432, is amended to read:

290.432 [CORPORATE NONGAME WILDLIFE CHECKOFF.]

A corporation that files an income tax return may designate on its original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that corporation and paid into the nongame wildlife management account established by section 290.431 for use by the section of wildlife in the department of natural resources for its nongame wildlife program. The commissioner of revenue shall, on the corporate tax return, notify filers of their right to designate that a portion of their tax return be paid into the nongame wildlife management account for the protection of endangered natural resources. All interest earned on money accrued, gifts to the program, contributions to the program, and reimbursements of expenditures in the nongame wildlife management account shall be credited to the account by the state treasurer. The commissioner of natural resources shall submit a work program for each fiscal year to the legislative commission on Minnesota resources in the form determined by the commission. None of the money provided in this section may be spent unless the commission has approved the work program.

The state pledges and agrees with all corporate contributors to the nongame wildlife account to use the funds contributed solely for the nongame wildlife program and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of those programs.

Sec. 73. Minnesota Statutes 1998, section 297H.13, subdivision 5, is amended to read:

Subd. 5. [REPORT ON RECEIPTS.] The commissioner of revenue shall report to the chairs of the house and senate environment and natural resources committees; the house environment and natural resources finance division; the senate environment and agriculture budget division; the house tax committee and the senate taxes and tax laws committee; the commissioner of the pollution control agency; and the director of the office of environmental assistance on the total tax revenues received from the taxes imposed under this chapter. The reports shall be made as follows:

(1) a report by ~~May 31, 1998, July 31 of each year~~ based on amounts received by the commissioner of revenue from ~~January 1, 1998, through April 30, 1998~~ January 1 through June 30 of that year; and

(2) a report by ~~September 30, 1998, January 31 of each year~~ based on amounts received by the commissioner of revenue from ~~May 1, 1998, through August 31, 1998; and~~

~~(3) a report by January 31, 1999, based on amounts received by the commissioner of revenue from September 1, 1998, through December 31, 1998~~ July 1 through December 31 of the preceding year.

Sec. 74. Minnesota Statutes 1998, section 325E.11, is amended to read:

325E.11 [COLLECTION FACILITIES; NOTICE.]

(a) Any person selling at retail or offering motor oil or motor oil filters for retail sale in this state shall:

(1) post a notice indicating the nearest location where used motor oil and used motor oil filters may be returned at no cost for recycling or reuse;

(2) post a toll-free telephone number that may be called by the public to determine a convenient location; or

(3) post a listing of locations where used motor oil and used motor oil filters may be returned at no cost for recycling or reuse; or

~~(2) if the person is subject to section 325E.112, post a notice informing customers purchasing motor oil or motor oil filters of the location of the used motor oil and used motor oil filter collection site established by the retailer in accordance with section 325E.112 where used motor oil and used motor oil filters may be returned at no cost.~~

(b) A notice under paragraph (a) shall be posted on or adjacent to the motor oil and motor oil filter displays, be at least 8-1/2 inches by 11 inches in size, contain the universal recycling symbol with the following language:

(1) "It is illegal to put used oil and used motor oil filters in the garbage.";

(2) "Recycle your used oil and used motor oil filters."; and

(3)(i) "There is a free collection site here for your used oil and used motor oil filters.";

(ii) "There is a free collection site for used oil and used motor oil filters located at (name of business and street address).";

(iii) "For the location of a free collection site for used oil and used motor oil filters call (toll-free phone number)."; or

(iv) "Here is a list of free collection sites for used oil and used motor oil filters."

(c) The division of weights and measures under the department of public service shall enforce compliance with this section as provided in section 239.54. The pollution control agency shall enforce compliance with this section under sections 115.071 and 116.072 in coordination with the division of weights and measures.

Sec. 75. Minnesota Statutes 1998, section 325E.112, subdivision 1, is amended to read:

Subdivision 1. [COLLECTION SITE GOAL.] [~~COLLECTION.~~] (a) ~~Retailers that sell at an individual location more than 1,000 motor oil filters per calendar year at retail for off-site installation must provide for collection of used motor oil and used motor oil filters from the public. Retailers who do not collect the used motor oil and used motor oil filters at their individual locations may meet the requirement by entering into a written agreement with another party whose location is:~~

~~(1) within two miles of the retailer's location if the retailer is located:~~

~~(i) within the Interstate Highway 494/694 beltway;~~

~~(ii) in a home rule charter or statutory city or a town contiguous to the Interstate Highway 494/694 beltway; or~~

~~(iii) in a home rule charter or statutory city of over 30,000 population within the metropolitan area as defined in section 473.121; or~~

~~(2) within five miles of the retailer's location if the retailer is not in an area described in clause (1):~~

~~(b) The written agreement must specify that the other party will accept from the public up to ten gallons of used motor oil and ten used motor oil filters per person per month during normal hours of operation unless:~~

~~(1) the used motor oil is known to be contaminated with antifreeze, other hazardous waste, or other materials which may increase the cost of used motor oil management and disposal;~~

~~(2) the storage equipment for that particular waste is temporarily filled to capacity; or~~

~~(3) the used motor oil or used motor oil filters are from a business.~~

~~(c) Persons accepting used motor oil from the public in accordance with this subdivision shall presume that the used motor oil is not contaminated with hazardous waste, provided the person offering the used motor oil is acting in good faith and the person accepting the used motor oil does not have evidence to the contrary. Persons collecting used motor oil from the public must take precautions to prevent contamination of used motor oil storage equipment. Precautions may include, but are not limited to, keeping a log of persons dropping off used motor oil, securing access to used motor oil storage equipment, or posting signage at the site indicating the proper use of the equipment.~~

~~(d) Persons accepting used motor oil and used motor oil filters under paragraph (a), including persons accepting the oil and filters on behalf of the retailer, may not charge a fee when accepting ten gallons or less of used motor oil or ten or fewer used motor oil filters per person per month.~~

~~(e) Persons that receive contaminated used motor oil may manage the used motor oil as household hazardous waste through publicly administered household hazardous waste collection programs, with approval from the household hazardous waste program. Used motor oil contaminated with hazardous waste from the public that cannot be managed through a household hazardous waste collection program must be managed as a hazardous waste in accordance with rules adopted by the pollution control agency. Motor oil and motor oil filter manufacturers and retailers shall seek to provide:~~

~~(1) access to at least one nongovernment site for collection of used motor oil and used motor oil filters from the public every five square miles in the seven-county metropolitan area; and~~

(2) access to a nongovernment site for collection of used motor oil and used motor oil filters from the public within the city or town with a population of greater than 1,500 outside the seven-county metropolitan area.

Sec. 76. Minnesota Statutes 1998, section 325E.112, subdivision 2, is amended to read:

Subd. 2. [REIMBURSEMENT PROGRAM.] A contaminated used motor oil reimbursement program is established to provide reimbursement of the costs of disposing of contaminated used motor oil. In order to receive reimbursement, persons who accept used motor oil from the public ~~or parties that they have contracted with to accept used motor oil~~ must provide to the commissioner of the pollution control agency proof of contamination, information on methods the person used to prevent the contamination of used motor oil at the site, a copy of the billing for disposal costs incurred because of the contamination and proof of payment, and a copy of the hazardous waste manifest or shipping paper used to transport the waste. The commissioner shall reimburse a recipient of contaminated used motor oil 100 percent of the costs of properly disposing of the contaminated used motor oil. The commissioner may not reimburse persons who intentionally place contaminants or do not take precautions to prevent contaminants from being placed in used motor oil, or operate a private collection site that:

(1) is not publicly promotable or listed with the agency;

(2) does not accept up to five gallons of used motor oil and five used motor oil filters per person per day without charging a fee; or

(3) does not control access to the site during times when the site is closed.

A person operating a collection site may refuse to accept any used motor oil or used motor oil filter:

(1) that is from a business;

(2) that appears to be contaminated with antifreeze, hazardous waste, or other materials that may increase the cost of used motor oil management and disposal; or

(3) when the storage equipment for that particular waste is temporarily filled.

Persons operating government collection sites are eligible for reimbursement of the costs of disposing of contaminated used motor oil. Reimbursements made under this subdivision are limited to the money available in the contaminated used motor oil reimbursement account.

Sec. 77. Minnesota Statutes 1998, section 325E.112, subdivision 3, is amended to read:

Subd. 3. [EDUCATION PROGRAM.] ~~When the~~ By June 30 of each year, the commissioner estimates that all shall estimate the amount of funds available under section 325E.113 that will not be expended for reimbursements; the commissioner may use the estimated unexpended funds and shall transfer all or a portion of the estimated unexpended funds to the office of environmental assistance to cover the costs of educating the public and businesses on the provisions of this section and on proper management of used motor oil, used motor oil filters, and other automotive wastes. In coordination with the pollution control agency, county solid waste administrators, used motor oil and used motor oil filter collection site operators, and manufacturers and retailers of motor oil and motor oil filters, the director of the office of environmental assistance shall educate the public and businesses on the proper management of used motor oil, used motor oil filters, and other automotive wastes. As part of the education efforts, the director shall make information available to the public and businesses regarding the proper management of used motor oil, used motor oil filters, and other automotive wastes on the office's World Wide Web page. The commissioner of the pollution control agency shall also make information regarding the proper management of used motor oil, used motor oil filters, and other automotive wastes available on the agency's World Wide Web page.

Sec. 78. Minnesota Statutes 1998, section 325E.112, subdivision 4, is amended to read:

Subd. 4. [LIABILITY EXEMPTION.] Persons who accept used motor oil and used motor oil filters from the public and retailers and manufacturers who contract with such persons for purposes of subdivision 1 are exempt from liability under chapter 115B for the used motor oil, contaminated used motor oil, and used motor oil filters accepted under the provisions of subdivision 1 at facilities that accept used motor oil or used motor oil filters from the public free of charge, after the used motor oil, contaminated used motor oil, and used motor oil filters are sent off-site in compliance with rules adopted by the pollution control agency.

Sec. 79. Minnesota Statutes 1998, section 325E.113, is amended to read:

325E.113 [CONTAMINATED USED MOTOR OIL REIMBURSEMENT ACCOUNT.]

The contaminated used motor oil reimbursement account is established in the environmental fund. Money in the account is appropriated to the commissioner of the pollution control agency for the commissioner's activities under section 325E.112 and to complete the study required by section 86, except that the commissioner may not expend more than \$50,000 for the study required by section 86.

Sec. 80. Minnesota Statutes 1998, section 574.263, is amended to read:

574.263 [~~FORESTRY~~ NATURAL RESOURCE DEVELOPMENT PROJECTS.]

Subdivision 1. [DEFINITION.] For the purposes of this section and section 574.264, "forestry natural resource development project" includes site preparation by discing, shearing, rock raking or piling, patch scarification, or furrowing; prairie restoration; creation of wildlife openings and other wildlife habitat improvements; landscape clearing; tree planting; tree seeding; tree pruning; timber stand improvement by thinning or clearing existing forest trees by manual, mechanical, or chemical techniques; or forest road and bridge construction, reconstruction, and maintenance of department of natural resources trails, public accesses, water control structures, fish barriers, sewage treatment systems, roads, and bridges.

Subd. 2. [CONTRACTOR'S BOND.] A contract with the state for a forestry natural resource development project may require a performance bond at the discretion of the commissioner of natural resources. If the commissioner determines that a performance bond is required, it shall not be less than five percent of the contract price.

Subd. 3. [BID DEPOSIT IN PLACE OF PERFORMANCE BOND.] For a contract made by the commissioner for a forestry natural resource development project, the commissioner may require a bid deposit in place of a performance bond for charges that may accrue because of doing the specified work and to enforce the terms of the contract. The commissioner may set the amount of the bid deposit, but it may not be less than five percent of the contract price.

Subd. 4. [PAYMENT BOND.] A contract with the state for a forestry natural resource development project may require a payment bond at the discretion of the commissioner of natural resources. If the commissioner determines that a payment bond is required, the commissioner also has the discretion to decide whether the bond may be in the form of securities in place of a bond as provided in section 574.264. If so, the securities cannot have less value than five percent of the contract price.

Sec. 81. Minnesota Statutes 1998, section 574.264, subdivision 1, is amended to read:

Subdivision 1. [~~FOREST~~ NATURAL RESOURCE DEVELOPMENT PROJECTS.] In place of a performance or payment bond or bid deposit for a state contract for a forestry natural resource development project less than \$50,000, the person required to file the bond or bid deposit may deposit in a local designated state depository or with the state treasurer a certified check, a cashier's check, a postal, bank, or express money order, assignable bonds or notes of the United States, or an assignment of a bank savings account or investment certificate or an irrevocable bank letter of credit, in the same amount that would be required for the bond or bid deposit. If securities

listed in this section are deposited, their value shall not be less than the amount required for the bond or bid deposit and the person required to file the bond or bid deposit shall submit an agreement authorizing the commissioner to sell or otherwise take possession of the securities in the event of default under the contract or nonpayment of any persons furnishing labor and materials under, or to perform, the contract.

Sec. 82. Laws 1995, chapter 220, section 142, as amended by Laws 1995, chapter 263, section 12, and Laws 1996, chapter 351, section 1, is amended to read:

Sec. 142. [EFFECTIVE DATES.]

Sections 2, 5, 7, 20, 42, 44 to 49, 56, 57, 101, 102, 117, and 141, paragraph (d), are effective the day following final enactment.

Sections 114, 115, 118, and 121 are effective January 1, 1996.

Sections 120, subdivisions 2, 3, 4, and 5, and 141, paragraph (c), are effective July 1, 1996.

Section 141, paragraph (b), is effective ~~June 30, 1999~~ December 31, 1999.

Sections 58 and 66 are effective retroactively to August 1, 1991.

Section 119 is effective September 1, 1996.

Section 120, subdivision 1, is effective July 1, 1999.

Sec. 83. Laws 1996, chapter 351, section 2, as amended by Laws 1997, chapter 216, section 141, is amended to read:

Sec. 2. [RECYCLING GOALS AND ACTIONS.]

Subdivision 1. (a) ~~The following recycling or reuse goals shall be considered met if the actions in this subdivision are initiated by the identified parties on or before September 1, 1997, and are fully completed by December 31, 1998. Additionally, the goals in paragraph (b) must be met in at least 50 percent of counties by December 31, 1997; 75 percent by June 1, 1998; and 100 percent by December 31, 1998.~~

(b) ~~Motor oil and motor oil filter manufacturers and retailers shall ensure that:~~

~~(1) at least 90 percent of residents within the seven-county metropolitan area and residents of a city or town with a population greater than 1,500 have access to a free nongovernment collection site for used motor oil and used motor oil filters within five miles of their residences; and~~

~~(2) at least one free nongovernment collection site for used motor oil and used motor oil filters generated by the public would be located in each county.~~

~~(c) Motor oil and motor oil filter manufacturers and retailers shall inform the public about environmental problems associated with improper disposal of used motor oil and used motor oil filters and proper disposal practices for used motor oil and used motor oil filters. At a minimum, this shall include public service announcements designed to reach residents of the state that generate used motor oil and used motor oil filters.~~

~~(d) (b) The commissioner of the pollution control agency~~ director of the office of environmental assistance shall, ~~by December 31, 1997, and at least annually thereafter or more frequently if deemed necessary, request motor oil and motor oil filter manufacturers and retailers, persons who haul used motor oil and used motor oil filters, and nongovernment persons who accept used motor oil and used motor oil filters from the public to provide an updated list of all existing sites that collect used motor oil, used motor oil filters, or both, from the public, delineating for~~

public promotion which sites collect for free. ~~The commissioner shall use this information to determine whether the parties identified in paragraph (b) have met the goals listed in that paragraph. A collection site operated by the state or a political subdivision, as defined in Minnesota Statutes, section 115A.03, subdivision 24, may be counted towards meeting recycling goals, provided that the parties responsible for meeting the goals of this subdivision voluntarily reimburse the state or political subdivision for all of the costs at that collection site that are associated with used motor oil and used motor oil filter recycling.~~ Persons who accept used motor oil and used motor oil filters from the public shall cooperate with manufacturers and retailers of motor oil and motor oil filters to inform the agency office of environmental assistance within ~~ten~~ 30 days of initiating or ceasing to collect used motor oil or used motor oil filters from the public. The information shall be provided in a form and manner prescribed by the ~~commissioner~~ director of the office of environmental assistance. Using the information provided under this paragraph, the director of the office of environmental assistance shall prepare and make available to the public a list of all existing sites that collect used motor oil, used motor oil filters, or both from the public. The list must include all sites in the state, including both government and nongovernment collection sites and both sites that accept used motor oil or used motor oil filters free of charge or for a fee. The director shall update the list at least annually.

~~(e)~~ (c) Motor oil filter manufacturers shall disclose to retailers whether lead has been intentionally introduced in manufacturing, and retailers shall not knowingly sell motor oil filters containing lead intentionally introduced in manufacturing.

Subd. 2. The commissioner of the pollution control agency may appoint an advisory group of diverse interests to assist the agency with experimentation with various approaches to public education, financial incentives, waste management, and other issues that might affect the effectiveness of recycling efforts. ~~The commissioner may request parties responsible for meeting the recycling goals in subdivision 1 to voluntarily pay for some of the experimentation costs. The existence of this advisory group in no way relieves the parties identified in subdivision 1 of responsibility for meeting the goals listed in that subdivision.~~ The commissioner of the pollution control agency shall appoint an advisory group chair.

Subd. 3. ~~By January 15, 1999, the commissioner of the pollution control agency shall report to the environment and natural resources committees of the senate and the house of representatives on the amount of used motor oil and used motor oil filters being recycled and whether the goals in subdivision 1 have been met and recommend whether the mandate for retailers of motor oil and filters described in Minnesota Statutes, section 325E.112, subdivision 1, is needed to achieve the recycling goals.~~

Sec. 84. Laws 1998, chapter 404, section 7, subdivision 23, is amended to read:

Subd. 23. Metro Regional Trails

5,000,000

For grants to the metropolitan council for acquisition and development of a capital nature of trail connections in the metropolitan area as specified in this subdivision. The purpose of the grants is to improve trails in the metropolitan park and open space system and connect them with existing state and regional trails. Priority shall be given to matching funds for an ISTEAs grant.

The funds shall be allocated by the council as follows:

(1) \$1,050,000 is allocated to Ramsey county as follows:

(i) \$400,000 to complete six miles of trails between the Burlington Northern Regional Trail and Bald Eagle-Otter Lake Regional Park;

(ii) \$150,000 to complete a one-mile connection between Birch Lake and the Lake Tamarack segment of Bald Eagle-Otter Lake Regional Park;

(iii) \$500,000 to acquire real property and design and construct or renovate recreation facilities along the Mississippi River in cooperation with the city of St. Paul;

(2) \$1,050,000 is allocated to the city of St. Paul as follows:

(i) \$250,000 to construct a bridge over Lexington Parkway in Como Regional Park; and

(ii) \$800,000 to enhance amenities for the trailhead at the Lilydale-Harriet Island Regional Park pavilion;

(3) \$1,400,000 is allocated to Anoka county ~~as follows~~ to construct:

(i) ~~\$1,100,000 to construct~~ a pedestrian tunnel under Highway 65 on the Rice Creek West Regional Trail in the city of Fridley; and

(ii) ~~\$300,000 to construct~~ a pedestrian bridge on the Mississippi River Regional Trail crossing over Mississippi Street in the city of Fridley; and

(4) \$1,500,000 is allocated to the suburban Hennepin regional park district as follows:

(i) \$1,000,000 to connect North Hennepin Regional Trail to Luce Line State Trail and Medicine Lake; and

(ii) \$500,000 is for the cost of development and acquisition of the Southwest regional trail in the city of St. Louis Park. The trail must connect the Minneapolis regional trail system at Cedar Lake park to the Hennepin parks regional trail system at the Hopkins trail head.

Sec. 85. Laws 1998, chapter 404, section 7, subdivision 26, is amended to read:

Subd. 26. Local Initiative Grants

8,000,000

For matching grants to be provided to local units of government for acquisition, development, or renovation of a capital nature of local parks, trails, and natural and scenic areas. Recipients must provide a match of at least one-half of total eligible project costs. The commissioner shall make payment to local units of government upon receiving documentation of reimbursable expenditures. The commissioner shall determine project priorities as appropriate based upon need.

\$3,500,000 of this appropriation is for grants to units of government to acquire and develop outdoor recreation areas, and for grants to units of government to acquire and better natural and scenic areas under Minnesota Statutes, section 85.019, subdivision 4a.

\$1,000,000 of this appropriation is for cooperative trail grants of up to \$50,000 per project to acquire or construct trail linkages between communities, trails, and parks.

\$3,500,000 of this appropriation is for trail grants for the following locally funded publicly owned trails serving multiple communities: \$1,400,000 for Beaver Island Trail in Stearns County, \$1,400,000 for Skunk Hollow Trail in Yellow Medicine and Chippewa Counties, and \$700,000 for Unity Trail in Faribault County. The grant for Beaver Island Trail in Stearns County is available in the manner and the order that follows: \$500,000 is available upon commitment of an equal amount from nonstate sources, \$152,000 is available upon contribution of an equal amount from local governments, \$374,000 is available upon commitment of an equal amount from nonstate sources, and the balance of \$374,000 is available upon commitment of an equal amount from nonstate sources.

Sec. 86. [ANALYSIS OF USED OIL FILTER DISPOSAL METHODS.]

In consultation with the office of environmental assistance, representatives of motor oil manufacturers, representatives of motor oil filter manufacturers, representatives of site that accept used motor oil and used motor oil filters from the public, and representatives of the haulers of mixed municipal solid waste, the commissioner of the pollution control agency shall analyze the technical feasibility of alternative methods of disposing of and recycling of used oil motor filters. The commissioner shall report to the chairs of the house and senate committees with jurisdiction over environmental policy and finance issues by January 15, 2001 on the findings of the analysis performed under this section and any recommendations.

Sec. 87. [PRIVATE CONVEYANCE OF STATE LAND; ROCK COUNTY.]

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of natural resources may sell the state-owned land described in paragraph (c) by private sale to the adjacent landowner east of the township road.

(b) The consideration for the sale shall be the land's appraised value as certified by the state and the conveyance shall be in a form approved by the attorney general.

(c) The land to be sold is located in Rock county, consists of 0.6 acres, more or less, and is described as:

That part of the Northwest Quarter of Section 13, Township 103 North, Range 45 West, described as follows:

Commencing at the West Quarter corner of Section 13; thence North 00 degrees 17 minutes 27 seconds West (assumed bearing) along the west line of the Northwest Quarter of said section a distance of 128.17 feet to the point of beginning; thence continuing North 00 degrees 17 minutes 27 seconds West along said west line a distance of 11.84 feet to a point 140.00 feet north of the south line of the Northwest Quarter of said section and the northwest corner of that certain tract of land conveyed to the state of Minnesota by final certificate, filed for record in the office of the Rock county recorder on May 19, 1938, in Book "M" of Miscl., pages 515-517; thence South 89 degrees 28 minutes 55 seconds East parallel with the south line of the Northwest Quarter of said section and along the north line of said tract a distance of 1474.45 feet to the northeast corner of said tract; thence South 00 degrees 17 minutes 27 seconds East parallel with the west line of said section and along the east line of said tract a distance of 25.29 feet to an iron stake with DNR caps; thence North 88 degrees 57 minutes 33 seconds West along an existing fence line a distance of 1092.38 feet to Point A and an iron stake; thence continuing North 88 degrees 57 minutes 33 seconds West along said fence line extended a distance of 382.32 feet to said point of beginning.

Said tract is subject to a roadway easement and any other easements of record if any.

(d) The deed from the commissioner shall include the following restrictive covenant: that part of the above described tract of land lying easterly of and within 60 feet of Point A shall be maintained in tall grass cover with no use for livestock purposes. A breach of such restrictive covenant shall result in the automatic reversion of the restricted land to the state.

Sec. 88. [RULEMAKING AUTHORITY REVOKED.]

Subdivision 1. [AUTHORITY REVOKED.] Notwithstanding other law to the contrary, the commissioner of natural resources is without authority to adopt the rules proposed in the State Register, volume 23, pages 751 to 763, October 5, 1998.

Subd. 2. [EFFECTIVE DATE.] Subdivision 1 is effective retroactively to October 4, 1998.

Sec. 89. [FARMSTEAD WINDBREAK RULES.]

The board of water and soil resources must adopt rules to implement a cost-share program for farmstead windbreaks.

Sec. 90. [ANALYSIS OF ELECTRONIC DEVICES.]

The commissioner of natural resources shall assess the use of electronic devices used in consumptive activities related to fish and wildlife resources through creel surveys, other user surveys, or point of license purchase. The commissioner shall report to the legislature by January 15, 2000, the findings of the surveys and provide an analysis of the feasibility of assessing the impact of current and anticipated use of electronic devices on fish and wildlife resources.

Sec. 91. [CONSERVATION LICENSE STUDY.]

The commissioner of natural resources shall conduct a study on the feasibility of creating a conservation angling license that imposes lower catch limits. The study must at a minimum address whether a conservation angling license would substantially preserve fish resources, evaluate the fiscal impact of such a license on the game and fish fund, and recommend a fee for the license. The commissioner shall report the study findings and recommendations to the legislature by January 15, 2000.

Sec. 92. [STATE PARK LIFETIME PASS.]

The commissioner of natural resources must study the concept and possibility of a lifetime state park entrance pass for residents. The commissioner must address the cost of a lifetime pass, the incentive it may create for more residents to purchase a pass, and any possible gain or loss to state park income.

Sec. 93. [COMMISSIONER'S ORDERS RESCINDED.]

The commissioner of natural resources' order of January 3, 1999, designating certain lands as wildlife management areas is rescinded.

Sec. 94. [STUDY COMMITTEE REGARDING NEED FOR CENTRAL COLLECTION WASTEWATER TREATMENT SYSTEM.]

The commissioner of the Minnesota pollution control agency shall convene a committee of interested persons to address the need for central collection wastewater treatment systems in unsewered areas. The committee shall evaluate the effectiveness of alternative system designs and identify regulatory and other barriers to cost-efficient design and construction. The commissioner shall report the results of the committee's evaluation to the house and senate committees with jurisdiction over environmental policy and budget issues.

Sec. 95. [REPEALER.]

Minnesota Statutes 1998, sections 86B.415, subdivision 7a; 115A.929; 115A.9651; 115A.981; 297H.13, subdivision 6; and 473.845, subdivision 2, are repealed effective the day following final enactment. Minnesota Statutes 1998, sections 1.31; and 325E.112, subdivision 5, are repealed effective July 1, 1999. Minnesota Statutes 1998, section 84B.11, is repealed effective June 30, 2000.

Sec. 96. [EFFECTIVE DATE.]

Sections 15 to 18, 21 to 25, 34, 35, 47, 58 to 72, 73, 80 to 82, 85, 88, and 92 are effective on the day following final enactment. Section 33 is effective January 1, 2000. Sections 37 to 45 are effective March 1, 2000.

ARTICLE 2

AGRICULTURE

Section 1. [AGRICULTURE APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "1999," "2000," and "2001," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 1999, June 30, 2000, or June 30, 2001, respectively.

SUMMARY BY FUND

	1999	2000	2001	TOTAL
General	\$ -0-	\$35,426,000	\$30,684,000	\$66,110,000
Special Revenue		10,267,000	10,441,000	20,708,000
Environmental		336,000	342,000	678,000
TOTAL	\$ -0-	\$46,029,000	\$41,467,000	\$87,496,000

APPROPRIATIONS
Available for the Year
Ending June 30

2000	2001
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Sec. 2. AGRICULTURE

Subdivision 1. Total Appropriation	\$38,632,000	\$34,016,000
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Summary by Fund

General	28,229,000	23,433,000
Special Revenue	10,067,000	10,241,000
Environmental	336,000	342,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Protection Service

21,515,000	21,873,000
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APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

Summary by Fund

General	11,253,000	11,432,000
Special Revenue	9,926,000	10,099,000
Environmental	336,000	342,000

\$336,000 the first year and \$342,000 the second year are from the environmental response, compensation, and compliance account in the environmental fund.

The amounts listed in paragraphs (a) to (h) are from the accounts in the special revenue fund for the purposes indicated. If the commissioner determines that expenditures must be increased above the amount appropriated for the purpose indicated, and if receipts plus accumulated balances in the account are adequate, the amount of the excess is appropriated after the proposed increase has been submitted for review to the chairs of the house ways and means committee, the house agriculture and rural development finance committee, the senate state government finance committee, and the senate environment and agriculture budget division.

(a) \$4,466,000 the first year and \$4,554,000 the second year are from the pesticide regulatory account established under Minnesota Statutes, section 18B.131, for administration and enforcement of Minnesota Statutes, chapter 18B.

(b) \$1,034,000 the first year and \$1,055,000 the second year are from the fertilizer inspection account established under Minnesota Statutes, section 18C.131, for the administration and enforcement of Minnesota Statutes, chapter 18C.

(c) \$374,000 the first year and \$380,000 the second year are from the seed potato inspection account established under Minnesota Statutes, section 21.115, for the administration and enforcement of Minnesota Statutes, sections 21.111 to 21.122.

(d) \$766,000 the first year and \$782,000 the second year are from the seed inspection account established under Minnesota Statutes, section 21.92, for the administration and enforcement of Minnesota Statutes, sections 21.80 to 21.92.

(e) \$763,000 the first year and \$780,000 the second year are from the commercial feed inspection account established under Minnesota Statutes, section 25.39, subdivision 4, for the administration and enforcement of Minnesota Statutes, sections 25.35 to 25.44.

(f) \$536,000 the first year and \$547,000 the second year are from the fruit and vegetable inspection account established under Minnesota Statutes, section 27.07, subdivision 6, for the administration and enforcement of Minnesota Statutes, section 27.07.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

\$141,000 the first year and \$142,000 the second year are from the commodities research and promotion account established in Minnesota Statutes, section 17.59, subdivision 5. If the commissioner determines that expenditures must be increased above the amount appropriated, and if receipts plus accumulated balances in the account are adequate, the amount of the excess is appropriated after the proposed increase has been submitted for review to the chair of the house ways and means committee, the house agriculture and rural development finance committee, the senate state government finance committee, and the senate environment and agriculture budget division.

\$25,000 the first year and \$25,000 the second year are for a grant to the University of Minnesota for research on grazing or organic farming. This is a one-time appropriation.

Notwithstanding Minnesota Statutes, section 41A.09, subdivision 3a, the total payments from the ethanol development account to all producers may not exceed \$74,117,000 for the biennium ending June 30, 2001. If the total amount for which all producers are eligible in a quarter exceeds the amount available for payments, the commissioner shall make the payments on a pro rata basis. In fiscal year 2000, the commissioner shall first reimburse producers for eligible unpaid claims accumulated through June 30, 1999.

\$200,000 the first year is for a loan from the rural finance authority to an entity that develops a facility that uses poultry litter as a fuel for the generation of electricity. Principal and interest payments on the loan must be deposited in the general fund.

\$300,000 the first year is for an operating loan from the rural finance authority to a cooperative association organized under Minnesota Statutes, chapter 308A, for development and operation of a livestock packing plant. Principal and interest payments on the loan must be deposited in the general fund.

\$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.

\$300,000 the first year is for an operating loan from the rural finance authority to a cooperative association organized under Minnesota Statutes, chapter 308A, for development and operation of an alfalfa pelletizing plant. Principal and interest payments on the loan must be deposited in the general fund.

Notwithstanding the transfers from the ethanol development fund to the general fund required under Laws 1997, chapter 216, section 17, and Laws 1998, chapter 401, section 10, \$500,000 must be retained in the ethanol development fund until June 30, 2000. This sum is available for making one additional loan under Minnesota Statutes, section 41B.044. This provision is effective the day following final enactment.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

\$1,500,000 the first year is for a grant to a qualified institution or organization to pursue further research on diseases of soybeans including, but not limited to, soybean cyst nematode (SCN), white mold (sclerotinia stem rot), phytophthora root rot (PRR), and iron deficiency chlorosis. \$300,000 of this appropriation may be designated for research on specialty gene traits of soybeans. This is a one-time appropriation.

\$100,000 the first year is for a grant to a qualified institution to fund research on turkey respiratory disease control and prevention. This appropriation is in addition to other public and nonpublic money for turkey research. This is a one-time appropriation.

\$100,000 the first year is for a grant to a qualified institution to fund research on potato aphids. This appropriation is in addition to other public and nonpublic money for potato aphid research. This is a one-time appropriation.

\$120,000 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.

\$400,000 the first year and \$100,000 the second year are to establish an agricultural water quality and quantity management, research, demonstration, and education program. Of this biennial appropriation, \$250,000 is for projects at the Lamberton site and \$250,000 is for projects at the Waseca site. The commissioner may contract with the University of Minnesota or others for the implementation of parts of the program. If the appropriation for either is insufficient, the appropriation for the other year is available. This is a one-time appropriation.

\$500,000 the first year is for a grant to the University of Minnesota for the agricultural experiment stations. This amount must be distributed to the stations in equal amounts and must be used for agricultural crop and livestock research projects. This is a one-time appropriation.

\$300,000 the first year is for a grant to the Minnesota agriculture education leadership council for a planning grant for an urban agricultural high school. This appropriation is available until June 30, 2001. This is a one-time appropriation.

\$75,000 the first year and \$75,000 the second year are for grants to the Minnesota agriculture education leadership council for grants to schools and community organizations for agricultural education programs. This is a one-time appropriation.

\$900,000 the first year and \$462,000 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

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

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.

\$30,000 the first year is for staff support and other expenses of the roundtable to assess producer production contracts under section 58. This appropriation is available until June 30, 2001. This is a one-time appropriation.

\$40,000 the first year and \$10,000 the second year are for development of a site on the Internet for extending "Ag in the Classroom" information and materials and maintenance of the site. This is a one-time appropriation.

\$125,000 the first year and \$125,000 the second year are for a grant to the University of Minnesota to employ and support a senior researcher in plant genetics for additional research on the development of scab-resistant wheat varieties. This is a one-time appropriation.

\$400,000 the first year is for a grant to the Minnesota state colleges and universities for providing financial analysis assistance to farm operators who apply for farm operating loans. 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.

\$610,000 the first year and \$460,000 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 beaver damage control grants for the purposes of Minnesota Statutes, section 17.110.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

\$1,767,000 the first year and \$1,697,000 the second year are for an electronic information management system.

\$267,000 the first year and \$200,000 the second year are for the dairy inspection account. Of the first year appropriation, up to \$50,000 is available for additional funding of beaver damage control grants. This is a one-time appropriation. By February 15, 2000, the commissioner shall review the fairness and equity of the fee structure for dairy inspections and report the findings to the legislature.

\$50,000 the first year is to complete a study of the business climate for dairy farmers. This is a one-time appropriation.

Sec. 3. BOARD OF ANIMAL HEALTH

2,985,000 3,039,000

\$118,000 each year is for a program to investigate the avian pneumovirus disease and to identify the infected flocks. This is a one-time appropriation.

\$150,000 the first year and \$150,000 the second year are additional money for a program to control paratuberculosis ("Johne's disease") in domestic bovine herds.

\$125,000 the first year and \$125,000 the second year are for pseudorabies control programs. This is a one-time appropriation.

Sec. 4. MINNESOTA HORTICULTURAL SOCIETY

82,000 82,000

Sec. 5. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE

4,330,000 4,330,000

Summary by Fund

General	4,130,000		4,130,000
Special Revenue	200,000		200,000

\$200,000 each year shall be transferred from the department of agriculture's pesticide regulatory account in the special revenue fund for the pesticide reduction options program. This is a one-time appropriation. By January 15, 2000, the Agricultural Utilization Research Institute must report to the standing committees of the house and senate with jurisdiction over agricultural policy issues on the pesticide reduction options program.

The Agricultural Utilization Research Institute must collaborate with the commissioner of agriculture on issues of market development and technology transfer.

\$200,000 the first year and \$200,000 the second year are for hybrid tree management research and development of an implementation plan for establishing hybrid tree plantations in the state. This appropriation is available to the extent it is matched by \$2 of nonstate contributions, either cash or in kind, for each \$1 of state money.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

The base funding for the Agricultural Utilization Research Institute in fiscal year 2002 and thereafter is reduced by \$73,000 each fiscal year.

Sec. 6. Minnesota Statutes 1998, section 17.115, subdivision 3, is amended to read:

Subd. 3. [AWARDING OF LOANS.] (a) Applications for loans must be made to the commissioner on forms prescribed by the commissioner.

(b) The applications must be reviewed, ranked, and recommended by a loan review panel appointed by the commissioner. The loan review panel shall consist of two lenders with agricultural experience, two resident farmers of the state using sustainable agriculture methods, two resident farmers of the state using organic agriculture methods, a farm management specialist, a representative from a post-secondary education institution, and a chair from the department.

(c) The loan review panel shall rank applications according to the following criteria:

- (1) realize savings to the cost of agricultural production and project savings to repay the cost of the loan;
- (2) reduce or make more efficient use of energy; and
- (3) reduce production costs.

(d) A loan application must show that the loan can be repaid by the applicant.

(e) The commissioner must consider the recommendations of the loan review panel and may make loans for eligible projects. Priority must be given based on the amount of savings realized by adopting the practice implemented by the loan.

Sec. 7. Minnesota Statutes 1998, section 17.116, subdivision 3, is amended to read:

Subd. 3. [AWARDING OF GRANTS.] (a) Applications for grants must be made to the commissioner on forms prescribed by the commissioner.

(b) The applications must be reviewed, ranked, and recommended by a technical review panel appointed by the commissioner. The technical review panel shall consist of a soil scientist, an agronomist, a representative from a post-secondary educational institution, two resident farmers of the state using sustainable agriculture methods, two resident farmers of the state using organic agriculture methods, and a chair from the department.

(c) The technical review panel shall rank applications according to the following criteria:

- (1) direct or indirect energy savings or production;
- (2) environmental benefit;
- (3) farm profitability;
- (4) the number of farms able to apply the techniques or the technology proposed;
- (5) the effectiveness of the project as a demonstration;
- (6) the immediate transferability of the project to farms; and
- (7) the ability of the project to accomplish its goals.

(d) The commissioner shall consider the recommendations of the technical review panel and may award grants for eligible projects. Priority must be given to applicants who are farmers or groups of farmers.

(e) Grants for eligible projects may not exceed \$25,000 unless the portion above \$25,000 is matched on an equal basis by the applicant's cash or in-kind land use contribution. Grant funding of projects may not exceed \$50,000 under this section, but applicants may utilize other funding sources. A portion of each grant must be targeted for public information activities of the project.

(f) A project may continue for up to three years. Multiyear projects must be reevaluated by the technical review panel and the commissioner before second or third year funding is approved. A project is limited to one grant for its funding.

Sec. 8. Minnesota Statutes 1998, section 17.136, is amended to read:

17.136 [ANIMAL FEEDLOTS; POLLUTION CONTROL; FEEDLOT AND MANURE MANAGEMENT ADVISORY COMMITTEE.]

(a) The commissioner of agriculture and the commissioner of the pollution control agency shall establish a feedlot and manure management advisory committee to identify needs, goals, and suggest policies for research, monitoring, and regulatory activities regarding feedlot and manure management. In establishing the committee, the commissioner shall give first consideration to members of the existing feedlot advisory group.

(b) The committee must include representation from beef, dairy, pork, chicken, and turkey producer organizations. The committee shall not exceed ~~18~~ 23 members, but, after June 30, ~~1997~~ 1999, must include representatives from at least four environmental organizations, eight livestock producers, ~~and~~ four experts in soil and water science, nutrient management, and animal husbandry, two commercial solid manure applicators who are not producers, two commercial liquid manure applicators who are not producers, and one member from an organization representing local units of government, and chairs of the senate and the house of representatives committees that deal with agricultural policy or the designees of the chairs. In addition, the departments of agriculture, health, and natural resources, the pollution control agency, board of water and soil resources, soil and water conservation districts, the federal Natural Resource Conservation Service, the association of Minnesota counties, and the Farm Service Agency shall serve on the committee as ex officio nonvoting members.

(c) The advisory committee shall elect a chair and a vice-chair from its members. The department and the agency shall provide staff support to the committee.

(d) The commissioner of agriculture and the commissioner of the pollution control agency shall consult with the advisory committee during the development of any policies, rules, or funding proposals or recommendations relating to feedlots or feedlot-related manure management.

(e) The commissioner of agriculture shall consult with the advisory committee on establishing a list of manure management research needs and priorities.

(f) The advisory committee shall advise the commissioners on other appropriate matters.

(g) Nongovernment members of the advisory committee shall receive expenses, in accordance with section 15.059, subdivision 6. The advisory committee expires on June 30, 2001.

Sec. 9. Minnesota Statutes 1998, section 17.451, subdivision 2, is amended to read:

Subd. 2. [FARMED CERVIDAE.] "Farmed cervidae" means members of the cervidae family that are:

(1) raised for the purpose of shooting, harvesting, producing fiber, meat, or animal by-products, as pets, or as breeding stock; and

(2) registered in a manner approved by the board of animal health.

Sec. 10. Minnesota Statutes 1998, section 17.452, subdivision 5, is amended to read:

Subd. 5. [RAISING FARMED CERVIDAE IS AN AGRICULTURAL PURSUIT.] Raising farmed cervidae is agricultural production and an agricultural pursuit, which may include the sale of farmed cervidae to a person for personal consumption. Personal consumption may include the harvesting of farmed cervidae by firearms or archery on a licensed shooting preserve.

Sec. 11. Minnesota Statutes 1998, section 17.452, subdivision 8, is amended to read:

Subd. 8. [SLAUGHTER.] Farmed cervidae that are to be sold for commercial meat purposes must be slaughtered and inspected in accordance with the United States Department of Agriculture voluntary program for exotic animals, Code of Federal Regulations, title 9, part 352.

Sec. 12. [17.4521] [CERVIDAE SHOOTING PRESERVES.]

Subdivision 1. [FEES FOR SHOOTING PRESERVES.] (a) The fee for a cervidae shooting preserve license is \$900 annually and will be deposited in the game and fish fund.

(b) Shooting preserve licenses issued under this subdivision expire on the last day of March.

Subd. 2. [SHOOTING PRESERVE APPLICATION.] The commissioner may license up to ten cervidae shooting preserves in the state. An application for a cervidae shooting preserve license must be filed with the commissioner. The application must include a legal description of the shooting preserve land, number of acres, species to be harvested, and other necessary information prescribed by the commissioner.

Subd. 3. [GAME AVAILABLE.] Game that may be released and harvested in a licensed cervidae shooting preserve must be specified in the license and are limited to species raised as farmed cervidae under sections 17.451 and 17.452. Only farmed cervidae from herds in the accredited program of the board of animal health may be transported to and released in a licensed cervidae shooting preserve.

Subd. 4. [LOCATION; SIZE OF PRESERVE.] A shooting preserve must be separated from any farmed cervidae breeding pens or pastures. A shooting preserve must be contiguous and contain at least 240 acres for elk and at least 120 acres for deer but no more than 960 acres, including any water area, and must have areas of cover to provide for concealment of the cervidae sufficient to prevent the cervidae from being visible in all parts of the preserve at one time and must afford cervidae the chance of escape from pursuit by patrons of the shooting preserve.

Subd. 5. [POSTING OF BOUNDARIES.] The boundaries of a shooting preserve must be clearly posted in a manner prescribed by the commissioner. The operator must post signs around the entire perimeter of the preserve at intervals not to exceed 500 feet.

Subd. 6. [FENCING AND ENCLOSURES.] All perimeter fencing must be paid for and maintained by the licensee and comply with farmed cervidae requirements in section 17.452.

Subd. 7. [REMOVAL OF ALL WILD CERVIDAE.] To the extent practicable, all wild cervidae must be removed from the shooting preserve property at the owner's expense prior to final issuance of the shooting preserve license. After the owner's removal efforts are completed, the commissioner shall determine the number and type of wild cervidae remaining on the shooting preserve property. The shooting preserve operator shall pay the restitution value, adopted under section 97A.345, for each wild cervidae remaining on the shooting preserve property. Money received under this subdivision shall be credited to the game and fish fund.

Subd. 8. [REVOCAION OF LICENSE.] The commissioner may revoke a shooting preserve license if the licensee or persons authorized to harvest in the shooting preserve have been convicted of a violation under this section. After revocation, a new license may be issued at the discretion of the commissioner.

Subd. 9. [HUNTING LICENSE NOT REQUIRED.] A hunting license is not required to harvest authorized species of cervidae on a licensed shooting preserve.

Subd. 10. [SEASON.] (a) The open season for harvesting in a shooting preserve is August 15 through March 31.

(b) The commissioner may restrict the open season after receiving a complaint, holding a public hearing, and finding that the population of a particular species of wild cervidae is harmed by harvesting in the shooting preserve.

Subd. 11. [WEAPONS LIMITATIONS.] A person may harvest farmed cervidae on a shooting preserve by archery or firearms authorized by law to take wild cervidae in the same area.

Subd. 12. [LICENSEE MAY ESTABLISH RESTRICTIONS.] A shooting preserve licensee is responsible for determining who is allowed to harvest in the preserve. In each preserve, the licensee may establish the charge for harvesting cervidae, the shooting hours, the season, weapon limitations, and restrictions on the age, sex, and number of each species that may be harvested by the hunter. These provisions may not conflict with this section and may not be less restrictive than any rule.

Subd. 13. [IDENTIFICATION AND MARKING OF CERVIDAE.] All cervidae must be identified by permanent tattoo, electronic implant, or other means of identification that comply with section 17.452.

Subd. 14. [MARKING HARVESTED CERVIDAE.] Harvested cervidae must be marked in accordance with or identified by the shooting preserve operator in a manner prescribed by the commissioner. The commissioner may issue the tags or other markings at a cost not to exceed \$2 each. The marking must remain attached on the cervidae while the cervidae is transported.

Subd. 15. [RECORDKEEPING.] A shooting preserve must maintain a registration book listing the names, addresses, and hunting license numbers, if applicable, of all patrons of the shooting preserve, the date when they harvested, the amount and species of cervidae taken, and the tag numbers or other markings affixed to each animal. A shooting preserve must keep records of the number of each species raised and purchased and the date and number of each species released. An annual report shall be made to the commissioner by the date herd registration is required. The records must be open to inspection by the commissioner at all reasonable times.

Sec. 13. Minnesota Statutes 1998, section 18B.26, subdivision 5, is amended to read:

Subd. 5. [REVIEW AND REGISTRATION.] (a) The commissioner may not deny the registration of a pesticide because the commissioner determines the pesticide is not essential.

(b) The commissioner shall review each application and may approve, deny, or cancel the registration of any pesticide. The commissioner may impose state use and distribution restrictions on a pesticide as part of the registration to prevent unreasonable adverse effects on the environment.

(c) The commissioner must notify the applicant of the approval, denial, cancellation, state use or distribution restrictions.

(d) The applicant may request a hearing on any adverse action of the commissioner within 30 days after being notified.

(e) The commissioner may exempt from the requirement of registration pesticides that have been deregulated or classified as minimum risk by the United States Environmental Protection Agency.

Sec. 14. Minnesota Statutes 1998, section 18E.02, subdivision 5, is amended to read:

Subd. 5. [ELIGIBLE PERSON.] "Eligible person" means:

(1) a responsible party or an owner of real property, but does not include the state, a state agency, a political subdivision of the state, except as provided in clause (2), the federal government, or an agency of the federal government;

(2) the owners of municipal airports ~~at Perham, Madison, and Hector,~~ in Minnesota where a licensed aerial pesticide applicator has caused an incident through storage, handling, or distribution operations for agricultural chemicals if (i) the commissioner has determined that corrective action is necessary and (ii) the commissioner determines, and the agricultural chemical response compensation board concurs, that based on an affirmative showing made by the owner, a responsible party cannot be identified or the identified responsible party is unable to comply with an order for corrective action; or

(3) a person involved in a transaction relating to real property who is not a responsible party or owner of the real property and who voluntarily takes corrective action on the property in response to a request or order for corrective action from the commissioner, ~~except an owner of a municipal airport not listed in clause (2).~~

Sec. 15. [18E.035] [FINANCIAL SECURITY; MUNICIPAL AIRPORTS.]

Section 18E.02, subdivision 5, clause (2), does not prohibit the owner of a municipal airport from requiring financial security from an aerial pesticide applicator to cover any necessary corrective action.

Sec. 16. Minnesota Statutes 1998, section 28A.08, subdivision 3, is amended to read:

Subd. 3. [FEES EFFECTIVE JULY 1, ~~1996~~ 1999.]

Type of food handler	License Fee Effective July 1, 1996 <u>1999</u>	Penalties	
		Late Renewal	No License
1. Retail food handler			
(a) Having gross sales of only prepackaged nonperishable food of less than \$15,000 for the immediately previous license or fiscal year and filing a statement with the commissioner	\$ 45 <u>\$ 48</u>	\$ 15 <u>\$ 16</u>	\$ 25 <u>\$ 27</u>
(b) Having under \$15,000 gross sales including food preparation or having \$15,000 to \$50,000 gross sales for the immediately previous license or fiscal year	\$ 61 <u>\$ 65</u>	\$ 15 <u>\$ 16</u>	\$ 25 <u>\$ 27</u>
(c) Having \$50,000 to \$250,000 gross sales for the immediately previous license or fiscal year	\$118 <u>\$126</u>	\$ 35 <u>\$ 37</u>	\$ 75 <u>\$ 80</u>
(d) Having \$250,000 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$202 <u>\$216</u>	\$ 50 <u>\$ 54</u>	\$100 <u>\$107</u>
(e) Having \$1,000,000 to \$5,000,000 gross sales for the immediately previous license or fiscal year	\$562 <u>\$601</u>	\$100 <u>\$107</u>	\$175 <u>\$187</u>

(f) Having \$5,000,000 to \$10,000,000 gross sales for the immediately previous license or fiscal year	\$787 <u>\$842</u>	\$150 <u>\$161</u>	\$300 <u>\$321</u>
(g) Having over \$10,000,000 gross sales for the immediately previous license or fiscal year	\$899 <u>\$962</u>	\$200 <u>\$214</u>	\$350 <u>\$375</u>
2. Wholesale food handler			
(a) Having gross sales or service of less than \$25,000 for the immediately previous license or fiscal year	\$ 50 <u>\$ 54</u>	\$ 15 <u>\$ 16</u>	\$ 15 <u>\$ 16</u>
(b) Having \$25,000 to \$250,000 gross sales or service for the immediately previous license or fiscal year	\$225 <u>\$241</u>	\$ 50 <u>\$ 54</u>	\$100 <u>\$107</u>
(c) Having \$250,000 to \$1,000,000 gross sales or service from a mobile unit without a separate food facility for the immediately previous license or fiscal year	\$337 <u>\$361</u>	\$ 75 <u>\$ 80</u>	\$150 <u>\$161</u>
(d) Having \$250,000 to \$1,000,000 gross sales or service not covered under paragraph (c) for the immediately previous license or fiscal year	\$449 <u>\$480</u>	\$100 <u>\$107</u>	\$200 <u>\$214</u>
(e) Having \$1,000,000 to \$5,000,000 gross sales or service for the immediately previous license or fiscal year	\$562 <u>\$601</u>	\$125 <u>\$134</u>	\$250 <u>\$268</u>
(f) Having over \$5,000,000 gross sales for the immediately previous license or fiscal year	\$647 <u>\$692</u>	\$150 <u>\$161</u>	\$300 <u>\$321</u>
3. Food broker	\$112 <u>\$120</u>	\$ 30 <u>\$ 32</u>	\$ 50 <u>\$ 54</u>
4. Wholesale food processor or manufacturer			
(a) Having gross sales of less than \$125,000 for the immediately previous license or fiscal year	\$150 <u>\$161</u>	\$ 50 <u>\$ 54</u>	\$100 <u>\$107</u>
(b) Having \$125,000 to \$250,000 gross sales for the immediately previous license or fiscal year	\$310 <u>\$332</u>	\$ 75 <u>\$ 80</u>	\$150 <u>\$161</u>
(c) Having \$250,001 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$449 <u>\$480</u>	\$100 <u>\$107</u>	\$200 <u>\$214</u>
(d) Having \$1,000,001 to 5,000,000 gross sales for the immediately previous license or fiscal year	\$562 <u>\$601</u>	\$125 <u>\$134</u>	\$250 <u>\$268</u>

(e) Having \$5,000,001 to \$10,000,000 gross sales for the immediately previous license or fiscal year	\$647 <u>\$692</u>	\$150 <u>\$161</u>	\$300 <u>\$321</u>
(f) Having over \$10,000,000 gross sales for the immediately previous license or fiscal year	\$900 <u>\$963</u>	\$200 <u>\$214</u>	\$350 <u>\$375</u>
5. Wholesale food processor of meat or poultry products under supervision of the U. S. Department of Agriculture			
(a) Having gross sales of less than \$125,000 for the immediately previous license or fiscal year	\$100 <u>\$107</u>	\$ 25 <u>\$ 27</u>	\$ 50 <u>\$ 54</u>
(b) Having \$125,000 to \$250,000 gross sales for the immediately previous license or fiscal year	\$169 <u>\$181</u>	\$ 50 <u>\$ 54</u>	\$ 75 <u>\$ 80</u>
(c) Having \$250,001 to \$1,000,000 gross sales for the immediately previous license or fiscal year	\$253 <u>\$271</u>	\$ 75 <u>\$ 80</u>	\$125 <u>\$134</u>
(d) Having \$1,000,001 to \$5,000,000 gross sales for the immediately previous license or fiscal year	\$310 <u>\$332</u>	\$ 75 <u>\$ 80</u>	\$150 <u>\$161</u>
(e) Having \$5,000,001 to \$10,000,000 gross sales for the immediately previous license or fiscal year	\$366 <u>\$392</u>	\$100 <u>\$107</u>	\$175 <u>\$187</u>
(f) Having over \$10,000,000 gross sales for the immediately previous license or fiscal year	\$500 <u>\$535</u>	\$150 <u>\$161</u>	\$250 <u>\$268</u>
6. Wholesale food manufacturer having the permission of the commissioner to use the name Minnesota Farmstead cheese	\$ 30	\$ 10	\$ 15
7. Nonresident frozen dairy manufacturer	\$200	\$ 50	\$ 75
8. Wholesale food manufacturer processing less than 700,000 pounds per year of raw milk	\$ 30	\$ 10	\$ 15
9. A milk marketing organization without facilities for processing or manufacturing that purchases milk from milk producers for delivery to a licensed wholesale food processor or manufacturer	\$ 50	\$ 15	\$ 25

Sec. 17. [28A.081] [CERTIFICATE FEES.]

A fee of \$75 for each certificate shall be charged to all food establishments that request certificates issued by the Minnesota department of agriculture to facilitate the movement of Minnesota processed and manufactured foods destined for export from the state of Minnesota. Certificates include, but are not limited to, certificates of free sale, certificates of export, certificates of sanitation, sanitary certificates, certificates of origin and/or free sale, certificates of health and/or free sale, sanitation, and purity, certificate of free trade, certificate of free sale, sanitation, purity, and origin, certificate of health, sanitation, purity, and free sale, and letter of plant certification.

A food establishment shall be billed within seven days for certificates issued. The food establishment must submit payment for certificates within ten days of the billing date. If certificate fee payments are not received within 15 days of the billing date, the department may not issue any future certificates until previous fees due are paid in full.

Sec. 18. Minnesota Statutes 1998, section 31.94, is amended to read:

31.94 [COMMISSIONER DUTIES.]

(a) The commissioner shall enforce sections 31.92 to 31.95. The commissioner shall withhold from sale or trade any product sold, labeled, or advertised in violation of sections 31.92 to 31.95.

(b) The commissioner shall investigate the offering for sale, labeling, or advertising of an article or substance as organically grown, organically processed, or produced in an organic environment if there is reason to believe that action is in violation of sections 31.92 to 31.95.

(c) The commissioner may adopt rules that further clarify organic food standards and marketing practices.

(d) In order to promote opportunities for organic agriculture in Minnesota, the commissioner shall:

(1) survey producers and support services and organizations to determine information and research needs in the area of organic agriculture practices;

(2) work with the University of Minnesota to demonstrate the on-farm applicability of organic agriculture practices to conditions in this state;

(3) direct the programs of the department so as to work toward the promotion of organic agriculture in this state;

(4) inform agencies of how state or federal programs could utilize and support organic agriculture practices; and

(5) work closely with farmers, the University of Minnesota, the Minnesota trade office, and other appropriate organizations to identify opportunities and needs as well as ensure coordination and avoid duplication of state agency efforts regarding research, teaching, and extension work relating to organic agriculture.

(e) By November 15 of each even-numbered year the commissioner, in conjunction with the task force created in section 31.95, subdivision 3a, shall report on the status of organic agriculture in Minnesota to the legislative policy and finance committees and divisions with jurisdiction over agriculture. The report must include:

(1) a description of current state or federal programs directed toward organic agriculture, including significant results and experiences of those programs;

(2) a description of specific actions the department of agriculture is taking in the area of organic agriculture, including the proportion of the department's budget spent on organic agriculture;

(3) a description of current and future research needs at all levels in the area of organic agriculture; and

(4) suggestions for changes in existing programs or policies or enactment of new programs or policies that will affect organic agriculture.

Sec. 19. Minnesota Statutes 1998, section 31.95, subdivision 3a, is amended to read:

Subd. 3a. [CERTIFICATION ORGANIZATIONS.] (a) A Minnesota grown organic product that is labeled "certified" must be certified by a designated certification organization.

(b) A certified organic product sold in this state must be certified by a designated certification organization or by a certification organization approved by the commissioner. Before approving a certification organization, the commissioner must seek the evaluation and recommendation of the Minnesota organic advisory task force.

(c) The commissioner shall appoint a Minnesota organic advisory task force ~~composed of members of the organic industry to advise the commissioner on organic issues. Members of the task force may not be paid compensation or costs for expenses to advise the commissioner on policies and practices to improve organic agriculture in Minnesota. The task force shall consist of the following residents of the state:~~

- (1) three farmers using organic agriculture methods;
- (2) one organic food retailer or distributor;
- (3) one representative of organic food certification agencies;
- (4) one organic food processor;
- (5) one representative from the Minnesota extension service;
- (6) one representative from an environmental nonprofit organization;
- (7) two at-large members; and

(8) one representative from the agricultural utilization research institute. Terms, compensation, and removal of members are governed by section 15.059, subdivision 6. The task force must meet at least twice each year and expires on June 30, 2004 2003.

Sec. 20. [31B.32] [DAILY PRICE REPORTS.]

(a) At the close of each business day on which a packer purchased or received on contract livestock for slaughter, the packer must report to the United States Department of Agriculture, agricultural marketing service, and the Minnesota commissioner of agriculture all prices paid for livestock under contract and through cash market sales during that business day, including:

- (1) the amount of the base price and a description of the formula used to establish that base price;
- (2) a description of the types and amount of any premiums or discounts including, but not limited to, quality characteristics, grade and yield, volume, early delivery, percent lean, and transportation or acquisition cost savings to the packer; and
- (3) the basis on which payment was made including live-weight, carcass weight, or value in the meat.

(b) The commissioner shall make information reported by packers available to the public, through an electronic medium, on the day succeeding the day covered by the packer's report. The disclosure of information reported by the commissioner may be made only in a form that ensures that:

- (1) the identity of the parties involved in any transaction described in a report is not disclosed;
- (2) the identity of the packer submitting a report is not disclosed; and
- (3) the confidentiality of proprietary business information is otherwise protected.

Sec. 21. Minnesota Statutes 1998, section 32.21, subdivision 4, is amended to read:

Subd. 4. [PENALTIES.] (a) A person, other than a milk producer, who violates this section is guilty of a misdemeanor or subject to a civil penalty up to \$1,000.

(b) A milk producer may not change milk plants within 30 days, without permission of the commissioner, after receiving notification from the commissioner under paragraph (c) or (d) that the milk producer has violated this section.

(c) A milk producer who violates subdivision 3, clause (1), (2), (3), (4), or (5), is subject to clauses (1) to (3) of this paragraph.

(1) Upon notification of the first violation in a 12-month period, the producer must meet with the dairy plant field service representative to initiate corrective action within 30 days.

(2) Upon the second violation within a 12-month period, the producer is subject to a civil penalty of \$300. The commissioner shall notify the producer by certified mail stating the penalty is payable in 30 days, the consequences of failure to pay the penalty, and the consequences of future violations.

(3) Upon the third violation within a 12-month period, the producer is subject to an additional civil penalty of \$300 and possible revocation of the producer's permit or certification. The commissioner shall notify the producer by certified mail that all civil penalties owed must be paid within 30 days and that the commissioner is initiating administrative procedures to revoke the producer's permit or certification to sell milk for at least 30 days.

(d) The producer's shipment of milk must be immediately suspended if the producer is identified as an individual source of milk containing residues causing a bulk load of milk to test positive in violation of subdivision 3, clause (6) or (7). Shipment may resume. The Grade A or manufacturing grade permit must be converted to temporary status for not more than 30 days and shipment may resume only after subsequent milk has been sampled by the commissioner or the commissioner's agent and found to contain no residues above established tolerances or safe levels.

The Grade A or manufacturing grade permit may be restored if the producer remains eligible only for manufacturing grade until the producer completes the "Milk and Dairy Beef Residue Prevention Protocol" with a licensed veterinarian, displays the signed certificate in the milkhouse, and sends verification to the commissioner within the 30-day temporary permit status period. If the producer does not comply within the temporary permit status period, the Grade A or manufacturing grade permit must be suspended. A milk producer whose milk supply is in violation of subdivision 3, clause (6) or (7), and has caused a bulk load to test positive is subject to clauses (1) to (3) of this paragraph.

(1) For the first violation in a 12-month period, a dairy plant may collect from the responsible producer the value of the contaminated truck load of milk. If the amount collected by the plant is less than two days of milk production on that farm, then the commissioner must assess the difference as a civil penalty payable by the plant or marketing organization on behalf of the responsible producer.

(2) For the second violation in a 12-month period, a dairy plant may collect from the responsible producer the value of the contaminated truck load of milk. If the amount collected by the plant is less than four days of milk production on that farm, then the commissioner must assess the difference as a civil penalty payable by the plant or marketing organization on behalf of the responsible producer.

(3) For the third violation in a 12-month period, a dairy plant may collect from the responsible producer the value of the contaminated load of milk. If the amount collected by the plant is less than four days of milk production on that farm, then the commissioner must assess the difference as a civil penalty payable by the plant or marketing organization on behalf of the responsible producer. The commissioner shall also notify the producer by certified mail that the commissioner is initiating administrative procedures to revoke the producer's right to sell milk for a minimum of 30 days.

(4) If a bulk load of milk tests negative for residues and there is a positive producer sample on the load, no civil penalties may be assessed to the producer. The plant must report the positive result within 24 hours and reject further milk shipments from that producer until the producer's milk tests negative. The department shall suspend the producer's permit and count the violation on the producer's record. ~~The producer remains eligible only for manufacturing grade until~~ Grade A or manufacturing grade permit must be converted to temporary status for not more than 30 days during which time the producer reviews must review the "Milk and Dairy Beef Residue Prevention Protocol" with a licensed veterinarian, display the signed certificate in the milkhouse, and send verification to the commissioner. ~~To maintain a permit or certification to market milk, this program must be reviewed within 30 days. If these conditions are met, the Grade A or manufacturing grade permit must be reinstated. If the producer does not comply within the temporary permit status period, the Grade A or manufacturing grade permit must be suspended.~~

(e) A milk producer that has been certified as completing the "Milk and Dairy Beef Residue Prevention Protocol" within 12 months of the first violation of subdivision 3, clause (7), need only review the cause of the violation with a field service representative within three days to maintain Grade A or manufacturing grade permit and shipping status if all other requirements of this section are met.

(f) Civil penalties collected under this section must be deposited in the milk inspection services account established in this chapter.

Sec. 22. Minnesota Statutes 1998, section 35.02, subdivision 1, is amended to read:

Subdivision 1. [MEMBERS; OFFICERS.] The board has five members appointed by the governor with the advice and consent of the senate, three of whom are producers of livestock in the state, and two of whom are practicing veterinarians licensed in Minnesota. The dean of the college of veterinary medicine of the University of Minnesota may serve as consultant to the board without vote. Appointments to fill unexpired terms must be made from the classes to which the retiring members belong. The board shall elect a president and a vice-president from among its members and a veterinarian licensed in Minnesota who is not a member to be its executive secretary director for a term of one year and until a successor qualifies. The board shall set the duties of the secretary director.

Sec. 23. Minnesota Statutes 1998, section 35.04, is amended to read:

35.04 [DUTY OF BOARDS OF HEALTH.]

Boards of health as defined in section 145A.02, subdivision 2, shall assist the board in the prevention, suppression, control, and eradication of contagious and infectious dangerous diseases among domestic animals when directed to do so by the secretary director or any member of the board. Two or more local boards may be required in emergencies to cooperate in giving assistance. The rules of the state board prevail over conflicting local board rules.

Sec. 24. Minnesota Statutes 1998, section 35.05, is amended to read:

35.05 [AUTHORITY OF STATE BOARD.]

(a) The state board may quarantine or kill any domestic animal infected with, or which has been exposed to, a contagious or infectious dangerous disease if it is necessary to protect the health of the domestic animals of the state.

(b) The board may regulate or prohibit the arrival in and departure from the state of infected or exposed animals and, in case of violation of any rule or prohibition, may detain any animal at its owner's expense. The board may regulate or prohibit the importation of domestic animals which, in its opinion, may injure the health of Minnesota livestock.

(c) The board may implement the United States, Voluntary Johne's Disease Herd Status Program for cattle.

(d) Rules adopted by the board under authority of this chapter must be published in the State Register.

Sec. 25. Minnesota Statutes 1998, section 35.08, is amended to read:

35.08 [KILLING OF DISEASED ANIMALS.]

If the board decides upon the killing of an animal affected with tuberculosis, paratuberculosis, or brucellosis, it shall notify the animal's owner or keeper of the decision. If the board, through its executive ~~secretary~~ director, orders that an animal may be transported for immediate slaughter to any abattoir where the meat inspection division of the United States Department of Agriculture maintains inspection, or where the animal and plant health inspection service of the United States Department of Agriculture or the board establishes field postmortem inspection, the owner must receive the value of the net salvage of the carcass.

Before the animal is removed from the premises of the owner, the representative or authorized agent of the board must agree with the owner in writing as to the value of the animal. In the absence of an agreement, three competent, disinterested persons, one appointed by the board, one by the owner, and a third by the first two, shall appraise the animal at its full replacement cost taking into consideration the purpose and use of the animal.

The appraisal made under this section must be in writing, signed by the appraisers, and certified by the board to the commissioner of finance, who shall draw a warrant on the state treasurer for the amount due the owner.

Sec. 26. Minnesota Statutes 1998, section 35.09, subdivision 2, is amended to read:

Subd. 2. [EXCEPTIONS.] The owner of an animal is entitled to the indemnity provided in subdivision 1, except in the following cases:

- (1) steers;
- (2) animals which have not been kept in good faith for one year or since their birth in the state;
- (3) animals brought into the state, contrary to law or rules of the board;
- (4) animals diseased on arrival in the state;
- (5) animals belonging to the United States;
- (6) animals belonging to institutions maintained by the state, a county, or a municipality;
- (7) animals which the owner or claimant knew or should have known were diseased at the time they were acquired;
- (8) animals exposed to brucellosis through the owner's negligence;
- (9) animals which have been injected with brucellosis vaccine, bacterin, or other preparations made from or through the agency of Brucella Microorganisms unless it was done in compliance with the rules of the board;
- (10) animals belonging to a person who has received indemnity as a result of a former inspection or tests and has then introduced into the same herd any animals which have not passed the tuberculin or brucellosis test;
- (11) animals if the owner, agent, or person in possession of them has not complied with the rules of the board with respect to condemned animals;
- (12) condemned animals which are not destroyed within 15 days after the date of appraisal, or for which the owner refuses to sign the appraisal or report of the members of the appraisal board, except that in extraordinary circumstances and in meritorious cases and at the discretion of the executive ~~secretary~~ director of the board the time limit of 15 days may be extended an additional 15 days if the owner receives permission from the executive ~~secretary~~ director within 15 days of the date of appraisal;

(13) livestock affected with tuberculosis, paratuberculosis, or brucellosis unless the entire herd of which the affected livestock is a part, or from which the affected livestock has originated, is examined and tested under the supervision of the board, in order to determine if they are free from the disease;

(14) livestock affected with tuberculosis, paratuberculosis, or brucellosis unless the owner has carried out the instructions of the board relating to cleaning, disinfection, and rendering the stables and premises in a sanitary condition within 15 days of the time of removal of the animals from the premises, except when, because of inclement weather or other extenuating circumstances, the time is extended by the executive ~~secretary~~ director of the board;

(15) livestock affected with tuberculosis, paratuberculosis, or brucellosis, if the owner has fed milk or milk products derived from creameries which was not pasteurized as required by state laws; and

(16) animals owned by a nonresident if neither the owner nor the owner's agent breed livestock in Minnesota.

If, at any time, the annual appropriation for payment of indemnities becomes exhausted as a result of condemnation and slaughter of animals, the board shall discontinue making further official tests or authorizing tests unless an owner signs a waiver on blanks furnished by the board of payment of indemnity for any animals that may be condemned as the result of a test and inspection which releases the state from any obligation to pay indemnity from any future appropriation.

Sec. 27. Minnesota Statutes 1998, section 35.09, subdivision 2a, is amended to read:

Subd. 2a. [NONREACTORS; CATTLE INELIGIBLE FOR TEST.] The board may condemn and appraise nonreactors to the brucellosis test and exposed cattle not eligible to be tested from herds affected with brucellosis and may pay the owner the difference between the appraisal value and the salvage value up to \$300 for grade animals or \$600 for purebred registered animals if the board through its executive ~~secretary~~ director has determined according to criteria adopted by the board that herd depopulation is essential to the goal of bovine brucellosis eradication. Indemnity payable by the state must be reduced by the amount paid by the United States Department of Agriculture. No indemnity may be paid for steers.

Sec. 28. Minnesota Statutes 1998, section 35.67, is amended to read:

35.67 [RABIES INVESTIGATION.]

If the executive ~~secretary~~ director of the board of animal health, or a board of health as defined in section 145A.02, subdivision 2, receives a written complaint that rabies exists in a town or city in the board's jurisdiction, the board of health shall investigate, either personally or through subordinate officers, the truth of the complaint. A board of health may also make an investigation and determination independently, without having received a complaint. The fact that a board of health has investigated and determined that rabies does not exist in a jurisdiction does not deprive the executive ~~secretary~~ director of the board of animal health of jurisdiction or authority to make an investigation and determination with reference to the territory. For the purposes of sections 35.67 to 35.69, the jurisdiction of the executive ~~secretary~~ director of the board of animal health is the entire state.

Sec. 29. Minnesota Statutes 1998, section 35.68, is amended to read:

35.68 [RABIES PROCLAMATION.]

If a board of health as defined in section 145A.02, subdivision 2, investigates and finds that rabies does exist in a town or city the board of health shall make and file a proclamation of the investigation and determination which prohibits the owner or custodian of any dog from allowing the dog to be at large within the town or city unless the dog is effectively muzzled so that it cannot bite any other animal or person.

If the executive secretary director of the board of animal health, after investigation, has determined that rabies exists in any territory in the state, similar proclamations must be issued in all towns and cities within the territory or area in which it is necessary to control the outbreak and prevent the spread of the disease. The proclamation must prohibit the owner or custodian of any dog within the designated territory from permitting or allowing the dog to be at large within the territory unless the dog is effectively muzzled so that it cannot bite any other animal or person.

All local peace officers and boards of health shall enforce sections 35.67 to 35.69.

A proclamation issued by the board of health must be filed with the clerk of the political subdivision responsible for the board of health. One issued by the executive secretary director of the board of animal health must be filed with the clerk of each town and city within the territory it covers.

Each officer with whom the proclamation is filed shall publish a copy of it in one issue of a legal newspaper published in the clerk's town or city if one is published there. If no newspaper is published there, the clerk must post a copy of the proclamation in three public places. Publication is at the expense of the municipality.

Proof of publication must be by affidavit of the publisher and proof of posting must be by the person doing the posting. The affidavit must be filed with the proclamation. The proclamation is effective five days after the publication or posting and remains effective for the period of time not exceeding six months specified in it by the board of health making the proclamation.

Sec. 30. Minnesota Statutes 1998, section 35.82, subdivision 1b, is amended to read:

Subd. 1b. [CARCASSES FOR PET OR MINK FOOD.] (a) The board, through its executive secretary director, may issue a permit to the owner or operator of a pet food processing establishment, a mink rancher, or a supplier of an establishment, located within the boundaries of Minnesota, to transport the carcasses of domestic animals that have died or have been killed, other than by being slaughtered for human or animal consumption, over the public highways to the establishment for pet food or mink food purposes only. The owners and operators of pet food processing establishments or their suppliers and mink ranch operators located in any adjacent state with which a reciprocal agreement is in effect under subdivision 3 are not required to possess a permit issued under this subdivision. The permit is valid for one year following the date of issue unless it is revoked.

(b) The owner or operator of a pet food processing plant or mink ranch shall employ an official veterinarian. A veterinarian named in the permit application who is accepted by the board to act as the official veterinarian is authorized to act as its representative.

(c) Carcasses collected by owners or operators under permit may be used for pet food or mink food purposes if the official veterinarian examines them and finds them suitable for pet food or mink food purposes.

(d) Carcasses not passed by the official veterinarian for pet food or mink food purposes must be disposed of by a rendering plant operating under permit from the board.

(e) The board must require pet food processing establishments, owners and operators of mink ranches, and suppliers of these establishments to conform to rules of the board applicable to rendering plants within the state.

Sec. 31. Minnesota Statutes 1998, section 35.82, subdivision 2, is amended to read:

Subd. 2. [DISPOSITION OF CARCASSES.] (a) Except as provided in subdivision 1b and paragraph (d), every person owning or controlling any domestic animal that has died or been killed otherwise than by being slaughtered for human or animal consumption, shall as soon as reasonably possible bury the carcass at a depth adequate to prevent scavenging by other animals in the ground or thoroughly burn it or dispose of it by another method approved by the board as being effective for the protection of public health and the control of livestock diseases. The board, through its executive secretary director, may issue permits to owners of rendering plants located in Minnesota which are operated and conducted as required by law, to transport carcasses of domestic animals and fowl that have died,

or have been killed otherwise than by being slaughtered for human or animal consumption, over the public highways to their plants for rendering purposes in accordance with the rules adopted by the board relative to transportation, rendering, and other provisions the board considers necessary to prevent the spread of disease. The board may issue permits to owners of rendering plants located in an adjacent state with which a reciprocal agreement is in effect under subdivision 3.

(b) Carcasses collected by rendering plants under permit may be used for pet food or mink food if the owner or operator meets the requirements of subdivision 1b.

(c) An authorized employee or agent of the board may enter private or public property and inspect the carcass of any domestic animal that has died or has been killed other than by being slaughtered for human or animal consumption. Failure to dispose of the carcass of any domestic animal within the period specified by this subdivision is a public nuisance. The board may petition the district court of the county in which a carcass is located for a writ requiring the abatement of the public nuisance. A civil action commenced under this paragraph does not preclude a criminal prosecution under this section. No person may sell, offer to sell, give away, or convey along a public road or on land the person does not own, the carcass of a domestic animal when the animal died or was killed other than by being slaughtered for human or animal consumption unless it is done with a special permit pursuant to this section. The carcass or parts of a domestic animal that has died or has been killed other than by being slaughtered for human or animal consumption may be transported along a public road for a medical or scientific purpose if the carcass is enclosed in a leakproof container to prevent spillage or the dripping of liquid waste. The board may adopt rules relative to the transportation of the carcass of any domestic animal for a medical or scientific purpose. A carcass on a public thoroughfare may be transported for burial or other disposition in accordance with this section.

No person who owns or controls diseased animals shall negligently or willfully permit them to escape from that control or to run at large.

(d) A sheep producer may compost sheep carcasses owned by the producer on the producer's land without a permit and is exempt from compost facility specifications contained in rules of the board.

(e) The board shall develop best management practices for dead animal disposal and the pollution control agency feedlot program shall distribute them to livestock producers in the state.

Sec. 32. Minnesota Statutes 1998, section 35.82, subdivision 3, is amended to read:

Subd. 3. [RECIPROCITY.] The executive ~~secretary~~ director of the board may enter into a reciprocal agreement on behalf of this state with an adjacent state which provides for permits to be issued to rendering plants, pet food processing establishments or suppliers of establishments, and mink ranch operators located in either state to transport carcasses to their plants, establishments, or ranches over the public highways of this state and the reciprocating state.

This subdivision applies if the adjacent state has in effect standards and requirements which are the equivalent of the standards and requirements of this state as established by the board.

Sec. 33. Minnesota Statutes 1998, section 35.92, subdivision 5, is amended to read:

Subd. 5. [SUBPOENAS.] The board of animal health through its executive ~~secretary~~ director may issue subpoenas to compel the attendance of witnesses or submission of books, documents, and records affecting the authority or privilege granted by a license, registration, certification, or permit issued under this chapter or by the board or issued by the commissioner of agriculture if agreed to by the commissioner.

Sec. 34. Minnesota Statutes 1998, section 35.93, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATIVE REMEDIES.] The board of animal health may seek to remedy violations by authorizing the executive ~~secretary~~ director to issue a written warning, administrative meeting, cease and desist, stop-sale, or other special order, seizure, stipulation, or agreement, if the board determines that the remedy is in the public interest.

Sec. 35. 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.

(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 ~~\$38,000,000~~ 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 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~~ \$10,000,000, the commissioner shall make payments for production capacity that is subject to this restriction in the order in which the portion of production capacity covered by each claim went into production.

(g) If the total amount for which all producers are eligible in a quarter under paragraph (c) exceeds the amount available for payments, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed-loop biomass.

(h) After July 1, 1997, new production capacity is only eligible for payment under this subdivision if the commissioner receives:

- (1) an application for approval of the new production capacity;
- (2) an appropriate letter of long-term financial commitment for construction of the new production capacity; and
- (3) copies of all necessary permits for construction of the new production capacity.

The commissioner may approve new production capacity based on the order in which the applications are received.

(i) After April 22, 1998, the commissioner may only approve: ~~(1) up to 12,000,000 gallons of new production capacity at one plant that has not previously received approval or payment for any production capacity; or (2) new production capacity at approved or existing plants not to exceed planned expansions reported to the commissioner by February 1997~~ 1999. The commissioner may not approve any new production capacity after July 1, ~~1998~~ 1999.

(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. 36. Minnesota Statutes 1998, section 41D.02, subdivision 2, is amended to read:

Subd. 2. [ELEMENTARY AND SECONDARY AGRICULTURAL EDUCATION.] The council may provide grants for:

- (1) planning and establishment costs for elementary and secondary agriculture education programs;
- (2) new instructional and communication technologies; and
- (3) curriculum updates.

Sec. 37. Minnesota Statutes 1998, section 103F.515, subdivision 2, is amended to read:

Subd. 2. [ELIGIBLE LAND.] (a) Land may be placed in the conservation reserve program if the land meets the requirements of paragraphs (b) and (c).

(b) Land is eligible if the land:

- (1) is marginal agricultural land;

(2) is adjacent to marginal agricultural land and is either beneficial to resource protection or necessary for efficient recording of the land description;

(3) consists of a drained wetland;

(4) is land that with a windbreak would be beneficial to resource protection;

(5) is land in a sensitive groundwater area;

(6) is riparian land;

(7) is cropland or noncropland adjacent to restored wetlands to the extent of up to four acres of cropland or one acre of noncropland for each acre of wetland restored;

(8) is a woodlot on agricultural land;

(9) is abandoned building site on agricultural land, provided that funds are not used for compensation of the value of the buildings; or

(10) is land on a hillside used for pasture.

(c) Eligible land under paragraph (a) must:

(1) be owned by the landowner, or a parent or other blood relative of the landowner, for at least one year before the date of application;

(2) be at least five acres in size, except for a drained wetland area, riparian area, windbreak, woodlot, or abandoned building site, or be a whole field as defined by the United States Agricultural Stabilization and Conservation Services;

(3) not be set aside, enrolled or diverted under another federal or state government program unless enrollment in the conservation reserve program would provide additional conservation benefits or a longer term of enrollment than under the current federal or state program; and

(4) have been in agricultural crop production for at least two of the last five years before the date of application except drained wetlands, riparian lands, woodlots, abandoned building sites, or land on a hillside used for pasture.

(d) In selecting drained wetlands for enrollment in the program, the highest priority must be given to wetlands with a cropping history during the period 1976 to 1985.

(e) In selecting land for enrollment in the program, highest priority must be given to permanent easements that are consistent with the purposes stated in section 103F.505.

Sec. 38. Minnesota Statutes 1998, section 156.001, subdivision 2, is amended to read:

Subd. 2. [ACCREDITED OR APPROVED COLLEGE OF VETERINARY MEDICINE.] "Accredited or approved college of veterinary medicine" means a veterinary college or division of a university or college that offers the degree of doctor of veterinary medicine or its equivalent and that conforms to the standards required for accreditation or approval by the American Veterinary Medical Association Council on Education.

Sec. 39. Minnesota Statutes 1998, section 156.001, subdivision 3, is amended to read:

Subd. 3. [ANIMAL.] "Animal" does not include poultry ~~or birds of any kind~~.

Sec. 40. Minnesota Statutes 1998, section 156.001, is amended by adding a subdivision to read:

Subd. 5a. [FIRM.] "Firm" includes a corporation, limited liability company, and limited liability partnership, wherever incorporated, organized, or registered.

Sec. 41. Minnesota Statutes 1998, section 156.01, subdivision 3, is amended to read:

Subd. 3. [OFFICERS.] The board shall elect from its number a president and such other officers as are necessary, all from within its membership. One person may hold the offices of both secretary and treasurer. The board shall have a seal and the power to subpoena witnesses, to administer oaths, and take testimony. It shall make, alter, or amend ~~such rules as may be that are~~ necessary to carry this chapter into effect ~~the provisions of this chapter~~. It shall hold examinations for applicants for license to engage in veterinary practice at a time and place of its own choosing. Notice of ~~such an~~ examination ~~shall must~~ be posted 90 days before the date set for ~~an the~~ examination in all veterinary schools approved by the board in the state, and ~~shall must~~ be published in the ~~journal of the American Veterinary Medical Association: American Association of Veterinary State Boards "Directory of Veterinary Licensure Requirements."~~ The board may hold ~~such~~ other meetings as it deems necessary; but no meeting shall exceed three days duration.

Sec. 42. Minnesota Statutes 1998, section 156.02, subdivision 1, is amended to read:

Subdivision 1. [LICENSE APPLICATION.] Application for a license to practice veterinary medicine in this state shall be made in writing to the board of veterinary medicine upon a form furnished by the board, accompanied by satisfactory evidence that the applicant is at least 18 years of age, is of good moral character, and has one of the following:

(1) a diploma conferring the degree of doctor of veterinary medicine, or an equivalent degree, from an accredited or approved college of veterinary medicine;

(2) an ECFVG certificate; or

(3) a certificate from the dean of an accredited or approved college of veterinary medicine stating that the applicant is a student in good standing expecting to be graduated at the completion of the current academic year of the college in which the applicant is enrolled.

The application shall contain the information and material required by subdivision 2 and any other information that the board may, in its sound judgment, require. The application shall be filed with the board at least ~~45~~ 60 days before the date of the examination. If the board deems it advisable, it may require that such application be verified by the oath of the applicant.

Sec. 43. Minnesota Statutes 1998, section 156.02, subdivision 2, is amended to read:

Subd. 2. [REQUIRED WITH APPLICATION.] Every application shall contain the following information and material:

(1) the application fee set by the board in the form of a check or money order payable to the board, which fee is not returnable in the event permission to take the examination is denied for good cause;

(2) a copy of a diploma from an accredited or approved college of veterinary medicine or a certificate from the dean or secretary of an accredited or approved college of veterinary medicine showing the time spent in the school and the date when the applicant was duly and regularly graduated or will duly and regularly graduate or verification of ECFVG certification;

(3) affidavits of at least two veterinarians and three adults who are not related to the applicant setting forth how long a time, when, and under what circumstances they have known the applicant, and any other facts as may be proper to enable the board to determine the qualifications of the applicant; and

(4) if the applicant has served in the armed forces, a copy of discharge papers.

Sec. 44. Minnesota Statutes 1998, section 156.03, is amended to read:

156.03 [EXAMINATION; PAYMENT.]

Upon filing the application and any other papers, affidavits, or proof that the board of veterinary medicine may require, together with the payment to the board of a fee as set by the board, the board, if satisfied, shall issue to the applicant for license an order for examination. Every applicant for a license shall submit to a theoretical or practical examination, or both, as designated by the board. The examination may be oral, or written, or both of the application fee and appropriate examination fee as set by the board, the board shall issue to the applicant a permit to take the national examination in veterinary medicine and the Minnesota Veterinary Jurisprudence Examination. All applicants must be evaluated using an examination prescribed by the board. A passing score for the national examination must be the criterion referenced passing score as determined by the National Board Examination Committee.

Sec. 45. Minnesota Statutes 1998, section 156.072, is amended to read:

156.072 [NONRESIDENTS; LICENSES.]

Subdivision 1. [APPLICATION.] A doctor of veterinary medicine duly admitted to practice in any ~~of the other states or territories or District of Columbia~~ state, commonwealth, territory, or district of the United States or province of Canada desiring permission to practice veterinary medicine in this state shall submit an application to the board upon forms prescribed by the board. Upon proof of licensure to practice in any ~~other state or territory or in the District of Columbia~~ United States or Canadian jurisdiction and having been actively engaged in practicing veterinary medicine therein, for at least three of the five years next preceding the application, or having been engaged in full time teaching of veterinary medicine in an approved or accredited college for at least three of the five years next preceding the application, or any combination thereof, the national examination in veterinary medicine may be waived, upon the recommendation of the board, and the applicant be admitted to practice without examination. However, the board may impose any other ~~tests as~~ examinations it considers proper.

Subd. 2. [REQUIRED WITH APPLICATION.] Such doctor of veterinary medicine shall accompany the application by the following:

(1) a copy of a diploma from an accredited or approved college of veterinary medicine or certification from the dean, registrar, or secretary of an accredited or approved college of veterinary medicine attesting to the applicants graduation from an accredited or approved college of veterinary medicine, or a certificate of satisfactory completion of the ECFVG program.

(2) affidavits of two licensed practicing doctors of veterinary medicine of the state, territory or District of Columbia so certifying residing in the United States or Canadian licensing jurisdiction in which the applicant is currently practicing, attesting that they are well acquainted with ~~such~~ the applicant, that the applicant is a person of good moral character, and has been actively engaged in practicing or teaching ~~as the case may be in such state, territory, or District of Columbia~~ jurisdiction for the period above prescribed;

~~(2)~~ (3) a certificate from the regulatory agency having jurisdiction over the conduct of practice of veterinary medicine that such applicant is in good standing and is not the subject of disciplinary action or pending disciplinary action;

~~(3)~~ (4) a certificate from all other jurisdictions in which the applicant holds a currently active license or held a license within the past ten years, stating that the applicant is and was in good standing and has not been subject to disciplinary action; ~~and~~

~~(4)~~ (5) in lieu of clauses (3) and (4), certification from the Veterinary Information Verification Agency that the applicant's licensure is in good standing;

(6) a fee as set by the board in form of check or money order payable to the board, no part of which shall be refunded should the application be denied;

(7) score reports on previously taken national examinations in veterinary medicine, certified by the Veterinary Information Verification Agency; and

(8) if requesting waiver of examination, provide evidence of meeting licensure requirements in the state of the applicant's original licensure that were substantially equal to the requirements for licensure in Minnesota in existence at that time.

Subd. 3. [EXAMINATION.] A doctor of veterinary medicine duly admitted to practice in any ~~of the other states or territories or in the District of Columbia~~ state, commonwealth, territory, or district of the United States or province of Canada desiring admission to practice in this state but who has not been actively engaged in the practice thereof for at least three of the preceding five years must be examined for admission in accordance with the requirements prescribed herein for those not admitted to practice anywhere.

Subd. 4. [TEMPORARY PERMIT.] The board may issue without examination a temporary permit to practice veterinary medicine in this state to a person who has submitted an application approved by the board for license pending examination, and holds a doctor of veterinary medicine degree or an equivalent degree from an approved or accredited ~~veterinary~~ college of veterinary medicine or an ECFVG certification. The temporary permit shall expire the day after publication of the notice of results of the first examination given after the permit is issued. No temporary permit may be issued to any applicant who has previously failed the national examination in this state or in any other state, territory, or district of the United States or a foreign country and is currently not licensed in any licensing jurisdiction of the United States or Canada or to any person whose license has been revoked or suspended or who is currently subject to a disciplinary order in any licensing jurisdiction of the United States or Canada.

Sec. 46. [156.074] [TEMPORARY LICENSE.]

A graduate of a nonaccredited or approved college of veterinary medicine, who has satisfactorily completed the fourth year of clinical study at an approved or accredited college of veterinary medicine and has successfully passed the national examination in veterinary medicine and the Minnesota Veterinary Jurisprudence Examination, and is enrolled in the ECFVG program, may be granted a temporary license. The holder of a temporary license issued under these provisions must practice under the supervision of a Minnesota licensed veterinarian. The temporary license is valid until the candidate obtains ECFVG certification or for a maximum of two years from the date of issue.

Sec. 47. Minnesota Statutes 1998, section 156.10, is amended to read:

156.10 [UNLAWFUL PRACTICE WITHOUT LICENSE OR PERMIT; GROSS MISDEMEANOR.]

~~It shall be unlawful~~ is a gross misdemeanor for any person to practice veterinary medicine in the state without having first secured a veterinary license or temporary permit, as provided in this chapter, ~~and any person violating the provisions of this section shall be guilty of a gross misdemeanor and punished therefor according to the laws of the state.~~

Sec. 48. Minnesota Statutes 1998, section 156.11, is amended to read:

156.11 [~~CORPORATIONS~~ FIRMS NOT TO PRACTICE.]

(a) ~~It shall be~~ is unlawful in the state of Minnesota for any ~~corporation~~ firm, other than one organized pursuant to chapter ~~319A or 319B~~, to practice veterinary medicine, or to hold itself out or advertise itself in any way as being entitled to practice veterinary medicine, or to receive ~~the fees, or portions of fees, or gifts or other emoluments or benefits~~ compensation derived from the practice of veterinary medicine; or the performance of veterinary services by any person, whether ~~such~~ that person ~~be~~ is licensed to practice veterinary medicine or not. Any ~~corporation~~ firm violating the provisions of this section ~~shall be~~ is guilty of a gross misdemeanor and must be ~~is~~ fined not more than \$3,000 for each offense; ~~and~~. Each day that this ~~chapter~~ section is violated ~~shall be considered~~ is a separate offense.

(b) Notwithstanding section 319B.08, a veterinary medical practice firm has 12 months after the death of an owner before all of the owner's ownership interest must be acquired by the practice, by persons permitted to own the ownership interest, or by some combination.

Sec. 49. Minnesota Statutes 1998, section 156.12, subdivision 2, is amended to read:

Subd. 2. [AUTHORIZED ACTIVITIES.] No provision of this chapter shall be construed to prohibit:

(a) a person from rendering necessary gratuitous assistance in the treatment of any animal when the assistance does not amount to prescribing, testing for, or diagnosing, operating, or vaccinating and when the attendance of a licensed veterinarian cannot be procured;

(b) a person who is a regular student in an accredited or approved college of veterinary medicine from performing duties or actions assigned by instructors or preceptors or working under the direct supervision of a licensed veterinarian;

(c) a veterinarian regularly licensed in another jurisdiction from consulting with a licensed veterinarian in this state;

(d) the owner of an animal and the owner's regular employee from caring for and ~~treating~~ administering to the animal belonging to the owner, except where the ownership of the animal was transferred for purposes of circumventing this chapter;

(e) veterinarians employed by the University of Minnesota from performing their duties with the college of veterinary medicine, college of agriculture, agricultural experiment station, agricultural extension service, medical school, school of public health, or other unit within the university; or a person from lecturing or giving instructions or demonstrations at the university or in connection with a continuing education course or seminar to veterinarians;

(f) any person from selling or applying any pesticide, insecticide or herbicide;

(g) any person from engaging in bona fide scientific research or investigations which reasonably requires experimentation involving animals;

(h) any employee of a licensed veterinarian from performing duties other than diagnosis, prescription or surgical correction under the direction and supervision of the veterinarian, who shall be responsible for the performance of the employee;

(i) a graduate of a foreign college of veterinary medicine from working under the direct personal instruction, control, or supervision of a veterinarian faculty member of the College of Veterinary Medicine, University of Minnesota in order to complete the requirements necessary to obtain an ECFVG certificate.

Sec. 50. Minnesota Statutes 1998, section 156.12, subdivision 4, is amended to read:

Subd. 4. [TITLES.] It ~~shall be~~ is unlawful for a person who has not received a professional degree from an accredited or approved college of veterinary medicine, or ECFVG certification, to use any of the following titles or designations: Veterinary, veterinarian, animal doctor, animal surgeon, animal dentist, animal chiropractor, animal acupuncturist, or any other title, designation, word, letter, abbreviation, sign, card, or device tending to indicate that the person is qualified to practice veterinary medicine.

Sec. 51. Minnesota Statutes 1998, section 216B.2424, is amended by adding a subdivision to read:

Subd. 6. [FUEL SUPPLY CONTRACT.] Notwithstanding any other provision of this section, a public utility may satisfy up to 75 megawatts of the mandate in subdivision 5 by converting power purchase agreements entered into to satisfy that mandate and executed prior to March 15, 1999, into fuel supply agreements between the same parties.

Sec. 52. Minnesota Statutes 1998, section 239.791, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM OXYGEN CONTENT REQUIRED.] Except as provided in subdivisions 10 to ~~12~~ 14, a person responsible for the product shall comply with the following requirements:

(a) After October 1, 1995, gasoline sold or offered for sale at any time in a carbon monoxide control area must contain at least 2.7 percent oxygen by weight.

(b) After October 1, 1997, all gasoline sold or offered for sale in Minnesota must contain at least 2.7 percent oxygen by weight.

Sec. 53. Minnesota Statutes 1998, section 239.791, subdivision 12, is amended to read:

Subd. 12. [EXEMPTION FOR COLLECTOR VEHICLE AND OFF-ROAD USE.] (a) ~~Except during a carbon monoxide control period in a carbon monoxide control area,~~ A person responsible for the product may offer for sale, sell, or dispense at a retail gasoline station for use in collector vehicles or vehicles eligible to be licensed as collector vehicles, off-road vehicles, motorcycles, boats, snowmobiles, or small engines, gasoline that is not oxygenated in accordance with subdivision 1 if the person meets the conditions in paragraphs (b) to ~~(d)~~ (e). If the nonoxygenated gasoline is for use in a small engine, it must be dispensed into a can with a capacity of six or fewer gallons.

(b) The nonoxygenated gasoline must be unleaded premium grade as defined in section 239.751, subdivision 4.

(c) No more than one storage tank on the premises of the retail gasoline station may be used for storage of the nonoxygenated gasoline offered for sale, sold, or dispensed by the station.

(d) The pump stands must be posted with a permanent notice stating: "NONOXYGENATED GASOLINE. FOR USE IN COLLECTOR VEHICLES OR VEHICLES ELIGIBLE TO BE LICENSED AS COLLECTOR VEHICLES, OFF-ROAD VEHICLES, MOTORCYCLES, BOATS, SNOWMOBILES, OR SMALL ENGINES ONLY."

(e) A retail gasoline station that sells or offers for sale nonoxygenated premium grade gasoline under this subdivision must annually report to the division of weights and measures, department of public service, on forms provided by the division, the total number of gallons of nonoxygenated gasoline sold. Data submitted to the department under this paragraph are nonpublic data as defined in section 13.02, subdivision 9.

Sec. 54. Minnesota Statutes 1998, section 239.791, is amended by adding a subdivision to read:

Subd. 13. [EXEMPTION FOR CERTAIN RIPARIAN LANDOWNERS.] (a) A person responsible for the product may offer for sale, sell, and deliver directly to a bulk fuel storage tank gasoline that is not oxygenated in accordance with subdivision 1 if the conditions in paragraphs (b) to (e) are met.

(b) The nonoxygenated gasoline must be unleaded premium grade as defined in section 239.751, subdivision 4.

(c) The bulk fuel storage tank must be stationary or permanent.

(d) The bulk fuel storage tank must be under the control of an owner of littoral or riparian property and located on that littoral or riparian property.

(e) The nonoxygenated gasoline must be purchased for use in vehicles that would qualify for an exemption under subdivision 12, paragraph (a).

Sec. 55. Minnesota Statutes 1998, section 239.791, is amended by adding a subdivision to read:

Subd. 14. [EXEMPTION FOR AIRCRAFT OPERATORS.] A person responsible for the product may offer for sale, sell, and deliver directly to a bulk fuel storage tank gasoline that is not oxygenated in accordance with subdivision 1 for use in aircraft if the nonoxygenated gasoline is unleaded premium grade as defined in section 239.751, subdivision 4.

Sec. 56. Minnesota Statutes 1998, section 500.24, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Farming" means the production of (1) agricultural products; (2) livestock or livestock products; (3) milk or milk products; or (4) fruit or other horticultural products. It does not include the processing, refining, or packaging of said products, nor the provision of spraying or harvesting services by a processor or distributor of farm products. It does not include the production of timber or forest products, the production of poultry or poultry products, or the feeding and caring for livestock that are delivered to a corporation for slaughter or processing for up to 20 days before slaughter or processing.

(b) "Family farm" means an unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.

(c) "Family farm corporation" means a corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the voting stock is held by and the majority of the stockholders are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, and at least one of said related persons is residing on or actively operating the farm, and none of whose stockholders are corporations; provided that a family farm corporation shall not cease to qualify as such hereunder by reason of any devise or bequest of shares of voting stock.

(d) "Authorized farm corporation" means a corporation meeting the following standards:

(1) it has no more than five shareholders;

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

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

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

(5) shareholders holding 51 percent or more of the interest in the corporation reside on the farm or are actively engaging in farming;

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) "Family farm partnership" means a limited partnership formed for the purpose of farming and the ownership of agricultural land in which the majority of the interests in the partnership is held by and the majority of the partners are persons or the spouses of persons related to each other within the third degree of kindred according to the rules of the civil law, at least one of the related persons is residing on or actively operating the farm, and none of the partners are corporations. A family farm partnership does not cease to qualify as a family farm partnership because of a devise or bequest of interest in the partnership.

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

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

(2) no more than five partners;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(v) "Repossessed land" means agricultural land acquired by a corporation, limited partnership, or pension or investment fund by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim on the land, whether created by mortgage or otherwise if all land so acquired is disposed of within five years after acquiring the title. The five-year limitation is a covenant running with the title to the land against any grantee, assignee, or successor of the pension or investment fund, corporation, or limited partnership. The land so acquired must not be used for farming during the five-year period, except under a lease to a family farm unit, a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, or an authorized farm partnership. Notwithstanding the five-year divestiture requirement under this paragraph, a financial institution may continue to own the agricultural land if the agricultural land is leased to the immediately preceding former owner, but must dispose of the agricultural land within ten years of acquiring the title. Livestock acquired by a pension or investment fund, corporation, or limited partnership in the collection of debts, or by a procedure for the enforcement of lien or claim on the livestock whether created by security agreement or otherwise after August 1, 1994, must be sold or disposed of within one full production cycle for the type of livestock acquired or 18 months after the livestock is acquired, whichever is later.

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

(x) "Demonstration corporation" means a nonprofit corporation organized under state nonprofit corporation law and formed primarily for the purpose of demonstrating historical farming practices.

Sec. 57. Minnesota Statutes 1998, section 500.24, subdivision 3, is amended to read:

Subd. 3. [FARMING AND OWNERSHIP OF AGRICULTURAL LAND BY CORPORATIONS RESTRICTED.] No corporation, limited liability company, pension or investment fund, or limited partnership shall engage in farming; nor shall any corporation, limited liability company, pension or investment fund, or limited partnership, directly or indirectly, own, acquire, or otherwise obtain any interest, in agricultural land other than a bona fide encumbrance taken for purposes of security. This subdivision does not apply to general partnerships. This

subdivision does not apply to any agricultural land, corporation, limited partnership, or pension or investment fund that meet any of the definitions in subdivision 2, paragraphs (b) to (e), (i), (j), ~~and~~ (m) to (v), and (x), has a conservation plan prepared for the agricultural land, and reports as required under subdivision 4.

Sec. 58. [AGRICULTURAL PRODUCER CONTRACTS; ROUNDTABLE ON CONTRACT FARMING.]

Subdivision 1. [PURPOSE; LEGISLATIVE FINDINGS.] The legislature finds that continuing changes in the agricultural livestock, poultry, commodity crop, and specialty crop industries have led to an ever larger portion of Minnesota farmers who produce under contract for processors. To the extent that production under contract lessens competition and dulls important market signals, independent producers are left at a critical economic disadvantage. The legislature finds further that the study and recommendations authorized by this section will identify ways to assure that competitive markets remain for producers who choose not to produce under contract.

Subd. 2. [CREATION; MEMBERSHIP.] (a) There is hereby created a roundtable on contract farming with 22 members appointed as follows:

(1) the chair of the agriculture and rural development committee of the senate shall appoint one citizen member with education and experience in the area of agricultural economics, one citizen member who is the operator of a production agriculture farm in the state, one processor of agricultural livestock, one poultry processor, and three members of the senate, at least one of whom must be a member of the minority caucus;

(2) the chair of the agriculture and rural development finance committee of the house of representatives shall appoint one citizen member with education and experience in the area of agricultural economics, one citizen member who is the operator of a production agriculture farm in the state, one poultry producer, one processor of agricultural commodities, and three members of the house of representatives, at least one of whom must be a member of the minority caucus;

(3) the governor shall appoint three members, one each representing processors of agricultural livestock, poultry, commodity crops, or specialty crops;

(4) the governor shall appoint two members representing different types of financial institutions or organizations of financial institutions;

(5) the Minnesota Farm Bureau Federation shall appoint one member;

(6) the Minnesota Farmers Union shall appoint one member;

(7) the Minnesota Cattlemen's Association shall appoint one member; and

(8) the Minnesota Pork Producers Association shall appoint one member.

(b) All appointments must be made June 15, 1999.

(c) Citizen members of the roundtable serve without compensation but may be reimbursed for expenses as provided in Minnesota Statutes, section 15.059, subdivision 6.

(d) The first meeting of the roundtable must be called and convened by the chairs of the agriculture policy committees of the senate and the house of representatives. Roundtable members must then elect a permanent chair from among the roundtable members.

(e) The roundtable may organize itself into two or more committees each concentrating on the issues most relevant to particular types of producer contracts, such as agricultural livestock or poultry contracts, commodity crop contracts, or specialty crop contracts. If committees of the roundtable are formed, they must report their findings to the full roundtable.

Subd. 3. [CHARGE.] The roundtable shall examine current and projected impacts of agricultural livestock, poultry, commodity crops, and specialty crops produced under contract with processors and the effect of contract production on the availability or distortion of valid market price information and access to competitive markets for other producers. In fulfilling its charge, the roundtable may consult with persons involved with or affected by activities and recommendations of the agricultural marketing and bargaining task force created under Laws 1997, chapter 142.

Subd. 4. [RESOURCES; STAFF SUPPORT; CONTRACT SERVICES.] The commissioner of agriculture shall provide necessary resources and staff support for the meetings, hearings, activities, and report of the roundtable. To the extent the roundtable determines it appropriate to contract with nonstate providers for research or analytical services, the commissioner shall serve as the fiscal agent for the roundtable.

Subd. 5. [PUBLIC HEARINGS.] The roundtable shall hold at least four public hearings on the issue of agricultural production under contract, at least three of which must be held in greater Minnesota.

Subd. 6. [REPORT.] The roundtable shall report its findings to the legislature by January 15, 2000. The report must include recommendations for law or rule changes that would ensure competition and valid market price signals to both contract producers and those who choose not to produce under contract.

Subd. 7. [EXPIRATION.] The roundtable on contract farming expires 45 days after its report and recommendations are delivered to the legislature or on June 1, 2000, whichever date is earlier.

Sec. 59. [BUSINESS CLIMATE FOR DAIRY FARMERS.]

Subdivision 1. [COMMISSIONER TO STUDY, HOLD HEARINGS, AND REPORT WITH RECOMMENDATIONS.] (a) The commissioner of agriculture shall study, in consultation with the chairs of the agriculture policy and finance committees of the senate and the house of representatives, the Minnesota Farmers Union, the Farm Bureau Federation, the National Farmers Organization, and other Minnesota farm organizations, the impact of current and projected trends in dairy farming on Minnesota's dairy farmers and processors and propose a strategic plan to reinvigorate Minnesota's dairy industry.

(b) The commissioner shall hold at least five public hearings in the agricultural regions of Minnesota on the challenges and opportunities for Minnesota's dairy farmers.

(c) Not later than February 15, 2000, the commissioner shall report to the legislature on the findings of the study. The report must include recommendations on improvements in state laws and rules that are in the best interest of Minnesota's dairy industry, environment, social climate, and family farming operations. The report must include:

(1) the impact of current trends on the economic, social, and environmental conditions in rural Minnesota;

(2) the impact of the current laws on dairy farming in Minnesota;

(3) the impact of current dairy farming trends on the long-term viability of the dairy processing industry in Minnesota;

(4) a strategic plan to provide for the financial success and long-term sustainability of dairy farming in Minnesota; and

(5) recommendations on how state government can better assist Minnesota's dairy farmers develop and use appropriate technologies, including the upgrade of milking facilities, rotational grazing, and other sustainable methods.

Subd. 2. [EFFECTIVE DATE.] This section is effective the day following final enactment.

Sec. 60. [URBAN AGRICULTURAL HIGH SCHOOL.]

Subdivision 1. [WORKING GROUP ESTABLISHED.] The commissioner of agriculture, in collaboration with the Minnesota agriculture education leadership council, must establish a working group to develop a proposal for an urban agricultural high school and development of agribusiness partnerships.

Subd. 2. [GRANT PURPOSES.] The planning grant may be used for curriculum design, demographic research, development of partnerships, site acquisition, market assessment of student interest, and facility predesign purposes.

Subd. 3. [REPORT.] The Minnesota agriculture education leadership council must present a report to the legislature by January 15, 2000.

Sec. 61. [FEEDLOT RULE REVIEW.]

To reduce the need for future farm-related state spending, and to ensure legislative intent and oversight, after the effective date of this section, the Minnesota pollution control agency shall not implement any new or increased fees related to livestock or poultry production or implement any new or amended rules or new or increased fees related to the operation of livestock or poultry feedlots until at least 60 days after the proposed rules have been reviewed and approved by majority vote of the standing committees of the senate and the house of representatives having jurisdiction over agricultural policy issues.

Sec. 62. [REVISOR INSTRUCTION.]

The revisor of statutes shall renumber Minnesota Statutes, section 156.072, subdivision 4, as section 156.073.

Sec. 63. [REPEALER.]

Minnesota Statutes 1998, sections 35.245; and 35.96, subdivision 4, are repealed on the day following final enactment. Minnesota Statutes 1998, sections 17.76; 42.01; 42.02; 42.03; 42.04; 42.05; 42.06; 42.07; 42.08; 42.09; 42.10; 42.11; 42.12; 42.13; and 42.14, are repealed.

Sec. 64. [EFFECTIVE DATE.]

Sections 8, 22, 23, 25 to 35, 52 to 55, and 58 are effective on the day following final enactment."

Delete the title and insert:

"A bill for an act relating to state government; appropriating money for environmental, natural resources, and agricultural purposes; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; amending Minnesota Statutes 1998, sections 14.386; 17.115, subdivision 3; 17.116, subdivision 3; 17.136; 17.451, subdivision 2; 17.452, subdivisions 5 and 8; 18B.26, subdivision 5; 18E.02, subdivision 5; 28A.08, subdivision 3; 31.94; 31.95, subdivision 3a; 32.21, subdivision 4; 35.02, subdivision 1; 35.04; 35.05; 35.08; 35.09, subdivisions 2 and 2a; 35.67; 35.68; 35.82, subdivisions 1b, 2, and 3; 35.92, subdivision 5; 35.93, subdivision 1; 41A.09, subdivision 3a; 41D.02, subdivision 2; 84.027, subdivision 15; 84.0855, subdivision 2, and by adding a subdivision; 84.83, subdivisions 3 and 4; 84.86, subdivision 1; 84.862, subdivisions 1 and 2; 84.872, subdivision 1; 84.91, subdivision 1; 84.98, subdivision 6; 85.015, by adding a subdivision; 85.019, subdivision 2, and by adding subdivisions; 86B.415, subdivision 1; 88.067; 92.46, subdivision 1; 97A.075, subdivision 1; 97A.475, subdivisions 2, 3, 6, 7, 8, 11, 12, 13, and 20; 97A.485, subdivision 12; 97B.020; 103B.227, subdivision 2; 103C.401, by adding a subdivision; 103F.515, subdivision 2; 115.55, subdivision 5a; 115A.02; 115A.554; 115A.918, subdivision 1; 115B.42; 116G.151; 156.001, subdivisions 2, 3, and by adding a subdivision; 156.01, subdivision 3; 156.02, subdivisions 1 and 2; 156.03; 156.072; 156.10; 156.11; 156.12, subdivisions 2 and 4; 169.121, subdivision 3; 169.1217, subdivisions 7a and 9; 169.123, subdivision 1; 171.07, subdivisions 12 and 13; 216B.2424, by adding a subdivision; 239.791, subdivisions 1, 12, and by adding subdivisions; 290.431; 290.432; 297H.13, subdivision 5; 325E.11; 325E.112, subdivisions 1, 2, 3, and 4;

325E.113; 500.24, subdivisions 2 and 3; 574.263; and 574.264, subdivision 1; Laws 1995, chapter 220, section 142, as amended; Laws 1996, chapter 351, section 2, as amended; and Laws 1998, chapter 404, section 7, subdivisions 23 and 26; proposing coding for new law in Minnesota Statutes, chapters 17; 18E; 28A; 31B; 103F; 115B; 116; and 156; repealing Minnesota Statutes 1998, sections 1.31; 17.76; 35.245; 35.96, subdivision 4; 42.01; 42.02; 42.03; 42.04; 42.05; 42.06; 42.07; 42.08; 42.09; 42.10; 42.11; 42.12; 42.13; 42.14; 84B.11; 86B.415, subdivision 7a; 115A.929; 115A.9651; 115A.981; 297H.13, subdivision 6; 325E.112, subdivision 5; and 473.845, subdivision 2."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 2388 was read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Schumacher introduced:

H. F. No. 2416, A bill for an act relating to elections; allowing all towns to adopt November elections; amending Minnesota Statutes 1998, sections 205.075, subdivision 2; and 367.03, subdivision 4.

The bill was read for the first time and referred to the Committee on Local Government and Metropolitan Affairs.

Schumacher; Johnson; Larson, D.; Rest; Lenczewski; Koskinen and Mahoney introduced:

H. F. No. 2417, A bill for an act relating to education; balancing statewide accountability and district autonomy under the profile of learning; amending Minnesota Statutes 1998, sections 120B.02; 120B.03; 120B.30, subdivision 1; and 120B.35.

The bill was read for the first time and referred to the Committee on Education Policy.

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. 585, A bill for an act relating to capital investment; reducing an appropriation; making a conforming change; excluding an authorization for certain kitchen facilities; amending a match requirement for the Isle Community Center grant; amending Laws 1998, chapter 404, section 5, subdivision 4.

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. 1106, A bill for an act relating to health; limiting use of health information secured as part of HIV vaccine research for insurance underwriting; amending Minnesota Statutes 1998, section 72A.20, by adding a subdivision.

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. 1708, A bill for an act relating to insurance; property and liability; regulating FAIR plan coverage; amending Minnesota Statutes 1998, sections 65A.32; 65A.33, subdivision 3, and by adding a subdivision; 65A.34, subdivisions 1, 4, and 5; 65A.36, subdivisions 1 and 5; 65A.37; 65A.38, subdivision 1; and 65A.42.

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. 1553, A bill for an act relating to corrections; authorizing offenders conditionally released to perform community work service to file claims for injuries sustained during compensated service; repealing a requirement for a report on training funds; authorizing expenditure of funds for staff working in licensed juvenile facilities; authorizing deduction from an inmate's account of restitution ordered for damage to staff property and personal injuries to another; authorizing Minnesota correctional facility-Red Wing to retain money collected from detention holds and federal contracts; authorizing the commissioner to require any inmate to participate in rehabilitative programs and impose disciplinary sanctions for refusal to participate; exempting licensed contractor requirement for institution work crew program; clarifying that sentence for imprisonment is only for felonies; making certain criminal justice agency records available to commissioner of corrections and probation officers; specifying criteria for commitment of juvenile male offenders at the Minnesota correctional facility-Red Wing; repealing the law authorizing the mutual agreement rehabilitative program; amending Minnesota Statutes 1998, sections 3.739, subdivision 1; 241.01, subdivision 5; 241.0221, subdivisions 1, 2, and 4; 241.26, subdivision 5; 243.23, subdivision 3; 244.03; 244.05, subdivision 1b; 326.84, subdivision 3; 609.105, subdivision 1; and 609.115, subdivision 3; Laws 1997, chapter 239, article 9, section 45; repealing Minnesota Statutes 1998, section 244.02.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

McGuire moved that the House concur in the Senate amendments to H. F. No. 1553 and that the bill be repassed as amended by the Senate.

A roll call was requested and properly seconded.

The question was taken on the McGuire motion and the roll was called. There were 119 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed.

H. F. No. 1553, A bill for an act relating to corrections; authorizing offenders conditionally released to perform community work service to file claims for injuries sustained during compensated service; repealing a requirement for a report on training funds; authorizing expenditure of funds for staff working in licensed juvenile facilities; authorizing deduction from an inmate's account of restitution ordered for damage to staff property and personal injuries to another; authorizing the commissioner to require any inmate to participate in rehabilitative programs and impose disciplinary sanctions for refusal to participate; clarifying that sentence for imprisonment is only for felonies; making certain criminal justice agency records available to commissioner of corrections and probation officers; specifying criteria for commitment of juvenile male offenders at the Minnesota correctional facility-Red Wing; repealing the law authorizing the mutual agreement rehabilitative program; prohibiting use of state funds to acquire art for state correctional facilities; amending Minnesota Statutes 1998, sections 3.739, subdivision 1; 16B.35, by adding a subdivision; 241.01, subdivision 5; 241.0221, subdivisions 1 and 2; 241.26, subdivision 5; 243.23, subdivision 3; 244.03; 244.05, subdivision 1b; 609.105, subdivision 1; and 609.115, subdivision 3; Laws 1997, chapter 239, article 9, section 45; repealing Minnesota Statutes 1998, section 244.02.

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 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Bakk	Bradley	Cassell	Daggett	Dorman
Abrams	Biernat	Buesgens	Chaudhary	Davids	Dorn
Anderson, B.	Bishop	Carlson	Clark, J.	Dawkins	Entenza
Anderson, I.	Boudreau	Carruthers	Clark, K.	Dehler	Erickson

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

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

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 556, A bill for an act relating to municipal power agencies; limiting liability for recreational purposes; amending Minnesota Statutes 1998, section 604A.24.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Piper, Ten Eyck and Ourada.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Leighton moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 556. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1471, A bill for an act relating to landlords and tenants; requiring certain limitations on tenant screening fees; proposing coding for new law in Minnesota Statutes, chapter 504.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Murphy; Johnson, D. H., and Limmer.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Storm moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1471. The motion prevailed.

The Speaker called Abrams to the Chair.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

S. F. No. 1204, A bill for an act relating to the state building code; clarifying the supervision of the state fire marshal; modifying elevator installation provisions; amending Minnesota Statutes 1998, sections 16B.61, subdivision 2; and 16B.745, subdivision 3.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Johnson, D. H.; Ten Eyck and Scheevel.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Rostberg moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1204. The motion prevailed.

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. 621, A bill for an act relating to public safety; adding various arson definitions relating to flammability; imposing penalties on students who use ignition devices inside educational buildings; amending Minnesota Statutes 1998, sections 609.561, subdivision 3; and 609.5631, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

PATRICK E. FLAHAVEN, Secretary of the Senate

Fuller moved that the House refuse to concur in the Senate amendments to H. F. No. 621, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. No. 2225.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2225, A bill for an act relating to human services; appropriating money for the departments of human services and health, the veterans nursing homes board, the health-related boards, the emergency medical services board, the council on disability, the ombudsman for mental health and mental retardation, and the ombudsman for families; establishing the state board of physical therapy; amending Minnesota Statutes 1998, sections 13.99, subdivision 38a, and by adding a subdivision; 16A.76, subdivision 2; 16C.10, subdivision 5; 60A.15, subdivision 1; 62A.045; 62E.11, by adding a subdivision; 62J.69; 116L.02; 125A.08; 125A.21, subdivision 1; 125A.74, subdivisions 1 and 2; 144.065; 144.148; 144.1761, subdivision 1; 144.99, subdivision 1, and by adding a subdivision; 144A.073, subdivision 5; 144A.10, by adding subdivisions; 144A.46, subdivision 2; 144D.01, subdivision 4; 144E.001, by adding subdivisions; 144E.10, subdivision 1; 144E.11, by adding a subdivision; 144E.16, subdivision 4; 144E.18; 144E.27, by adding subdivisions; 144E.50, by adding a subdivision; 145.924; 145.9255, subdivisions 1 and 4; 145A.02, subdivision 10; 145.9255, subdivisions 1 and 4; 148.5194, subdivisions 2, 3, 4, and by adding a subdivision; 148.66; 148.67; 148.70; 148.705; 148.71; 148.72, subdivisions 1, 2, and 4; 148.73; 148.74; 148.75; 148.76; 148.78; 148B.32, subdivision 1; 150A.10, subdivision 1; 214.01, subdivision 2; 245.462, subdivisions 4 and 17; 245.4711, subdivision 1; 245.4712, subdivision 2; 245.4871, subdivisions 4 and 26; 245.4881, subdivision 1; 245A.04, subdivision 3a; 245A.08, subdivision 5; 245A.30; 245B.05, subdivision 7; 245B.07, subdivisions 5, 8, and 10; 246.18, subdivision 6; 252.28, subdivision 1; 252.291, by adding a subdivision; 252.32, subdivision 3a; 252.46, subdivision 6; 253B.045, by adding subdivisions; 253B.07, subdivision 1; 253B.185, by adding a subdivision; 254B.01, by adding a subdivision; 254B.03, subdivision 2; 254B.04, subdivision 1; 254B.05, subdivision 1; 256.01, subdivision 2; 256.015, subdivisions 1 and 3; 256.87, subdivision 1a; 256.955, subdivisions 3, 4, 7, 8, and 9; 256.9685, subdivision 1a; 256.969, subdivision 1; 256B.04, subdivision 16, and by adding a subdivision; 256B.042, subdivisions 1, 2, and 3; 256B.055, subdivision 3a; 256B.056, subdivision 4; 256B.057, subdivision 3, and by adding a subdivision; 256B.0575; 256B.061; 256B.0625, subdivisions 6a, 8, 8a, 13, 19c, 20, 26, 28, 30, 32, 35, and by adding subdivisions; 256B.0627, subdivisions 1, 2, 4, 5, 8, and by adding subdivisions; 256B.0635, subdivision 3; 256B.064, subdivisions 1a, 1b, 1c, 2, and by adding a subdivision; 256B.0911, subdivision 6; 256B.0913, subdivisions 5, 10, 12, and 16; 256B.0917, subdivision 8; 256B.094, subdivisions 3, 5, and 6; 256B.37, subdivision 2; 256B.431, subdivisions 2i, 17, 26, and by adding a subdivision; 256B.434, subdivisions 3, 4, 13, and by adding a subdivision; 256B.435; 256B.48, subdivisions 1, 1a, 1b, and 6; 256B.50, subdivision 1e; 256B.501, subdivision 8a, and by adding a subdivision; 256B.5011, subdivisions 1 and 2; 256B.69, subdivisions 3a, 5b, 6a, 6b, and by adding subdivisions; 256B.692, subdivision 2; 256B.75; 256B.76; 256B.77, subdivisions 7a, 8, and by adding subdivisions; 256D.03, subdivisions 3, 4, and 8; 256D.051, subdivision 2a, and by adding a subdivision; 256D.053, subdivision 1; 256D.06, subdivision 5; 256F.03, subdivision 5; 256F.05, subdivision 8; 256F.10, subdivisions 1, 4, 6, 7, 8, 9, and 10; 256I.04, subdivision 3; 256I.05, subdivisions 1 and 1a; 256J.08, subdivisions 11, 24, 65, 82, 83, 86a, and by adding subdivisions; 256J.11, subdivisions 2 and 3; 256J.12, subdivisions 1a and 2; 256J.14; 256J.20, subdivision 3; 256J.21, subdivisions 2, 3, and 4; 256J.24, subdivisions 2, 3, 7, 8, 9, and by adding a subdivision; 256J.26, subdivision 1; 256J.30, subdivisions 2, 7, 8, and 9; 256J.31, subdivisions 5 and 12; 256J.32, subdivisions 4 and 6; 256J.33; 256J.34, subdivisions 1, 3, and 4; 256J.35; 256J.36; 256J.37, subdivisions 1, 1a, 2, 9, and 10; 256J.38, subdivision 4; 256J.42, subdivisions 1, 5, and by adding a

subdivision; 256J.43; 256J.45, subdivision 1; 256J.46, subdivisions 1, 2, and 2a; 256J.47, subdivision 4; 256J.48, subdivisions 2 and 3; 256J.50, subdivision 1; 256J.515; 256J.52, subdivisions 1, 4, 8, and by adding a subdivision; 256J.55, subdivision 4; 256J.56; 256J.57, subdivision 1; 256J.62, subdivisions 1, 6, 7, 8, 9, and by adding a subdivision; 256J.67, subdivision 4; 256J.74, subdivision 2; 256J.76, subdivisions 1, 2, and 4; 256L.03, subdivisions 5 and 6; 256L.04, subdivisions 2, 7, 8, 11, and 13; 256L.05, subdivision 4, and by adding a subdivision; 256L.06, subdivision 3; 256L.07; 256L.15, subdivisions 1, 1b, 2, and 3; 257.071, subdivisions 1, 1a, 1c, 1d, 1e, 3, and 4; 257.66, subdivision 3; 257.75, subdivision 2; 257.85, subdivisions 2, 3, 4, 5, 6, 7, 9, and 11; 259.29, subdivision 2; 259.67, subdivisions 6 and 7; 259.73; 259.85, subdivisions 2, 3, and 5; 259.89, by adding a subdivision; 260.011, subdivision 2; 260.012; 260.015, subdivisions 2a, 13, and 29; 260.131, subdivision 1a; 260.133, subdivisions 1 and 2; 260.135, by adding a subdivision; 260.172, subdivision 1, and by adding a subdivision; 260.181, subdivision 3; 260.191, subdivisions 1, 1a, 1b, and 3b; 260.192; 260.221, subdivisions 1, 1a, 1b, 1c, 3, and 5; 326.40, subdivisions 2, 4, and 5; 518.10; 518.158, subdivisions 1 and 2; 518.551, by adding a subdivision; 518.5853, by adding a subdivision; 626.556, subdivisions 2, 3, 4, 7, 10, 10b, 10d, 10e, 10f, 10i, 10j, 11, 11b, 11c, and by adding a subdivision; and 626.558, subdivision 1; Laws 1995, chapter 178, article 2, section 46, subdivision 10; chapter 207, article 8, section 41, as amended; Laws 1997, chapter 203, article 9, section 19; Laws 1998, chapter 407, article 7, section 2, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 10; 62J; 116L; 137; 144; 144A; 144E; 148; 214; 245; 246; 252; 254A; 256; 256B; 256J; and 626; proposing coding for new law as Minnesota Statutes, chapter 256M; repealing Minnesota Statutes 1998, sections 62J.77; 62J.78; 62J.79; 144.0723; 144E.16, subdivisions 1, 2, 3, and 6; 144E.17; 144E.25; 144E.30, subdivisions 1, 2, and 6; 145.46; 256B.434, subdivision 17; 256B.501, subdivision 3g; 256B.5011, subdivision 3; 256B.74, subdivisions 2 and 5; 256D.051, subdivisions 6 and 19; 256D.053, subdivision 4; 256J.03; 256J.30, subdivision 6; 256J.53, subdivision 4; 256J.62, subdivisions 2, 3, and 5; 257.071, subdivisions 8 and 10; and 462A.208; Laws 1997, chapter 85, article 1, section 63; chapter 203, article 4, section 55; chapter 225, article 6, section 8; Laws 1998, chapter 407, article 2, section 104; Minnesota Rules, parts 4690.0100, subparts 4, 13, 15, 19, 20, 21, 22, 23, 24, 26, 27, and 29; 4690.0300; 4690.0400; 4690.0500; 4690.0600; 4690.0700; 4690.0800, subparts 1 and 2; 4690.0900; 4690.1000; 4690.1100; 4690.1200; 4690.1300; 4690.1600; 4690.1700; 4690.2100; 4690.2200, subparts 1, 3, 4, and 5; 4690.2300; 4690.2400, subparts 1, 2, and 3; 4690.2500; 4690.2900; 4690.3000; 4690.3700; 4690.3900; 4690.4000; 4690.4100; 4690.4200; 4690.4300; 4690.4400; 4690.4500; 4690.4600; 4690.4700; 4690.4800; 4690.4900; 4690.5000; 4690.5100; 4690.5200; 4690.5300; 4690.5400; 4690.5500; 4690.5700; 4690.5800; 4690.5900; 4690.6000; 4690.6100; 4690.6200; 4690.6300; 4690.6400; 4690.6500; 4690.6600; 4690.6700; 4690.6800; 4690.7000; 4690.7100; 4690.7200; 4690.7300; 4690.7400; 4690.7500; 4690.7600; 4690.7700; 4690.7800; 4690.8300, subparts 1, 2, 3, 4, and 5; and 4735.5000.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Goodno moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2225 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Goodno moved that the rules of the House be so far suspended that S. F. No. 2225 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 2225 was read for the second time.

Goodno moved to amend S. F. No. 2225 as follows:

Delete everything after the enacting clause and insert the following language of H. F. No. 2412, the first engrossment:

"ARTICLE 1

APPROPRIATIONS

Section 1. [HEALTH AND HUMAN SERVICES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other specified fund, to the agencies named for the purposes specified in the sections of article 1, and are available for the fiscal years indicated for each purpose. The figures "2000" and "2001," where used in this article, mean the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively. Where a dollar amount appears in parentheses, it means a reduction of an appropriation.

SUMMARY BY FUND

APPROPRIATIONS	2000	2001	BIENNIAL TOTAL
General	\$2,667,477,000	\$2,799,984,000	\$5,467,461,000
State Government Special Revenue	35,434,000	35,176,000	70,610,000
Health Care Access	147,306,000	178,736,000	326,042,000
Lottery Prize Fund	1,300,000	1,300,000	2,600,000
Trunk Highway	1,708,000	1,737,000	3,445,000
TOTAL	\$2,853,225,000	\$3,016,933,000	\$5,870,158,000

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Sec. 2. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Total Appropriation \$2,699,235,000 \$2,862,666,000

Summary by Fund

General	2,562,526,000	2,694,616,000
State Government Special Revenue	485,000	507,000
Health Care Access	134,924,000	166,243,000
Lottery Prize Fund	1,300,000	1,300,000

Subd. 2. Agency Management

General	28,569,000	28,777,000
State Government Special Revenue	371,000	392,000
Health Care Access	3,268,000	3,321,000

The amounts that may be spent from the appropriation for each purpose are as specified:

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Subd. 5. Basic Health Care Grants

Summary by Fund

General	877,993,000	937,069,000
Health Care Access	116,439,000	147,484,000

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

(a) MinnesotaCare Grants

Health Care Access	116,439,000	147,484,000
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(b) Medical Assistance Basic Health Care Grants; Families and Children

General	308,192,000	322,057,000
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[COMMUNITY DENTAL CLINICS.] Of this appropriation, \$600,000 each year is for the commissioner to provide start-up grants to establish community dental clinics under Minnesota Statutes, section 256B.76, paragraph (b), clause (5). The commissioner shall award four \$150,000 grants each year, 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) Medical Assistance Basic Health Care Grants; Elderly and Disabled

General	409,919,000	459,980,000
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[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, sections 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.).

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[REGIONAL TREATMENT CENTER CHEMICAL DEPENDENCY PROGRAMS.] When the operations of the regional treatment center chemical dependency fund created in Minnesota Statutes, section 246.18, subdivision 2, are 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 transfer general fund cash reserves into this account as necessary to meet cash demands. The cash flow transfers must be returned to the general fund in the fiscal year that the transfer was made. Any interest earned on general fund cash flow transfers accrues to the general fund and not the regional treatment center chemical dependency fund.

Subd. 8. Continuing Care and Community Support Grants

General	1,171,961,000	1,254,399,000
Lottery Prize Fund	1,158,000	1,158,000

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

(a) Community Social Services Block Grants

42,309,000	43,201,000
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(b) Consumer Support Grants

1,123,000	1,123,000
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(c) Aging Adult Service Grants

8,841,000	7,265,000
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[LIVING-AT-HOME/BLOCK NURSE PROGRAM.] Of this appropriation, \$576,000 for the biennium is to expand the living-at-home/block nurse program. Of this amount, \$480,000 for the biennium is for the commissioner to provide funding to twelve additional living-at-home/block nurse programs, and \$96,000 for the biennium is for the commissioner to provide additional contract funding for the organization awarded the contract for the living-at-home/block nurse program.

[HEALTH INSURANCE COUNSELING AT AREA AGENCIES ON AGING.] Of this appropriation, \$1,000,000 in fiscal year 2000 is to the commissioner for the board on aging, for the board to award health insurance counseling and assistance grants to the area agencies on aging. Of this amount, \$360,000 is for the area agencies on aging to provide state-funded health insurance counseling services, and \$640,000 is for the board to distribute on a competitive basis to area agencies on aging, based on criteria that is jointly developed by the board and the area agencies on aging. The senior linkage line services of the board and the area

APPROPRIATIONS
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[RURAL MENTAL HEALTH SERVICES.] Of this appropriation, \$2,000,000 for the biennium is to the commissioner for grants to counties, private nonprofit organizations or other entities to provide mental health outreach, support, intervention, assessment, treatment and emergency services to farm families and individuals affected by the farm crisis. Of this amount, \$1,000,000 is for grants to the following counties: Roseau, Kittson, Marshall, Pennington, Red Lake, Polk, Mahnomen, Clay, Wilkin, Becker, and Norman.

[CRISIS INTERVENTION PROJECT CARRYFORWARD.] Unexpended funds appropriated to the commissioner in Laws 1998, chapter 407, article 1, section 2, subdivision 6, for fiscal year 1999 for the action, support, and prevention project of southeastern Minnesota, do not cancel but are available until June 30, 2000. This provision is effective the day following final enactment.

(f) Developmental Disabilities Community Support Grants

11,728,000	11,900,000
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[SILS FUNDING.] Of this appropriation, \$2,000,000 each year is for semi-independent living services under Minnesota Statutes, section 252.275. This appropriation must be added to the base level funding for this activity for the 2002-2003 biennium. Unexpended funds for fiscal year 2000 do not cancel but are available to the commissioner for this purpose in fiscal year 2001.

[FAMILY SUPPORT GRANTS.] Of this appropriation, \$2,500,000 each year is to increase the availability of family support grants under Minnesota Statutes, section 252.32. This appropriation must be added to the base level funding for this activity for the 2002-2003 biennium. Unexpended funds for fiscal year 2000 do not cancel but are available to the commissioner for this purpose in fiscal year 2001.

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

349,152,000	418,041,000
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[FISCAL YEAR 2000 AND FISCAL YEAR 2001 COMMUNITY-BASED PROVIDER RATE INCREASE.] (1) The commissioner shall increase reimbursement or allocation rates by three percent on July 1, 1999, and an additional three percent on July 1, 2000, for the following services rendered on or after July 1, 1999: home and community-based waiver services for persons with mental retardation or related conditions under Minnesota Statutes, section 256B.501; home and community-based waiver services for the elderly under Minnesota Statutes, section 256B.0915; waived services under community alternatives for disabled individuals under Minnesota Statutes, section 256B.49; community alternative care waived services under Minnesota Statutes, section 256B.49; traumatic brain injury

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(h) Medical Assistance Long-Term Care Facilities

545,932,000	565,700,000
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[ICF/MR DISALLOWANCES.] Of this appropriation, \$65,000 in fiscal 2000 is to reimburse a four-bed ICF/MR in Ramsey county for disallowances resulting from field audit findings. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[OLDER ADULT SERVICES PLANNING AND TRANSITION GRANT PROGRAM.] Of this appropriation, \$1,000,000 each year is to implement the older adult services planning and transition grant program under Minnesota Statutes, section 256B.0918. These are one-time appropriations and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[COSTS RELATED TO FACILITY CERTIFICATION.] Of this appropriation, \$168,000 is for the costs of providing one-half the state share of medical assistance reimbursement for residential and day habilitation services under article 3, section 39. This amount is available the day following final enactment.

(i) Alternative Care Grants

General	54,633,000	45,029,000
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[ALTERNATIVE CARE TRANSFER.] Any money allocated to the alternative care program that is not spent for the purposes indicated does not cancel but shall be transferred to the medical assistance account.

[PREADMISSION SCREENING AMOUNT.] The preadmission screening payment to all counties shall continue at the payment amount in effect for fiscal year 1999.

[PAS/AC APPROPRIATION.] The commissioner may expend the money appropriated for the alternative care program for that purpose in either year of the biennium.

(j) Group Residential Housing

General	66,759,000	70,558,000
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(k) Chemical Dependency Entitlement Grants

General	36,373,000	37,240,000
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(l) Chemical Dependency Nonentitlement Grants

General	6,328,000	6,328,000
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(3) \$20,000 each year is for the commission to contract with an independent entity to conduct a financial review of the alternative quality assurance licensing system, including an evaluation of possible budgetary savings within the affected state agencies as the result of implementing the system.

(4) \$10,000 each year is for the commission, in consultation with the commissioner of human services, to establish an ongoing review process for the alternative quality assurance licensing system.

Subd. 10. Economic Support Grants

General	140,919,000	123,903,000
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[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.

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

(a) Assistance to Families Grants

General	65,382,000	66,213,000
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[FATHER PROJECT.] Of this appropriation, \$12,000 in fiscal year 2000 and \$96,000 in fiscal year 2001 is to offset the increased costs to the state of implementing waivers for the FATHER project. These one-time appropriations are available until expended, and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[SUPPORTIVE LIVING ARRANGEMENTS FOR MINORS.] \$500,000 for the biennium is appropriated to the commissioner for grants to create or expand adult-supervised supportive living arrangements under Minnesota Statutes, section 256J.14, for minor parents who are MFIP participants and their children. The commissioner shall request proposals from, and award grants to, interested parties that have knowledge and experience in the area of adolescent housing. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(b) Work Grants

General	10,484,000	10,484,000
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[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.

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

(a) Economic Support Policy Administration

General	6,832,000	6,951,000
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(b) Economic Support Operations

General	30,200,000	31,606,000
Health Care Access	1,313,000	1,318,000

[ADDITIONAL PRISM STATE SHARE.] Of this appropriation, \$2,700,000 each year is for additional funding for the state share of the operations of the automated child support enforcement system authorized under Minnesota Statutes, section 256.014. These are one-time appropriations and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[PROGRAM INTEGRITY FUNDING AVAILABILITY.] Unexpended funds appropriated for the provision of program integrity activities for fiscal year 2000 are also available to the commissioner to fund fraud prevention and control initiatives, and do not cancel, but are available to the commissioner for these purposes for fiscal year 2001. Unexpended funds may be transferred between the fraud prevention investigation program and fraud control programs in order to promote the provisions of Minnesota Statutes, sections 256.983 and 256.9861.

Subd. 12. Federal TANF Funds

[FEDERAL TANF FUNDS.] (1) Federal Temporary Assistance for Needy Families block grant funds authorized under title I of 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 \$236,425,000 in fiscal year 2000 and \$229,243,000 in fiscal year 2001.

(2) Of the amounts in clause (1), \$15,000,000 in fiscal year 2000 and \$15,000,000 in fiscal year 2001 is transferred 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).

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(3) Of the amounts in clause (1), \$9,700,000 is transferred each year from the state's federal TANF block grant to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, in each year the commissioner shall transfer \$9,700,000 of the state's Title XX block grant funds to the family preservation program under Minnesota Statutes, chapter 256F. The commissioner shall ensure that money allocated under this provision is used according to the requirements of United States Code, title 42, section 604(d)(3)(B). Unexpended funds from the first year of the biennium may be carried forward to the second year. These are one-time appropriations that shall not be added to the base for these programs for the 2002-2003 biennial budget. The funds transferred to the family preservation program shall be used as follows:

(a) \$8,900,000 each year is to provide grants for concurrent permanency planning under Minnesota Statutes, section 257.0711. These funds must be allocated to counties based on the allocation formula in Minnesota Statutes, section 256F.05. When a county is in compliance with concurrent permanency planning requirements, it may use excess funding from the allocation under this provision for other services specified in Minnesota Statutes, chapter 256F.

(b) \$400,000 each year is to provide grants to Indian tribes for concurrent permanency planning under Minnesota Statutes, section 257.0711. These funds must be allocated to tribes based on the allocation formula in Minnesota Statutes, section 257.3577.

(c) \$400,000 each year is for the commissioner to pay for administrative costs associated with implementing the concurrent permanency planning program, to provide training, and to conduct external reviews of county child protection practices that are related to the child protection services provisions of Laws 1998, chapter 406, article 4.

(4) Of the amounts in clause (1), \$5,000,000 each year is appropriated to the commissioner, to be allocated to counties and eligible tribal providers under Minnesota Statutes, section 256J.62. Counties and eligible tribal providers must use their allocation under this clause to reduce the size of the job counselor caseload of MFIP participants. These are one-time appropriations and shall not become part of base level funding for the county employment and training services block grant for the 2002-2003 biennium.

(5) Of the amounts in clause (1), \$6,200,000 is transferred in fiscal year 2000 from the state's federal TANF block grant to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, in fiscal year 2000 the commissioner shall allocate \$6,200,000 of the state's Title XX block grant funds based on the community social

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services aids formula in Minnesota Statutes, section 256E.06. The commissioner shall ensure that money allocated under this provision is used in accordance with the requirements of United States Code, title 42, section 604(d)(3)(B). This is a one-time appropriation and shall not become part of the base level funding for the CSSA block grant.

[TRANSFERS TO TITLE XX FOR CSSA.] When preparing the governor's budget for the 2002-2003 biennium, the commissioner of finance shall ensure that the base level funding for the community social services aids includes \$12,100,000 in fiscal year 2002 and \$12,100,000 in fiscal year 2003 in funding that is transferred from the state's federal TANF block grant to the state's federal Title XX block grant. Notwithstanding the provisions of Minnesota Statutes, section 256E.07, the commissioner shall allocate the portion of the state's community social services aids funding that is comprised of these transferred funds based on the community social services aids formula in Minnesota Statutes, section 256E.06. The commissioner shall ensure that money allocated under this provision is used in accordance with the requirements of United States Code, title 42, section 604(d)(3)(B). Any reductions to the amount of the state community social services (CSSA) block grant funding in fiscal year 2002 or 2003 shall not reduce the base for the CSSA block grant for the 2004-2005 biennial budget. Section 13, sunset of uncodified language, does not apply to this provision.

[TRANSFERS FROM STATE TANF RESERVE.] \$4,666,000 in fiscal year 2000 is transferred from the state TANF reserve account to the general fund.

Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total Appropriation	110,404,000	109,530,000
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Summary by Fund

General	75,871,000	75,445,000
State Government		
Special Revenue	24,688,000	24,129,000
Health Care		
Access	9,845,000	9,956,000

[INDIRECT COSTS NOT TO FUND PROGRAMS.] The commissioner shall not use indirect cost allocations to pay for the operational costs of any program for which the commissioner is responsible.

Subd. 2. Health Systems and Special Populations	78,582,000	77,271,000
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Summary by Fund

General	58,787,000	57,919,000
State Government		
Special Revenue	10,046,000	9,494,000
Health Care		
Access	9,749,000	9,858,000

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Ending June 30
2000 2001

[PHARMACY INITIATIVES.] Of this general fund appropriation, \$615,000 each year is for pharmacy initiatives. Of this amount, \$500,000 each year is for the commissioner to award grants under Minnesota Statutes, section 144.1499; \$75,000 each year is for the commissioner to contract with a statewide pharmacist association representing all pharmacy practice settings to administer the programs under Minnesota Statutes, sections 144.1498 and 144.1499; and \$40,000 each year is for the commissioner's administrative costs. These are one-time appropriations and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[HEALTH CARE PURCHASING ALLIANCES.] Of this general fund appropriation, \$100,000 each year is appropriated to the commissioner for grants to two local organizations to develop health care purchasing alliances under Minnesota Statutes, section 62T.02, to negotiate the purchase of health care services from licensed entities. Of this amount, \$50,000 each year is for a grant to the Southwest Regional Development Commissioner to coordinate purchasing alliance development in the southwest area of the state, and \$50,000 each year is for a grant to the University of Minnesota extension services in Crookston to coordinate purchasing alliance development in the northwest area of the state. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[WIC TRANSFERS.] The general fund appropriation for the women, infants, and children (WIC) food supplement program is available for either year of the biennium. Transfers of these funds between fiscal years must either be to maximize federal funds or to minimize fluctuations in the number of program participants.

[MINNESOTA CHILDREN WITH SPECIAL HEALTH NEEDS CARRYOVER.] General fund appropriations for treatment services in the services for Minnesota children with special health needs program are available for either year of the biennium.

[FAMILY PLANNING GRANTS.] Of the general fund appropriation to the commissioner for grants for family planning services as defined under Minnesota Statutes, section 145.925, subdivision 1a, the commissioner shall allocate grant funds for the 2000 to 2001 grant funding cycle to entities that provide natural family planning services, that applied for grant funds under Minnesota Statutes, section 145.925, for the 1998 to 1999 grant funding cycle, and that were approved for grants but did not receive funding.

[RURAL HOSPITAL IMPROVEMENT GRANTS.] (a) Of this appropriation, \$1,800,000 for the biennium is from the health care access fund to the commissioner for planning and implementation projects under Minnesota Statutes, section 144.147, subdivision 2, paragraphs (a) and (b), and \$3,800,000 for the biennium is from the health care access fund for capital improvement planning and implementation projects under Minnesota Statutes, section 144.147, subdivision 2, paragraph (c).

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(b) Of this amount, \$300,000 is for the Westbrook health center for hospital and clinic improvements. The commissioner may provide these funds upon receipt of information from the Westbrook health center indicating how it has fulfilled the requirements of Minnesota Statutes, section 144.147, and evidence that it has raised at least a dollar-for-dollar match from nonstate sources.

(c) These are one-time appropriations that shall not be added to the base level funding for the rural hospital improvement grant program for the 2002-2003 biennium.

[TOBACCO USE PREVENTION GRANTS FOR YOUTH.] (1) Of this appropriation, \$7,500,000 each year is from the general fund to the commissioner for the purposes specified in clauses (2) to (5). These are one-time appropriations that shall not be added to the base level funding for tobacco use reduction and prevention activities for the 2002-2003 biennium.

(2) \$2,000,000 each year is for competitive grants projects under Minnesota Statutes, section 145A.135, subdivision 1.

(3) \$4,600,000 each year is for grants to community health boards under Minnesota Statutes, section 145A.135, subdivision 2.

(4) \$750,000 each year is available to the commissioner for costs related to evaluation, and is available until expended.

(5) \$150,000 each year is available to the commissioner for administrative costs. Unexpended funds for fiscal year 2000 do not cancel, but are available for this purpose in fiscal year 2001.

[MINNESOTA DONOR DECISION CAMPAIGN.] Of this general fund appropriation, \$1,000,000 for the biennium is to the commissioner for a grant to fund initiatives to encourage organ, eye and tissue donation. The grant must be made to a Minnesota organ procurement organization that is certified by the Health Care Financing Administration, or to an entity that is a charitable entity under section 501(c)(3) of the Internal Revenue Code and is created by an organ procurement organization that is certified by the Health Care Financing Administration. Of this amount, \$20,000 each year is to conduct research and public opinion surveys, to assess attitudes toward donation before the initiatives are implemented, and to assess the effectiveness of the initiatives after implementation, and \$960,000 for the biennium is to develop and implement advertising and public education campaigns to raise awareness about organ, tissue, and eye donation and to encourage people to become donors. This appropriation is available only to the extent that it is matched with an equal amount of nonstate funds. This is a one-time appropriation that is available until expended, and shall not become part of base level funding for this activity for the 2002-2003 biennium.

APPROPRIATIONS
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2000 2001

[TEEN SUICIDE PREVENTION MATERIALS.] Of this appropriation, \$100,000 for the biennium is for the commissioner to collect and package informational materials designed to raise awareness among teens and adults about recognizing the signs of depression in teenagers and preventing teen suicides. The commissioner shall distribute the materials to schools and other community entities through the local community health boards. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[STANDARDS FOR SPECIAL CASE AUTOPSIES.] Of this general fund appropriation, \$20,000 for the biennium is for a grant to a professional association representing coroners and medical examiners in Minnesota to conduct case studies, and develop and disseminate guidelines, for autopsy practice in special cases. This is a one-time appropriation and shall not become part of base level funding for the 2002-2003 biennium.

[HEALTH PLAN COMPANY AND PROVIDER PERFORMANCE MEASUREMENT; CONSUMER SURVEYS.] Of this appropriation, \$1,250,000 in fiscal year 2000 and \$1,190,000 in fiscal year 2001 is to the commissioner for a grant to the Minnesota health data institute, for annual reports on health plan company performance, consumer surveys, and annual reports on provider organization performance measurement. These are one-time appropriations and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[COMMUNITY HEALTH CLINIC GRANTS.] Of this appropriation, \$1,300,000 each year is appropriated to the commissioner for grants to nongovernmental community clinics offering a sliding fee scale and demonstrating a commitment to serve a disproportionate share of low-income and underserved populations, to maintain access to health care for low-income and uninsured populations in both urban and rural areas. The commissioner shall consult with the neighborhood health care network and the Minnesota primary care association on the distribution of the grants. The commissioner shall limit each grant award to \$50,000 per clinic in each fiscal year. These are one-time appropriations and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[ACCESS TO SUMMARY MINIMUM DATA SET (MDS).] The commissioner, in cooperation with the commissioner of administration, shall work to obtain access to Minimum Data Set (MDS) data that is electronically transmitted by nursing facilities to the health department. The MDS data shall be made available on a quarterly basis to industry trade associations for use in quality improvement efforts and comparative analysis. The MDS data shall be provided to the industry trade associations in the form of summary aggregate data, without patient identifiers, to ensure patient privacy. The commissioner may charge for the actual cost of production of these documents.

APPROPRIATIONS
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2000 2001

[VETERANS HOMES SPECIAL REVENUE ACCOUNT.] The general fund appropriations made to the board shall be transferred to a veterans homes special revenue account in the special revenue fund in the same manner as other receipts are deposited according to Minnesota Statutes, section 198.34, and are appropriated to the veterans homes board of directors for the operation of board facilities and programs.

[SETTING THE COST OF CARE.] The veterans homes board may set the cost of care at the Fergus Falls facility for fiscal year 2000 based on the cost of average skilled nursing care provided to residents of the Minneapolis veterans home for fiscal year 2000. The cost of care for the domiciliary residence at the Minneapolis veterans home and the skilled nursing care residence at the Luverne veterans home for fiscal years 2000 and 2001 shall be calculated based on a full census at the respective facility.

[LICENSED BED CAPACITY FOR MINNEAPOLIS VETERANS HOME.] The commissioner of health shall not reduce the licensed bed capacity for the Minneapolis veterans home pending completion of the project authorized by Laws 1990, chapter 610, article 1, section 9, subdivision 3.

Sec. 5. HEALTH RELATED BOARDS

Subdivision 1. Total Appropriation	10,261,000	10,540,000
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[STATE GOVERNMENT SPECIAL REVENUE FUND.] The appropriations in this section are from the state government special revenue fund.

[NO SPENDING IN EXCESS OF REVENUES.] The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues or accumulated surplus revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account.

Subd. 2. Board of Chiropractic Examiners	350,000	361,000
Subd. 3. Board of Dentistry	783,000	806,000
Subd. 4. Board of Dietetic and Nutrition Practice	92,000	95,000
Subd. 5. Board of Marriage and Family Therapy	107,000	111,000
Subd. 6. Board of Medical Practice	3,687,000	3,814,000
Subd. 7. Board of Nursing	2,202,000	2,245,000
Subd. 8. Board of Nursing Home Administrators	548,000	566,000
Subd. 9. Board of Optometry	87,000	90,000

		APPROPRIATIONS Available for the Year Ending June 30	
		2000	2001
Subd. 10. Board of Pharmacy		1,125,000	1,137,000
Subd. 11. Board of Podiatry		41,000	42,000
Subd. 12. Board of Psychology		450,000	462,000
Subd. 13. Board of Social Work		641,000	658,000
Subd. 14. Board of Veterinary Medicine		148,000	153,000
Sec. 6. EMERGENCY MEDICAL SERVICES BOARD		2,500,000	2,323,000
Summary by Fund			
General	792,000		586,000
Trunk Highway	1,708,000		1,737,000
<p>[COMPREHENSIVE ADVANCED LIFE SUPPORT (CALs).] Of the general fund appropriation, \$206,000 for the biennium is for the board to establish a comprehensive advanced life support educational program under Minnesota Statutes, section 144E.37. This is a one-time appropriation and shall not become part of the board's base level funding for the 2002-2003 biennium.</p>			
Sec. 7. COUNCIL ON DISABILITY		651,000	672,000
Sec. 8. OMBUDSMAN FOR MENTAL HEALTH AND MENTAL RETARDATION		1,340,000	1,380,000
Sec. 9. OMBUDSMAN FOR FAMILIES		166,000	171,000
Sec. 10. UNIVERSITY OF MINNESOTA		2,537,000	2,537,000
Summary by Fund			
Health Care Access	2,537,000		2,537,000

Sec. 11. TRANSFERS OF FUNDS

Subdivision 1. Grant Programs

The commissioner of human services, with the approval of the commissioner of finance, and after notification of the chair of the senate health and family security budget division and the chair of the house health and human services finance committee, may transfer unencumbered appropriation balances for the biennium ending June 30, 2001, within fiscal years for the Minnesota family investment program, general assistance, general assistance medical care, medical assistance, Minnesota supplemental aid, and group residential housing programs, and the entitlement portion of the chemical dependency consolidated treatment fund, and between fiscal years of the biennium.

(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.

(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, education, and welfare 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, Minnesota family investment program-statewide, 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, MFIP-S, and AFDC programs, 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, MFIP-S, 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 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.

Sec. 15. Minnesota Statutes 1998, section 256.01, is amended by adding a subdivision to read:

Subd. 17. [FUND AND ACCOUNT REPORTING REQUIRED.] Annually on December 1, the commissioner shall provide detailed fund balance statements to the chairs of the legislative committees or divisions with jurisdiction over the commissioner's budget for: (1) each fund or account used by the commissioner in the ongoing operations of the agency; (2) each state-operated computer system under section 256.014, including but not limited to MAXIS, the current medicaid management information system (MMIS), the child support enforcement system (PRISM), the electronic benefit transfer system (EBT), and the executive information system (EIS); and (3) the social services information system (SSIS).

Sec. 16. Minnesota Statutes 1998, section 256.014, is amended by adding a subdivision to read:

Subd. 4. [ISSUANCE OPERATIONS CENTER.] Payments to the commissioner from other governmental units and private enterprises for: services performed by the issuance operations center; or reports generated by the payment and eligibility systems must be deposited in the account created under subdivision 2. These payments are appropriated to the commissioner for the operation of the issuance center or system, according to the provisions of this section.

Sec. 17. Minnesota Statutes 1998, section 256J.39, subdivision 1, is amended to read:

Subdivision 1. [PAYMENT POLICY.] The following policies apply to monthly assistance payments and corrective payments:

(1) Grant payments may be issued in the form of warrants immediately redeemable in cash, electronic benefits transfer, or by direct deposit into the recipient's account in a financial institution.

(2) The commissioner shall mail assistance payment checks to the address where a caregiver lives unless the county agency approves an alternate arrangement.

(3) The commissioner shall mail monthly assistance payment checks within time to allow postal service delivery to occur no later than the first day of each month. Monthly assistance payment checks must be dated the first day of the month. The commissioner shall issue electronic benefits transfer payments so that caregivers have access to the payments no later than the first of the month.

(4) The commissioner shall issue replacement checks promptly, but no later than seven calendar days after the provisions of sections 16A.46; 256.01, subdivision 11; and 471.415 have been met.

(5) The commissioner, with the advance approval of the commissioner of finance, may issue cash assistance grant payments up to three days before the first day of each month, including three days before the start of each state fiscal year. Of the money appropriated for cash assistance grant payments for each fiscal year, up to three percent of the annual state appropriation is available to the commissioner in the previous fiscal year. If that amount is insufficient for the costs incurred, an additional amount of the appropriation as needed may be transferred with the advance approval of the commissioner of finance.

(Effective Date: Section 17 (256J.39, subdivision 1) is effective the day following final enactment.)

Sec. 18. [REPEALER.]

Minnesota Statutes 1998, section 256J.03, is repealed effective July 2, 1999. Section 13, sunset of uncodified language, does not apply to this section.

ARTICLE 2

HEALTH DEPARTMENT

Section 1. Minnesota Statutes 1998, section 13.99, is amended by adding a subdivision to read:

Subd. 33a. [ABORTION NOTIFICATION DATA; DATA ON ENFORCEMENT.] Abortion notification data on individuals collected and maintained by the commissioner of health are classified under section 144.3431, subdivision 3. Data related to actions taken by the commissioner to enforce abortion notification data reporting requirements are classified under section 144.3431, subdivision 4.

Sec. 2. Minnesota Statutes 1998, 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, ~~expires June 30, 1999~~;

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.27;

Youth neighborhood services advisory board, created in section 119A.29;

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 257.3579;

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;

Pipeline safety advisory committee, created in section 299J.06, expires June 30, 1998;

Battered women's advisory council, created in section 611A.34.

Sec. 3. Minnesota Statutes 1998, section 31.96, is amended to read:

31.96 [FOOD HANDLER CERTIFICATION.]

The commissioner may require certification of retail food handlers in establishments licensed under section 28A.05, paragraph (a), for retail food preparation, handling, and service practices. ~~A retail food handler licensed under section 28A.05, paragraph (a), shall comply with the requirements for the manager certification program under section 157.011, subdivision 2. An interagency agreement with the department of health must be established for the transfer of funds to the commissioner to cover the cost of administering the manager certification program.~~

Sec. 4. Minnesota Statutes 1998, section 62J.04, subdivision 3, is amended to read:

Subd. 3. [COST CONTAINMENT DUTIES.] ~~After obtaining the advice and recommendations of the Minnesota health care commission,~~ The commissioner shall:

(1) establish statewide and regional cost containment goals for total health care spending under this section and collect data as described in sections 62J.38 to 62J.41 to monitor statewide achievement of the cost containment goals;

(2) divide the state into no fewer than four regions, with one of those regions being the Minneapolis/St. Paul metropolitan statistical area but excluding Chisago, Isanti, Wright, and Sherburne counties, for purposes of fostering the development of regional health planning and coordination of health care delivery among regional health care systems and working to achieve the cost containment goals;

~~(3) provide technical assistance to regional coordinating boards;~~

~~(4) monitor the quality of health care throughout the state and take action as necessary to ensure an appropriate level of quality;~~

~~(5) (4) issue recommendations regarding uniform billing forms, uniform electronic billing procedures and data interchanges, patient identification cards, and other uniform claims and administrative procedures for health care providers and private and public sector payers. In developing the recommendations, the commissioner shall review the work of the work group on electronic data interchange (WEDI) and the American National Standards Institute (ANSI) at the national level, and the work being done at the state and local level. The commissioner may adopt rules requiring the use of the Uniform Bill 82/92 form, the National Council of Prescription Drug Providers (NCPDP) 3.2 electronic version, the Health Care Financing Administration 1500 form, or other standardized forms or procedures;~~

~~(6) (5) undertake health planning responsibilities as provided in section 62J.15;~~

~~(7) (6) authorize, fund, or promote research and experimentation on new technologies and health care procedures;~~

~~(8) (7) within the limits of appropriations for these purposes, administer or contract for statewide consumer education and wellness programs that will improve the health of Minnesotans and increase individual responsibility relating to personal health and the delivery of health care services, undertake prevention programs including initiatives to improve birth outcomes, expand childhood immunization efforts, and provide start-up grants for worksite wellness programs;~~

~~(9)~~ (8) undertake other activities to monitor and oversee the delivery of health care services in Minnesota with the goal of improving affordability, quality, and accessibility of health care for all Minnesotans; and

~~(10)~~ (9) make the cost containment goal data available to the public in a consumer-oriented manner.

Sec. 5. Minnesota Statutes 1998, section 62J.06, is amended to read:

62J.06 [IMMUNITY FROM LIABILITY.]

No member of ~~the regional coordinating boards established under section 62J.09, or~~ the health technology advisory committee established under section 62J.15, shall be held civilly or criminally liable for an act or omission by that person if the act or omission was in good faith and within the scope of the member's responsibilities under this chapter.

Sec. 6. Minnesota Statutes 1998, section 62J.07, subdivision 1, is amended to read:

Subdivision 1. [LEGISLATIVE OVERSIGHT.] The legislative commission on health care access reviews the activities of the commissioner of health, ~~the regional coordinating boards,~~ the health technology advisory committee, and all other state agencies involved in the implementation and administration of this chapter, including efforts to obtain federal approval through waivers and other means.

Sec. 7. Minnesota Statutes 1998, section 62J.07, subdivision 3, is amended to read:

Subd. 3. [REPORTS TO THE COMMISSION.] The commissioner of health, ~~the regional coordinating boards,~~ and the health technology advisory committee shall report on their activities annually and at other times at the request of the legislative commission on health care access. The commissioners of health, commerce, and human services shall provide periodic reports to the legislative commission on the progress of rulemaking that is authorized or required under this chapter and shall notify members of the commission when a draft of a proposed rule has been completed and scheduled for publication in the State Register. At the request of a member of the commission, a commissioner shall provide a description and a copy of a proposed rule.

Sec. 8. Minnesota Statutes 1998, section 62J.09, subdivision 8, is amended to read:

Subd. 8. [REPEALER.] This section is repealed effective July 1, ~~2000~~ 1999.

Sec. 9. Minnesota Statutes 1998, section 62J.2930, subdivision 3, is amended to read:

Subd. 3. [CONSUMER INFORMATION.] The information clearinghouse or another entity designated by the commissioner shall provide consumer information to health plan company enrollees to:

- (1) assist enrollees in understanding their rights;
- (2) explain and assist in the use of all available complaint systems, including internal complaint systems within health carriers, community integrated service networks, and the departments of health and commerce;
- (3) provide information on coverage options in each ~~regional coordinating board~~ region of the state;
- (4) provide information on the availability of purchasing pools and enrollee subsidies; and
- (5) help consumers use the health care system to obtain coverage.

The information clearinghouse or other entity designated by the commissioner for the purposes of this subdivision shall not:

- (1) provide legal services to consumers;
- (2) represent a consumer or enrollee; or
- (3) serve as an advocate for consumers in disputes with health plan companies.

Nothing in this subdivision shall interfere with the ombudsman program established under section 256B.031, subdivision 6, or other existing ombudsman programs.

Sec. 10. Minnesota Statutes 1998, section 62J.451, subdivision 6a, is amended to read:

Subd. 6a. [HEALTH PLAN COMPANY PERFORMANCE MEASUREMENT.] As part of the performance measurement plan specified in subdivision 6, the health data institute shall ~~develop a mechanism to assess the performance of health plan companies, and to disseminate this information through reports and other means~~ annually prepare a report assessing the performance of health plan companies in Minnesota. The report shall include consumer survey information collected in a manner consistent with subdivision 6b and other standard performance measurement information, including but not limited to the financial and utilization data classified as public data under chapter 13 that are reported to the commissioner of health under chapter 62D and to the commissioner of commerce under chapters 62A and 62C. The report shall be disseminated to consumers, purchasers, policymakers, and other interested parties, consistent with the data policies specified in section 62J.452.

Sec. 11. Minnesota Statutes 1998, section 62J.451, subdivision 6b, is amended to read:

Subd. 6b. [CONSUMER SURVEYS.] (a) The health data institute shall develop and implement a mechanism for collecting comparative data on consumer perceptions of the health care system, including consumer satisfaction, through adoption of a standard consumer survey. ~~This survey surveys for health plan companies, health care delivery systems, hospitals, clinics, and other provider organizations. These surveys shall include enrollees in community integrated service networks, health maintenance organizations, preferred provider organizations, indemnity insurance plans, public programs, and other health plan companies and consumers served by health care delivery systems, hospitals, clinics and other provider organizations in Minnesota.~~ The health data institute shall determine a mechanism for the inclusion of the uninsured.

(b) The health data institute shall conduct a standard consumer survey that measures consumer satisfaction with health plan companies in Minnesota. This consumer survey may be conducted every two years. A focused survey may be conducted on the off years. Health plan companies and group purchasers shall provide to the health data institute roster data as defined in subdivision 2, including the names, addresses, and telephone numbers of enrollees and former enrollees and other data necessary for the completion of this survey. This roster data provided by the health plan companies and group purchasers is classified as provided under section 62J.452. The health data institute may analyze and prepare findings from the raw, unaggregated data, and the findings from this survey may be included in the health plan company performance reports specified in subdivision 6a, and in other reports developed and disseminated by the health data institute and the commissioner. The raw, unaggregated data is classified as provided under section 62J.452, and may be made available by the health data institute to the extent permitted under section 62J.452. The health data institute shall provide raw, unaggregated data to the commissioner. The survey may include information on the following subjects:

- (1) enrollees' overall satisfaction with their health care plan;
- (2) consumers' perception of access to emergency, urgent, routine, and preventive care, including locations, hours, waiting times, and access to care when needed;
- (3) premiums and costs;
- (4) technical competence of providers;

- (5) communication, courtesy, respect, reassurance, and support;
- (6) choice and continuity of providers;
- (7) continuity of care;
- (8) outcomes of care;
- (9) services offered by the plan, including range of services, coverage for preventive and routine services, and coverage for illness and hospitalization;
- (10) availability of information; and
- (11) paperwork.

~~(b) The health data institute shall appoint a consumer advisory group which shall consist of 13 individuals, representing enrollees from public and private health plan companies and programs and two uninsured consumers, to advise the health data institute on issues of concern to consumers. The advisory group must have at least one member from each regional coordinating board region of the state. The advisory group expires June 30, 1996.~~

Sec. 12. Minnesota Statutes 1998, section 62J.451, subdivision 6c, is amended to read:

Subd. 6c. [PROVIDER ORGANIZATION PERFORMANCE MEASUREMENT.] (a) As part of the performance measurement plan specified in subdivision 6, the health data institute shall ~~develop a mechanism to assess the performance of hospitals and other provider organizations, and to disseminate this information annually~~ prepare a report assessing the performance of health care delivery systems, hospitals, clinics, and other provider organizations in Minnesota. This report shall include consumer survey information collected in a manner consistent with subdivision 6b. This report shall be disseminated to consumers, purchasers, policymakers, and other interested parties, consistent with the data policies specified in section 62J.452. Data to be collected may also include structural characteristics including staff-mix and nurse-patient ratios. In selecting additional data for collection, the health data institute may consider:

- (1) feasibility and statistical validity of the indicator;
- (2) purchaser and public demand for the indicator;
- (3) estimated expense of collecting and reporting the indicator; and
- (4) usefulness of the indicator for internal improvement purposes.

~~(b) The health data institute may shall~~ conduct consumer surveys that focus on health care provider organizations. These surveys shall include consumers served by health care delivery systems, hospitals, clinics, and other provider organizations. Health care provider organizations ~~may shall~~ provide roster data, as defined in subdivision 2, including names, addresses, and telephone numbers of their patients, to the health data institute for purposes of conducting the surveys. Roster data provided by health care provider organizations under this paragraph are private data on individuals as defined in section 13.02, subdivision 12. Providing data under this paragraph does not constitute a release of health records for purposes of section 144.335, subdivision 3a.

Sec. 13. [62J.535] [UNIFORM BILLING REQUIREMENTS.]

Subdivision 1. [DEVELOPMENT OF UNIFORM BILLING TRANSACTIONS.] The commissioners of commerce and health shall adopt uniform billing standards that comply with Public Law Number 104-91 enacted by Congress on August 21, 1996. The uniform billing standards shall apply to all paper and electronic claim transactions and shall apply to all Minnesota payers, including government programs.

Subd. 2. [COMPLIANCE.] Concurrent with the effective dates established under Public Law Number 104-91 for uniform electronic billing standards, all health care providers must conform to the uniform billing standards developed by the commissioners of commerce and health.

Sec. 14. Minnesota Statutes 1998, section 62J.69, is amended by adding a subdivision to read:

Subd. 2a. [MEDICAL RESEARCH.] Notwithstanding subdivision 2, paragraphs (c) and (d) and subdivision 4, money may be distributed under this section as grants to support medical research, including medical research activities that are conducted in noneducational settings by Minnesota-based nonprofit organizations.

Sec. 15. Minnesota Statutes 1998, section 62J.69, is amended by adding a subdivision to read:

Subd. 6. [FEDERAL FINANCIAL PARTICIPATION.] The commissioner of human services shall seek to maximize federal financial participation in payments for medical education and research costs. If the commissioner of human services determines that federal financial participation is available for the medical education and research trust fund, the commissioner of health shall transfer to the commissioner of human services the amount of state funds necessary to maximize the federal funds available. The amount transferred to the commissioner of human services, plus the amount of federal financial participation, shall be distributed to medical assistance providers according to the distribution methodology of the medical education and research trust fund established under this section.

Sec. 16. Minnesota Statutes 1998, section 62J.77, is amended to read:

62J.77 [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of ~~sections 62J.77 to~~ section 62J.80, the terms defined in this section have the meanings given them.

Subd. 2. [ENROLLEE.] "Enrollee" means a natural person covered by a health plan company, health insurance, or health coverage plan and includes an insured, policyholder, subscriber, contract holder, member, covered person, or certificate holder.

Subd. 3. [PATIENT.] "Patient" means a former, current, or prospective patient of a health care provider.

~~Subd. 4. [COMMISSIONER.] "Commissioner" means the commissioner of health.~~

Sec. 17. Minnesota Statutes 1998, section 62Q.03, subdivision 5a, is amended to read:

Subd. 5a. [PUBLIC PROGRAMS.] (a) A separate risk adjustment system must be developed for state-run public programs, including medical assistance, general assistance medical care, and MinnesotaCare. The system must be developed in accordance with the general risk adjustment methodologies described in this section, must include factors in addition to age and sex adjustment, and may include additional demographic factors, different targeted conditions, and/or different payment amounts for conditions. The risk adjustment system for public programs must attempt to reflect the special needs related to poverty, cultural, or language barriers and other needs of the public program population.

(b) The commissioners of health and human services shall jointly convene a public programs risk adjustment work group responsible for advising the commissioners in the design of the public programs risk adjustment system. The public programs risk adjustment work group is governed by section 15.059 for purposes of membership terms, expiration, and removal of members ~~and shall terminate on June 30, 1999~~. The work group shall meet at the discretion of the commissioners of health and human services. The commissioner of health shall work with the risk adjustment association to ensure coordination between the risk adjustment systems for the public and private sectors. The commissioner of human services shall seek any needed federal approvals necessary for the inclusion of the medical assistance program in the public programs risk adjustment system.

(c) The public programs risk adjustment work group must be representative of the persons served by publicly paid health programs and providers and health plans that meet their needs. To the greatest extent possible, the appointing authorities shall attempt to select representatives that have historically served a significant number of persons in publicly paid health programs or the uninsured. Membership of the work group shall be as follows:

- (1) one provider member appointed by the Minnesota Medical Association;
- (2) two provider members appointed by the Minnesota Hospital Association, at least one of whom must represent a major disproportionate share hospital;
- (3) five members appointed by the Minnesota Council of HMOs, one of whom must represent an HMO with fewer than 50,000 enrollees located outside the metropolitan area and one of whom must represent an HMO with at least 50 percent of total membership enrolled through a public program;
- (4) two representatives of counties appointed by the Association of Minnesota Counties;
- (5) three representatives of organizations representing the interests of families, children, childless adults, and elderly persons served by the various publicly paid health programs appointed by the governor;
- (6) two representatives of persons with mental health, developmental or physical disabilities, chemical dependency, or chronic illness appointed by the governor; and
- (7) three public members appointed by the governor, at least one of whom must represent a community health board. The risk adjustment association may appoint a representative, if a representative is not otherwise appointed by an appointing authority.

(d) The commissioners of health and human services, with the advice of the public programs risk adjustment work group, shall develop a work plan and time frame and shall coordinate their efforts with the private sector risk adjustment association's activities and other state initiatives related to public program managed care reimbursement.

(e) Before including risk adjustment in a contract for the prepaid medical assistance program, the prepaid general assistance medical care program, or the MinnesotaCare program, the commissioner of human services shall provide to the contractor an analysis of the expected impact on the contractor of the implementation of risk adjustment. This paragraph shall not apply if the contractor has not supplied information to the commissioner related to the risk adjustment analysis.

(f) The commissioner of human services shall report to the public program risk adjustment work group on the methodology the department will use for risk adjustment prior to implementation of the risk adjustment payment methodology. Upon completion of the report to the work group, the commissioner shall phase in risk adjustment according to the following schedule:

- (1) for the first contract year, no more than ten percent of reimbursements shall be risk adjusted; and
- (2) for the second contract year, no more than 30 percent of reimbursements shall be risk adjusted.

Sec. 18. Minnesota Statutes 1998, section 62Q.075, is amended to read:

62Q.075 [LOCAL PUBLIC ACCOUNTABILITY AND COLLABORATION PLAN.]

Subdivision 1. [DEFINITION.] For purposes of this section, "managed care organization" means a health maintenance organization or community integrated service network.

Subd. 2. [REQUIREMENT.] Beginning October 31, 1997, all managed care organizations shall file biennially with the action plans required under section 62Q.07 a plan describing the actions the managed care organization has taken and those it intends to take to contribute to achieving public health goals for each service area in which an enrollee of the managed care organization resides. This plan must be jointly developed in collaboration with the local public health units, ~~appropriate regional coordinating boards~~, and other community organizations providing health services within the same service area as the managed care organization. Local government units with responsibilities and authority defined under chapters 145A and 256E may designate individuals to participate in the collaborative planning with the managed care organization to provide expertise and represent community needs and goals as identified under chapters 145A and 256E.

Subd. 3. [CONTENTS.] The plan must address the following:

(a) specific measurement strategies and a description of any activities which contribute to public health goals and needs of high risk and special needs populations as defined and developed under chapters 145A and 256E;

(b) description of the process by which the managed care organization will coordinate its activities with the community health boards, ~~regional coordinating boards~~, and other relevant community organizations servicing the same area;

(c) documentation indicating that local public health units and local government unit designees were involved in the development of the plan;

(d) documentation of compliance with the plan filed the previous year, including data on the previously identified progress measures.

Subd. 4. [REVIEW.] Upon receipt of the plan, the appropriate commissioner shall provide a copy to the ~~regional coordinating boards~~, local community health boards, and other relevant community organizations within the managed care organization's service area. After reviewing the plan, these community groups may submit written comments on the plan to either the commissioner of health or commerce, as applicable, and may advise the commissioner of the managed care organization's effectiveness in assisting to achieve regional public health goals. The plan may be reviewed by the county boards, or city councils acting as a local board of health in accordance with chapter 145A, within the managed care organization's service area to determine whether the plan is consistent with the goals and objectives of the plans required under chapters 145A and 256E and whether the plan meets the needs of the community. The county board, or applicable city council, may also review and make recommendations on the availability and accessibility of services provided by the managed care organization. The county board, or applicable city council, may submit written comments to the appropriate commissioner, and may advise the commissioner of the managed care organization's effectiveness in assisting to meet the needs and goals as defined under the responsibilities of chapters 145A and 256E. The commissioner of health shall develop recommendations to utilize the written comments submitted as part of the licensure process to ensure local public accountability. These recommendations shall be reported to the legislative commission on health care access by January 15, 1996. Copies of these written comments must be provided to the managed care organization. The plan and any comments submitted must be filed with the information clearinghouse to be distributed to the public.

Sec. 19. Minnesota Statutes 1998, section 62Q.19, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION.] (a) The commissioner shall designate essential community providers. The criteria for essential community provider designation shall be the following:

(1) a demonstrated ability to integrate applicable supportive and stabilizing services with medical care for uninsured persons and high-risk and special needs populations as defined in section 62Q.07, subdivision 2, paragraph (e), underserved, and other special needs populations; and

(2) a commitment to serve low-income and underserved populations by meeting the following requirements:

(i) has nonprofit status in accordance with chapter 317A;

- (ii) has tax exempt status in accordance with the Internal Revenue Service Code, section 501(c)(3);
 - (iii) charges for services on a sliding fee schedule based on current poverty income guidelines; and
 - (iv) does not restrict access or services because of a client's financial limitation;
- (3) status as a local government unit as defined in section 62D.02, subdivision 11, a hospital district created or reorganized under sections 447.31 to 447.37, an Indian tribal government, an Indian health service unit, or a community health board as defined in chapter 145A;
- (4) a former state hospital that specializes in the treatment of cerebral palsy, spina bifida, epilepsy, closed head injuries, specialized orthopedic problems, and other disabling conditions; or
- (5) a rural hospital that has qualified for a sole community hospital financial assistance grant in the past three years under section 144.1484, subdivision 1. For these rural hospitals, the essential community provider designation applies to all health services provided, including both inpatient and outpatient services.
- (b) The commissioner shall not designate a provider, or maintain an existing designation for a provider, as an essential community provider if the provider is an organization or affiliate of an organization which provides or promotes abortions or directly refers for abortions, provided that nondirective counseling relating to a pregnancy does not disqualify a provider from being designated or maintaining a designation as an essential community provider.
- (c) Prior to designation, the commissioner shall publish the names of all applicants in the State Register. The public shall have 30 days from the date of publication to submit written comments to the commissioner on the application. No designation shall be made by the commissioner until the 30-day period has expired.
- (d) The commissioner may designate an eligible provider as an essential community provider for all the services offered by that provider or for specific services designated by the commissioner.
- (e) For the purpose of this subdivision, supportive and stabilizing services include at a minimum, transportation, child care, cultural, and linguistic services where appropriate.

Sec. 20. Minnesota Statutes 1998, section 62Q.19, subdivision 2, is amended to read:

Subd. 2. [APPLICATION.] (a) Any provider may apply to the commissioner for designation as an essential community provider by submitting an application form developed by the commissioner. ~~Applications must be accepted within two years after the effective date of the rules adopted by the commissioner to implement this section.~~

(b) Each application submitted must be accompanied by an application fee ~~in an amount determined by the commissioner of \$120.~~ The fee shall be no more than what is needed to cover the administrative costs of processing the application.

(c) The name, address, contact person, and the date by which the commissioner's decision is expected to be made shall be classified as public data under section 13.41. All other information contained in the application form shall be classified as private data under section 13.41 until the application has been approved, approved as modified, or denied by the commissioner. Once the decision has been made, all information shall be classified as public data unless the applicant designates and the commissioner determines that the information contains trade secret information.

(Effective Date: Section 20 (62Q.19, subdivision 2) is effective the day following final enactment.)

Sec. 21. Minnesota Statutes 1998, section 62Q.19, subdivision 6, is amended to read:

Subd. 6. ~~[TERMINATION OR RENEWAL OF DESIGNATION; COMMISSIONER REVIEW.]~~ The designation as an essential community provider ~~terminates shall be valid for a five-year period from the date of designation.~~ Five years after ~~it the designation of essential community provider is granted, or when universal coverage as defined under section 62Q.165 is achieved, whichever is later~~ to a provider, the commissioner shall review the need for and appropriateness of continuing the designation for that provider. The commissioner may require a provider whose designation is to be reviewed to submit an application to the commissioner for renewal of the designation, and may require an application fee of \$120 to be submitted with the application to cover the administrative costs of processing the application. Based on that review, the commissioner may renew a provider's essential community provider designation for an additional five-year period or terminate the designation. Once the designation terminates, the former essential community provider has no rights or privileges beyond those of any other health care provider. ~~The commissioner shall make a recommendation to the legislature on whether an essential community provider designation should be longer than five years.~~

Sec. 22. Minnesota Statutes 1998, section 62R.06, subdivision 1, is amended to read:

Subdivision 1. [PROVIDER CONTRACTS.] A health provider cooperative and its licensed members may execute marketing and service contracts requiring the provider members to provide some or all of their health care services through the provider cooperative to the enrollees, members, subscribers, or insureds, of a health care network cooperative, community integrated service network, nonprofit health service plan, health maintenance organization, accident and health insurance company, or any other purchaser, including the state of Minnesota and its agencies, instruments, or units of local government. Each purchasing entity is authorized to execute contracts for the purchase of health care services from a health provider cooperative in accordance with this section. ~~Any~~ A contract between a provider cooperative and a purchaser ~~must~~ may provide for payment by the purchaser to the health provider cooperative on a ~~substantially~~ capitated or similar risk-sharing basis or by other financial arrangements authorized under state law. Each contract between a provider cooperative and a purchaser shall be filed by the provider network cooperative with the commissioner of health and is subject to the provisions of section 62D.19.

Sec. 23. [144.1201] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For purposes of sections 144.1201 to 144.1204, the terms defined in this section have the meanings given to them.

Subd. 2. [BY-PRODUCT NUCLEAR MATERIAL.] "By-product nuclear material" means a radioactive material, other than special nuclear material, yielded in or made radioactive by exposure to radiation created incident to the process of producing or utilizing special nuclear material.

Subd. 3. [RADIATION.] "Radiation" means ionizing radiation and includes alpha rays; beta rays; gamma rays; x-rays; high energy neutrons, protons, or electrons; and other atomic particles.

Subd. 4. [RADIOACTIVE MATERIAL.] "Radioactive material" means a matter that emits radiation. Radioactive material includes special nuclear material, source nuclear material, and by-product nuclear material.

Subd. 5. [SOURCE NUCLEAR MATERIAL.] "Source nuclear material" means uranium or thorium, or a combination thereof, in any physical or chemical form; or ores that contain by weight 1/20 of one percent (0.05 percent) or more of uranium, thorium, or a combination thereof. Source nuclear material does not include special nuclear material.

Subd. 6. [SPECIAL NUCLEAR MATERIAL.] "Special nuclear material" means:

(1) plutonium, uranium enriched in the isotope 233 or in the isotope 235, and any other material that the Nuclear Regulatory Commission determines to be special nuclear material according to United States Code, title 42, section 2071, except that source nuclear material is not included; and

(2) a material artificially enriched by any of the materials listed in clause (1), except that source nuclear material is not included.

Sec. 24. [144.1202] [UNITED STATES NUCLEAR REGULATORY COMMISSION AGREEMENT.]

Subdivision 1. [AGREEMENT AUTHORIZED.] In order to have a comprehensive program to protect the public from radiation hazards, the governor, on behalf of the state, is authorized to enter into agreements with the United States Nuclear Regulatory Commission under the Atomic Energy Act of 1954, section 274b, as amended. The agreement shall provide for the discontinuance of portions of the Nuclear Regulatory Commission's licensing and related regulatory authority over by-product, source, and special nuclear materials, and the assumption of regulatory authority over these materials by the state.

Subd. 2. [HEALTH DEPARTMENT DESIGNATED LEAD.] The department of health is designated as the lead agency to pursue an agreement on behalf of the governor and for any assumption of specified licensing and regulatory authority from the Nuclear Regulatory Commission under an agreement with the commission. The commissioner of health shall establish an advisory group to assist in preparing the state to meet the requirements for reaching an agreement. The commissioner may adopt rules to allow the state to assume regulatory authority under an agreement under this section, including the licensing and regulation of radioactive materials. Any regulatory authority assumed by the state includes the ability to set and collect fees.

Subd. 3. [TRANSITION.] A person who, on the effective date of an agreement under this section, possesses a Nuclear Regulatory Commission license that is subject to the agreement is deemed to possess a similar license issued by the department of health. A department of health license obtained under this subdivision expires on the expiration date specified in the federal license.

Subd. 4. [AGREEMENT; CONDITIONS OF IMPLEMENTATION.] (a) An agreement entered into before August 2, 2002, must remain in effect until terminated under the Atomic Energy Act of 1954, United States Code, title 42, section 2021, paragraph (j). The governor may not enter into an initial agreement with the Nuclear Regulatory Commission after August 1, 2002. If an agreement is not entered into by August 1, 2002, any rules adopted under this section are repealed effective August 1, 2002.

(b) An agreement authorized under subdivision 1 must be approved by law before it may be implemented.

Sec. 25. [144.1203] [TRAINING; RULEMAKING.]

The commissioner shall adopt rules to ensure that individuals handling or utilizing radioactive materials under the terms of a license issued by the commissioner under section 144.1202 have proper training and qualifications to do so. The rules adopted must be at least as stringent as federal regulations on proper training and qualifications adopted by the Nuclear Regulatory Commission. Rules adopted under this section may incorporate federal regulations by reference.

Sec. 26. [144.1204] [SURETY REQUIREMENTS.]

Subdivision 1. [FINANCIAL ASSURANCE REQUIRED.] The commissioner may require an applicant for a license under section 144.1202, or a person who was formerly licensed by the Nuclear Regulatory Commission and is now subject to sections 144.1201 to 144.1204, to post financial assurances to ensure the completion of all requirements established by the commissioner for the decontamination, closure, decommissioning, and reclamation of sites, structures, and equipment used in conjunction with activities related to licensure. The financial assurances posted must be sufficient to restore the site to unrestricted future use and must be sufficient to provide for surveillance and care when radioactive materials remain at the site after the licensed activities cease. The commissioner may establish financial assurance criteria by rule. In establishing such criteria, the commissioner may consider:

(1) the chemical and physical form of the licensed radioactive material;

(2) the quantity of radioactive material authorized;

(3) the particular radioisotopes authorized and their subsequent radiotoxicity;

(4) the method in which the radioactive material is held, used, stored, processed, transferred, or disposed of; and

(5) the potential costs of decontamination, treatment, or disposal of a licensee's equipment and facilities.

Subd. 2. [ACCEPTABLE FINANCIAL ASSURANCES.] The commissioner may, by rule, establish types of financial assurances that meet the requirements of this section. Such financial assurances may include bank letters of credit, deposits of cash, or deposits of government securities.

Subd. 3. [TRUST AGREEMENTS.] Financial assurances must be established together with trust agreements. Both the financial assurances and the trust agreements must be in a form and substance that meet requirements established by the commissioner.

Subd. 4. [EXEMPTIONS.] The commissioner is authorized to exempt from the requirements of this section, by rule, any category of licensee upon a determination by the commissioner that an exemption does not result in a significant risk to the public health or safety or to the environment and does not pose a financial risk to the state.

Subd. 5. [OTHER REMEDIES UNAFFECTED.] Nothing in this section relieves a licensee of a civil liability incurred, nor may this section be construed to relieve the licensee of obligations to prevent or mitigate the consequences of improper handling or abandonment of radioactive materials.

Sec. 27. Minnesota Statutes 1998, section 144.121, is amended by adding a subdivision to read:

Subd. 8. [EXEMPTION FROM EXAMINATION REQUIREMENTS; OPERATORS OF CERTAIN BONE DENSITOMETERS.] (a) This subdivision applies to a bone densitometer that is used on humans to estimate bone mineral content and bone mineral density in a region of a finger on a person's nondominant hand, gives an x-ray dose equivalent of less than 0.001 microsieverts per scan, and has an x-ray leakage exposure rate of less than two milliroentgens per hour at a distance of one meter, provided that the bone densitometer is operating in accordance with manufacturer specifications.

(b) An individual who operates a bone densitometer that satisfies the definition in paragraph (a) and the facility in which an individual operates such a bone densitometer are exempt from the requirements of subdivisions 5 and 6.

(Effective Date: Section 27 (144.121, subdivision 8) is effective the day following final enactment.)

Sec. 28. Minnesota Statutes 1998, section 144.147, is amended to read:

144.147 [~~RURAL HOSPITAL PLANNING AND TRANSITION~~ IMPROVEMENT GRANT PROGRAM.]

Subdivision 1. [DEFINITION.] "Eligible rural hospital" means any nonfederal, general acute care hospital that:

(1) is either located in a rural area, as defined in the federal Medicare regulations, Code of Federal Regulations, title 42, section 405.1041, or located in a community with a population of less than 5,000, according to United States Census Bureau statistics, outside the seven-county metropolitan area;

(2) has 50 or fewer beds; and

(3) is not for profit.

Subd. 2. [GRANTS AUTHORIZED.] The commissioner shall establish a program of grants to assist eligible rural hospitals. The commissioner shall award grants to hospitals and communities for the purposes set forth in paragraphs (a) ~~and (b)~~ to (c).

(a) Grants may be used by hospitals and their communities to develop strategic plans for preserving or enhancing access to health services. ~~At a minimum, a strategic plan must consist of:~~

~~(1) a needs assessment to determine what health services are needed and desired by the community. The assessment must include interviews with or surveys of area health professionals, local community leaders, and public hearings;~~

~~(2) an assessment of the feasibility of providing needed health services that identifies priorities and timeliness for potential changes; and~~

~~(3) an implementation plan.~~

~~The strategic plan must be developed by a committee that includes representatives from the hospital, local public health agencies, other health providers, and consumers from the community.~~

(b) ~~The Grants may also be used by eligible rural hospitals that have developed strategic plans to implement transition projects to modify the type and extent of services provided, in order to reflect the needs of that plan. Grants may be used by hospitals under this paragraph to develop hospital-based physician practices that integrate hospital and existing medical practice facilities that agree to transfer their practices, equipment, staffing, and administration to the hospital. The grants may also be used by the hospital to establish a health provider cooperative, a telemedicine system, or a rural health care system. Not more than one-third of any grant shall be used to offset losses incurred by physicians agreeing to transfer their practices to hospitals. for implementation projects that reflect the needs identified in a strategic plan or similar plan. Implementation projects may include development or enhancement of telemedicine services, diversification of health services, collaborative efforts to integrate health services, or critical access hospital conversion activities.~~

~~(c) Grants may be used by hospitals for planning and implementation of capital improvement projects. A capital improvement project is designed to update, remodel, or replace aging hospital facilities and equipment necessary to maintain the operations of a hospital.~~

Subd. 3. [CONSIDERATION OF GRANTS.] In determining which hospitals will receive grants under this section, the commissioner shall take into account:

(1) improving community access to hospital or health services;

(2) changes in service populations;

(3) ~~demand for~~ availability and upgrading ambulatory and emergency services;

(4) the extent that the health needs of the community are not currently being met by other providers in the service area;

(5) the need to recruit and retain health professionals;

(6) the extent of community support;

(7) the integration of health care services and the coordination with local community organizations, such as community development and public health agencies; and

(8) the financial condition of the hospital.

Subd. 4. [ALLOCATION OF GRANTS.] (a) Eligible hospitals must apply to the commissioner no later than ~~September~~ October 1 of each fiscal year for grants awarded for that fiscal year. A grant may be awarded upon signing of a grant contract.

(b) The commissioner must make a final decision on the funding of each application within 60 days of the deadline for receiving applications.

(c) Each relevant community health board has 30 days in which to review and comment to the commissioner on grant applications from hospitals in their community health service area.

(d) In determining which hospitals will receive grants under this section, the commissioner shall consider the following factors:

(1) Description of the problem, description of the project, and the likelihood of successful outcome of the project. The applicant must explain clearly the nature of the health services problems in their service area, how the grant funds will be used, what will be accomplished, and the results expected. The applicant should describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organizations.

(2) The extent of community support for the hospital and this proposed project. The applicant should demonstrate support for the hospital and for the proposed project from other local health service providers and from local community and government leaders. Evidence of such support may include past commitments of financial support from local individuals, organizations, or government entities; and commitment of financial support, in-kind services or cash, for this project.

(3) The comments, if any, resulting from a review of the application by the community health board in whose community health service area the hospital is located.

(e) In evaluating applications, the commissioner shall score each application on a 100 point scale, assigning the maximum of 70 points for an applicant's understanding of the problem, description of the project, and likelihood of successful outcome of the project; and a maximum of 30 points for the extent of community support for the hospital and this project. The commissioner may also take into account other relevant factors.

~~(f) A grant to a hospital, including hospitals that submit applications as consortia, may not exceed \$50,000 a year and may not exceed a term of two years. Prior to the receipt of any grant, the hospital must certify to the commissioner that at least one-half of the amount, which may include in-kind services, is available for the same purposes from nonstate sources. A hospital receiving a grant under this section may use the grant for any expenses incurred in the development of strategic plans or the implementation of transition projects with respect to which the grant is made. Project grants may not be used to retire debt incurred with respect to any capital expenditure made prior to the date on which the project is initiated. In determining the grant amount a hospital will receive under this section, the commissioner shall consider the following factors:~~

(1) grants to hospitals for planning and implementation under subdivision 2, paragraphs (a) and (b), may not exceed \$100,000 a year and may not exceed a term of two years. Prior to the receipt of any grant, the hospital must certify to the commissioner that at least one-half of the amount of the total cost of the planning or implementation project, which may include in-kind services, is available for the same purposes from nonstate sources; and

(2) grants to hospitals for planning and implementation projects under subdivision 2, paragraph (c), may not exceed \$300,000 a year and may not exceed a term of two years. Prior to the receipt of any grant, the hospital must certify to the commissioner that at least one-quarter of the amount of the total cost of the planning and implementation project, which may include in-kind services, is available for the same purposes from nonstate sources. A hospital receiving a grant under this section may use the grant for any expenses incurred in the development of strategic plans or the implementation of transition projects with respect to which the grant is made. Project grants may not be used to retire debt incurred with respect to any capital expenditure made prior to the date on which the project is initiated. Hospitals may apply to the program each year they are eligible.

(g) The commissioner may adopt rules to implement this section.

Subd. 5. [EVALUATION.] The commissioner shall evaluate the overall effectiveness of the grant program. The commissioner may collect, from the hospital, and communities receiving grants, ~~the information necessary~~ quarterly progress reports to evaluate the grant program. Information related to the financial condition of individual hospitals shall be classified as nonpublic data.

Subd. 6. [EXPIRATION.] This section expires June 30, 2001.

Sec. 29. Minnesota Statutes 1998, section 144.1483, is amended to read:

144.1483 [RURAL HEALTH INITIATIVES.]

The commissioner of health, through the office of rural health, and consulting as necessary with the commissioner of human services, the commissioner of commerce, the higher education services office, and other state agencies, shall:

(1) develop a detailed plan regarding the feasibility of coordinating rural health care services by organizing individual medical providers and smaller hospitals and clinics into referral networks with larger rural hospitals and clinics that provide a broader array of services;

(2) develop and implement a program to assist rural communities in establishing community health centers, as required by section 144.1486;

(3) administer the program of financial assistance established under section 144.1484 for rural hospitals in isolated areas of the state that are in danger of closing without financial assistance, and that have exhausted local sources of support;

(4) develop recommendations regarding health education and training programs in rural areas, including but not limited to a physician assistants' training program, continuing education programs for rural health care providers, and rural outreach programs for nurse practitioners within existing training programs;

(5) develop a statewide, coordinated recruitment strategy for health care personnel and maintain a database on health care personnel as required under section 144.1485;

(6) develop and administer technical assistance programs to assist rural communities in: (i) planning and coordinating the delivery of local health care services; and (ii) hiring physicians, nurse practitioners, public health nurses, physician assistants, and other health personnel;

(7) study and recommend changes in the regulation of health care personnel, such as nurse practitioners and physician assistants, related to scope of practice, the amount of on-site physician supervision, and dispensing of medication, to address rural health personnel shortages;

(8) support efforts to ensure continued funding for medical and nursing education programs that will increase the number of health professionals serving in rural areas;

(9) support efforts to secure higher reimbursement for rural health care providers from the Medicare and medical assistance programs;

(10) coordinate the development of a statewide plan for emergency medical services, in cooperation with the emergency medical services advisory council;

(11) establish a Medicare rural hospital flexibility program pursuant to section 1820 of the federal Social Security Act, United States Code, title 42, section 1395i-4, by developing a state rural health plan and designating, consistent with the rural health plan, rural nonprofit or public hospitals in the state as critical access hospitals. Critical access hospitals shall include facilities that are certified by the state as necessary providers of health care services to residents in the area. Necessary providers of health care services are designated as critical access hospitals on the basis of being more than 20 miles, defined as official mileage as reported by the Minnesota department of transportation, from the next nearest hospital or being the sole hospital in the county or being a hospital located in a designated medical underserved area or health professional shortage area. A critical access hospital located in a designated medical underserved area or a health professional shortage area shall continue to be recognized as a critical access hospital in the event the medical underserved area or health professional shortage area designation is subsequently withdrawn; and

(12) carry out other activities necessary to address rural health problems.

Sec. 30. Minnesota Statutes 1998, section 144.1492, subdivision 3, is amended to read:

Subd. 3. [ELIGIBLE APPLICANTS AND CRITERIA FOR AWARDED OF GRANTS TO RURAL COMMUNITIES.] (a) Funding which the department receives to award grants to rural communities to establish health care networks shall be awarded through a request for proposals process. Planning grant funds may be used for community facilitation and initial network development activities including incorporation as a nonprofit organization or cooperative, assessment of network models, and determination of the best fit for the community. Implementation grant funds can be used to enable incorporated nonprofit organizations and cooperatives to purchase technical services needed for further network development such as legal, actuarial, financial, marketing, and administrative services.

(b) In order to be eligible to apply for a planning or implementation grant under the federally funded health care network reform program, an organization must be located in a rural area of Minnesota excluding the seven-county Twin Cities metropolitan area and the census-defined urbanized areas of Duluth, Rochester, St. Cloud, and Moorhead. The proposed network organization must also meet or plan to meet the criteria for a community integrated service network.

(c) In determining which organizations will receive grants, the commissioner may consider the following factors:

(1) the applicant's description of their plans for health care network development, their need for technical assistance, and other technical assistance resources available to the applicant. The applicant must clearly describe the service area to be served by the network, how the grant funds will be used, what will be accomplished, and the expected results. The applicant should describe achievable objectives, a timetable, and roles and capabilities of responsible individuals and organizations;

(2) the extent of community support for the applicant and the health care network. The applicant should demonstrate support from private and public health care providers in the service area; and local community and government leaders; ~~and the regional coordinating board for the area.~~ Evidence of such support may include a commitment of financial support, in-kind services, or cash, for development of the network;

(3) the size and demographic characteristics of the population in the service area for the proposed network and the distance of the service area from the nearest metropolitan area; and

(4) the technical assistance resources available to the applicant from nonstate sources and the financial ability of the applicant to purchase technical assistance services with nonstate funds.

Sec. 31. [144.1498] [LOAN FORGIVENESS FOR RURAL AND UNDERSERVED URBAN AREA PHARMACISTS.]

Subdivision 1. [DEFINITIONS.] (a) For purposes of sections 144.1498 and 144.1499, the terms defined in this subdivision have the meanings given them, unless the context clearly indicates otherwise.

(b) "Designated rural or underserved urban area" means a geographic area given that designation by the commissioner of health.

(c) "Eligible applicant" means a pharmacist licensed under chapter 151 and practicing in Minnesota.

(d) "Qualified loan" means a government or commercial loan for actual costs paid for tuition, reasonable education expenses, and reasonable living expenses related to the graduate or undergraduate education of a pharmacist.

Subd. 2. [CREATION.] The commissioner shall establish a loan forgiveness program for pharmacists agreeing to practice in designated rural or underserved urban areas. The commissioner shall contract with a statewide pharmacist association representing all pharmacy practice settings to administer the program. The program shall cover up to 25 participants per year, and the total number of participants in the program at any one time shall not exceed 50 participants.

Subd. 3. [SELECTION CRITERIA; STARTING DATES.] The commissioner shall determine selection criteria for applicants. The commissioner shall also determine the participant's starting date of service in a rural or underserved urban area.

Subd. 4. [LOAN FORGIVENESS.] A pharmacist who is accepted must sign a contract to serve at least five years in a designated rural or underserved urban area. For each year that a participant serves as a pharmacist in a designated rural or underserved urban area, the commissioner shall annually pay to the program administrator an amount equal to one year of qualified loans for all participants. Participants who move their practice from one designated rural or underserved urban area to another remain eligible for loan repayment.

Subd. 5. [PROCEDURE FOR LOAN REPAYMENT.] A program participant, at the time of signing a contract, shall designate the qualifying loan or loans up to a maximum of \$10,000 per year for not more than five years. A participant must make payments directly on the participant's loans. The program administrator is responsible for verifying the amount of debt, the participant's timely repayment of debt, and the participant's length and terms of service. The program administrator shall reimburse the participant on a quarterly basis for payments made by the participant on qualifying loans in an amount not to exceed \$10,000 per year when annualized. If the amount reimbursed by the program administrator is less than \$10,000 during a 12-month period, the program administrator shall pay during the 12th month an additional amount toward a loan or loans designated by the participant, to bring the total paid to \$10,000. The total amount reimbursed by the program administrator must not exceed the amount of principal and accrued interest of the designated loans.

Subd. 6. [TAX RESPONSIBILITY.] The participant is responsible for reporting on federal income tax returns any amount paid by the state on designated loans, if required to do so by federal law.

Subd. 7. [PENALTY FOR NONFULFILLMENT.] If a participant does not fulfill the required five-year minimum commitment of service in a designated rural or underserved urban area, the program administrator shall recover from the participant the amount paid under the loan forgiveness program. A program participant who fails to complete at least three years of obligated service shall repay the amount paid, as well as a financial penalty based upon the length of the service obligation not fulfilled. If the participant has served at least two years, the financial penalty is the number of unserved months multiplied by \$1,000. If the participant has served less than two years, the financial penalty is the total number of obligated months multiplied by \$1,000. The program administrator has the authority to collect on all loan defaults.

Subd. 8. [SUSPENSION OR WAIVER OF OBLIGATION.] Payment or service obligations cancel in the event of a participant's death. The commissioner may waive or suspend payment or service obligations in case of total and permanent disability or long-term temporary disability lasting for more than two years. The commissioner shall evaluate all other requests for suspension or waivers on a case-by-case basis and may grant a waiver of all or part of the money owed as a result of a nonfulfillment penalty if emergency circumstances prevented fulfillment of the required service commitment.

Sec. 32. [144.1499] [RURAL AND UNDERSERVED URBAN AREA PHARMACY FINANCIAL ASSISTANCE.]

Subdivision 1. [ESTABLISHED.] The commissioner of health shall award financial assistance grants to pharmacies in designated rural or underserved urban areas that are designated as sole community pharmacies.

Subd. 2. [PROGRAM ADMINISTRATION.] The commissioner shall contract with a statewide pharmacist association representing all pharmacy practice settings to administer the program. The commissioner shall establish criteria for determining sole community pharmacies in rural and underserved urban areas.

Subd. 3. [EVIDENCE OF LOCAL SUPPORT.] In selecting pharmacies to receive grants, the program administrator shall take into account the extent of local support for the pharmacy. Evidence of local support may include statements issued by a local government entity, such as a city or county, and loans, grants, or donations to the pharmacy from local government entities, private organizations, or individuals.

Subd. 4. [GRANT AWARDS.] The program administrator shall determine the amount of the award to be given to each eligible pharmacy based on the pharmacy's total operating losses as a percentage of total operating revenue for two of the previous three most recent consecutive fiscal years. For purposes of calculating a pharmacy's operating loss margin, total operating revenue does not include grant funding provided under this section. The available funds shall be disbursed proportionately based on the operating loss margins of all eligible pharmacies.

Sec. 33. [144.3431] [ABORTION NOTIFICATION DATA.]

Subdivision 1. [REPORTING FORM.] (a) Within 90 days of the effective date of this section, the commissioner of health shall prepare a reporting form for use by physicians and facilities performing abortions.

(b) The form shall require the following information:

(1) the number of minors or women for whom a guardian or conservator has been appointed under sections 525.54 to 525.551 because of a finding of incompetency for whom the physician or an agent of the physician provided the notice described in section 144.343, subdivision 2; of that number, the number of notices provided personally as described in section 144.343, subdivision 2, paragraph (a), and the number of notices provided by mail as described in section 144.343, subdivision 2, paragraph (b); and of each of those numbers, the number who, to the best of the reporting physician's or reporting facility's information and belief, went on to obtain the abortion from the reporting physician or reporting physician's facility, or from the reporting facility;

(2) the number of minors or women for whom a guardian or conservator has been appointed under sections 525.54 to 525.551 because of a finding of incompetency upon whom the physician performed an abortion without providing the notice described in section 144.343, subdivision 2; and of that number, the number who were emancipated minors, and the number for whom section 144.343, subdivision 4, was applicable, itemized by each of the limitations identified in paragraphs (a), (b), and (c) of that subdivision;

(3) the number of abortions performed by the physician for which judicial authorization was received and for which the notification described in section 144.343, subdivision 2, was not provided;

(4) the county the female resides in; the county where the abortion was performed, if different from the female's residence; and, if a judicial bypass was obtained, the county it was obtained in, if different from the female's residence;

(5) the age of the female;

(6) the race of the female;

(7) the process the physician or the physician's agent used to inform the female of the judicial bypass; whether court forms were provided to her; and whether the physician or the physician's agent made the court arrangement for the female; and

(8) how soon after visiting the abortion facility the female went to court to obtain a judicial bypass.

Subd. 2. [FORMS TO PHYSICIANS AND FACILITIES.] Physicians and facilities required to report under subdivision 3 shall obtain reporting forms from the commissioner.

Subd. 3. [SUBMISSION.] (a) The following physicians or facilities must submit the forms to the commissioner no later than April 1 for abortions performed in the previous calendar year:

(1) a physician who provides, or whose agent provides, the notice described in section 144.343, subdivision 2, or the facility at which such notice is provided; and

(2) a physician who knowingly performs an abortion upon a minor or a woman for whom a guardian or conservator has been appointed according to sections 525.54 to 525.551 because of a finding of incompetency, or a facility at which such an abortion is performed.

(b) The commissioner shall maintain as confidential, data which alone or in combination may constitute information that would reasonably lead, using epidemiologic principles, to the identification of:

(1) an individual who has had an abortion, who has received judicial authorization for an abortion, or to whom the notice described in section 144.343, subdivision 2, has been provided; or

(2) a physician or facility required to report under paragraph (a).

Subd. 4. [FAILURE TO REPORT AS REQUIRED.] (a) Reports that are not submitted more than 30 days following the due date shall be subject to a late fee of \$500 for each additional 30-day period or portion of a 30-day period overdue. If a physician or facility required to report under this section has not submitted a report, or has submitted only an incomplete report, more than one year following the due date, the commissioner of health shall bring an action in a court of competent jurisdiction for an order directing the physician or facility to submit a complete report within a period stated by court order or be subject to sanctions. If the commissioner brings such an action for an order directing a physician or facility to submit a complete report, the court may assess reasonable attorney fees and costs against the noncomplying party.

(b) Notwithstanding section 13.39, data related to actions taken by the commissioner to enforce any provision of this section is private data if the data, alone or in combination, may constitute information that would reasonably lead, using epidemiologic principles, to the identification of:

(1) an individual who has had an abortion, who has received judicial authorization for an abortion, or to whom the notice described in section 144.343, subdivision 2, has been provided; or

(2) a physician or facility required to report under subdivision 3.

Subd. 5. [PUBLIC RECORDS.] (a) By September 30 of each year, the commissioner of health shall issue a public report providing statistics for each item listed in subdivision 1 for the previous calendar year compiled from reports submitted according to this section. The report shall also include statistics, which shall be obtained from court administrators, that include:

(1) the total number of petitions or motions filed under section 144.343, subdivision 6, paragraph (c), clause (i);

(2) the number of cases in which the court appointed a guardian ad litem;

(3) the number of cases in which the court appointed counsel;

(4) the number of cases in which the judge issued an order authorizing an abortion without notification, including:

(i) the number of petitions or motions granted by the court because of a finding of maturity and the basis for that finding; and

(ii) the number of petitions or motions granted because of a finding that the abortion would be in the best interest of the minor and the basis for that finding;

(5) the number of denials from which an appeal was filed;

(6) the number of appeals that resulted in a denial being affirmed; and

(7) the number of appeals that resulted in reversal of a denial.

(b) The report shall provide the statistics for all previous calendar years for which a public report was required to be issued, adjusted to reflect any additional information from late or corrected reports.

(c) The commissioner shall ensure that all statistical information included in the public reports are presented so that the data cannot reasonably lead, using epidemiologic principles, to the identification of:

(1) an individual who has had an abortion, who has received judicial authorization for an abortion, or to whom the notice described in section 144.343, subdivision 2, has been provided; or

(2) a physician or facility who has submitted a form to the commissioner under subdivision 3.

Subd. 6. [MODIFICATION OF REQUIREMENTS.] The commissioner of health may, by administrative rule, alter the dates established in subdivisions 3 and 5, consolidate the forms created according to subdivision 1 with the reporting form created according to section 145.4131, or consolidate reports to achieve administrative convenience or fiscal savings, to allow physicians and facilities to submit all information collected by the commissioner regarding abortions at one time, or to reduce the burden of the data collection, so long as the report described in subdivision 5 is issued at least once a year.

Subd. 7. [SUIT TO COMPEL STATISTICAL REPORT.] If the commissioner of health fails to issue the public report required under subdivision 5, any group of ten or more citizens of the state may seek an injunction in a court of competent jurisdiction against the commissioner, requiring that a complete report be issued within a period stated by court order. Failure to abide by the injunction shall subject the commissioner to sanctions for civil contempt.

Subd. 8. [ATTORNEY'S 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 the judgment is rendered in favor of the defendant and the court finds that plaintiff's suit was frivolous and brought in bad faith, the court shall render judgment for a reasonable attorney's fee in favor of the defendant against the plaintiff.

Subd. 9. [SEVERABILITY.] If any one or more provision, section, subdivision, sentence, clause, phrase, or word of this section 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 this section shall remain effective notwithstanding such unconstitutionality. The legislature hereby declares that it would have passed this section, and each provision, section, subdivision, sentence, clause, phrase, or word thereof irrespective of the fact that any one provision, section, subdivision, sentence, clause, phrase, or word be declared unconstitutional.

Sec. 34. Minnesota Statutes 1998, section 144.413, subdivision 2, is amended to read:

Subd. 2. [PUBLIC PLACE.] "Public place" means any enclosed, indoor area used by the general public or serving as a place of work, including, but not limited to, restaurants, retail stores, offices and other commercial establishments, public conveyances, educational facilities other than public schools, as defined in section 120A.05, ~~subdivision~~ subdivisions 9, 11, and 13, hospitals, nursing homes, auditoriums, arenas, meeting rooms, and common areas of rental apartment buildings, but excluding private, enclosed offices occupied exclusively by smokers even though such offices may be visited by nonsmokers.

(Effective Date: Section 34 (144.413, subdivision 2) is effective the day following final enactment.)

Sec. 35. Minnesota Statutes 1998, section 144.414, subdivision 1, is amended to read:

Subdivision 1. [PUBLIC PLACES.] No person shall smoke in a public place or at a public meeting except in designated smoking areas. This prohibition does not apply in cases in which an entire room or hall is used for a private social function and seating arrangements are under the control of the sponsor of the function and not of the proprietor or person in charge of the place. ~~Furthermore, this prohibition shall not apply to factories, warehouses, and similar places of work not usually frequented by the general public, except that the state commissioner of health shall establish rules to restrict or prohibit smoking in those places of work where the close proximity of workers or the inadequacy of ventilation causes smoke pollution detrimental to the health and comfort of nonsmoking employees.~~

(Effective Date: Section 35 (144.414, subdivision 1) is effective the day following final enactment.)

Sec. 36. Minnesota Statutes 1998, section 144.4165, is amended to read:

144.4165 [TOBACCO PRODUCTS PROHIBITED IN PUBLIC SCHOOLS.]

No person shall at any time smoke, chew, or otherwise ingest tobacco or a tobacco product in a public school, as defined in section 120A.05, ~~subdivision~~ subdivisions 9, 11, and 13. This prohibition extends to all facilities, whether owned, rented, or leased, and all vehicles that a school district owns, leases, rents, contracts for, or controls. Nothing in this section shall prohibit the lighting of tobacco by an adult as a part of a traditional Indian spiritual or cultural ceremony. For purposes of this section, an Indian is a person who is a member of an Indian tribe as defined in section 257.351, subdivision 9.

(Effective Date: Section 36 (144.4165) is effective the day following final enactment.)

Sec. 37. Minnesota Statutes 1998, section 144.56, subdivision 2b, is amended to read:

Subd. 2b. [BOARDING CARE HOMES.] The commissioner shall not adopt or enforce any rule that limits:

(1) a certified boarding care home from providing nursing services in accordance with the home's Medicaid certification; or

(2) a noncertified boarding care home registered under chapter 144D from providing home care services in accordance with the home's registration.

Sec. 38. Minnesota Statutes 1998, section 144.99, subdivision 1, is amended to read:

Subdivision 1. [REMEDIES AVAILABLE.] The provisions of chapters 103I and 157 and sections 115.71 to 115.77; 144.12, subdivision 1, paragraphs (1), (2), (5), (6), (10), (12), (13), (14), and (15); 144.1201 to 144.1204; 144.121; 144.1222; 144.3431; 144.35; 144.381 to 144.385; 144.411 to 144.417; 144.495; 144.71 to 144.74; 144.9501 to 144.9509; 144.992; 145.4131 to 145.4136; 326.37 to 326.45; 326.57 to 326.785; 327.10 to 327.131; and 327.14 to 327.28 and all rules, orders, stipulation agreements, settlements, compliance agreements, licenses, registrations, certificates, and permits adopted or issued by the department or under any other law now in force or later enacted for the preservation of public health may, in addition to provisions in other statutes, be enforced under this section.

Sec. 39. Minnesota Statutes 1998, section 144.99, is amended by adding a subdivision to read:

Subd. 12. [SECURING RADIOACTIVE MATERIALS.] (a) In the event of an emergency that poses a danger to the public health, the commissioner shall have the authority to impound radioactive materials and the associated shielding in the possession of a person who fails to abide by the provisions of the statutes, rules, and any other item listed in subdivision 1. If impounding the source of these materials is impractical, the commissioner shall have the authority to lock or otherwise secure a facility that contains the source of such materials, but only the portions of the facility as is necessary to protect the public health. An action taken under this paragraph is effective for up to 72 hours. The commissioner must seek an injunction or take other administrative action to secure radioactive materials beyond the initial 72-hour period.

(b) The commissioner may release impounded radioactive materials and the associated shielding to the owner of the radioactive materials and associated shielding, upon terms and conditions that are in accordance with the provisions of statutes, rules, and other items listed in subdivision 1. In the alternative, the commissioner may bring an action in a court of competent jurisdiction for an order directing the disposal of impounded radioactive materials and associated shielding or directing other disposition as necessary to protect the public health and safety and the environment. The costs of decontamination, transportation, burial, disposal, or other disposition shall be borne by the owner or licensee of the radioactive materials and shielding or by any other person who has used the radioactive materials and shielding for business purposes.

Sec. 40. Minnesota Statutes 1998, section 144A.4605, subdivision 2, is amended to read:

Subd. 2. [ASSISTED LIVING HOME CARE LICENSE ESTABLISHED.] A home care provider license category entitled assisted living home care provider is hereby established. A home care provider may obtain an assisted living license if the program meets the following requirements:

(a) nursing services, delegated nursing services, other services performed by unlicensed personnel, or central storage of medications under the assisted living license are provided solely for residents of one or more housing with services establishments registered under chapter 144D;

(b) unlicensed personnel perform home health aide and home care aide tasks identified in Minnesota Rules, parts 4668.0100, subparts 1 and 2, and 4668.0110, subpart 1. Qualifications to perform these tasks shall be established in accordance with subdivision 3;

(c) periodic supervision of unlicensed personnel is provided as required by rule;

(d) notwithstanding Minnesota Rules, part 4668.0160, subpart 6, item D, client records shall include:

(1) daily records or a weekly summary of ~~the client's status and~~ home care services provided;

(2) documentation each time medications are administered to a client; and

(3) documentation on the day of occurrence of any significant change in the client's status or any significant incident, such as a fall or refusal to take medications.

All entries must be signed by the staff providing the services and entered into the record no later than two weeks after the end of the service day, except as specified in clauses (2) and (3);

(e) medication and treatment orders, if any, are included in the client record and are renewed at least every 12 months, or more frequently when indicated by a clinical assessment;

(f) the central storage of medications in a housing with services establishment registered under chapter 144D is managed under a system that is established by a registered nurse and addresses the control of medications, handling of medications, medication containers, medication records, and disposition of medications; and

(g) in other respects meets the requirements established by rules adopted under sections 144A.45 to 144A.48.

Sec. 41. Minnesota Statutes 1998, section 144D.01, subdivision 4, is amended to read:

Subd. 4. [HOUSING WITH SERVICES ESTABLISHMENT OR ESTABLISHMENT.] "Housing with services establishment" or "establishment" means an establishment providing sleeping accommodations to one or more adult residents, at least 80 percent of which are 55 years of age or older, and offering or providing, for a fee, one or more regularly scheduled health-related services or two or more regularly scheduled supportive services, whether offered or provided directly by the establishment or by another entity arranged for by the establishment.

Housing with services establishment does not include:

- (1) a nursing home licensed under chapter 144A;
- (2) a hospital, certified boarding care home, or supervised living facility licensed under sections 144.50 to 144.56;
- (3) a board and lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, 9525.0215 to 9525.0355, 9525.0500 to 9525.0660, or 9530.4100 to 9530.4450, or under chapter 245B;
- (4) a board and lodging establishment which serves as a shelter for battered women or other similar purpose;
- (5) a family adult foster care home licensed by the department of human services;
- (6) private homes in which the residents are related by kinship, law, or affinity with the providers of services;
- (7) residential settings for persons with mental retardation or related conditions in which the services are licensed under Minnesota Rules, parts 9525.2100 to 9525.2140, or applicable successor rules or laws;
- (8) a home-sharing arrangement such as when an elderly or disabled person or single-parent family makes lodging in a private residence available to another person in exchange for services or rent, or both;
- (9) a duly organized condominium, cooperative, common interest community, or owners' association of the foregoing where at least 80 percent of the units that comprise the condominium, cooperative, or common interest community are occupied by individuals who are the owners, members, or shareholders of the units; or
- (10) services for persons with developmental disabilities that are provided under a license according to Minnesota Rules, parts 9525.2000 to 9525.2140 in effect until January 1, 1998, or under chapter 245B.

Sec. 42. [145.4201] [PARTIAL-BIRTH ABORTION; DEFINITIONS.]

Subdivision 1. [TERMS.] As used in sections 145.4201 to 145.4206, the terms defined in this section have the meanings given them.

Subd. 2. [ABORTION.] "Abortion" means the use of any means to intentionally terminate the pregnancy of a female known to be pregnant with knowledge that the termination with those means will, with reasonable likelihood, cause the death of the fetus.

Subd. 3. [FETUS.] "Fetus" is used to refer to the biological offspring of human parents.

Subd. 4. [PARTIAL-BIRTH ABORTION.] "Partial-birth abortion" means an abortion in which the person performing the abortion partially vaginally delivers a living fetus before killing the fetus and completing the delivery.

Subd. 5. [PARTIALLY VAGINALLY DELIVERS A LIVING FETUS BEFORE KILLING THE FETUS.] "Partially vaginally delivers a living fetus before killing the fetus" means deliberately and intentionally delivers into the vagina a living fetus, or a substantial portion thereof, for the purpose of performing a procedure the physician knows will kill the fetus, and kills the fetus.

Sec. 43. [145.4202] [PARTIAL-BIRTH ABORTIONS PROHIBITED.]

No person shall knowingly perform a partial-birth abortion.

Sec. 44. [145.4203] [LIFE OF THE MOTHER EXCEPTION.]

The prohibition under section 145.4202 shall not apply to a partial-birth abortion that is necessary to save the life of the mother because her life is endangered by a physical disorder, physical illness, or physical injury.

Sec. 45. [145.4204] [CIVIL REMEDIES.]

Subdivision 1. [STANDING.] The woman upon whom a partial-birth abortion has been performed in violation of sections 145.4201 to 145.4206, the father if married to the mother at the time she receives a partial-birth abortion procedure, and the maternal grandparents of the fetus if the mother has not attained the age of 18 years at the time of the abortion, may obtain appropriate relief in a civil action, unless the pregnancy resulted from the plaintiff's criminal conduct or the plaintiff consented to the abortion.

Subd. 2. [TYPE OF RELIEF.] Relief shall include:

(1) money damages for all injuries, psychological and physical, occasioned by the violation of sections 145.4201 to 145.4206; and

(2) statutory damages equal to three times the cost of the partial-birth abortion.

Subd. 3. [ATTORNEY'S FEE.] If judgment is rendered in favor of the plaintiff in an 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 the 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.

Sec. 46. [145.4205] [CRIMINAL PENALTY.]

Subdivision 1. [FELONY.] A person who performs a partial-birth abortion in knowing violation of sections 145.4201 to 145.4206 is guilty of a felony and may be sentenced to imprisonment for not more than two years or to payment of a fine of not more than \$4,000, or both.

Subd. 2. [ADMINISTRATIVE FINDING.] (a) A defendant accused of an offense under this section may seek a hearing before the state board of medical practice on whether the physician's conduct was necessary to save the life of the mother whose life was endangered by a physical disorder, illness, or injury.

(b) The findings of the state board of medical practice on that issue are admissible at the trial of the defendant. Upon motion of the defendant, the court shall delay the beginning of the trial for not more than 30 days to permit the hearing to take place.

Subd. 3. [PROSECUTION OF MOTHER PROHIBITED.] A woman upon whom a partial-birth abortion is performed may not be prosecuted under this section for violating sections 145.4201 to 145.4206, or any provision thereof, or for conspiracy to violate sections 145.4201 to 145.4206, or any provision thereof.

(Effective Date: Section 46 (145.4205, subdivisions 1 to 3) are effective July 1, 1999, and applies to crimes committed on or after that date.)

Sec. 47. [145.4206] [SEVERABILITY.]

(a) If any provision, word, phrase, or clause of section 145.4203, or the application thereof to any person or circumstance is found to be unconstitutional, the same is hereby declared to be inseverable.

(b) If any provision, section, paragraph, sentence, clause, phrase, or word of section 145.4201, 145.4202, 145.4204, 145.4205, or 145.4206, 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 145.4201 to 145.4206 shall remain effective notwithstanding such unconstitutionality. The legislature hereby declares that it would have passed sections 145.4201 to 145.4206, and each provision, section, paragraph, sentence, clause, phrase, or word thereto, with the exception of section 145.4203, irrespective of the fact that a provision, section, paragraph, sentence, clause, phrase, or word be declared unconstitutional.

Sec. 48. [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. 49. [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. 50. [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. 51. [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. 52. [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. 53. [145.4246] [SEVERABILITY.]

If any one or more provision, section, paragraph, 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, paragraph, sentence, clause, phrase, or word thereof, irrespective of the fact that any one or more provision, section, paragraph, sentence, clause, phrase, or word be declared unconstitutional.

Sec. 54. Minnesota Statutes 1998, section 145.924, is amended to read:

145.924 [AIDS PREVENTION GRANTS.]

(a) The commissioner may award grants to boards of health as defined in section 145A.02, subdivision 2, state agencies, state councils, or nonprofit corporations to provide evaluation and counseling services to populations at risk for acquiring human immunodeficiency virus infection, including, but not limited to, minorities, adolescents, intravenous drug users, and homosexual men.

(b) The commissioner may award grants to agencies experienced in providing services to communities of color, for the design of innovative outreach and education programs for targeted groups within the community who may be at risk of acquiring the human immunodeficiency virus infection, including intravenous drug users and their partners, adolescents, gay and bisexual individuals and women. Grants shall be awarded on a request for proposal basis and shall include funds for administrative costs. Priority for grants shall be given to agencies or organizations that have experience in providing service to the particular community which the grantee proposes to serve; that have policymakers representative of the targeted population; that have experience in dealing with issues relating to HIV/AIDS; and that have the capacity to deal effectively with persons of differing sexual orientations. For purposes of this paragraph, the "communities of color" are: the American-Indian community; the Hispanic community; the African-American community; and the Asian-Pacific community.

(c) All state grants for programs targeted to children shall be used exclusively to promote abstinence from sexual activity outside of marriage.

Sec. 55. [145.9253] [FAMILY PLANNING FUNDS RECIPIENTS RESTRICTED.]

(a) The commissioner of health may not allocate state funds that are appropriated for the provision of family planning services, or for which the provision of family planning services is a permitted use of the funds, to any entity that is an organization or affiliate of an organization which provides abortions, promotes abortions, or directly refers for abortions.

(b) Nondirective counseling relating to a pregnancy does not disqualify an entity from receiving an allocation of funds referenced in paragraph (a) from the commissioner.

Sec. 56. Minnesota Statutes 1998, section 145.9255, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The commissioner of health, in consultation with a representative from Minnesota planning, the commissioner of human services, and the commissioner of children, families, and learning, shall develop and implement the Minnesota education now and babies later (MN ENABL) program, targeted to adolescents ages 12 to 14, with the goal of reducing the incidence of adolescent pregnancy in the state and promoting abstinence until marriage. The program must provide a multifaceted, primary prevention, community health promotion approach to educating and supporting adolescents in the decision to postpone sexual involvement modeled after the ENABL program in California. The commissioner of health shall consult with the chief of the health education section of the California department of health services for general guidance in developing and implementing the program.

Sec. 57. Minnesota Statutes 1998, section 145.9255, subdivision 4, is amended to read:

Subd. 4. [PROGRAM COMPONENTS.] The program must include the following four major components:

(a) A community organization component in which the community-based local contractors shall include:

(1) use of a postponing sexual involvement education curriculum targeted to boys and girls ages 12 to 14 in schools and/or community settings;

(2) planning and implementing community organization strategies to convey and reinforce the MN ENABL message of postponing sexual involvement, including activities promoting awareness and involvement of parents and other primary caregivers/significant adults, schools, and community; and

(3) development of local media linkages.

(b) A statewide, comprehensive media and public relations campaign to promote changes in sexual attitudes and behaviors, and reinforce the message of ~~postponing adolescent sexual involvement~~ promoting abstinence from sexual activity until marriage.

The commissioner of health, in consultation with the commissioner of children, families, and learning, shall contract with the attorney general's office to develop and implement the media and public relations campaign. In developing the campaign, the attorney general's office shall coordinate and consult with representatives from ethnic and local communities to maximize effectiveness of the social marketing approach to health promotion among the culturally diverse population of the state. The development and implementation of the campaign is subject to input and approval by the commissioner of health.

The local community-based contractors shall collaborate and coordinate efforts with other community organizations and interested persons to provide school and community-wide promotional activities that support and reinforce the message of the MN ENABL curriculum.

(c) An evaluation component which evaluates the process and the impact of the program.

The "process evaluation" must provide information to the state on the breadth and scope of the program. The evaluation must identify program areas that might need modification and identify local MN ENABL contractor strategies and procedures which are particularly effective. Contractors must keep complete records on the demographics of clients served, number of direct education sessions delivered and other appropriate statistics, and must document exactly how the program was implemented. The commissioner may select contractor sites for more in-depth case studies.

The "impact evaluation" must provide information to the state on the impact of the different components of the MN ENABL program and an assessment of the impact of the program on adolescents' related sexual knowledge, attitudes, and risk-taking behavior.

The commissioner shall compare the MN ENABL evaluation information and data with similar evaluation data from other states pursuing a similar adolescent pregnancy prevention program modeled after ENABL and use the information to improve MN ENABL and build on aspects of the program that have demonstrated a delay in adolescent sexual involvement.

(d) A training component requiring the commissioner of health, in consultation with the commissioner of children, families, and learning, to provide comprehensive uniform training to the local MN ENABL community-based local contractors and the direct education program staff.

The local community-based contractors may use adolescent leaders slightly older than the adolescents in the program to impart the message to postpone sexual involvement provided:

(1) the contractor follows a protocol for adult mentors/leaders and older adolescent leaders established by the commissioner of health;

(2) the older adolescent leader is accompanied by an adult leader; and

(3) the contractor uses the curriculum as directed and required by the commissioner of the department of health to implement this part of the program. The commissioner of health shall provide technical assistance to community-based local contractors.

Sec. 58. [145A.135] [TOBACCO USE PREVENTION GRANTS FOR YOUTH.]

Subdivision 1. [COMPETITIVE GRANTS.] (a) The commissioner of health, in consultation with the commissioner of children, families, and learning, shall award grants to community health boards for tobacco use prevention grants targeted at youth up to age 18. The commissioner shall issue a request for proposals by September 1, 1999, require proposals to be submitted by November 1, 1999, and award grants by December 1, 1999. The request for proposals must describe the criteria for evaluation, outcome measures, and evaluation methodology developed by the commissioner under subdivision 4.

(b) The commissioner shall award grants only to community health boards that:

(1) have developed, in collaboration with community action agencies established under sections 119A.374 to 119A.376, a four-year plan to reduce the rate of smoking and tobacco use among youth up to age 18; and

(2) will implement the plan in collaboration with community action agencies, schools, and other public or private entities conducting similar or related initiatives, in a manner that does not duplicate existing efforts.

Community health boards, in collaboration with their community action agencies, may form partnerships and jointly apply for grants.

(c) The commissioner shall award at least two but not more than four competitive grants. Grants awarded by the commissioner must target different areas of the state. At least one grant must target a youth population at high risk of tobacco use.

(d) Grants shall be awarded for two years and may be renewed by the commissioner for an additional two years. A grant recipient may request renewal of a grant by submitting to the commissioner a written request for renewal, a description of initiatives funded by the initial grant, and information on progress toward achieving the outcome measures developed by the commissioner under subdivision 4. The commissioner may renew a grant only if the commissioner determines that the grant recipient has made adequate progress toward implementing its plan and achieving the outcome measures.

(e) A community health board may use grant funds received under this subdivision for tobacco use prevention activities targeted at youth only in those counties in the community health board's community health service area that, as of the date on which the community health board's application for a grant under this subdivision is received by the commissioner, are in compliance with section 461.12, subdivision 1.

Subd. 2. [GRANTS TO COMMUNITY HEALTH BOARDS.] (a) The commissioner shall award grants to each community health board that submits a proposal to establish and implement, in collaboration with community action agencies established under sections 119A.374 to 119A.376, tobacco use prevention initiatives targeted at youth up to age 18. Proposals must be developed in collaboration with the community action agencies. The commissioner shall require community health boards to submit proposals by November 1, 1999, and shall award grants by December 15, 1999. The commissioner shall establish grant levels using the formula in section 145A.13.

(b) Grants shall be awarded for two years and may be renewed by the commissioner for an additional two years. A community health board may request renewal of a grant by submitting to the commissioner a written request for renewal, a description of initiatives funded by the initial grant, and information on progress toward achieving the outcome measures developed by the commissioner under subdivision 4. The commissioner may renew a grant only if the commissioner determines that the community health board has made adequate progress toward implementing its plan and achieving the outcome measures.

(c) A community health board may use grant funds received under this subdivision for tobacco use prevention activities targeted at youth only in those counties in the community health board's community health service area that, as of the date on which the community health board's proposal under this subdivision is received by the commissioner, are in compliance with section 461.12, subdivision 1.

Subd. 3. [PROHIBITION ON MULTIPLE AWARDS.] A community health board may apply for grants under both subdivisions 1 and 2, but may accept only one grant award. If a community health board is awarded a grant under both subdivisions 1 and 2, the board must return one of the grant awards to the commissioner. If a grant awarded under subdivision 1 is returned, the commissioner shall award this money to another applicant. If a grant awarded under subdivision 2 is returned, the commissioner shall distribute this money on a pro rata basis to all other community health boards awarded that grant.

Subd. 4. [EVALUATION.] (a) The commissioner, in consultation with the commissioner of children, families, and learning, shall evaluate the effectiveness of the initiatives funded by the grants provided under this section. Grant recipients shall cooperate with the commissioner in the evaluation and provide the commissioner with outcomes data and other information necessary to conduct the evaluation.

(b) The commissioner, in consultation with the commissioner of children, families, and learning, shall develop criteria for evaluation, outcome measures, and an evaluation methodology by September 1, 2000, and shall provide this information to grant applicants. The commissioner shall include evaluation results in the preliminary and final reports required under subdivision 5.

Subd. 5. [REPORTS.] The commissioner shall present a preliminary report to the legislature by January 15, 2001, on the grant program established by this section. The preliminary report must include information on grant recipients and grant awards, a summary of the evaluation criteria, outcome measures, and evaluation methodology, and preliminary evaluation results. The commissioner shall submit a final report to the legislature by January 15, 2003. The final report must include information on grant renewals, final evaluation results, and recommendations for effective tobacco use prevention initiatives for youth.

Sec. 59. Minnesota Statutes 1998, section 148.5194, is amended to read:

148.5194 [FEES.]

Subdivision 1. [FEE PRORATION.] The commissioner shall prorate the registration fee for first time registrants according to the number of months that have elapsed between the date registration is issued and the date registration must be renewed under section 148.5191, subdivision 4.

Subd. 2. [BIENNIAL REGISTRATION FEE.] The fee for initial registration and biennial registration, temporary registration, or renewal is ~~\$160~~ \$200.

Subd. 3. [BIENNIAL REGISTRATION FEE FOR DUAL REGISTRATION AS A SPEECH-LANGUAGE PATHOLOGIST AND AUDIOLOGIST.] The fee for initial registration and biennial registration, temporary registration, or renewal is ~~\$160~~ \$200.

Subd. 3a. [SURCHARGE FEE.] Notwithstanding section 16A.1285, subdivision 2, for a period of four years following the effective date of this subdivision, an applicant for registration or registration renewal must pay a surcharge fee of \$25 in addition to any other fees due upon registration or registration renewal.

Subd. 4. [PENALTY FEE FOR LATE RENEWALS.] The penalty fee for late submission of a renewal application is ~~\$15~~ \$45.

Subd. 5. [NONREFUNDABLE FEES.] All fees are nonrefundable.

Sec. 60. [OUTREACH TO PHYSICIANS.]

The commissioner of health shall plan and conduct outreach activities to educate physicians about the requirements of Minnesota Statutes, sections 145.4201 to 145.4206. In conducting outreach, the commissioner shall disseminate at least two notices to physicians explaining the requirements of Minnesota Statutes, sections 145.4201 to 145.4206, and may conduct other outreach activities as the commissioner deems necessary. The commissioner shall establish the timing and form of the outreach activities required under this section, except that outreach activities must be completed by July 1, 2000.

Sec. 61. [RULES REGULATING PUBLIC SWIMMING POOLS.]

(a) The commissioner of health shall amend Minnesota Rules, part 4717.0250, subparts 7 and 8, to specify that the following portable wading pools are private residential pools, and not public pools, for purposes of public swimming pool regulation under Minnesota Rules, chapter 4717:

(1) a portable wading pool operated at a family day care or group family day care home that is licensed under Minnesota Rules, chapter 9502; and

(2) a portable wading pool operated at a home at which child care services are provided under Minnesota Statutes, section 245A.03, subdivision 2, clause (2), or under Laws 1997, chapter 248, section 46, including subsequent amendments.

(b) The commissioner shall amend Minnesota Rules, part 4717.0250, to define "portable wading pool" as a pool that is entirely aboveground, is readily movable, has a maximum depth of 24 inches, and is used or designed to be used exclusively for wading.

(c) The amendments required by this section may be done in the manner specified in Minnesota Statutes, section 14.388, under the authority of clause (3) of that section.

(Effective Date: Section 61 (Rules regulating public swimming pools) is effective the day following final enactment.)

Sec. 62. [CASE STUDIES TO DEVELOP STANDARDS FOR AUTOPSY PRACTICE IN SPECIAL CASES.]

Subdivision 1. [CASE STUDIES.] (a) If a professional association representing coroners and medical examiners in Minnesota accepts a grant from the commissioner of health for purposes of this section, it must comply with the terms of this section. A professional association representing coroners and medical examiners in Minnesota may conduct a series of case studies to examine cases in which performing autopsies are controversial or in which autopsies are opposed by a decedent's relative or friend based on the decedent's religious beliefs. The cases to be examined may be cases in which it is not immediately apparent that an autopsy is needed to determine the person's cause of death but that, upon further investigation, the coroner or medical examiner determines that an autopsy is necessary to determine the cause of death and that the cause of death must be determined. Using these case studies, the professional association may develop:

(1) guidelines for coroners and medical examiners regarding when to perform autopsies in controversial situations or in situations in which autopsies are opposed based on a decedent's religious beliefs; and

(2) special autopsy methods and procedures, if appropriate, for autopsies in controversial situations or situations in which autopsies are opposed based on a decedent's religious beliefs.

(b) The professional association may conduct 12 case studies or more for the purposes in paragraph (a). Upon completion of the case studies, the professional association may disseminate the guidelines and procedures developed to all coroners and medical examiners conducting autopsies in Minnesota.

Subd. 2. [REPORT TO LEGISLATURE.] The professional association may report to the legislature by January 15, 2000, on the results of the case studies, the guidelines developed for autopsy practice, the special autopsy methods and procedures developed, and efforts or plans to disseminate the guidelines and procedures developed to coroners and medical examiners conducting autopsies in Minnesota.

Subd. 3. [DATA PRIVACY.] All records held by the professional association for purposes of completing the case studies must be held in confidence. The guidelines for autopsies and special autopsy methods and procedures that are disseminated to coroners and medical examiners shall contain no individually identifiable information.

Sec. 63. [ANNUAL FEE FOR SERVICE CONNECTIONS TO PUBLIC WATER SUPPLIES.]

Notwithstanding Minnesota Statutes, section 144.3831, for the fiscal year ending June 30, 2000 the commissioner of health shall not assess an annual fee of \$5.21 for every service connection to a public water supply that is owned or operated by a home rule charter city, a statutory city, a city of the first class, or a town.

Sec. 64. [PILOT PROGRAM FOR PHARMACIST DRUG THERAPY MANAGEMENT.]

The commissioner of human services shall award grants to create and develop a pilot program to involve pharmacists in coordinating drug therapy management services. Pharmacist drug therapy management (1) does not include the initiation of a prescription drug order by a pharmacist, and (2) does not permit a pharmacist to make any unauthorized decisions about modifying or substituting drug therapies under this pilot program. A pharmacist participating in this pilot program must comply with Minnesota Statutes, section 151.21, subdivision 1. The pilot program shall reimburse licensed Minnesota pharmacists for coordinating drug therapy management services to at-risk patient populations, including persons with asthma, hypertension, high cholesterol, diabetes, HIV, and tobacco addiction. The program shall commence on February 1, 2000, and terminate on January 31, 2001. The commissioner of human services shall issue a request for information (RFI) on the pilot program from the public by August 1, 1999, and shall issue a request for proposal (RFP) to award a grant to the appropriate bidder to implement the pilot program by October 1, 1999. A report to the Minnesota legislature is due by February 1, 2000. The commissioner of human services shall issue a final report to the Minnesota legislature by March 15, 2001.

Sec. 65. [AMENDMENT TO RULES.]

The commissioner of health shall amend Minnesota Rules, chapter 4730 to conform with Minnesota Statutes, section 144.121, subdivision 8. The amendments required by this section may be done in the manner specified in Minnesota Statutes, section 14.388, under the authority of clause (3) of that section. Minnesota Statutes, section 14.386, paragraph (b), does not apply to amendments to rules made under this section.

(Effective Date: Section 65 (amendment to rules) is effective the day following final enactment.)

Sec. 66. [REPEALER.]

- (a) Minnesota Statutes 1998, sections 13.99, subdivision 19m; 62J.78; and 62J.79, are repealed.
- (b) Minnesota Statutes 1998, sections 144.9507, subdivision 4; 144.9511; and 145.46, are repealed.
- (c) Minnesota Statutes 1998, section 157.011, subdivision 2, is repealed.
- (d) Minnesota Statutes 1998, sections 144.1475 and 144.148, are repealed.
- (e) Laws 1998, chapter 407, article 2, section 104, is repealed.
- (f) Minnesota Rules, part 4688.0030, is repealed.

Sec. 67. [EFFECTIVE DATE.]

When preparing the health and human services conference committee report for adoption by the legislature, the revisor shall combine all the bracketed effective date notations into this effective date section.

ARTICLE 3

LONG-TERM CARE

Section 1. Minnesota Statutes 1998, section 144A.073, is amended to read:

144A.073 [REVIEW OF PROPOSALS REQUIRING EXCEPTIONS TO THE MORATORIUM OR RATE ADJUSTMENTS.]

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given them:

- (a) "Conversion" means the relocation of a nursing home bed from a nursing home to an attached hospital.
- (b) "Relocation" means the movement of licensed nursing home beds or certified boarding care beds as permitted under subdivision 4, clause (3), and subdivision 5.
- (c) "Renovation" means extensive remodeling of, or construction of an addition to, a facility on an existing site with a total cost exceeding ten percent of the appraised value of the facility or \$200,000, whichever is less.
- (d) "Replacement" means the demolition, delicensure, reconstruction, or construction of an addition to all or part of an existing facility.
- (e) "Upgrading" means a change in the level of licensure of a bed from a boarding care bed to a nursing home bed in a certified boarding care facility.

Subd. 2. [REQUEST FOR PROPOSALS.] At the authorization by the legislature of additional medical assistance expenditures for exceptions to the moratorium on nursing homes or for rate adjustments, the interagency committee shall publish in the State Register a request for proposals for nursing home projects to be licensed or certified under section 144A.071, subdivision 4a, clause (c), and for nursing facility rate adjustments. The public notice of this funding and the request for proposals must specify how the approval criteria will be prioritized by the advisory review panel, the interagency long-term care planning committee, and the commissioner. The notice must describe the information that must accompany a request and state that proposals must be submitted to the interagency committee within 90 days of the date of publication. The notice must include the amount of the legislative appropriation available for the additional costs to the medical assistance program of projects approved under this section. If no money is appropriated for a year, the interagency committee shall publish a notice to that effect, and no proposals shall be requested. If money is appropriated, the interagency committee shall initiate the application and review process described in this section at least twice each biennium and up to four times each biennium, according to dates established by rule. Authorized funds shall be allocated proportionally to the number of processes. Funds not encumbered by an earlier process within a biennium shall carry forward to subsequent iterations of the process. Authorization for expenditures does not carry forward into the following biennium. To be considered for approval, a proposal must include the following information:

- (1) whether the request is for a rate adjustment, renovation, replacement, upgrading, conversion, or relocation;
- (2) a description of the problem the project is designed to address;
- (3) a description of the proposed project;
- (4) an analysis of projected costs of the nursing facility proposal, which are not required to exceed the cost threshold referred to in section 144A.071, subdivision 1, to be considered under this section, including costs of the rate adjustment; initial construction and remodeling costs; site preparation costs; financing costs, including the current estimated long-term financing costs of the proposal, which consists of estimates of the amount and sources of money, reserves if required under the proposed funding mechanism, annual payments schedule, interest rates, length of term, closing costs and fees, insurance costs, and any completed marketing study or underwriting review; and estimated operating costs during the first two years after completion of the project;
- (5) for proposals involving replacement of all or part of a facility, the proposed location of the replacement facility and an estimate of the cost of addressing the problem through renovation;
- (6) for proposals involving renovation, an estimate of the cost of addressing the problem through replacement;
- (7) the proposed timetable for commencing construction and completing the project;
- (8) a statement of any licensure or certification issues, such as certification survey deficiencies;

(9) the proposed relocation plan for current residents if beds are to be closed so that the department of human services can estimate the total costs of a proposal; ~~and~~

(10) for proposals involving a rate adjustment, the historical circumstances leading the facility to request a rate adjustment, and supporting financial information demonstrating that the financial viability and continued operation of the facility would be threatened without the adjustment; and

(11) other information required by permanent rule of the commissioner of health in accordance with subdivisions 4 and 8.

Subd. 3. [REVIEW AND APPROVAL OF PROPOSALS.] Within the limits of money specifically appropriated to the medical assistance program for this purpose, the interagency long-term care planning committee may recommend that the commissioner of health grant exceptions to the nursing home licensure or certification moratorium for proposals that satisfy the requirements of this section, or recommend that the commissioner of human services provide facility rate adjustments. The interagency committee shall appoint an advisory review panel composed of representatives of consumers and providers to review proposals and provide comments and recommendations to the committee. The commissioners of human services and health shall provide staff and technical assistance to the committee for the review and analysis of proposals. The interagency committee shall hold a public hearing before submitting recommendations to the commissioner of health on project requests. The committee shall submit recommendations within 150 days of the date of the publication of the notice. The commissioner of health shall approve or disapprove a project within 30 days after receiving the committee's recommendations. The advisory review panel, the committee, and the commissioner of health shall base their recommendations, approvals, or disapprovals on a comparison and ranking of proposals using only the criteria in subdivision 4 and in rules adopted by the commissioner. The cost to the medical assistance program of the proposals approved must be within the limits of the appropriations specifically made for this purpose. Approval of a proposal expires 18 months after approval by the commissioner of health unless the facility has commenced construction as defined in section 144A.071, subdivision 1a, paragraph (d). The committee's report to the legislature, as required under section 144A.31, must include the projects approved, the criteria used to recommend proposals for approval, and the estimated costs of the projects, including the costs of initial construction and remodeling and rate adjustments, and the estimated operating costs during the first two years after the project is completed.

Subd. 3b. [AMENDMENTS TO APPROVED PROJECTS.] (a) Nursing facilities that have received approval on or after July 1, 1993, for exceptions to the moratorium on nursing homes through the process described in this section may request amendments to the designs of the projects by writing the commissioner within 18 months of receiving approval. Applicants shall submit supporting materials that demonstrate how the amended projects meet the criteria described in paragraph (b).

(b) The commissioner shall approve requests for amendments for projects approved on or after July 1, 1993, according to the following criteria:

(1) the amended project designs must provide solutions to all of the problems addressed by the original application that are at least as effective as the original solutions;

(2) the amended project designs may not reduce the space in each resident's living area or in the total amount of common space devoted to resident and family uses by more than five percent;

(3) the costs recognized for reimbursement of amended project designs shall be the threshold amount of the original proposal as identified according to section 144A.071, subdivision 2, except under conditions described in clause (4); and

(4) total costs up to ten percent greater than the cost identified in clause (3) may be recognized for reimbursement if the proposer can document that one of the following circumstances is true:

(i) changes are needed due to a natural disaster;

(ii) conditions that affect the safety or durability of the project that could not have reasonably been known prior to approval are discovered;

(iii) state or federal law require changes in project design; or

(iv) documentable circumstances occur that are beyond the control of the owner and require changes in the design.

(c) Approval of a request for an amendment does not alter the expiration of approval of the project according to subdivision 3.

Subd. 3c. [COST NEUTRAL RELOCATION PROJECTS.] (a) Notwithstanding subdivision 3, the interagency committee may at any time accept proposals, or amendments to proposals previously approved under this section, for relocations that are cost neutral with respect to state costs as defined in section 144A.071, subdivision 5a. The committee shall review these applications and make recommendations to the commissioner within 90 days. The committee must evaluate proposals according to subdivision 4, clauses (1), (2), and (3), and other criteria established in rule. The commissioner shall approve or disapprove a project within 30 days of receiving the committee's recommendation. Proposals and amendments approved under this subdivision are not subject to the six-mile limit in subdivision 5, paragraph (e).

(b) For the purposes of paragraph (a), cost neutrality shall be measured over the first three 12-month periods of operation after completion of the project.

Subd. 4. [CRITERIA FOR REVIEW.] The following criteria shall be used in a consistent manner to compare, evaluate, and rank all proposals submitted. Except for the criteria specified in ~~clause~~ clauses (3) and (9), the application of criteria listed under this subdivision shall not reflect any distinction based on the geographic location of the proposed project:

(1) the extent to which the proposal furthers state long-term care goals, including the goals stated in section 144A.31, and including the goal of enhancing the availability and use of alternative care services and the goal of reducing the number of long-term care resident rooms with more than two beds;

(2) the proposal's long-term effects on state costs including the cost estimate of the project according to section 144A.071, subdivision 5a;

(3) the extent to which the proposal promotes equitable access to long-term care services in nursing homes through redistribution of the nursing home bed supply, as measured by the number of beds relative to the population 85 or older, projected to the year 2000 by the state demographer, and according to items (i) to (iv):

(i) reduce beds in counties where the supply is high, relative to the statewide mean, and increase beds in counties where the supply is low, relative to the statewide mean;

(ii) adjust the bed supply so as to create the greatest benefits in improving the distribution of beds;

(iii) adjust the existing bed supply in counties so that the bed supply in a county moves toward the statewide mean; and

(iv) adjust the existing bed supply so that the distribution of beds as projected for the year 2020 would be consistent with projected need, based on the methodology outlined in the interagency long-term care committee's 1993 nursing home bed distribution study;

(4) the extent to which the project improves conditions that affect the health or safety of residents, such as narrow corridors, narrow door frames, unenclosed fire exits, and wood frame construction, and similar provisions contained in fire and life safety codes and licensure and certification rules;

(5) the extent to which the project improves conditions that affect the comfort or quality of life of residents in a facility or the ability of the facility to provide efficient care, such as a relatively high number of residents in a room; inadequate lighting or ventilation; poor access to bathing or toilet facilities; a lack of available ancillary space for dining rooms, day rooms, or rooms used for other activities; problems relating to heating, cooling, or energy efficiency; inefficient location of nursing stations; narrow corridors; or other provisions contained in the licensure and certification rules;

(6) the extent to which the applicant demonstrates the delivery of quality care, as defined in state and federal statutes and rules, to residents as evidenced by the two most recent state agency certification surveys and the applicants' response to those surveys;

(7) the extent to which the project removes the need for waivers or variances previously granted by either the licensing agency, certifying agency, fire marshal, or local government entity; ~~and~~

(8) other factors that may be developed in permanent rule by the commissioner of health that evaluate and assess how the proposed project will further promote or protect the health, safety, comfort, treatment, or well-being of the facility's residents; and

(9) for rate adjustment proposals, the extent to which the financial viability and continued operation of the facility would be threatened without a rate adjustment.

Subd. 5. [REPLACEMENT RESTRICTIONS.] (a) Proposals submitted or approved under this section involving replacement must provide for replacement of the facility on the existing site except as allowed in this subdivision.

(b) Facilities located in a metropolitan statistical area other than the Minneapolis-St. Paul seven-county metropolitan area may relocate to a site within the same census tract or a contiguous census tract.

(c) Facilities located in the Minneapolis-St. Paul seven-county metropolitan area may relocate to a site within the same or contiguous health planning area as adopted in March 1982 by the metropolitan council.

(d) Facilities located outside a metropolitan statistical area may relocate to a site within the same city or township, or within a contiguous township.

(e) A facility relocated to a different site under paragraph (b), (c), or (d) must not be relocated to a site more than six miles from the existing site.

(f) The relocation of part of an existing first facility to a second location, under paragraphs (d) and (e), may include the relocation to the second location of up to four beds from part of an existing third facility located in a township contiguous to the location of the first facility. The six-mile limit in paragraph (e) does not apply to this relocation from the third facility.

(g) For proposals approved on January 13, 1994, under this section involving the replacement of 102 licensed and certified beds, the relocation of the existing first facility to the second and third locations under paragraphs (d) and (e) may include the relocation of up to 50 percent of the beds of the existing first facility to each of the locations. The six-mile limit in paragraph (e) does not apply to this relocation to the third location. Notwithstanding subdivision 3, construction of this project may be commenced any time prior to January 1, 1996.

Subd. 6. [CONVERSION RESTRICTIONS.] Proposals submitted or approved under this section involving conversion must satisfy the following conditions:

(a) Conversion is limited to a total of five beds.

(b) An equivalent number of hospital beds must be delicensed.

(c) The average occupancy rate in the existing nursing home beds must be greater than 96 percent according to the most recent annual statistical report of the department of health.

(d) The cost of remodeling the hospital rooms to meet current nursing home construction standards must not exceed ten percent of the appraised value of the nursing home or \$200,000, whichever is less.

(e) The conversion must not result in an increase in operating costs.

Subd. 7. [UPGRADING RESTRICTIONS.] Proposals submitted or approved under this section involving upgrading must satisfy the following conditions:

(a) The facility must meet minimum nursing home care standards.

(b) If beds are upgraded to nursing home beds, the number of boarding care beds in a facility must not increase in the future.

(c) The average occupancy rate in the existing nursing home beds in an attached facility must be greater than 96 percent according to the most recent annual statistical report of the department of health.

Subd. 8. [RULEMAKING.] The commissioner of health shall adopt rules to implement this section. The permanent rules must be in accordance with and implement only the criteria listed in this section. The authority to adopt permanent rules continues until July 1, 1996.

Subd. 9. [BUDGET REQUEST.] The commissioner of human services, in consultation with the commissioner of finance, shall include in each biennial budget request a line item for the nursing home moratorium exception and rate adjustment process. If the commissioner of human services does not request funding for this item, the commissioner of human services must justify the decision in the budget pages.

Sec. 2. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 1a. [TRAINING AND EDUCATION FOR NURSING FACILITY PROVIDERS.] The commissioner of health must establish and implement a prescribed process and program for providing training and education to providers licensed by the department of health, either by itself or in conjunction with the industry trade associations, before using any new regulatory guideline, regulation, interpretation, program letter or memorandum, or any other materials used in surveyor training to survey licensed providers. The process should include but is not limited to the following key components:

(1) facilitate the implementation of immediate revisions to any course curriculum for nursing assistants which reflect any new standard of care practice that has been adopted or referenced by the health department concerning the issue in question;

(2) conduct training of long-term care providers and health department survey inspectors either jointly or during the same time frame on the department's new expectations; and

(3) within available resources the commissioner shall cooperate in the development of clinical standards, work with vendors of supplies and services regarding hazards, and identify research of interest to the long-term care community.

Sec. 3. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 11. [DATA ON FOLLOW-UP SURVEYS.] (a) If requested and not prohibited by federal law, the commissioner shall make available to the nursing home associations and the public photocopies of statements of deficiencies and related letters from the department pertaining to federal certification surveys. The commissioner may charge for the actual cost of reproduction of these documents.

(b) The commissioner shall also make available on a quarterly basis aggregate data for all statements of deficiencies issued after federal certification follow-up surveys related to surveys that were conducted in the quarter prior to the immediately preceding quarter. The data shall include the number of facilities with deficiencies, the total number of deficiencies, the number of facilities that did not have any deficiencies, the number of facilities for which a resurvey or follow-up survey was not performed, and the average number of days between the follow-up or resurvey and the exit date of the preceding survey.

(Effective Date: Section 3 (144A.10, subdivision 11) is effective the day following final enactment.)

Sec. 4. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 12. [NURSE AIDE TRAINING WAIVERS.] Because any disruption or delay in the training and registration of nurses aides may reduce access to care in certified facilities, the commissioner shall grant all possible waivers for the continuation of an approved nurse aide training and competency evaluation program or nurse aide training program or competency evaluation program conducted by or on the site of any certified nursing facility or skilled nursing facility that would otherwise lose approval for the program or programs. The commissioner shall take into consideration the distance to other training programs, the frequency of other training programs, and the impact that the loss of the onsite training will have on the nursing facility's ability to recruit and train nurse aides.

(Effective Date: Section 4 (144A.10, subdivision 12) is effective the day following final enactment.)

Sec. 5. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 13. [IMMEDIATE JEOPARDY.] When conducting survey certification and enforcement activities related to regular, expanded, or extended surveys under Code of Federal Regulations, title 42, part 488, the commissioner may not issue a finding of immediate jeopardy unless the specific event or omission that constitutes the violation of the requirements of participation poses an imminent risk of life-threatening or serious injury to a resident. The commissioner may not issue any findings of immediate jeopardy after the conclusion of a regular, expanded, or extended survey unless the survey team identified the deficient practice or practices that constitute immediate jeopardy and the residents at risk prior to the close of the exit conference.

(Effective Date: Section 5 (144A.10, subdivision 13) is effective the day following final enactment.)

Sec. 6. Minnesota Statutes 1998, section 144A.10, is amended by adding a subdivision to read:

Subd. 14. [INFORMAL DISPUTE RESOLUTION.] The commissioner shall respond in writing to a request from a nursing facility certified under the federal Medicare and Medicaid programs for an informal dispute resolution, within 30 days of the exit date of the facility's survey. The commissioner's response shall identify the commissioner's decision regarding the continuation of each deficiency citation challenged by the nursing facility, as well as a statement of any changes in findings, level of severity or scope, and proposed remedies or sanctions for each deficiency citation.

(Effective Date: Section 6 (144A.10, subdivision 14) is effective the day following final enactment.)

Sec. 7. [144A.102] [USE OF CIVIL MONEY PENALTIES; WAIVER FROM STATE AND FEDERAL RULES AND REGULATIONS.]

By January 2000, the commissioner of health shall work with providers to examine state and federal rules and regulations governing the provision of care in licensed nursing facilities and apply for federal waivers and identify necessary changes in state law to:

(1) allow the use of civil money penalties imposed upon nursing facilities to abate any deficiencies identified in a nursing facility's plan of correction; and

(2) stop the accrual of any fine imposed by the health department when a follow-up inspection survey is not conducted by the department within the regulatory deadline.

(Effective Date: Section 7 (144A.102) is effective the day following final enactment.)

Sec. 8. Minnesota Statutes 1998, section 144D.01, subdivision 4, is amended to read:

Subd. 4. [HOUSING WITH SERVICES ESTABLISHMENT OR ESTABLISHMENT.] "Housing with services establishment" or "establishment" means an establishment providing sleeping accommodations to one or more adult residents, at least 80 percent of which are 55 years of age or older, and offering or providing, for a fee, one or more regularly scheduled health-related services or two or more regularly scheduled supportive services, whether offered or provided directly by the establishment or by another entity arranged for by the establishment.

Housing with services establishment does not include:

- (1) a nursing home licensed under chapter 144A;
- (2) a hospital, certified boarding care home, or supervised living facility licensed under sections 144.50 to 144.56;
- (3) a board and lodging establishment licensed under chapter 157 and Minnesota Rules, parts 9520.0500 to 9520.0670, 9525.0215 to 9525.0355, 9525.0500 to 9525.0660, or 9530.4100 to 9530.4450, or under chapter 245B;
- (4) a board and lodging establishment which serves as a shelter for battered women or other similar purpose;
- (5) a family adult foster care home licensed by the department of human services;
- (6) private homes in which the residents are related by kinship, law, or affinity with the providers of services;
- (7) residential settings for persons with mental retardation or related conditions in which the services are licensed under Minnesota Rules, parts 9525.2100 to 9525.2140, or applicable successor rules or laws;
- (8) a home-sharing arrangement such as when an elderly or disabled person or single-parent family makes lodging in a private residence available to another person in exchange for services or rent, or both;
- (9) a duly organized condominium, cooperative, common interest community, or owners' association of the foregoing where at least 80 percent of the units that comprise the condominium, cooperative, or common interest community are occupied by individuals who are the owners, members, or shareholders of the units; or
- (10) services for persons with developmental disabilities that are provided under a license according to Minnesota Rules, parts 9525.2000 to 9525.2140 in effect until January 1, 1998, or under chapter 245B.

Sec. 9. Minnesota Statutes 1998, section 252.28, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATIONS; REDETERMINATIONS.] In conjunction with the appropriate county boards, the commissioner of human services shall determine, and shall redetermine at least every four years, the need, location, size, and program of public and private ~~residential services and~~ day training and habilitation services for persons with mental retardation or related conditions. This subdivision does not apply to semi-independent living services and residential-based habilitation services provided to four or fewer persons at a single site funded as home and community-based services. A determination of need shall not be required for a change in ownership.

Sec. 10. [252.282] [ICF/MR LOCAL SYSTEM NEEDS PLANNING.]

Subdivision 1. [HOST COUNTY RESPONSIBILITY.] (a) For purposes of this section, "local system needs planning" means the determination of need for ICF/MR services by program type, location, demographics, and size of licensed services for persons with developmental disabilities or related conditions.

(b) This section does not apply to semi-independent living services and residential-based habilitation services funded as home and community-based services.

(c) In collaboration with the commissioner and ICF/MR providers, counties shall complete a local system needs planning process for each ICF/MR facility. Counties shall evaluate the preferences and needs of persons with developmental disabilities to determine resource demands through a systematic assessment and planning process by May 15, 2000, and by July 1 every two years thereafter beginning in 2001.

(d) A local system needs planning process shall be undertaken more frequently when the needs or preferences of consumers change significantly to require reformation of the resources available to persons with developmental disabilities.

(e) A local system needs plan shall be amended anytime recommendations for modifications to existing ICF/MR services are made to the host county, including recommendations for:

(1) closure;

(2) relocation of services;

(3) downsizing;

(4) rate adjustments exceeding 90 days duration to address access; or

(5) modification of existing services for which a change in the framework of service delivery is advocated.

Subd. 2. [CONSUMER NEEDS AND PREFERENCES.] In conducting the local system needs planning process, the host county must use information from the individual service plans of persons for whom the county is financially responsible and of persons from other counties for whom the county has agreed to be the host county. The determination of services and supports offered within the county shall be based on the preferences and needs of consumers. The host county shall also consider the community social services plan, waiting lists, and other sources that identify unmet needs for services. A review of ICF/MR facility licensing and certification surveys, substantiated maltreatment reports, and established service standards shall be employed to assess the performance of providers and shall be considered in the county's recommendations. Consumer satisfaction surveys may also be considered in this process.

Subd. 3. [RECOMMENDATIONS.] (a) Upon completion of the local system needs planning assessment, the host county shall make recommendations by May 15, 2000, and by July 1 every two years thereafter beginning in 2001. If no change is recommended, a copy of the assessment along with corresponding documentation shall be provided to the commissioner by July 1 prior to the contract year.

(b) Except as provided in section 252.292, subdivision 4, recommendations regarding closures, relocations, or downsizings that include a rate increase and recommendations regarding rate adjustments exceeding 90 days shall be submitted to the statewide advisory committee for review and determination, along with the assessment, plan, and corresponding budget.

(c) Recommendations for closures, relocations, and downsizings that do not include a rate increase and for modification of existing services for which a change in the framework of service delivery is necessary shall be provided to the commissioner by July 1 prior to the contract year or at least 90 days prior to the anticipated change, along with the assessment and corresponding documentation.

Subd. 4. [THE STATEWIDE ADVISORY COMMITTEE.] (a) The commissioner shall appoint a five-member statewide advisory committee. The advisory committee shall include representatives of providers and counties and the commissioner or the commissioner's designee.

(b) The criteria for ranking proposals, already developed in 1997 by a task force authorized by the legislature, shall be adopted and incorporated into the decision-making process. Specific guidelines, including time frame for submission of requests, shall be established and announced through the State Register, and all requests shall be considered in comparison to each other and the ranking criteria. The advisory committee shall review and recommend requests for facility rate adjustments to address closures, downsizing, relocation, or access needs within the county and shall forward recommendations and documentation to the commissioner. The committee shall ensure that:

(1) applications are in compliance with applicable state and federal law and with the state plan; and

(2) cost projections for the proposed service are within fiscal limitations.

(c) The advisory committee shall review proposals and submit recommendations to the commissioner within 60 days following the published deadline for submission under subdivision 5.

Subd. 5. [RESPONSIBILITIES OF THE COMMISSIONER.] (a) In collaboration with counties, providers, and the statewide advisory committee, the commissioner shall ensure that services recognize the preferences and needs of persons with developmental disabilities and related conditions through a recurring systemic review and assessment of ICF/MR facilities within the state.

(b) The commissioner shall publish a notice in the state register twice each calendar year to announce the opportunity for counties or providers to submit requests for rate adjustments associated with plans for downsizing, relocation, and closure of ICF/MR facilities.

(c) The commissioner shall designate funding parameters to counties and to the statewide advisory committee for the overall implementation of system needs within the fiscal resources allocated by the legislature.

(d) The commissioner shall contract with ICF/MR providers. The initial contracts shall cover the period from October 1, 2000, to December 31, 2001. Subsequent contracts shall be for two-year periods beginning January 1, 2002.

Sec. 11. Minnesota Statutes 1998, section 256B.0911, subdivision 6, is amended to read:

Subd. 6. [PAYMENT FOR PREADMISSION SCREENING.] (a) The total screening payment for each county must be paid monthly by certified nursing facilities in the county. The monthly amount to be paid by each nursing facility for each fiscal year must be determined by dividing the county's annual allocation for screenings by 12 to determine the monthly payment and allocating the monthly payment to each nursing facility based on the number of licensed beds in the nursing facility.

(b) The commissioner shall include the total annual payment for screening for each nursing facility according to section 256B.431, subdivision 2b, paragraph (g), or 256B.435.

(c) Payments for screening activities are available to the county or counties to cover staff salaries and expenses to provide the screening function. The lead agency shall employ, or contract with other agencies to employ, within the limits of available funding, sufficient personnel to conduct the preadmission screening activity while meeting the state's long-term care outcomes and objectives as defined in section 256B.0917, subdivision 1. The local agency shall be accountable for meeting local objectives as approved by the commissioner in the CSSA biennial plan.

(d) Notwithstanding section 256B.0641, overpayments attributable to payment of the screening costs under the medical assistance program may not be recovered from a facility.

(e) The commissioner of human services shall amend the Minnesota medical assistance plan to include reimbursement for the local screening teams.

Sec. 12. Minnesota Statutes 1998, section 256B.0913, subdivision 5, is amended to read:

Subd. 5. [SERVICES COVERED UNDER ALTERNATIVE CARE.] (a) Alternative care funding may be used for payment of costs of:

- (1) adult foster care;
- (2) adult day care;
- (3) home health aide;
- (4) homemaker services;
- (5) personal care;
- (6) case management;
- (7) respite care;
- (8) assisted living;
- (9) residential care services;
- (10) care-related supplies and equipment;
- (11) meals delivered to the home;
- (12) transportation;
- (13) skilled nursing;
- (14) chore services;
- (15) companion services;
- (16) nutrition services;
- (17) training for direct informal caregivers; ~~and~~

(18) telemedicine devices to monitor recipients in their own homes as an alternative to hospital care, nursing home care, or home visits; and

(19) other services including direct cash payments to clients, approved by the county agency, subject to the provisions of paragraph (m). Total annual payments for other services for all clients within a county may not exceed either ten percent of that county's annual alternative care program base allocation or \$5,000, whichever is greater. In no case shall this amount exceed the county's total annual alternative care program base allocation.

(b) The county agency must ensure that the funds are used only to supplement and not supplant services available through other public assistance or services programs.

(c) Unless specified in statute, the service standards for alternative care services shall be the same as the service standards defined in the elderly waiver. Except for the county agencies' approval of direct cash payments to clients, persons or agencies must be employed by or under a contract with the county agency or the public health nursing agency of the local board of health in order to receive funding under the alternative care program.

(d) The adult foster care rate shall be considered a difficulty of care payment and shall not include room and board. The adult foster care daily rate shall be negotiated between the county agency and the foster care provider. The rate established under this section shall not exceed 75 percent of the state average monthly nursing home payment for the case mix classification to which the individual receiving foster care is assigned, and it must allow for other alternative care services to be authorized by the case manager.

(e) Personal care services may be provided by a personal care provider organization. A county agency may contract with a relative of the client to provide personal care services, but must ensure nursing supervision. Covered personal care services defined in section 256B.0627, subdivision 4, must meet applicable standards in Minnesota Rules, part 9505.0335.

(f) A county may use alternative care funds to purchase medical supplies and equipment without prior approval from the commissioner when: (1) there is no other funding source; (2) the supplies and equipment are specified in the individual's care plan as medically necessary to enable the individual to remain in the community according to the criteria in Minnesota Rules, part 9505.0210, item A; and (3) the supplies and equipment represent an effective and appropriate use of alternative care funds. A county may use alternative care funds to purchase supplies and equipment from a non-Medicaid certified vendor if the cost for the items is less than that of a Medicaid vendor. A county is not required to contract with a provider of supplies and equipment if the monthly cost of the supplies and equipment is less than \$250.

(g) For purposes of this section, residential care services are services which are provided to individuals living in residential care homes. Residential care homes are currently licensed as board and lodging establishments and are registered with the department of health as providing special services. Residential care services are defined as "supportive services" and "health-related services." "Supportive services" means the provision of up to 24-hour supervision and oversight. Supportive services includes: (1) transportation, when provided by the residential care center only; (2) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature; (3) assisting clients in setting up meetings and appointments; (4) assisting clients in setting up medical and social services; (5) providing assistance with personal laundry, such as carrying the client's laundry to the laundry room. Assistance with personal laundry does not include any laundry, such as bed linen, that is included in the room and board rate. Health-related services are limited to minimal assistance with dressing, grooming, and bathing and providing reminders to residents to take medications that are self-administered or providing storage for medications, if requested. Individuals receiving residential care services cannot receive both personal care services and residential care services.

(h) For the purposes of this section, "assisted living" refers to supportive services provided by a single vendor to clients who reside in the same apartment building of three or more units which are not subject to registration under chapter 144D. Assisted living services are defined as up to 24-hour supervision, and oversight, supportive services as defined in clause (1), individualized home care aide tasks as defined in clause (2), and individualized home management tasks as defined in clause (3) provided to residents of a residential center living in their units or apartments with a full kitchen and bathroom. A full kitchen includes a stove, oven, refrigerator, food preparation counter space, and a kitchen utensil storage compartment. Assisted living services must be provided by the management of the residential center or by providers under contract with the management or with the county.

(1) Supportive services include:

(i) socialization, when socialization is part of the plan of care, has specific goals and outcomes established, and is not diversional or recreational in nature;

(ii) assisting clients in setting up meetings and appointments; and

(iii) providing transportation, when provided by the residential center only.

Individuals receiving assisted living services will not receive both assisted living services and homemaking or personal care services. Individualized means services are chosen and designed specifically for each resident's needs, rather than provided or offered to all residents regardless of their illnesses, disabilities, or physical conditions.

(2) Home care aide tasks means:

- (i) preparing modified diets, such as diabetic or low sodium diets;
- (ii) reminding residents to take regularly scheduled medications or to perform exercises;
- (iii) household chores in the presence of technically sophisticated medical equipment or episodes of acute illness or infectious disease;
- (iv) household chores when the resident's care requires the prevention of exposure to infectious disease or containment of infectious disease; and
- (v) assisting with dressing, oral hygiene, hair care, grooming, and bathing, if the resident is ambulatory, and if the resident has no serious acute illness or infectious disease. Oral hygiene means care of teeth, gums, and oral prosthetic devices.

(3) Home management tasks means:

- (i) housekeeping;
- (ii) laundry;
- (iii) preparation of regular snacks and meals; and
- (iv) shopping.

Assisted living services as defined in this section shall not be authorized in boarding and lodging establishments licensed according to sections 157.011 and 157.15 to 157.22.

(i) For establishments registered under chapter 144D, assisted living services under this section means the services described and licensed under section 144A.4605.

(j) For the purposes of this section, reimbursement for assisted living services and residential care services shall be a monthly rate negotiated and authorized by the county agency based on an individualized service plan for each resident. The rate shall not exceed the nonfederal share of the greater of either the statewide or any of the geographic groups' weighted average monthly medical assistance nursing facility payment rate of the case mix resident class to which the 180-day eligible client would be assigned under Minnesota Rules, parts 9549.0050 to 9549.0059, unless the services are provided by a home care provider licensed by the department of health and are provided in a building that is registered as a housing with services establishment under chapter 144D and that provides 24-hour supervision.

(k) For purposes of this section, companion services are defined as nonmedical care, supervision and oversight, provided to a functionally impaired adult. Companions may assist the individual with such tasks as meal preparation, laundry and shopping, but do not perform these activities as discrete services. The provision of companion services does not entail hands-on medical care. Providers may also perform light housekeeping tasks which are incidental to the care and supervision of the recipient. This service must be approved by the case manager as part of the care plan. Companion services must be provided by individuals or nonprofit organizations who are under contract with the local agency to provide the service. Any person related to the waiver recipient by blood, marriage or adoption cannot be reimbursed under this service. Persons providing companion services will be monitored by the case manager.

(l) For purposes of this section, training for direct informal caregivers is defined as a classroom or home course of instruction which may include: transfer and lifting skills, nutrition, personal and physical cares, home safety in a home environment, stress reduction and management, behavioral management, long-term care decision making, care coordination and family dynamics. The training is provided to an informal unpaid caregiver of a 180-day eligible client which enables the caregiver to deliver care in a home setting with high levels of quality. The training must be approved by the case manager as part of the individual care plan. Individuals, agencies, and educational facilities which provide caregiver training and education will be monitored by the case manager.

(m) A county agency may make payment from their alternative care program allocation for other services provided to an alternative care program recipient if those services prevent, shorten, or delay institutionalization. These services may include direct cash payments to the recipient for the purpose of purchasing the recipient's services. The following provisions apply to payments under this paragraph:

(1) a cash payment to a client under this provision cannot exceed 80 percent of the monthly payment limit for that client as specified in subdivision 4, paragraph (a), clause (7);

(2) a county may not approve any cash payment for a client who has been assessed as having a dependency in orientation, unless the client has an authorized representative under section 256.476, subdivision 2, paragraph (g), or for a client who is concurrently receiving adult foster care, residential care, or assisted living services;

(3) any service approved under this section must be a service which meets the purpose and goals of the program as listed in subdivision 1;

(4) cash payments must also meet the criteria in section 256.476, subdivision 4, paragraph (b), and recipients of cash grants must meet the requirements in section 256.476, subdivision 10; and

(5) the county shall report client outcomes, services, and costs under this paragraph in a manner prescribed by the commissioner.

Upon implementation of direct cash payments to clients under this section, any person determined eligible for the alternative care program who chooses a cash payment approved by the county agency shall receive the cash payment under this section and not under section 256.476 unless the person was receiving a consumer support grant under section 256.476 before implementation of direct cash payments under this section.

Sec. 13. Minnesota Statutes 1998, section 256B.0913, subdivision 10, is amended to read:

Subd. 10. [ALLOCATION FORMULA.] (a) The alternative care appropriation for fiscal years 1992 and beyond shall cover only 180-day eligible clients.

(b) Prior to July 1 of each year, the commissioner shall allocate to county agencies the state funds available for alternative care for persons eligible under subdivision 2. The allocation for fiscal year 1992 shall be calculated using a base that is adjusted to exclude the medical assistance share of alternative care expenditures. The adjusted base is calculated by multiplying each county's allocation for fiscal year 1991 by the percentage of county alternative care expenditures for 180-day eligible clients. The percentage is determined based on expenditures for services rendered in fiscal year 1989 or calendar year 1989, whichever is greater.

(c) If the county expenditures for 180-day eligible clients are 95 percent or more of its adjusted base allocation, the allocation for the next fiscal year is 100 percent of the adjusted base, plus inflation to the extent that inflation is included in the state budget.

(d) If the county expenditures for 180-day eligible clients are less than 95 percent of its adjusted base allocation, the allocation for the next fiscal year is the adjusted base allocation less the amount of unspent funds below the 95 percent level.

(e) For fiscal year 1992 only, a county may receive an increased allocation if annualized service costs for the month of May 1991 for 180-day eligible clients are greater than the allocation otherwise determined. A county may apply for this increase by reporting projected expenditures for May to the commissioner by June 1, 1991. The amount of the allocation may exceed the amount calculated in paragraph (b). The projected expenditures for May must be based on actual 180-day eligible client caseload and the individual cost of clients' care plans. If a county does not report its expenditures for May, the amount in paragraph (c) or (d) shall be used.

(f) Calculations for paragraphs (c) and (d) are to be made as follows: for each county, the determination of expenditures shall be based on payments for services rendered from April 1 through March 31 in the base year, to the extent that claims have been submitted by June 1 of that year. Calculations for paragraphs (c) and (d) must also include the funds transferred to the consumer support grant program for clients who have transferred to that program from April 1 through March 31 in the base year.

(g) For the biennium ending June 30, 2001, the allocation of state funds to county agencies shall be calculated as described in paragraphs (c) and (d). If the annual legislative appropriation for the alternative care program is inadequate to fund the combined county allocations for fiscal year 2000 or 2001, the commissioner shall distribute to each county the entire annual appropriation as that county's percentage of the computed base as calculated in paragraph (f).

Sec. 14. Minnesota Statutes 1998, section 256B.0913, subdivision 12, is amended to read:

Subd. 12. [CLIENT PREMIUMS.] (a) A premium is required for all 180-day eligible clients to help pay for the cost of participating in the program. The amount of the premium for the alternative care client shall be determined as follows:

(1) when the alternative care client's income less recurring and predictable medical expenses is greater than the medical assistance income standard but less than 150 percent of the federal poverty guideline, and total assets are less than ~~\$6,000~~ \$10,000, the fee is zero;

(2) when the alternative care client's income less recurring and predictable medical expenses is greater than 150 percent of the federal poverty guideline, and total assets are less than ~~\$6,000~~ \$10,000, the fee is 25 percent of the cost of alternative care services or the difference between 150 percent of the federal poverty guideline and the client's income less recurring and predictable medical expenses, whichever is less; and

(3) when the alternative care client's total assets are greater than ~~\$6,000~~ \$10,000, the fee is 25 percent of the cost of alternative care services.

For married persons, total assets are defined as the total marital assets less the estimated community spouse asset allowance, under section 256B.059, if applicable. For married persons, total income is defined as the client's income less the monthly spousal allotment, under section 256B.058.

All alternative care services except case management shall be included in the estimated costs for the purpose of determining 25 percent of the costs.

The monthly premium shall be calculated based on the cost of the first full month of alternative care services and shall continue unaltered until the next reassessment is completed or at the end of 12 months, whichever comes first. Premiums are due and payable each month alternative care services are received unless the actual cost of the services is less than the premium.

(b) The fee shall be waived by the commissioner when:

(1) a person who is residing in a nursing facility is receiving case management only;

(2) a person is applying for medical assistance;

(3) a married couple is requesting an asset assessment under the spousal impoverishment provisions;

(4) a person is a medical assistance recipient, but has been approved for alternative care-funded assisted living services;

(5) a person is found eligible for alternative care, but is not yet receiving alternative care services; or

(6) a person's fee under paragraph (a) is less than \$25.

(c) The county agency must collect the premium from the client and forward the amounts collected to the commissioner in the manner and at the times prescribed by the commissioner. Money collected must be deposited in the general fund and is appropriated to the commissioner for the alternative care program. The client must supply the county with the client's social security number at the time of application. If a client fails or refuses to pay the premium due, the county shall supply the commissioner with the client's social security number and other information the commissioner requires to collect the premium from the client. The commissioner shall collect unpaid premiums using the Revenue Recapture Act in chapter 270A and other methods available to the commissioner. The commissioner may require counties to inform clients of the collection procedures that may be used by the state if a premium is not paid.

(d) The commissioner shall begin to adopt emergency or permanent rules governing client premiums within 30 days after July 1, 1991, including criteria for determining when services to a client must be terminated due to failure to pay a premium.

Sec. 15. [256B.0918][OLDER ADULT SERVICES PLANNING AND TRANSITION GRANTS AND LOANS.]

Subdivision 1. [DEFINITION.] "Eligible provider of older adult services" means a nursing home licensed under sections 144A.01 to 144A.16 and certified by an appropriate authority under United States Code, title 42, sections 1396-1396p, to participate as a vendor in the medical assistance program established under chapter 256B; a housing with services establishment registered under chapter 144D; a home care provider licensed under sections 144A.43 to 144A.48; or a housing project where 80 percent or more of the tenants are 55 or older.

Subd. 2. [GRANTS AND LOAN ELIGIBILITY.] (a) An eligible provider of older adult services may apply for a planning or transition grant under section 256B.0917 and loans under chapter 462A. Seniors agenda for independent living (SAIL) shall assist with planning and assessment at the request of the provider of older adult services.

(b) Planning grants may be used by an eligible provider of older adult services to develop a strategic plan that identifies the appropriate institutional and noninstitutional settings necessary to meet the long-term care needs of the community. Strategic plans may be developed in cooperation with the county public health and social services departments in which the project will be undertaken. At a minimum, a strategic plan must consist of:

- (1) a needs assessment to determine what long-term care services are needed and desired by the community;
- (2) an assessment of the appropriate settings in which to provide needed long-term care services;
- (3) an assessment identifying currently available services and their settings in the community; and
- (4) a transition plan to achieve the needed outcome identified by the assessments.

(c) Transition grants may be used by an eligible provider of older adult services to implement transition projects identified in a strategic plan. The eligible provider of older adult services, the community, or a combined contribution from both, must provide 20 percent of the total cost of the transition project when funded by grants.

(d) Eligible providers of older adult services may apply to the Minnesota Housing Finance Agency for financing to implement transition projects subject to the requirements of chapter 462A.

(e) Transition projects include, but are not limited to:

- (1) converting nursing homes, or portions thereof, into housing with services establishments;
- (2) adding on-site therapy services including converting a portion of the nursing home or housing with services establishment for that purpose;
- (3) adding or expanding health-related or supportive services to an existing building serving seniors;

(4) preserving or renovating affordable senior housing, which may include necessary renovations or equipment upgrades;

(5) adding or expanding transportation services to a community to assist seniors in maintaining their independence; and

(6) offering a meals-on-wheels program in the community.

Sec. 16. Minnesota Statutes 1998, section 256B.431, subdivision 17, is amended to read:

Subd. 17. [SPECIAL PROVISIONS FOR MORATORIUM EXCEPTIONS.] (a) Notwithstanding Minnesota Rules, part 9549.0060, subpart 3, for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, a nursing facility that (1) has completed a construction project approved under section 144A.071, subdivision 4a, clause (m); (2) has completed a construction project approved under section 144A.071, subdivision 4a, and effective after June 30, 1995; or (3) has completed a renovation, replacement, or upgrading project approved under the moratorium exception process in section 144A.073 shall be reimbursed for costs directly identified to that project as provided in subdivision 16 and this subdivision.

(b) Notwithstanding Minnesota Rules, part 9549.0060, subparts 5, item A, subitems (1) and (3), and 7, item D, allowable interest expense on debt shall include:

(1) interest expense on debt related to the cost of purchasing or replacing depreciable equipment, excluding vehicles, not to exceed six percent of the total historical cost of the project; and

(2) interest expense on debt related to financing or refinancing costs, including costs related to points, loan origination fees, financing charges, legal fees, and title searches; and issuance costs including bond discounts, bond counsel, underwriter's counsel, corporate counsel, printing, and financial forecasts. Allowable debt related to items in this clause shall not exceed seven percent of the total historical cost of the project. To the extent these costs are financed, the straight-line amortization of the costs in this clause is not an allowable cost; and

(3) interest on debt incurred for the establishment of a debt reserve fund, net of the interest earned on the debt reserve fund.

(c) Debt incurred for costs under paragraph (b) is not subject to Minnesota Rules, part 9549.0060, subpart 5, item A, subitem (5) or (6).

(d) The incremental increase in a nursing facility's rental rate, determined under Minnesota Rules, parts 9549.0010 to 9549.0080, and this section, resulting from the acquisition of allowable capital assets, and allowable debt and interest expense under this subdivision shall be added to its property-related payment rate and shall be effective on the first day of the month following the month in which the moratorium project was completed.

(e) Notwithstanding subdivision 3f, paragraph (a), for rate periods beginning on October 1, 1992, and for rate years beginning after June 30, 1993, the replacement-costs-new per bed limit to be used in Minnesota Rules, part 9549.0060, subpart 4, item B, for a nursing facility that has completed a renovation, replacement, or upgrading project that has been approved under the moratorium exception process in section 144A.073, or that has completed an addition to or replacement of buildings, attached fixtures, or land improvements for which the total historical cost exceeds the lesser of \$150,000 or ten percent of the most recent appraised value, must be \$47,500 per licensed bed in multiple-bed rooms and \$71,250 per licensed bed in a single-bed room. These amounts must be adjusted annually as specified in subdivision 3f, paragraph (a), beginning January 1, 1993.

(f) A nursing facility that completes a project identified in this subdivision and, as of April 17, 1992, has not been mailed a rate notice with a special appraisal for a completed project, or completes a project after April 17, 1992, but before September 1, 1992, may elect either to request a special reappraisal with the corresponding adjustment to the property-related payment rate under the laws in effect on June 30, 1992, or to submit their capital asset and debt information after that date and obtain the property-related payment rate adjustment under this section, but not both.

(g) For purposes of this paragraph, a total replacement means the complete replacement of the nursing facility's physical plant through the construction of a new physical plant or the transfer of the nursing facility's license from one physical plant location to another. For total replacement projects completed on or after July 1, 1992, the commissioner shall compute the incremental change in the nursing facility's rental per diem, for rate years beginning on or after July 1, 1995, by replacing its appraised value, including the historical capital asset costs, and the capital debt and interest costs with the new nursing facility's allowable capital asset costs and the related allowable capital debt and interest costs. If the new nursing facility has decreased its licensed capacity, the aggregate investment per bed limit in subdivision 3a, paragraph (d), shall apply. If the new nursing facility has retained a portion of the original physical plant for nursing facility usage, then a portion of the appraised value prior to the replacement must be retained and included in the calculation of the incremental change in the nursing facility's rental per diem. For purposes of this part, the original nursing facility means the nursing facility prior to the total replacement project. The portion of the appraised value to be retained shall be calculated according to clauses (1) to (3):

(1) The numerator of the allocation ratio shall be the square footage of the area in the original physical plant which is being retained for nursing facility usage.

(2) The denominator of the allocation ratio shall be the total square footage of the original nursing facility physical plant.

(3) Each component of the nursing facility's allowable appraised value prior to the total replacement project shall be multiplied by the allocation ratio developed by dividing clause (1) by clause (2).

In the case of either type of total replacement as authorized under section 144A.071 or 144A.073, the provisions of this subdivision shall also apply. For purposes of the moratorium exception authorized under section 144A.071, subdivision 4a, paragraph (s), if the total replacement involves the renovation and use of an existing health care facility physical plant, the new allowable capital asset costs and related debt and interest costs shall include first the allowable capital asset costs and related debt and interest costs of the renovation, to which shall be added the allowable capital asset costs of the existing physical plant prior to the renovation, and if reported by the facility, the related allowable capital debt and interest costs.

(h) Notwithstanding Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), for a total replacement, as defined in paragraph (g), authorized under section 144A.071 or section 144A.073 after July 1, 1999, the replacement-costs-new per bed limit shall be \$74,280 per licensed bed in multiple-bed-rooms, \$92,850 per licensed bed in semi-private rooms with a fixed partition separating the resident beds, and \$111,420 per licensed bed in single rooms. Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), does not apply. These amounts must be adjusted annually as specified in subdivision 3f, paragraph (a), beginning January 1, 2000.

Sec. 17. Minnesota Statutes 1998, section 256B.431, is amended by adding a subdivision to read:

Subd. 28. [CHANGES TO NURSING FACILITY REIMBURSEMENT BEGINNING JULY 1, 1999.] (a) For the rate years beginning July 1, 1999, and July 1, 2000, the commissioner shall increase the total payment rates as of June 30 of the same calendar year for nursing facilities reimbursed under this section by 4.75 percent for facilities located in geographic group one, 3.50 percent for facilities located in geographic group two, and 2.75 percent for facilities located in geographic group three. For those rate years, the commissioner shall not index the allowable operating cost per diems of these facilities by the inflation factor provided for in subdivision 26, paragraph (d), clause (1).

(b) For the rate year beginning July 1, 1999, nursing facilities with rates set according to section 256B.434 shall not receive increases according to this subdivision but shall receive inflation increases according to section 256B.434. For the rate year beginning July 1, 2000, the commissioner shall increase the total payment rates of nursing facilities with rates set according to section 256B.434 by 4.75 percent for facilities located in geographic group one, 3.50 percent for facilities located in geographic group two, and 2.75 percent for facilities located in geographic group three, and shall not provide these facilities with inflation increases according to section 256B.434.

(c) It is the intention of the legislature that the rate increases provided in this subdivision be used to increase the compensation packages of direct-care staff in nursing facilities, by the percentage specified in paragraph (a) or (b) that applies to the nursing facility.

Sec. 18. Minnesota Statutes 1998, section 256B.434, subdivision 3, is amended to read:

Subd. 3. [DURATION AND TERMINATION OF CONTRACTS.] (a) Subject to available resources, the commissioner may begin to execute contracts with nursing facilities November 1, 1995.

(b) All contracts entered into under this section are for a term of one year. Either party may terminate a contract at any time without cause by providing ~~30~~ 90 calendar days advance written notice to the other party. The decision to terminate a contract is not appealable. ~~If neither party provides written notice of termination the contract shall be renegotiated for additional one-year terms, for up to a total of four consecutive one-year terms~~ Notwithstanding section 16C.05, subdivision 2, paragraph (a), clause (5), the contract shall be renegotiated for additional one-year terms, unless either party provides written notice of termination. The provisions of the contract shall be renegotiated annually by the parties prior to the expiration date of the contract. The parties may voluntarily renegotiate the terms of the contract at any time by mutual agreement.

(c) If a nursing facility fails to comply with the terms of a contract, the commissioner shall provide reasonable notice regarding the breach of contract and a reasonable opportunity for the facility to come into compliance. If the facility fails to come into compliance or to remain in compliance, the commissioner may terminate the contract. If a contract is terminated, the contract payment remains in effect for the remainder of the rate year in which the contract was terminated, but in all other respects the provisions of this section do not apply to that facility effective the date the contract is terminated. The contract shall contain a provision governing the transition back to the cost-based reimbursement system established under section 256B.431, subdivision 25, and Minnesota Rules, parts 9549.0010 to 9549.0080. A contract entered into under this section may be amended by mutual agreement of the parties.

Sec. 19. Minnesota Statutes 1998, section 256B.434, subdivision 13, is amended to read:

Subd. 13. [PAYMENT SYSTEM REFORM ADVISORY COMMITTEE.] ~~(a)~~ The commissioner, in consultation with an advisory committee, shall study options for reforming the regulatory and reimbursement system for nursing facilities to reduce the level of regulation, reporting, and procedural requirements, and to provide greater flexibility and incentives to stimulate competition and innovation. The advisory committee shall include, at a minimum, representatives from the long-term care provider community, the department of health, and consumers of long-term care services. ~~The advisory committee sunsets on June 30, 1997.~~ Among other things, the commissioner shall consider the feasibility and desirability of changing from a certification requirement to an accreditation requirement for participation in the medical assistance program, options to encourage early discharge of short-term residents through the provision of intensive therapy, and further modifications needed in rate equalization. The commissioner shall also include detailed recommendations for a permanent managed care payment system to replace the contractual alternative payment demonstration project authorized under this section. The commissioner shall submit a report with findings and recommendations to the legislature by January 15, 1997.

~~(b) If a permanent managed care payment system has not been enacted into law by July 1, 1997, the commissioner shall develop and implement a transition plan to enable nursing facilities under contract with the commissioner under this section to revert to the cost-based payment system at the expiration of the alternative payment demonstration project. The commissioner shall include in the alternative payment demonstration project contracts entered into under this section a provision to permit an amendment to the contract to be made after July 1, 1997, governing the transition back to the cost-based payment system. The transition plan and contract amendments are not subject to rulemaking requirements.~~

Sec. 20. Minnesota Statutes 1998, section 256B.435, is amended to read:

256B.435 [NURSING FACILITY REIMBURSEMENT SYSTEM EFFECTIVE JULY 1, ~~2000~~ 2001.]

Subdivision 1. [IN GENERAL.] Effective July 1, ~~2000~~ 2001, the commissioner shall implement a performance-based contracting system to replace the current method of setting operating cost payment rates under sections 256B.431 and 256B.434 and Minnesota Rules, parts 9549.0010 to 9549.0080. Operating cost payment rates for newly established facilities under Minnesota Rules, part 9549.0057, shall be established using section 256B.431 and Minnesota Rules, parts 9549.0010 to 9549.0070. A nursing facility in operation on May 1, 1998, with payment rates not established under section 256B.431 or 256B.434 on that date, is ineligible for this performance-based contracting system. In determining prospective payment rates of nursing facility services, the commissioner shall distinguish between operating costs and property-related costs. The commissioner of finance shall include an annual inflationary adjustment in operating costs for nursing facilities using the inflation factor specified in subdivision 3 and funding for incentive-based payments as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11. Property related payment rates, including real estate taxes and special assessments, shall be determined under section 256B.431 or 256B.434 or under a new property-related reimbursement system, if one is implemented by the commissioner under subdivision 3. The commissioner shall present additional recommendations for performance-based contracting for nursing facilities to the legislature by February 15, 2000, in the following specific areas:

(a) development of an interim default payment mechanism for nursing facilities that do not respond to the state's request for proposal but wish to continue participation in the medical assistance program; nursing facilities the state does not select in the request for proposal process; and nursing facilities whose contract has been canceled;

(b) development of criteria for facilities to earn performance-based incentive payments based on relevant outcomes negotiated by nursing facilities and the commissioner and that recognize both continuous quality efforts and quality improvement;

(c) development of criteria and a process under which nursing facilities can request rate adjustments for low base rates, geographic disparities, or other reasons;

(d) development of a dispute resolution mechanism for nursing facilities that are denied a contract, denied incentive payments, or denied a rate adjustment;

(e) development of a property payment system to address the capital needs of nursing facilities that will be funded with additional appropriations;

(f) establishment of a transitional plan to move from dual assessment instruments to the federally mandated resident assessment system, whereby the financial impact for each facility would be budget neutral;

(g) identification of net cost implications for facilities and to the department of preparing for and implementing performance-based contracting or any proposed alternative system;

(h) identification of facility financial and statistical reporting requirements; and

(i) identification of exemptions from current regulations and statutes applicable under performance-based contracting.

Subd. 1a. [REQUESTS FOR PROPOSALS.] (a) For nursing facilities with rates established under section 256B.434 on January 1, 2001, the commissioner shall renegotiate contracts without requiring a response to a request for proposal, notwithstanding the solicitation process described in chapter 16C.

(b) Prior to July 1, 2001, the commissioner shall publish in the State Register a request for proposals to provide nursing facility services according to this section. The commissioner will consider proposals from all nursing facilities that have payment rates established under section 256B.431. The commissioner must respond to all proposals in a timely manner.

(c) In issuing a request for proposals, the commissioner may develop reasonable requirements which, in the judgment of the commissioner, are necessary to protect residents or ensure that the performance-based contracting system furthers the interests of the state of Minnesota. The request for proposals may include, but need not be limited to:

(1) a requirement that nursing facility make reasonable efforts to maximize Medicare payments on behalf of eligible residents;

(2) requirements designed to prevent inappropriate or illegal discrimination against residents enrolled in the medical assistance program as compared to private paying residents;

(3) requirements designed to ensure that admissions to a nursing facility are appropriate and that reasonable efforts are made to place residents in home and community-based settings when appropriate;

(4) a requirement to agree to participate in the development of data collection systems and outcome-based standards. Among other requirements specified by the commissioner, each facility entering into a contract may be required to pay an annual fee not to exceed \$1,000. The commissioner must use revenue generated from the fees to contract with a qualified consultant or contractor to develop data collection systems and outcome-based contracting standards;

(5) a requirement that Medicare-certified contractors agree to maintain Medicare cost reports and to submit them to the commissioner upon request, or at times specified by the commissioner; and that contractors that are not Medicare-certified agree to maintain a uniform cost report in a format established by the commissioner and to submit the report to the commissioner upon request, or at times specified by the commissioner;

(6) a requirement that demonstrates willingness and ability to develop and maintain data collection and retrieval systems to measure outcomes; and

(7) a requirement to provide all information and assurances required by the terms and conditions of the federal waiver or federal approval.

(d) In addition to the information and assurances contained in the submitted proposals, the commissioner may consider the following criteria in developing the terms of the contract:

(1) the facility's history of compliance with federal and state laws and rules. A facility deemed to be in substantial compliance with federal and state laws and rules is eligible to respond to a request for proposals. A facility's compliance history shall not be the sole determining factor in situations where the facility has been sold and the new owners have submitted a proposal;

(2) whether the facility has a record of excessive licensure fines or sanctions or fraudulent cost reports;

(3) the facility's financial history and solvency; and

(4) other factors identified by the commissioner deemed relevant to developing the terms of the contract, including a determination that a contract with a particular facility is not in the best interests of the residents of the facility or the state of Minnesota.

(e) Notwithstanding the requirements of the solicitation process described in chapter 16C, the commissioner may contract with nursing facilities established according to section 144A.073 without issuing a request for proposals.

(f) Notwithstanding subdivision 1, after July 1, 2001, the commissioner may contract with additional nursing facilities, according to requests for proposals.

Subd. 2. [CONTRACT PROVISIONS.] (a) The performance-based contract with each nursing facility must include provisions that:

(1) apply the resident case mix assessment provisions of Minnesota Rules, parts 9549.0051, 9549.0058, and 9549.0059, or another assessment system, with the goal of moving to a single assessment system;

(2) monitor resident outcomes through various methods, such as quality indicators based on the minimum data set and other utilization and performance measures;

(3) require the establishment and use of a continuous quality improvement process that integrates information from quality indicators and regular resident and family satisfaction interviews;

(4) require annual reporting of facility statistical information, including resident days by case mix category, productive nursing hours, wages and benefits, and raw food costs for use by the commissioner in the development of facility profiles that include trends in payment and service utilization;

(5) require from each nursing facility an annual certified audited financial statement consisting of a balance sheet, income and expense statements, and an opinion from either a licensed or certified public accountant, if a certified audit was prepared, or unaudited financial statements if no certified audit was prepared; and

(6) specify the method for resolving disputes;

(7) establish additional requirements and penalties for nursing facilities not meeting the standards set forth in the performance-based contract.

(b) The commissioner may develop additional incentive-based payments for achieving specified outcomes specified in each contract. The specified facility-specific outcomes must be measurable and approved by the commissioner.

(c) The commissioner may also contract with nursing facilities in other ways through requests for proposals, including contracts on a risk or nonrisk basis, with nursing facilities or consortia of nursing facilities, to provide comprehensive long-term care coverage on a premium or capitated basis.

(d) The commissioner may negotiate different contract terms for different nursing facilities.

Subd. 2a. [DURATION AND TERMINATION OF CONTRACTS.] (a) All contracts entered into under this section are for a term of one year. Either party may terminate this contract at any time without cause by providing 90 calendar days' advance written notice to the other party. Notwithstanding section 16C.05, subdivisions 2, paragraph (a), and 5, if neither party provides written notice of termination, the contract shall be renegotiated for additional one-year terms or the terms of the existing contract will be extended for one year. The provisions of the contract shall be renegotiated annually by the parties prior to the expiration date of the contract. The parties may voluntarily renegotiate the terms of the contract at any time by mutual agreement.

(b) If a nursing facility fails to comply with the terms of a contract, the commissioner shall provide reasonable notice regarding the breach of contract and a reasonable opportunity for the facility to come into compliance. If the facility fails to come into compliance or to remain in compliance, the commissioner may terminate the contract. If a contract is terminated, provisions of section 256B.48, subdivision 1a, shall apply.

Subd. 3. [PAYMENT RATE PROVISIONS.] (a) For rate years beginning on or after July 1, ~~2000~~ 2001, within the limits of appropriations specifically for this purpose, the commissioner shall determine operating cost payment rates for each licensed and certified nursing facility by indexing its operating cost payment rates in effect on June 30, ~~2000~~ 2001, for inflation. The inflation factor to be used must be based on the change in the Consumer Price Index-All Items, United States city average (CPI-U) as forecasted by Data Resources, Inc. in the fourth quarter preceding the rate year. The CPI-U forecasted index for operating cost payment rates shall be based on the 12-month

period from the midpoint of the nursing facility's prior rate year to the midpoint of the rate year for which the operating payment rate is being determined. The operating cost payment rate to be inflated shall be the total payment rate in effect on June 30, 2001, minus the portion determined to be the property-related payment rate, minus the per diem amount of the preadmission screening cost included in the nursing facility's last payment rate established under section 256B.431.

(b) Beginning July 1, 2000, each nursing facility subject to a performance-based contract under this section shall choose one of two methods of payment for property-related costs:

(1) ~~the method established in section 256B.434; or~~

(2) ~~the method established in section 256B.431.~~

~~Once the nursing facility has made the election in this paragraph, that election shall remain in effect for at least four years or until an alternative property payment system is developed. A per diem amount for preadmission screening will be added onto the contract payment rates according to the method of distribution of county allocation described in section 256B.0911, subdivision 6, paragraph (a).~~

(c) For rate years beginning on or after July 1, ~~2000~~ 2001, the commissioner may implement a new method of payment for property-related costs that addresses the capital needs of nursing facilities. ~~Notwithstanding paragraph (b);~~ The new property payment system or systems, if implemented, shall replace the current ~~method~~ methods of setting property payment rates under sections 256B.431 and 256B.434.

Subd. 4. [CONTRACT PAYMENT RATES; APPEALS.] If an appeal is pending concerning the cost-based payment rates that are the basis for the calculation of the payment rate under this section, the commissioner and the nursing facility may agree on an interim contract rate to be used until the appeal is resolved. When the appeal is resolved, the contract rate must be adjusted retroactively according to the appeal decision.

Subd. 5. [CONSUMER PROTECTION.] In addition to complying with all applicable laws regarding consumer protection, as a condition of entering into a contract under this section, a nursing facility must agree to:

(1) establish resident grievance procedures;

(2) establish expedited grievance procedures to resolve complaints made by short-stay residents; and

(3) make available to residents and families a copy of the performance-based contract and outcomes to be achieved.

Subd. 6. [CONTRACTS ARE VOLUNTARY.] Participation of nursing facilities in the medical assistance program is voluntary. The terms and procedures governing the performance-based contract are determined under this section and through negotiations between the commissioner and nursing facilities.

Subd. 7. [FEDERAL REQUIREMENTS.] The commissioner shall implement the performance-based contracting system subject to any required federal waivers or approval and in a manner that is consistent with federal requirements. If a provision of this section is inconsistent with a federal requirement, the federal requirement supersedes the inconsistent provision. The commissioner shall seek federal approval and request waivers as necessary to implement this section.

Sec. 21. Minnesota Statutes 1998, section 256B.48, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED PRACTICES.] A nursing facility is not eligible to receive medical assistance payments unless it refrains from all of the following:

(a) Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients as determined by the prospective desk audit rate, except under the following circumstances: the nursing facility may (1) charge private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance residents are charged separately at the same rate for the same services in addition to the daily rate paid by the commissioner. Services covered by the payment rate must be the same regardless of payment source. Special services, if offered, must be available to all residents in all areas of the nursing facility and charged separately at the same rate. Residents are free to select or decline special services. Special services must not include services which must be provided by the nursing facility in order to comply with licensure or certification standards and that if not provided would result in a deficiency or violation by the nursing facility. Services beyond those required to comply with licensure or certification standards must not be charged separately as a special service if they were included in the payment rate for the previous reporting year. A nursing facility that charges a private paying resident a rate in violation of this clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing facility that charges the resident rates in violation of this clause. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing facility may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of an administrative law judge under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The administrative law judge shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance.

(b) Requiring (1) Charging, soliciting, accepting, or receiving from an applicant for admission to the facility, or the guardian or conservator from anyone acting in behalf of the applicant, as a condition of admission, to pay expediting the admission, or as a requirement for the individual's continued stay, any fee or deposit in excess of \$100, gift, money, donation, or other consideration not otherwise required as payment under the state plan. Nothing in this clause would prohibit discharge for nonpayment of services in accordance with state and federal regulations;

(2) requiring an individual, or anyone acting in behalf of the individual, to loan any money to the nursing facility;
or;

(3) requiring an individual, or anyone acting in behalf of the individual, to promise to leave all or part of the applicant's individual's estate to the facility; or (4) requiring a third-party guarantee of payment to the facility as a condition of admission, expedited admission, or continued stay in the facility.

(c) Requiring any resident of the nursing facility to utilize a vendor of health care services chosen by the nursing facility.

(d) Providing differential treatment on the basis of status with regard to public assistance.

(e) Discriminating in admissions, services offered, or room assignment on the basis of status with regard to public assistance or refusal to purchase special services. Admissions discrimination shall include, but is not limited to:

(1) basing admissions decisions upon assurance by the applicant to the nursing facility, or the applicant's guardian or conservator, that the applicant is neither eligible for nor will seek public assistance for payment of nursing facility care costs; and

(2) engaging in preferential selection from waiting lists based on an applicant's ability to pay privately or an applicant's refusal to pay for a special service.

The collection and use by a nursing facility of financial information of any applicant pursuant to a preadmission screening program established by law shall not raise an inference that the nursing facility is utilizing that information for any purpose prohibited by this paragraph.

(f) Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any amount based on utilization or service levels or any portion of the vendor's fee to the nursing facility except as payment for renting or leasing space or equipment or purchasing support services from the nursing facility as limited by section 256B.433. All agreements must be disclosed to the commissioner upon request of the commissioner. Nursing facilities and vendors of ancillary services that are found to be in violation of this provision shall each be subject to an action by the state of Minnesota or any of its subdivisions or agencies for treble civil damages on the portion of the fee in excess of that allowed by this provision and section 256B.433. Damages awarded must include three times the excess payments together with costs and disbursements including reasonable attorney's fees or their equivalent.

(g) Refusing, for more than 24 hours, to accept a resident returning to the same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.

~~The prohibitions set forth in clause (b) shall not apply to a retirement facility with more than 325 beds including at least 150 licensed nursing facility beds and which:~~

~~(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and~~

~~(2) accounts for all of the applicant's assets which are required to be assigned to the facility so that only expenses for the cost of care of the applicant may be charged against the account; and~~

~~(3) agrees in writing at the time of admission to the facility to permit the applicant, or the applicant's guardian, or conservator, to examine the records relating to the applicant's account upon request, and to receive an audited statement of the expenditures charged against the applicant's individual account upon request; and~~

~~(4) agrees in writing at the time of admission to the facility to permit the applicant to withdraw from the facility at any time and to receive, upon withdrawal, the balance of the applicant's individual account.~~

For a period not to exceed 180 days, the commissioner may continue to make medical assistance payments to a nursing facility or boarding care home which is in violation of this section if extreme hardship to the residents would result. In these cases the commissioner shall issue an order requiring the nursing facility to correct the violation. The nursing facility shall have 20 days from its receipt of the order to correct the violation. If the violation is not corrected within the 20-day period the commissioner may reduce the payment rate to the nursing facility by up to 20 percent. The amount of the payment rate reduction shall be related to the severity of the violation and shall remain in effect until the violation is corrected. The nursing facility or boarding care home may appeal the commissioner's action pursuant to the provisions of chapter 14 pertaining to contested cases. An appeal shall be considered timely if written notice of appeal is received by the commissioner within 20 days of notice of the commissioner's proposed action.

In the event that the commissioner determines that a nursing facility is not eligible for reimbursement for a resident who is eligible for medical assistance, the commissioner may authorize the nursing facility to receive reimbursement on a temporary basis until the resident can be relocated to a participating nursing facility.

Certified beds in facilities which do not allow medical assistance intake on July 1, 1984, or after shall be deemed to be decertified for purposes of section 144A.071 only.

Sec. 22. Minnesota Statutes 1998, section 256B.48, subdivision 1a, is amended to read:

Subd. 1a. [TERMINATION.] If a nursing facility terminates its participation in the medical assistance program, whether voluntarily or involuntarily, the commissioner may authorize the nursing facility to receive continued medical assistance reimbursement ~~only on a temporary basis~~ until medical assistance residents can be relocated to nursing facilities participating in the medical assistance program.

Sec. 23. Minnesota Statutes 1998, section 256B.48, subdivision 1b, is amended to read:

Subd. 1b. [EXCEPTION.] Notwithstanding any agreement between a nursing facility and the department of human services or the provisions of this section or section 256B.411, other than subdivision 1a, the commissioner may authorize continued medical assistance payments to a nursing facility which ceased intake of medical assistance recipients prior to July 1, 1983, and which charges private paying residents rates that exceed those permitted by subdivision 1, paragraph (a), for (i) residents who resided in the nursing facility before July 1, 1983, or (ii) residents for whom the commissioner or any predecessors of the commissioner granted a permanent individual waiver prior to October 1, 1983. Nursing facilities seeking continued medical assistance payments under this subdivision shall make the reports required under subdivision 2, except that on or after December 31, 1985, the financial statements required need not be audited by or contain the opinion of a certified public accountant or licensed public accountant, but need only be reviewed by a certified public accountant or licensed public accountant. In the event that the state is determined by the federal government to be no longer eligible for the federal share of medical assistance payments made to a nursing facility under this subdivision, the commissioner may cease medical assistance payments, under this subdivision, to that nursing facility. ~~Between October 1, 1992, and July 1, 1993, a facility governed by this subdivision may elect to resume full participation in the medical assistance program by agreeing to comply with all of the requirements of the medical assistance program, including the rate equalization law in subdivision 1, paragraph (a), and all other requirements established in law or rule, and to resume intake of new medical assistance recipients.~~

Sec. 24. Minnesota Statutes 1998, section 256B.48, subdivision 6, is amended to read:

Subd. 6. [MEDICARE CERTIFICATION.] (a) [DEFINITION.] For purposes of this subdivision, "nursing facility" means a nursing facility that is certified as a skilled nursing facility or, after September 30, 1990, a nursing facility licensed under chapter 144A that is certified as a nursing facility.

(b) [MEDICARE PARTICIPATION REQUIRED.] All nursing facilities shall participate in Medicare part A and part B unless, after submitting an application, Medicare certification is denied by the federal health care financing administration. Medicare review shall be conducted at the time of the annual medical assistance review. Charges for Medicare-covered services provided to residents who are simultaneously eligible for medical assistance and Medicare must be billed to Medicare part A or part B before billing medical assistance. Medical assistance may be billed only for charges not reimbursed by Medicare. Within the limits of available appropriations, the commissioner shall approve a request for an exemption from Medicare certification if a nursing facility meets the following criteria:

(1) the facility has had at least six months' experience under the Medicare prospective payment system; and

(2) the facility can demonstrate losses under the Medicare prospective payment system that threaten the financial viability of the facility.

Facilities requesting an exemption from Medicare certification may request that they not be certified for Medicare for up to three years. The commissioner must respond within 30 days to a request for an exemption under this section.

~~(c) [UNTIL SEPTEMBER 30, 1990.] Until September 30, 1990, a nursing facility satisfies the requirements of paragraph (b) if: (1) at least 50 percent of the facility's beds that are licensed under section 144A and certified as skilled nursing beds under the medical assistance program are Medicare certified; or (2) if a nursing facility's beds are licensed under section 144A, and some are medical assistance certified as skilled nursing beds and others are medical assistance certified as intermediate care facility I beds, at least 50 percent of the facility's total skilled nursing beds and intermediate care facility I beds or 100 percent of its skilled nursing beds, whichever is less, are Medicare certified.~~

~~(d) [AFTER SEPTEMBER 30, 1990.] After September 30, 1990, a nursing facility satisfies the requirements of paragraph (b) if at least 50 percent of the facility's beds certified as nursing facility beds under the medical assistance program are Medicare certified.~~

(d) [CONFLICT WITH MEDICARE DISTINCT PART REQUIREMENTS.] At the request of a facility, the commissioner of human services may reduce the 50 percent Medicare participation requirement in paragraphs (c) and (d) to no less than 20 percent if the commissioner of health determines that, due to the facility's physical plant configuration, the facility cannot satisfy Medicare distinct part requirements at the 50 percent certification level. To receive a reduction in the participation requirement, a facility must demonstrate that the reduction will not adversely affect access of Medicare-eligible residents to Medicare-certified beds.

(e) [INSTITUTIONS FOR MENTAL DISEASE.] The commissioner may grant exceptions to the requirements of paragraph (b) for nursing facilities that are designated as institutions for mental disease.

(f) [NOTICE OF RIGHTS.] The commissioner shall inform recipients of their rights under this subdivision and section 144.651, subdivision 29.

Sec. 25. Minnesota Statutes 1998, section 256B.50, subdivision 1e, is amended to read:

Subd. 1e. [ATTORNEY'S FEES AND COSTS.] (a) Notwithstanding section 15.472, paragraph (a), for an issue appealed under subdivision 1, the prevailing party in a contested case proceeding or, if appealed, in subsequent judicial review, must be awarded reasonable attorney's fees and costs incurred in litigating the appeal, if the prevailing party shows that the position of the opposing party was not substantially justified. The procedures for awarding fees and costs set forth in section 15.474 must be followed in determining the prevailing party's fees and costs except as otherwise provided in this subdivision. For purposes of this subdivision, "costs" means subpoena fees and mileage, transcript costs, court reporter fees, witness fees, postage and delivery costs, photocopying and printing costs, amounts charged the commissioner by the office of administrative hearings, and direct administrative costs of the department; and "substantially justified" means that a position had a reasonable basis in law and fact, based on the totality of the circumstances prior to and during the contested case proceeding and subsequent review.

(b) When an award is made to the department under this subdivision, attorney fees must be calculated at the cost to the department. When an award is made to a provider under this subdivision, attorney fees must be calculated at the rate charged to the provider except that attorney fees awarded must be the lesser of the attorney's normal hourly fee or \$100 per hour.

(c) In contested case proceedings involving more than one issue, the administrative law judge shall determine what portion of each party's attorney fees and costs is related to the issue or issues on which it prevailed and for which it is entitled to an award. In making that determination, the administrative law judge shall consider the amount of time spent on each issue, the precedential value of the issue, the complexity of the issue, and other factors deemed appropriate by the administrative law judge.

(d) When the department prevails on an issue involving more than one provider, the administrative law judge shall allocate the total amount of any award for attorney fees and costs among the providers. In determining the allocation, the administrative law judge shall consider each provider's monetary interest in the issue and other factors deemed appropriate by the administrative law judge.

(e) Attorney fees and costs awarded to the department for proceedings under this subdivision must not be reported or treated as allowable costs on the provider's cost report.

(f) Fees and costs awarded to a provider for proceedings under this subdivision must be reimbursed to them by ~~reporting the amount of fees and costs awarded as allowable costs on the provider's cost report for the reporting year in which they were awarded. Fees and costs reported pursuant to this subdivision must be included in the general and administrative cost category but are not subject to categorical or overall cost limitations established in rule or statute~~ within 120 days of the final decision on the award of attorney fees and costs.

(g) If the provider fails to pay the awarded attorney fees and costs within 120 days of the final decision on the award of attorney fees and costs, the department may collect the amount due through any method available to it for the collection of medical assistance overpayments to providers. Interest charges must be assessed on balances outstanding after 120 days of the final decision on the award of attorney fees and costs. The annual interest rate charged must be the rate charged by the commissioner of revenue for late payment of taxes that is in effect on the 121st day after the final decision on the award of attorney fees and costs.

(h) Amounts collected by the commissioner pursuant to this subdivision must be deemed to be recoveries pursuant to section 256.01, subdivision 2, clause (15).

(i) This subdivision applies to all contested case proceedings set on for hearing by the commissioner on or after April 29, 1988, regardless of the date the appeal was filed.

Sec. 26. Minnesota Statutes 1998, section 256B.501, is amended by adding a subdivision to read:

Subd. 13. [CHANGES TO ICF/MR REIMBURSEMENT BEGINNING OCTOBER 1, 1999.] (a) For the rate years beginning October 1, 1999, and October 1, 2000, the commissioner shall increase the allowable operating cost per diems of ICFs/MR subject to reimbursement under this section or Laws 1993, First Special Session chapter 1, article 4, section 11, by three percent, and shall not provide these facilities with inflation increases under subdivision 3c, clause (1), Laws 1993, First Special Session chapter 1, article 4, section 11, or section 256B.5012.

(b) It is the intention of the legislature that the compensation packages of direct-care staff in ICFs/MR be increased by three percent for each rate year.

Sec. 27. Minnesota Statutes 1998, section 256B.5011, subdivision 1, is amended to read:

Subdivision 1. [IN GENERAL.] Effective October 1, 2000, the commissioner shall implement a ~~performance-based~~ contracting system to replace the current method of setting total cost payment rates under section 256B.501 and Minnesota Rules, parts 9553.0010 to 9553.0080. In determining prospective payment rates of intermediate care facilities for persons with mental retardation or related conditions, the commissioner shall index each facility's ~~total operating~~ payment rate by an inflation factor as described in ~~subdivision 3 section 256B.5012~~. The commissioner of finance shall include annual inflation adjustments in operating costs for intermediate care facilities for persons with mental retardation and related conditions as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11.

Sec. 28. Minnesota Statutes 1998, section 256B.5011, subdivision 2, is amended to read:

Subd. 2. [CONTRACT PROVISIONS.] (a) The ~~performance-based~~ service contract with each intermediate care facility must include provisions for:

- (1) modifying payments when significant changes occur in the needs of the consumers;
- (2) ~~monitoring service quality using performance indicators that measure consumer outcomes;~~
- (3) ~~the establishment and use of continuous quality improvement processes using the results attained through service quality monitoring;~~
- (4) ~~the annual reporting of facility statistical information on all supervisory personnel, direct care personnel, specialized support personnel, hours, wages and benefits, staff-to-consumer ratios, and staffing patterns~~
- (3) appropriate and necessary statistical information required by the commissioner;
- (5) ~~(4) annual aggregate facility financial information or an annual certified audited financial statement, including a balance sheet and income and expense statements for each facility, if a certified audit was prepared; and~~
- (6) ~~(5) additional requirements and penalties for intermediate care facilities not meeting the standards set forth in the performance-based service contract.~~

(b) The commissioner shall recommend to the legislature by January 15, 2000, whether the contract should include service quality monitoring that may utilize performance indicators that measure consumer and program outcomes. Performance measurement shall not increase or duplicate regulatory requirements.

Sec. 29. [256B.5012] [ICF/MR PAYMENT SYSTEM IMPLEMENTATION.]

Subdivision 1. [TOTAL PAYMENT RATE.] The total payment rate effective October 1, 2000, for existing ICF/MR facilities is the total of the operating payment rate and the property payment rate plus inflation factors as defined in this section. The initial rate year shall run from October 1, 2000, through December 31, 2001. Subsequent rate years shall run from January 1 through December 31 beginning in the year 2002.

Subd. 2. [OPERATING PAYMENT RATE.] (a) The operating payment rate equals the facility's total payment rate in effect on September 30, 2000, minus the property rate. The operating payment rate includes the special operating rate and the efficiency incentive in effect as of September 30, 2000. The operating payment shall be increased for each rate year by the annual percentage change in the Consumer Price Index-All Items (United States City Average) (CPI-U), as forecasted by Data Resources, Inc., in the second quarter of the calendar year preceding the start of each rate year. In the case of the initial rate year beginning October 1, 2000, and continuing through December 31, 2001, the percentage change shall be based on the percentage change in the CPI-U for the 15-month period beginning October 1, 2000, as forecast by Data Resources, Inc., in the first quarter of 2000.

(b) Effective October 1, 2000, the operating payment rate shall be adjusted to reflect an occupancy rate equal to 100 percent of the facility's capacity days as of September 30, 2000.

Subd. 3. [PROPERTY PAYMENT RATE.] (a) The property payment rate effective October 1, 2000, is based on the facility's property payment rate in effect on September 30, 2000. Effective October 1, 2000, a facility minimum property rate of \$8.13 shall be applied to all existing ICF/MR facilities. Facilities with a property payment rate effective September 30, 2000, which is below the minimum property rate shall receive an increase effective October 1, 2000, equal to the difference between the minimum property payment rate and the property payment rate in effect as of September 30, 2000. Facilities with a property payment rate at or above the minimum property payment rate effective September 30, 2000, shall have no change in their property payment rate effective October 1, 2000.

(b) Facility property payment rates shall be increased annually for inflation, effective January 1, 2002. The increase shall be based on each facility's property payment rate in effect on September 30, 2000. Property payment rates effective September 30, 2000, shall be arrayed from highest to lowest before applying the minimum property payment rate in paragraph (a). For property payment rates at the 90th percentile or above, the annual inflation increase shall be zero. For property payment rates below the 90th percentile but equal to or above the 75th percentile, the annual inflation increase shall be one percent. For property payment rates below the 75th percentile, the annual inflation increase shall be two percent.

Sec. 30. [256B.5013] [PAYMENT RATE ADJUSTMENTS.]

Subdivision 1. [VARIABLE RATE ADJUSTMENTS.] When there is a documented increase in the resource needs of a current ICF/MR recipient or recipients, or a person is admitted to a facility who requires additional resources, the county of financial responsibility may approve an enhanced rate for one or more persons in the facility. Resource needs directly attributable to an individual that may be considered under the variable rate adjustment include increased direct staff hours and other specialized services, equipment, and human resources. The guidelines in paragraphs (a) to (d) apply for the payment rate adjustments under this section.

(a) All persons must be screened according to section 256B.092, subdivisions 7 and 8, prior to implementation of the new payment system and annually thereafter. Screening data shall be analyzed to develop broad profiles of the functional characteristics of recipients. Three components shall be used to distinguish recipients based on the following broad profiles:

- (1) functional ability to care for and maintain one's own basic needs;
- (2) the intensity of any aggressive or destructive behavior; and

(3) any history of obstructive behavior in combination with a diagnosis of psychosis or neurosis.

The profile groups shall be used to link resource needs to funding. The resource profile shall determine the level of funding that may be authorized by the county. The county of financial responsibility may approve a rate adjustment for an individual. The commissioner shall recommend to the legislature by January 15, 2000, a methodology using the profile groups to determine variable rates. The variable rate must be applied to expenses related to increased direct staff hours and other specialized services, equipment, and human resources. This variable rate component plus the facility's current operating payment rate equals the individual's total operating payment rate.

(b) A recipient must be screened by the county of financial responsibility using the developmental disabilities screening document completed immediately prior to approval of a variable rate by the county. A comparison of the updated screening and the previous screening must demonstrate an increase in resource needs.

(c) Rate adjustments projected to exceed the authorized funding level associated with the person's profile must be submitted to the commissioner.

(d) The new rate approved through this process shall not be averaged across all persons living at a facility but shall be an individual rate. The county of financial responsibility must indicate the projected length of time that the additional funding may be needed by the individual. The need to continue an individual variable rate must be reviewed at the end of the anticipated duration of need but at least annually through the completion of the developmental disabilities screening document.

Subd. 2. [OTHER PAYMENT RATE ADJUSTMENTS.] Facility total payment rates may be adjusted by the host county, with authorization from a statewide advisory committee, if, through the local system needs planning process, it is determined that a need exists to amend the package of purchased services with a resulting increase or decrease in costs. Except as provided in section 252.292, subdivision 4, if a provider demonstrates that the loss of revenues caused by the downsizing or closure of a facility cannot be absorbed by the facility based on current operations, the host county or the provider may submit a request to the statewide advisory committee for a facility base rate adjustment.

Subd. 3. [RELOCATION.] (a) Property rates for all facilities relocated after December 31, 1997, and up to and including October 1, 2000, shall have the full annual costs of relocation included in their October 1, 2000, property rate. The property rate for the relocated home is subject to the costs that were allowable under Minnesota Rules, chapter 9553, and the investment per bed limitation for newly constructed or newly established class B facilities.

(b) In ensuing years, all relocated homes shall be subject to the investment per bed limit for newly constructed or newly established class B facilities under section 256B.501, subdivision 11. The limits shall be adjusted on January 1 of each year by the percentage increase in the construction index published by the Bureau of Economic Analysis of the United States Department of Commerce in the Survey of Current Business Statistics in October of the previous two years. Facilities that are relocated within the investment per bed limit may be approved by the statewide advisory committee. Costs for relocation of a facility that exceed the investment per bed limit must be absorbed by the facility.

(c) The payment rate shall take effect when the new facility is licensed and certified by the commissioner of health. Rates for facilities that are relocated after December 31, 1997, through October 1, 2000, shall be adjusted to reflect the full inclusion of the relocation costs, subject to the investment per bed limit in paragraph (b). The investment per bed limit calculated rate for the year in which the facility was relocated shall be the investment per bed limit used.

Subd. 4. [TEMPORARY RATE ADJUSTMENTS TO ADDRESS OCCUPANCY AND ACCESS.] If a facility is operating at less than 100 percent occupancy on September 30, 2000, or if a recipient is discharged from a facility, the commissioner shall adjust the total payment rate for up to 90 days for the remaining recipients. This mechanism shall not be used to pay for hospital or therapeutic leave days beyond the maximums allowed. Facility payment adjustments exceeding 90 days to address a demonstrated need for access must be submitted to the statewide advisory committee with a local system needs assessment, plan, and budget for review and recommendation.

Sec. 31. [256B.5014] [FINANCIAL REPORTING.]

All facilities shall maintain financial records and shall provide annual income and expense reports to the commissioner of human services on a form prescribed by the commissioner no later than April 30 of each year in order to receive medical assistance payments. The reports for the reporting year ending December 31 must include:

(1) salaries and related expenses, including program salaries, administrative salaries, other salaries, payroll taxes, and fringe benefits;

(2) general operating expenses, including supplies, training, repairs, purchased services and consultants, utilities, food, licenses and fees, real estate taxes, insurance, and working capital interest;

(3) property related costs, including depreciation, capital debt interest, rent, and leases; and

(4) total annual resident days.

Sec. 32. [256B.5015] [PASS-THROUGH OF TRAINING AND HABILITATION SERVICES COSTS.]

Training and habilitation services costs shall be paid as a pass-through payment at the lowest rate paid for the comparable services at that site under sections 252.40 to 252.46. The pass-through payments for training and habilitation services shall be paid separately by the commissioner and shall not be included in the computation of the total payment rate.

Sec. 33. Minnesota Statutes 1998, section 256B.69, subdivision 6a, is amended to read:

Subd. 6a. [NURSING HOME SERVICES.] (a) Notwithstanding Minnesota Rules, part 9500.1457, subpart 1, item B, up to 90 days of nursing facility services as defined in section 256B.0625, subdivision 2, which are provided in a nursing facility certified by the Minnesota department of health for services provided and eligible for payment under Medicaid, shall be covered under the prepaid medical assistance program for individuals who are not residing in a nursing facility at the time of enrollment in the prepaid medical assistance program. ~~Liability for coverage of nursing facility services by a participating health plan is limited to 365 days for any person enrolled under the prepaid medical assistance program.~~

(b) For individuals enrolled in the Minnesota senior health options project authorized under subdivision 23, nursing facility services shall be covered according to the terms and conditions of the federal waiver governing that demonstration project.

Sec. 34. Minnesota Statutes 1998, section 256B.69, subdivision 6b, is amended to read:

Subd. 6b. [ELDERLY WAIVER SERVICES.] ~~Notwithstanding Minnesota Rules, part 9500.1457, subpart 1, item C, elderly waiver services shall be covered under the prepaid medical assistance program for all individuals who are eligible according to section 256B.0915.~~ For individuals enrolled in the Minnesota senior health options project authorized under subdivision 23, elderly waiver services shall be covered according to the terms and conditions of the federal waiver governing that demonstration project.

Sec. 35. Minnesota Statutes 1998, section 256I.04, subdivision 3, is amended to read:

Subd. 3. [MORATORIUM ON THE DEVELOPMENT OF GROUP RESIDENTIAL HOUSING BEDS.] (a) County agencies shall not enter into agreements for new group residential housing beds with total rates in excess of the MSA equivalent rate except: (1) for group residential housing establishments meeting the requirements of subdivision 2a, clause (2) with department approval; (2) for group residential housing establishments licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, provided the facility is needed to meet the census reduction targets for persons with mental retardation or related conditions at regional treatment centers; (3) to ensure compliance with the federal Omnibus Budget Reconciliation Act alternative disposition plan requirements for inappropriately placed persons with mental retardation or related conditions or mental illness; (4) up to 80 beds in a single, specialized

facility located in Hennepin county that will provide housing for chronic inebriates who are repetitive users of detoxification centers and are refused placement in emergency shelters because of their state of intoxication, and planning for the specialized facility must have been initiated before July 1, 1991, in anticipation of receiving a grant from the housing finance agency under section 462A.05, subdivision 20a, paragraph (b); ~~or (5) notwithstanding the provisions of subdivision 2a, for up to 190 supportive housing units in Anoka, Dakota, Hennepin, or Ramsey county for homeless adults with a mental illness, a history of substance abuse, or human immunodeficiency virus or acquired immunodeficiency syndrome. For purposes of this section, "homeless adult" means a person who is living on the street or in a shelter or discharged from a regional treatment center, community hospital, or residential treatment program and has no appropriate housing available and lacks the resources and support necessary to access appropriate housing. At least 70 percent of the supportive housing units must serve homeless adults with mental illness, substance abuse problems, or human immunodeficiency virus or acquired immunodeficiency syndrome who are about to be or, within the previous six months, has been discharged from a regional treatment center, or a state-contracted psychiatric bed in a community hospital, or a residential mental health or chemical dependency treatment program. If a person meets the requirements of subdivision 1, paragraph (a), and receives a federal or state housing subsidy, the group residential housing rate for that person is limited to the supplementary rate under section 256I.05, subdivision 1a, and is determined by subtracting the amount of the person's countable income that exceeds the MSA equivalent rate from the group residential housing supplementary rate. A resident in a demonstration project site who no longer participates in the demonstration program shall retain eligibility for a group residential housing payment in an amount determined under section 256I.06, subdivision 8, using the MSA equivalent rate. Service funding under section 256I.05, subdivision 1a, will end June 30, 1997, if federal matching funds are available and the services can be provided through a managed care entity. If federal matching funds are not available, then service funding will continue under section 256I.05, subdivision 1a;~~ or (6) for group residential housing beds in settings meeting the requirements of subdivision 2, paragraph (a), clause (3), which are used exclusively for recipients receiving home and community-based waiver services under sections 256B.0915, 256B.092, subdivision 5, 256B.093, and 256B.49, and who resided in a nursing facility for the six months immediately prior to the month of entry into the group residential housing setting. The group residential housing rate for these beds must be set so that the monthly group residential housing payment for an individual occupying the bed when combined with the nonfederal share of services delivered under the waiver for that person does not exceed the nonfederal share of the monthly medical assistance payment made for the person to the nursing facility in which the person resided prior to entry into the group residential housing establishment. The rate may not exceed the MSA equivalent rate plus \$426.37 for any case.

(b) A county agency may enter into a group residential housing agreement for beds with rates in excess of the MSA equivalent rate in addition to those currently covered under a group residential housing agreement if the additional beds are only a replacement of beds with rates in excess of the MSA equivalent rate which have been made available due to closure of a setting, a change of licensure or certification which removes the beds from group residential housing payment, or as a result of the downsizing of a group residential housing setting. The transfer of available beds from one county to another can only occur by the agreement of both counties.

Sec. 36. Minnesota Statutes 1998, section 256I.05, subdivision 1, is amended to read:

Subdivision 1. [MAXIMUM RATES.] Monthly room and board rates negotiated by a county agency for a recipient living in group residential housing must not exceed the MSA equivalent rate specified under section 256I.03, subdivision 5, with the exception that a county agency may negotiate a supplementary room and board rate that exceeds the MSA equivalent rate ~~by up to \$426.37~~ for recipients of waiver services under title XIX of the Social Security Act. This exception is subject to the following conditions:

(1) ~~that the Secretary of Health and Human Services has not approved a state request to include room and board costs which exceed the MSA equivalent rate in an individual's set of waiver services under title XIX of the Social Security Act; or~~

(2) ~~that the Secretary of Health and Human Services has approved the inclusion of room and board costs which exceed the MSA equivalent rate, but in an amount that is insufficient to cover costs which are included in a group residential housing agreement in effect on June 30, 1994; and~~

~~(3) the amount of the rate that is above the MSA equivalent rate has been approved by the commissioner the setting is licensed by the commissioner of human services under Minnesota Rules, parts 9555.5050 to 9555.6265;~~

~~(2) the setting is not the primary residence of the license holder and in which the license holder is not the primary caregiver; and~~

~~(3) the average supplementary room and board rate in a county for a calendar year may not exceed the average supplementary room and board rate for that county in effect on January 1, 2000. If a county has not negotiated supplementary room and board rates for any facilities located in the county as of January 1, 2000, or has an average supplemental room and board rate under \$100 per person as of January 1, 2000, it may submit a supplementary room and board rate request with budget information for a facility to the commissioner for approval.~~

The county agency may at any time negotiate a higher or lower room and board rate than the average supplementary room and board rate that would otherwise be paid under this subdivision.

Sec. 37. Minnesota Statutes 1998, section 256I.05, subdivision 1a, is amended to read:

Subd. 1a. [SUPPLEMENTARY SERVICE RATES.] (a) Subject to the provisions of section 256I.04, subdivision 3, in addition to the room and board rate specified in subdivision 1, the county agency may negotiate a payment not to exceed \$426.37 for other services necessary to provide room and board provided by the group residence if the residence is licensed by or registered by the department of health, or licensed by the department of human services to provide services in addition to room and board, and if the provider of services is not also concurrently receiving funding for services for a recipient under a home and community-based waiver under title XIX of the Social Security Act; or funding from the medical assistance program under section 256B.0627, subdivision 4, for personal care services for residents in the setting; or residing in a setting which receives funding under Minnesota Rules, parts 9535.2000 to 9535.3000. If funding is available for other necessary services through a home and community-based waiver, or personal care services under section 256B.0627, subdivision 4, then the GRH rate is limited to the rate set in subdivision 1. Unless otherwise provided in law, in no case may the supplementary service rate plus the supplementary room and board rate exceed \$426.37. The registration and licensure requirement does not apply to establishments which are exempt from state licensure because they are located on Indian reservations and for which the tribe has prescribed health and safety requirements. Service payments under this section may be prohibited under rules to prevent the supplanting of federal funds with state funds. The commissioner shall pursue the feasibility of obtaining the approval of the Secretary of Health and Human Services to provide home and community-based waiver services under title XIX of the Social Security Act for residents who are not eligible for an existing home and community-based waiver due to a primary diagnosis of mental illness or chemical dependency and shall apply for a waiver if it is determined to be cost-effective.

(b) The commissioner is authorized to make cost-neutral transfers from the GRH fund for beds under this section to other funding programs administered by the department after consultation with the county or counties in which the affected beds are located. The commissioner may also make cost-neutral transfers from the GRH fund to county human service agencies for beds permanently removed from the GRH census under a plan submitted by the county agency and approved by the commissioner. The commissioner shall report the amount of any transfers under this provision annually to the legislature.

(c) The provisions of paragraph (b) do not apply to a facility that has its reimbursement rate established under section 256B.431, subdivision 4, paragraph (c).

Sec. 38. Minnesota Statutes 1998, section 256I.05, is amended by adding a subdivision to read:

Subd. 1e. [SUPPLEMENTARY RATE FOR CERTAIN FACILITIES.] Notwithstanding the provisions of subdivisions 1a and 1c, beginning July 1, 1999, a county agency shall negotiate a supplementary rate in addition to the rate specified in subdivision 1, up to the amount specified in subdivision 1a, for a group residential housing provider that:

(1) is located in Hennepin county and has had a group residential housing contract with the county since June 1996;

(2) operates in three separate locations a 56-bed facility, a 40-bed facility, and a 30-bed facility; and

(3) serves a chemically dependent clientele, providing 24 hours per day supervision and limiting a resident's maximum length of stay to 13 months out of a consecutive 24-month period.

Sec. 39. Laws 1995, chapter 207, article 3, section 21, is amended to read:

Sec. 21. [FACILITY CERTIFICATION.]

Notwithstanding Minnesota Statutes, section 252.291, subdivisions 1 and 2, the commissioner of health shall inspect to certify a large community-based facility currently licensed under Minnesota Rules, parts 9525.0215 to 9525.0355, for more than 16 beds and located in Northfield. The facility may be certified for up to 44 beds. The commissioner of health must inspect to certify the facility as soon as possible after the effective date of this section. The commissioner of human services shall work with the facility and affected counties to relocate any current residents of the facility who do not meet the admission criteria for an ICF/MR. Until January 1, 1999, in order to fund the ICF/MR services and relocations of current residents authorized, the commissioner of human services may transfer on a quarterly basis to the medical assistance account from each affected county's community social service allocation, an amount equal to the state share of medical assistance reimbursement for the residential and day habilitation services funded by medical assistance and provided to clients for whom the county is financially responsible. After January 1, 1999, the commissioner of human services shall fund the services under the state medical assistance program and may transfer on a quarterly basis to the medical assistance account from each affected county's community social service allocation, an amount equal to one-half of the state share of medical assistance reimbursement for the residential and day habilitation services funded by medical assistance and provided to clients for whom the county is financially responsible. For nonresidents of Minnesota seeking admission to the facility, Rice county shall be notified in order to assure that appropriate funding is guaranteed from their state or country of residence.

Sec. 40. [DEADLINE EXTENSION.]

Notwithstanding Minnesota Statutes, section 144A.073, subdivision 3, the commissioner of health shall extend approval to May 31, 2000, for a total replacement of a 96-bed nursing home located in Carlton county previously approved under Minnesota Statutes, section 144A.073.

Sec. 41. [ICF/MR REIMBURSEMENT EFFECTIVE OCTOBER 1, 1999.]

(a) For the rate year beginning October 1, 1999, the commissioner of human services shall exempt an intermediate care facility for persons with mental retardation from reductions to the payment rates under Minnesota Statutes, section 256B.501, subdivision 5b, paragraph (d), clause (6), if the facility:

(1) has had a settle-up payment rate established in the reporting year preceding the rate year for the one-time rate adjustment;

(2) is a newly established facility;

(3) is an A to B conversion that has been converted under Minnesota Statutes, section 252.292, since rate year 1990;

(4) has a payment rate subject to a community conversion project under Minnesota Statutes, section 252.292;

(5) has a payment rate established under Minnesota Statutes, section 245A.12 or 245A.13; or

(6) is a facility created by the relocation of more than 25 percent of the capacity of a related facility during the reporting year.

(b) Notwithstanding any contrary provision in Minnesota Statutes, section 256B.501, for the rate year beginning October 1, 1999, the commissioner of human services shall, for purposes of the spend-up limit, array facilities within each grouping established under Minnesota Statutes, section 256B.501, subdivision 5b, paragraph (d), clause (4), by each facility's cost per resident day. A facility's cost per resident day shall be determined by dividing its allowable historical general operating cost for the reporting year by the facility's resident days for the reporting year. Facilities with a cost per resident day at or above the median shall be limited to the lesser of:

(1) the current reporting year's cost per resident day; or

(2) the prior report year's cost per resident day plus the inflation factor established under Minnesota Statutes, section 256B.501, subdivision 3c, clause (2), increased by three percentage points. In no case shall the amount of this reduction exceed: (i) three percent for a facility with a licensed capacity greater than 16 beds; (ii) two percent for a facility with a licensed capacity of nine to 16 beds; and (iii) one percent for a facility with a licensed capacity of eight or fewer beds.

(c) The commissioner shall not apply the limits established under Minnesota Statutes, section 256B.501, subdivision 5b, paragraph (d), clause (8), for the rate year beginning October 1, 1999.

(d) Notwithstanding paragraphs (b) and (c), the commissioner must utilize facility payment rates based on the laws in effect for October 1, 1998, payment rates and use the resulting allowable operating cost per diems as the basis for the spend-up limits for the rate year beginning October 1, 1999.

Sec. 42. [IMMEDIATE JEOPARDY FINES.]

(a) The commissioner of health shall implement this section using existing budget resources of the Minnesota department of health.

(b) The commissioner of health shall reimburse the following nursing facilities for fines paid by the facility as a result of immediate jeopardy citations issued by the commissioner from April 1, 1998, through February 3, 1999: Burr Oak Manor in Austin, MN for \$70,525; Fairview Nursing Home in Dodge Center, MN for \$21,550; Madison Lutheran Home in Madison, MN for \$13,650; Maplewood Care Center in Maplewood, MN for \$29,770; and St. Francis Home in Breckenridge, MN for \$7,442.50.

(c) The commissioner of health shall pay the Health Care Financing Administration (HCFA) directly for fines resulting from immediate jeopardy citations issued by the commissioner from April 1, 1998, through February 3, 1999 to the following facilities: Arnold Memorial Health Care in Adrian, MN for \$26,650; Colonial Manor in Balatin, MN for \$10,790; the Lutheran Home in Caledonia, MN for \$127,450; Nopeming Nursing Home in Duluth, MN for \$28,250; Samaritan Bethany on 8th in Rochester, MN for \$43,350; Shakopee Friendship Village in Shakopee, MN for \$22,250; Stillwater Good Samaritan in Stillwater, MN for \$22,500; Trevilla of Golden Valley in Golden Valley, MN for \$15,665; and Walker Methodist Health Care in Minneapolis, MN for \$39,000. If a facility listed in this paragraph pays the immediate jeopardy fine to the HCFA prior to the effective date of this provision, the commissioner of health shall directly reimburse the facility for the amount of the fine paid. A facility listed in this paragraph that has appealed their fine may request that the commissioner of health delay payment to the HCFA, until the appeal is decided.

(d) The commissioner of health shall reimburse Stewartville Care Center in Stewartville, MN for any loss of revenue resulting from a denial of payment for new admissions, if this remedy is imposed by the HCFA as a result of findings from the surveys by the Minnesota department of health on January 11 and 12, 1999.

(e) If the fine amounts listed in paragraphs (b) or (c) are adjusted by the HCFA, the commissioner shall reimburse the facility or pay the HCFA the adjusted fine amount.

(Effective Date: Section 42 (immediate jeopardy fines) is effective the day following final enactment.)

Sec. 43. [ICF/MR SERVICE RECONFIGURATION PROJECT.]

(a) The commissioner of human services may authorize a project to reconfigure two existing intermediate care facilities for persons with mental retardation or related conditions (ICFs/MR) located on the same campus in Carver county and totaling 60 licensed beds in one 46-bed facility and one 14-bed facility. The reconfiguration project will involve the relocation of up to six beds to a six-bed ICF/MR. The remaining two ICFs/MR shall consist of one 34-bed ICF/MR and one ten-bed ICF/MR.

(b) The project shall include the development of alternative home and community-based services for individuals relocated from the existing facilities. In conjunction with this project, two beds in the 34-bed facility shall be reserved for temporary care services for individuals receiving alternative home and community-based services. The ICF/MR may seek county approval to modify its need determinations in order to serve fewer clients, or to provide additional beds for temporary care services.

(c) The project must be approved by the commissioner under Minnesota Statutes, section 252.28, and must include criteria for determining how individuals are selected for alternative services and the use of a request for proposal process in selecting vendors for the alternative services. The commissioner is authorized to develop the two additional beds required, and set aside waived service slots as needed for individuals choosing alternative home and community-based services.

(d) Upon approval of the project, the following additional conditions shall apply to rate setting:

(1) the two existing facilities' aggregate investment-per-bed limits in effect before the downsizing shall be the investment-per-bed limit after the downsizing;

(2) the ten-bed and the 34-bed facilities shall be eligible for a one-time rate adjustment to be negotiated with the commissioner taking into consideration estimated excess revenues available from the six-bed facility;

(3) the relocated six-bed facility shall receive the payment rates established for the former 46-bed facility until each facility files a cost report for a period of five months or longer ending on December 31 following their opening and those reports are desk audited by the commissioner. The two remaining facilities shall file their regularly scheduled annual cost reports;

(4) all facilities are exempt from the spend-up and high cost limits in Minnesota Statutes, section 256B.501, subdivision 5b, for the rate year following the first cost report submitted under clause (3); and

(5) the maintenance limit for the 34-bed facility shall be established using the methodology in Minnesota Statutes, section 256B.501, subdivision 5d. The maintenance limit for the ten-bed facility shall be adjusted by the same ratio used to adjust the 34-bed facility's maintenance limit.

Sec. 44. [GROUP RESIDENTIAL HOUSING STUDY.]

The commissioner of human services shall submit to the legislature by November 1, 2000, a study of the cost of providing housing for individuals eligible for group residential housing payments and an analysis of the relationship of the costs to market rate housing costs in a representative number of regions in the state.

Sec. 45. [STATE LICENSURE CONFLICTS WITH FEDERAL REGULATIONS.]

Notwithstanding the provisions of Minnesota Rules, part 4658.0520, an incontinent resident must be checked according to a specific time interval written in the resident's care plan.

(Effective Date: Section 45 (state licensure conflicts with federal regulations) is effective the day following final enactment.)

Sec. 46. [REPEALER.]

(a) Minnesota Statutes 1998, sections 144.0723; and 256B.5011, subdivision 3, are repealed.

(b) Minnesota Statutes 1998, section 256B.501, subdivision 3g, is repealed effective October 1, 2000.

(c) Minnesota Statutes 1998, section 256B.434, subdivision 17, is repealed effective July 1, 1999.

(d) Minnesota Statutes 1998, section 144A.33, is repealed effective July 1, 2000.

Sec. 47. [EFFECTIVE DATE.]

When preparing the health and human services conference committee report for adoption by the legislature, the revisor shall combine all the bracketed effective date notations into this effective date section.

ARTICLE 4

HEALTH CARE PROGRAMS

Section 1. Minnesota Statutes 1998, 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.

(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 July 1, 1999.

(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) 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.

Sec. 2. Minnesota Statutes 1998, 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, ~~1999~~ 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.

(Effective Date: Section 2 (125A.08) is effective July 1, 2000.)

Sec. 3. Minnesota Statutes 1998, section 125A.21, subdivision 1, is amended to read:

Subdivision 1. [OBLIGATION TO PAY.] Nothing in sections 125A.03 to 125A.24 and 125A.65 relieves an insurer or similar third party from an otherwise valid obligation to pay, or changes the validity of an obligation to pay, for services rendered to a child with a disability, and the child's family. A school district shall pay the nonfederal share of medical assistance services provided according to section 256B.0625, subdivision 26. Eligible expenditures must not be made from federal funds or funds used to match other federal funds. Any federal disallowances are the responsibility of the school district. A school district may pay or reimburse copayments, coinsurance, deductibles, and other enrollee cost-sharing amounts, on behalf of the student or family, in connection with health and related services provided under an individual educational plan.

(Effective Date: Section 3 (125A.21, subdivision 1) is effective July 1, 2000.)

Sec. 4. 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.

(Effective Date: Section 4 (125A.74, subdivision 1) is effective July 1, 2000.)

Sec. 5. 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.~~

(Effective Date: Section 5 (125A.74, subdivision 2) is effective July 1, 2000.)

Sec. 6. Minnesota Statutes 1998, section 125A.744, subdivision 3, is amended to read:

Subd. 3. [IMPLEMENTATION.] Consistent with section 256B.0625, subdivision 26, school districts may enroll as medical assistance providers or subcontractors and bill the department of human services under the medical assistance fee for service claims processing system for special education services which are covered services under chapter 256B, which are provided in the school setting for a medical assistance recipient, and for whom the district has secured informed consent consistent with section 13.05, subdivision 4, paragraph (d), and section 256B.77, subdivision 2, paragraph (p), to bill for each type of covered service. School districts shall be reimbursed by the commissioner of human services for the federal share of individual education plan health-related services that qualify for reimbursement by medical assistance, minus five percent retained by the commissioner of human services for

administrative costs. A school district is not eligible to enroll as a home care provider or a personal care provider organization for purposes of billing home care services under section 256B.0627 until the commissioner of human services issues a bulletin instructing county public health nurses on how to assess for the needs of eligible recipients during school hours. To use private duty nursing services or personal care services at school, the recipient or responsible party must provide written authorization in the care plan identifying the chosen provider and the daily amount of services to be used at school. ~~Medical assistance services for those enrolled in a prepaid health plan shall remain the responsibility of the contracted health plan subject to their network, credentialing, prior authorization, and determination of medical necessity criteria. The commissioner of human services shall adjust payments to health plans to reflect increased costs incurred by health plans due to increased payments made to school districts or new payment or delivery arrangements developed by health plans in cooperation with school districts.~~

(Effective Date: Section 6 (125A.744, subdivision 3) is effective July 1, 2000.)

Sec. 7. Minnesota Statutes 1998, 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.

(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.

(Effective Date: Section 7 (125A.76, subdivision 2) is effective July 1, 2000.)

Sec. 8. [127A.11] [MONITOR MEDICAL ASSISTANCE SERVICES FOR DISABLED STUDENTS.]

The commissioner of children, families, and learning, in cooperation with the commissioner of human services, shall monitor the costs of health-related, special education services provided by public schools.

Sec. 9. [214.045] [COORDINATION WITH BOARD OF TEACHING.]

The commissioner of health and the health-related licensing boards must coordinate with the board of teaching when modifying licensure requirements for regulated persons in order to have consistent regulatory requirements for personnel who perform services in schools.

Sec. 10. Minnesota Statutes 1998, section 245B.05, subdivision 7, is amended to read:

Subd. 7. [REPORTING INCIDENTS AND EMERGENCIES.] The license holder must report the following incidents to the consumer's legal representative, caregiver, and case manager within 24 hours of the occurrence, or within 24 hours of receipt of the information:

- (1) the death of a consumer;
- (2) any medical emergencies, unexpected serious illnesses, or accidents that require physician treatment or hospitalization;
- (3) a consumer's unauthorized absence; or
- (4) any fires and incidents involving a law enforcement agency.

Death or serious injury of the consumer must also be reported to the ~~commissioner~~ department of human services licensing division and the ombudsman, as required under sections 245.91 and 245.94, subdivision 2a.

Sec. 11. Minnesota Statutes 1998, section 245B.07, subdivision 5, is amended to read:

Subd. 5. [STAFF ORIENTATION.] (a) Within 60 days of hiring staff who provide direct service, the license holder must provide 30 hours of staff orientation. Direct care staff must complete 15 of the 30 hours orientation before providing any unsupervised direct service to a consumer. If the staff person has received orientation training from a license holder licensed under this chapter, or provides semi-independent living services only, the 15-hour requirement may be reduced to eight hours. The total orientation of 30 hours may be reduced to 15 hours if the staff person has previously received orientation training from a license holder licensed under this chapter.

(b) The 30 hours of orientation must combine supervised on-the-job training with coverage of the following material:

- (1) review of the consumer's service plans and risk management plan to achieve an understanding of the consumer as a unique individual;
- (2) review and instruction on the license holder's policies and procedures, including their location and access;

(3) emergency procedures;

(4) explanation of specific job functions, including implementing objectives from the consumer's individual service plan;

(5) explanation of responsibilities related to section 245A.65; sections 626.556 and 626.557, governing maltreatment reporting and service planning for children and vulnerable adults; and section 245.825, governing use of aversive and deprivation procedures;

(6) medication administration as it applies to the individual consumer, from a training curriculum developed by a health services professional described in section 245B.05, subdivision 5, and when the consumer meets the criteria of having overriding health care needs, then medication administration taught by a health services professional. Staff may administer medications only after they demonstrate the ability, as defined in the license holder's medication administration policy and procedures. Once a consumer with overriding health care needs is admitted, staff will be provided with remedial training as deemed necessary by the license holder and the health professional to meet the needs of that consumer.

For purposes of this section, overriding health care needs means a health care condition that affects the service options available to the consumer because the condition requires:

(i) specialized or intensive medical or nursing supervision; and

(ii) nonmedical service providers to adapt their services to accommodate the health and safety needs of the consumer;

(7) consumer rights; and

(8) other topics necessary as determined by the consumer's individual service plan or other areas identified by the license holder.

(c) The license holder must document each employee's orientation received.

Sec. 12. Minnesota Statutes 1998, section 245B.07, subdivision 8, is amended to read:

Subd. 8. [POLICIES AND PROCEDURES.] The license holder must develop and implement the policies and procedures in paragraphs (1) to (3).

(1) policies and procedures that promote consumer health and safety by ensuring:

(i) consumer safety in emergency situations as identified in section 245B.05, subdivision 7;

(ii) consumer health through sanitary practices;

(iii) safe transportation, when the license holder is responsible for transportation of consumers, with provisions for handling emergency situations;

(iv) a system of recordkeeping for both individuals and the organization, for review of incidents and emergencies, and corrective action if needed;

(v) a plan for responding to and reporting all emergencies, including deaths, medical emergencies, illnesses, accidents, missing consumers, fires, severe weather and natural disasters, bomb threats, and other threats;

(vi) safe medication administration as identified in section 245B.05, subdivision 5, incorporating an observed skill assessment to ensure that staff demonstrate the ability to administer medications consistent with the license holder's policy and procedures;

(vii) psychotropic medication monitoring when the consumer is prescribed a psychotropic medication, including the use of the psychotropic medication use checklist. If the responsibility for implementing the psychotropic medication use checklist has not been assigned in the individual service plan and the consumer lives in a licensed site, the residential license holder shall be designated; and

(viii) criteria for admission or service initiation developed by the license holder;

(2) policies and procedures that protect consumer rights and privacy by ensuring:

(i) consumer data privacy, in compliance with the Minnesota Data Practices Act, chapter 13; and

(ii) that complaint procedures provide consumers with a simple process to bring grievances and consumers receive a response to the grievance within a reasonable time period. The license holder must provide a copy of the program's grievance procedure and time lines for addressing grievances. The program's grievance procedure must permit consumers served by the program and the authorized representatives to bring a grievance to the highest level of authority in the program; and

(3) policies and procedures that promote continuity and quality of consumer supports by ensuring:

(i) continuity of care and service coordination, including provisions for service termination, temporary service suspension, and efforts made by the license holder to coordinate services with other vendors who also provide support to the consumer. The policy must include the following requirements:

(A) the license holder must notify the consumer or consumer's legal representative and the consumer's case manager in writing of the intended termination or temporary service suspension and the consumer's right to seek a temporary order staying the termination or suspension of service according to the procedures in section 256.045, subdivision 4a or subdivision 6, paragraph (c);

(B) notice of the proposed termination of services, including those situations that began with a temporary service suspension, must be given at least 60 days before the proposed termination is to become effective; ~~unless services are temporarily suspended according to the license holder's written temporary service suspension procedures, in which case notice must be given as soon as possible;~~

(C) the license holder must provide information requested by the consumer or consumer's legal representative or case manager when services are temporarily suspended or upon notice of termination;

(D) use of temporary service suspension procedures are restricted to situations in which the consumer's behavior causes immediate and serious danger to the health and safety of the individual or others;

(E) prior to giving notice of service termination or temporary service suspension, the license holder must document actions taken to minimize or eliminate the need for service termination or temporary service suspension; and

(F) during the period of temporary service suspension, the license holder will work with the appropriate county agency to develop reasonable alternatives to protect the individual and others; and

(ii) quality services measured through a program evaluation process including regular evaluations of consumer satisfaction and sharing the results of the evaluations with the consumers and legal representatives.

Sec. 13. Minnesota Statutes 1998, section 245B.07, subdivision 10, is amended to read:

Subd. 10. [CONSUMER FUNDS.] (a) The license holder must ensure that consumers retain the use and availability of personal funds or property unless restrictions are justified in the consumer's individual service plan.

(b) The license holder must ensure separation of resident consumer funds from funds of the license holder, the residential program, or program staff.

(c) Whenever the license holder assists a consumer with the safekeeping of funds or other property, the license holder must have written authorization to do so by the consumer or the consumer's legal representative, and the case manager. In addition, the license holder must:

(1) document receipt and disbursement of the consumer's funds or the property; ~~and include the signature of the consumer, conservator, or payee;~~

(2) ~~provide a statement at least quarterly itemizing annually survey, document, and implement the preferences of the consumer, consumer's legal representative, and the case manager for frequency of receiving a statement that itemizes~~ receipts and disbursements of resident consumer funds or other property; and

(3) return to the consumer upon the consumer's request, funds and property in the license holder's possession subject to restrictions in the consumer's individual service plan, as soon as possible, but no later than three working days after the date of the request.

(d) License holders and program staff must not:

(1) borrow money from a consumer;

(2) purchase personal items from a consumer;

(3) sell merchandise or personal services to a consumer;

(4) require a resident consumer to purchase items for which the license holder is eligible for reimbursement; or

(5) use resident consumer funds in a manner that would violate section 256B.04, or any rules promulgated under that section.

Sec. 14. Minnesota Statutes 1998, section 252.32, subdivision 3a, is amended to read:

Subd. 3a. [REPORTS AND ALLOCATIONS.] (a) The commissioner shall specify requirements for quarterly fiscal and annual program reports according to section 256.01, subdivision 2, paragraph (17). Program reports shall include data which will enable the commissioner to evaluate program effectiveness and to audit compliance. The commissioner shall reimburse county costs on a quarterly basis.

(b) ~~Beginning January 1, 1998,~~ The commissioner shall allocate state funds made available under this section to county social service agencies on a calendar year basis. The commissioner shall allocate to each county first in amounts equal to each county's guaranteed floor as described in clause (1), and second, any remaining funds; ~~after the allocation of funds to the newly participating counties as provided for in clause (3), shall be allocated in proportion to each county's total number of families receiving a grant on July 1 of the most recent calendar year will be allocated to county agencies to support children in their family homes.~~

(1) Each county's guaranteed floor shall be calculated as follows:

(i) 95 percent of the county's allocation received in the preceding calendar year; ~~For the calendar year 1998 allocation, the preceding calendar year shall be considered to be double the six-month allocation as provided in clause (2);~~

(ii) when the amount of funds available for allocation is less than the amount available in the preceding year, each county's previous year allocation shall be reduced in proportion to the reduction in statewide funding, for the purpose of establishing the guaranteed floor.

(2) For the period July 1, 1997, to December 31, 1997, the commissioner shall allocate to each county an amount equal to the actual, state approved grants issued to the families for the month of January 1997, multiplied by six. This six-month allocation shall be combined with the calendar year 1998 allocation and be administered as an 18-month allocation.

(3) At the commissioner's discretion, funds may be allocated to any nonparticipating county that requests an allocation under this section. Allocations to newly participating counties are dependent upon the availability of funds, as determined by the actual expenditure amount of the participating counties for the most recently completed calendar year.

(4) The commissioner shall regularly review the use of family support fund allocations by county. The commissioner may reallocate unexpended or unencumbered money at any time to those counties that have a demonstrated need for additional funding.

(c) County allocations under this section will be adjusted for transfers that occur according to section 256.476 or when the county of financial responsibility changes according to chapter 256G for eligible recipients.

Sec. 15. Minnesota Statutes 1998, section 252.46, subdivision 6, is amended to read:

Subd. 6. [VARIANCES.] (a) A variance from the minimum or maximum payment rates in subdivisions 2 and 3 may be granted by the commissioner when the vendor requests and the county board submits to the commissioner a written variance request on forms supplied by the commissioner with the recommended payment rates.

(b) A variance to the rate maximum may be utilized for costs associated with compliance with state administrative rules, compliance with court orders, capital costs required for continued licensure, increased insurance costs, start-up and conversion costs for supported employment, direct service staff salaries and benefits, transportation, and other program related costs when any of the criteria in clauses (1) to (4) is also met:

(1) change is necessary to comply with licensing citations;

(2) a licensed vendor currently serving fewer than 70 persons with payment rates of 80 percent or less of the statewide average rates and with clients meeting the behavioral or medical criteria under clause (3) approved by the commissioner as a significant program change under section 252.28;

(3) (1) A determination of need under section 252.28 is approved for a significant program change is approved by the commissioner under section 252.28 that is necessary for a vendor to provide authorized services to a new client or clients with very severe self-injurious or assaultive behavior, or medical conditions requiring delivery of physician-prescribed medical interventions requiring one-to-one staffing for at least 15 minutes each time they are performed, or to a new client or clients directly discharged to the vendor's program from a regional treatment center; or

(4) there is a need to maintain required staffing levels in order to provide authorized services approved by the commissioner under section 252.28, that is necessitated by a significant and permanent decrease in licensed capacity or clientele.

The county shall review the adequacy of services provided by vendors whose payment rates are 80 percent or more of the statewide average rates and 50 percent or more of the vendor's clients meet the behavioral or medical criteria in clause (3):

A variance under this paragraph may be approved only if the costs to the medical assistance program do not exceed the medical assistance costs for all clients served by the alternatives and all clients remaining in the existing services: one or more clients who meet one or more of the following criteria:

(a) the client is a new client and:

(i) exhibits severe behavior as indicated on the screening document;

(ii) periodically requires one-to-one staff time for at least 15 minutes at a time to deliver physician prescribed medical interventions; or

(iii) has been discharged directly to the vendor's program from a regional treatment center or the Minnesota extended treatment option.

(b) the client is an existing client who has developed one of the following changed circumstances which increases costs that are not covered by the vendor's current rate, and for whom a significant program change is necessary to ensure the continued provision of authorized services to that client:

(i) severe behavior as indicated on the screening document;

(ii) a medical condition periodically requiring one-to-one staff time for at least 15 minutes at a time to deliver physician prescribed medical interventions; or

(iii) a permanent decrease in skill functioning, as verified by medical reports or assessments.

(2) A licensing determination requires a program change that the vendor cannot comply with due to funding restraints.

(3) A determination of need under section 252.28 is approved for a significant and permanent decrease in licensed capacity and the vendor demonstrates the need to retain certain staffing levels to serve the remaining clients.

(4) In cases where conditions in clauses (1) to (3) do not apply, but a determination of need under section 252.28 is approved for an unusual circumstance which exists that significantly impacts the type or amount of services delivered, as evidenced by documentation presented by the vendor and with the concurrence of the commissioner.

~~(b)~~ (c) A variance to the rate minimum may be granted when:

(1) the county board contracts for increased services from a vendor and for some or all individuals receiving services from the vendor lower per unit fixed costs result; or

(2) when the actual costs of delivering authorized service over a 12-month contract period have decreased.

~~(c)~~ (d) The written variance request under this subdivision must include documentation that all the following criteria have been met:

(1) The commissioner and the county board have both conducted a review and have identified a need for a change in the payment rates and recommended an effective date for the change in the rate.

(2) The vendor documents efforts to reallocate current staff and any additional staffing needs cannot be met by using temporary special needs rate exceptions under Minnesota Rules, parts 9510.1020 to 9510.1140.

(3) The vendor documents that financial resources have been reallocated before applying for a variance. No variance may be granted for equipment, supplies, or other capital expenditures when depreciation expense for repair and replacement of such items is part of the current rate.

(4) For variances related to loss of clientele, the vendor documents the other program and administrative expenses, if any, that have been reduced.

(5) The county board submits verification of the conditions for which the variance is requested, a description of the nature and cost of the proposed changes, and how the county will monitor the use of money by the vendor to make necessary changes in services.

(6) The county board's recommended payment rates do not exceed 95 percent of the greater of 125 percent of the current statewide median or 125 percent of the regional average payment rates, whichever is higher, for each of the regional commission districts under sections 462.381 to 462.396 in which the vendor is located except for the following: when a variance is recommended to allow authorized service delivery to new clients with severe ~~self-injurious or assaultive~~ behaviors or with medical conditions requiring delivery of physician prescribed medical interventions, or to persons being directly discharged from a regional treatment center or Minnesota extended treatment options to the vendor's program, those persons must be assigned a payment rate of 200 percent of the current statewide average rates. All other clients receiving services from the vendor must be assigned a payment rate equal to the vendor's current rate unless the vendor's current rate exceeds 95 percent of 125 percent of the statewide median or 125 percent of the regional average payment rates, whichever is higher. When the vendor's rates exceed 95 percent of 125 percent of the statewide median or 125 percent of the regional average rates, the maximum rates assigned to all other clients must be equal to the greater of 95 percent of 125 percent of the statewide median or 125 percent of the regional average rates. The maximum payment rate that may be recommended for the vendor under these conditions is determined by multiplying the number of clients at each limit by the rate corresponding to that limit and then dividing the sum by the total number of clients.

~~(d)~~ (e) The commissioner shall have 60 calendar days from the date of the receipt of the complete request to accept or reject it, or the request shall be deemed to have been granted. If the commissioner rejects the request, the commissioner shall state in writing the specific objections to the request and the reasons for its rejection.

Sec. 16. 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" 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;

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

(3) 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;

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

(5) is a permanent resident of Minnesota as defined in section 256L.09.

Sec. 17. Minnesota Statutes 1998, section 256.955, subdivision 3, is amended to read:

Subd. 3. [PRESCRIPTION DRUG COVERAGE.] ~~Coverage under the program is limited to prescription drugs covered under the medical assistance program as described in section 256B.0625, subdivision 13, subject to a maximum deductible of \$300 annually, except drugs cleared by the FDA shall be available to qualified senior citizens enrolled in the program without restriction when prescribed for medically accepted indication as defined in the federal rebate program under section 1927 of title XIX of the federal Social Security Act. Coverage under the program shall be limited to those prescription drugs that:~~

- (1) are covered under the medical assistance program as described in section 256B.0625, subdivision 13; and
- (2) are provided by manufacturers that have fully executed senior drug rebate agreements with the commissioner and comply with such agreements.

Sec. 18. Minnesota Statutes 1998, 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. Senior citizens 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 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 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. 19. Minnesota Statutes 1998, section 256.955, subdivision 7, is amended to read:

Subd. 7. [COST SHARING.] ~~(a) Enrollees shall pay an annual premium of \$120.~~

~~(b) Program enrollees must satisfy a \$300 \$420 annual deductible, based upon expenditures for prescription drugs, to be paid as follows:~~

- ~~(1) \$25 monthly deductible for persons with a monthly spenddown, or~~
- ~~(2) \$150 biannual deductible for persons with a six-month spenddown in \$35 monthly increments.~~

Sec. 20. Minnesota Statutes 1998, section 256.955, subdivision 9, is amended to read:

Subd. 9. [PROGRAM LIMITATION.] ~~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. The commissioner shall administer the senior drug program so that the costs total no more than funds appropriated plus the drug rebate proceeds. Senior drug program rebate revenues are appropriated to the commissioner and shall be expended to augment funding of the senior 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.~~

Sec. 21. Minnesota Statutes 1998, section 256.9685, subdivision 1a, is amended to read:

Subd. 1a. [ADMINISTRATIVE RECONSIDERATION.] Notwithstanding sections 256B.04, subdivision 15, and 256D.03, subdivision 7, the commissioner shall establish an administrative reconsideration process for appeals of inpatient hospital services determined to be medically unnecessary. A physician or hospital may request a reconsideration of the decision that inpatient hospital services are not medically necessary by submitting a written request for review to the commissioner within 30 days after receiving notice of the decision. The reconsideration process shall take place prior to the procedures of subdivision 1b and shall be conducted by physicians that are independent of the case under reconsideration. A majority decision by the physicians is necessary to make a determination that the services were not medically necessary.

Sec. 22. Minnesota Statutes 1998, section 256.969, subdivision 1, is amended to read:

Subdivision 1. [HOSPITAL COST INDEX.] (a) The hospital cost index shall be the change in the Consumer Price Index-All Items (United States city average) (CPI-U) forecasted by Data Resources, Inc. The commissioner shall use the indices as forecasted in the third quarter of the calendar year prior to the rate year. The hospital cost index may be used to adjust the base year operating payment rate through the rate year on an annually compounded basis.

(b) For fiscal years beginning on or after July 1, 1993, the commissioner of human services shall not provide automatic annual inflation adjustments for hospital payment rates under medical assistance, nor under general assistance medical care, except that the inflation adjustments under paragraph (a) for medical assistance, excluding general assistance medical care, shall apply through calendar year ~~1999~~ 2001. The index for calendar year 2000 shall be reduced 2.5 percentage points to recover overprojections of the index from 1994 to 1996. The commissioner of finance shall include as a budget change request in each biennial detailed expenditure budget submitted to the legislature under section 16A.11 annual adjustments in hospital payment rates under medical assistance and general assistance medical care, based upon the hospital cost index.

Sec. 23. Minnesota Statutes 1998, section 256B.04, subdivision 16, is amended to read:

Subd. 16. [PERSONAL CARE SERVICES.] (a) Notwithstanding any contrary language in this paragraph, the commissioner of human services and the commissioner of health shall jointly promulgate rules to be applied to the licensure of personal care services provided under the medical assistance program. The rules shall consider standards for personal care services that are based on the World Institute on Disability's recommendations regarding personal care services. These rules shall at a minimum consider the standards and requirements adopted by the commissioner of health under section 144A.45, which the commissioner of human services determines are applicable to the provision of personal care services, in addition to other standards or modifications which the commissioner of human services determines are appropriate.

The commissioner of human services shall establish an advisory group including personal care consumers and providers to provide advice regarding which standards or modifications should be adopted. The advisory group membership must include not less than 15 members, of which at least 60 percent must be consumers of personal care services and representatives of recipients with various disabilities and diagnoses and ages. At least 51 percent of the members of the advisory group must be recipients of personal care.

The commissioner of human services may contract with the commissioner of health to enforce the jointly promulgated licensure rules for personal care service providers.

Prior to final promulgation of the joint rule the commissioner of human services shall report preliminary findings along with any comments of the advisory group and a plan for monitoring and enforcement by the department of health to the legislature by February 15, 1992.

Limits on the extent of personal care services that may be provided to an individual must be based on the cost-effectiveness of the services in relation to the costs of inpatient hospital care, nursing home care, and other available types of care. The rules must provide, at a minimum:

(1) that agencies be selected to contract with or employ and train staff to provide and supervise the provision of personal care services;

(2) that agencies employ or contract with a qualified applicant that a qualified recipient proposes to the agency as the recipient's choice of assistant;

(3) that agencies bill the medical assistance program for a personal care service by a personal care assistant and supervision by ~~the registered nurse~~ a qualified professional supervising the personal care assistant unless the recipient selects the fiscal agent option under section 256B.0627, subdivision 10;

(4) that agencies establish a grievance mechanism; and

(5) that agencies have a quality assurance program.

(b) The commissioner may waive the requirement for the provision of personal care services through an agency in a particular county, when there are less than two agencies providing services in that county and shall waive the requirement for personal care assistants required to join an agency for the first time during 1993 when personal care services are provided under a relative hardship waiver under section 256B.0627, subdivision 4, paragraph (b), clause (7), and at least two agencies providing personal care services have refused to employ or contract with the independent personal care assistant.

Sec. 24. Minnesota Statutes 1998, section 256B.04, is amended by adding a subdivision to read:

Subd. 19. [PERFORMANCE DATA REPORTING UNIT.] The commissioner of human services shall establish a performance data reporting unit that serves counties and the state. The department shall support this unit and provide technical assistance and access to the data warehouse. The performance data reporting unit, which will operate within the department's central office and consist of both county and department staff, shall provide performance data reports to individual counties, share expertise from counties and the department perspective, and participate in joint planning to link with county databases and other county data sources in order to provide information on services provided to public clients from state, federal, and county funding sources. The unit shall provide counties both individual and group summary level standard or unique reports on health care eligibility and services provided to clients for whom they have financial responsibility.

Sec. 25. Minnesota Statutes 1998, section 256B.055, subdivision 3a, is amended to read:

Subd. 3a. [MFIP-S FAMILIES; FAMILIES ELIGIBLE UNDER PRIOR AFDC RULES.] (a) Beginning January 1, 1998, or on the date that MFIP-S is implemented in counties, medical assistance may be paid for a person receiving public assistance under the MFIP-S program.

(b) Beginning January 1, 1998, medical assistance may be paid for a person who would have been eligible for public assistance under the income and resource standards ~~and deprivation requirements~~, or who would have been eligible but for excess income or assets, under the state's AFDC plan in effect as of July 16, 1996, as required by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), Public Law Number 104-193.

Sec. 26. Minnesota Statutes 1998, section 256B.056, subdivision 4, is amended to read:

Subd. 4. [INCOME.] To be eligible for medical assistance, a person eligible under section 256B.055, subdivision 7, not receiving supplemental security income program payments, and families and children may have an income up to 133-1/3 percent of the AFDC income standard in effect under the July 16, 1996, AFDC state plan. ~~For rate years beginning on or after July 1, 1999, the commissioner shall consider increasing the base AFDC~~

~~standard in effect July 16, 1996, by an amount equal to the percent change in the Consumer Price Index for All Urban Consumers for the previous October compared to one year earlier. Effective July 1, 1999, the base AFDC standard in effect on July 16, 1996, shall be increased by an amount equal to the percentage increase in the Consumer Price Index for all urban consumers for July 1996 through April 1999. Effective January 1, 2000, and each successive January, recipients of supplemental security income may have an income up to the supplemental security income standard in effect on that date.~~ In computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income as required by Public Law Numbers 94-566, section 503; 99-272; and 99-509. Veterans aid and attendance benefits and Veterans Administration unusual medical expense payments are considered income to the recipient.

Sec. 27. Minnesota Statutes 1998, section 256B.057, is amended by adding a subdivision to read:

Subd. 9. [EMPLOYED PERSONS WITH DISABILITIES.] (a) Medical assistance may be paid for a person who is employed; who, except for income or assets, would be eligible for the supplemental security income program; whose assets do not exceed \$20,000, excluding retirement accounts, medical savings accounts, and all assets excluded under the supplemental security income program; and who pays a premium, if required. Any spousal income or assets shall be disregarded for purposes of eligibility and premium determinations.

(b) A person whose earned and unearned income is equal to or greater than 200 percent of federal poverty guidelines for the applicable family size must pay a premium to be eligible for medical assistance. The premium shall be equal to ten percent of the person's gross earned and unearned income above 200 percent of federal poverty guidelines for the applicable family size up to the cost of coverage.

(c) A person's eligibility and premium shall be determined by the local county agency. Premiums must be paid to the commissioner. All premiums are dedicated to the commissioner.

(d) Any required premium shall be determined at application and redetermined annually at recertification or when a change in income occurs.

(e) The first premium payment is due upon notification from the commissioner of the premium amount required. Premiums may be paid in installments at the discretion of the commissioner.

(f) Nonpayment of the premium shall result in denial or termination of medical assistance unless the person demonstrates good cause for nonpayment. Nonpayment shall include payment with a dishonored instrument. If payment is made with a dishonored instrument, the commissioner may demand a guaranteed form of payment.

Sec. 28. Minnesota Statutes 1998, section 256B.0575, is amended to read:

256B.0575 [AVAILABILITY OF INCOME FOR INSTITUTIONALIZED PERSONS.]

When an institutionalized person is determined eligible for medical assistance, the income that exceeds the deductions in paragraphs (a) and (b) must be applied to the cost of institutional care.

(a) The following amounts must be deducted from the institutionalized person's income in the following order:

(1) the personal needs allowance under section 256B.35 or, for a veteran who does not have a spouse or child, or a surviving spouse of a veteran having no child, the amount of an improved pension received from the veteran's administration not exceeding \$90 per month;

(2) the personal allowance for disabled individuals under section 256B.36;

(3) if the institutionalized person has a legally appointed guardian or conservator, five percent of the recipient's gross monthly income up to \$100 as reimbursement for guardianship or conservatorship services;

(4) a monthly income allowance determined under section 256B.058, subdivision 2, but only to the extent income of the institutionalized spouse is made available to the community spouse;

(5) a monthly allowance for children under age 18 which, together with the net income of the children, would provide income equal to the medical assistance standard for families and children according to section 256B.056, subdivision 4, for a family size that includes only the minor children. This deduction applies only if the children do not live with the community spouse and only to the extent that the deduction is not included in the personal needs allowance under section 256B.35, subdivision 1, as child support garnished under a court order;

(6) a monthly family allowance for other family members, equal to one-third of the difference between 122 percent of the federal poverty guidelines and the monthly income for that family member;

(7) reparations payments made by the Federal Republic of Germany and reparations payments made by the Netherlands for victims of Nazi persecution between 1940 and 1945; ~~and~~

(8) all other exclusions from income for institutionalized persons as mandated by federal law; and

~~(8)~~ (9) amounts for reasonable expenses incurred for necessary medical or remedial care for the institutionalized spouse that are not medical assistance covered expenses and that are not subject to payment by a third party.

For purposes of clause (6), "other family member" means a person who resides with the community spouse and who is a minor or dependent child, dependent parent, or dependent sibling of either spouse. "Dependent" means a person who could be claimed as a dependent for federal income tax purposes under the Internal Revenue Code.

(b) Income shall be allocated to an institutionalized person for a period of up to three calendar months, in an amount equal to the medical assistance standard for a family size of one if:

(1) a physician certifies that the person is expected to reside in the long-term care facility for three calendar months or less;

(2) if the person has expenses of maintaining a residence in the community; and

(3) if one of the following circumstances apply:

(i) the person was not living together with a spouse or a family member as defined in paragraph (a) when the person entered a long-term care facility; or

(ii) the person and the person's spouse become institutionalized on the same date, in which case the allocation shall be applied to the income of one of the spouses.

For purposes of this paragraph, a person is determined to be residing in a licensed nursing home, regional treatment center, or medical institution if the person is expected to remain for a period of one full calendar month or more.

Sec. 29. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 3b. [TELEMEDICINE CONSULTATIONS.] (a) Medical assistance covers telemedicine consultations. Telemedicine consultations may be made via two-way, interactive video or store-and-forward technology. Store-and-forward technology includes telemedicine consultations that do not occur in real time via synchronous transmissions, and that do not require a face-to-face encounter with the patient for all or any part of any such telemedicine consultation. The patient record must include a written opinion from the consulting physician providing the telemedicine consultation. A communication between two physicians that consists solely of a telephone conversation is not a telemedicine consultation. Coverage is limited to three telemedicine consultations per recipient per calendar week. Telemedicine consultations will be paid at the full allowable.

(b) This subdivision expires July 1, 2001.

Sec. 30. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 3c. [CONSULTATION SERVICES BY PHYSICIANS SPECIALIZING IN CHILD ABUSE AND NEGLECT.] (a) Medical assistance covers consultation services by physicians specializing in child abuse and neglect. Alternative media formats may be used when the patient is a child being examined for potential abuse or neglect, the consulting physician is a specialist in child abuse and neglect, and the use of two-way, interactive video or the occurrence of a second exam would be medically counter indicated for the child.

(b) This subdivision expires July 1, 2001.

Sec. 31. Minnesota Statutes 1998, section 256B.0625, subdivision 6a, is amended to read:

Subd. 6a. [HOME HEALTH SERVICES.] Home health services are those services specified in Minnesota Rules, part 9505.0290. Medical assistance covers home health services at a recipient's home residence. Medical assistance does not cover home health services for residents of a hospital, nursing facility, ~~or intermediate care facility, or a health care facility licensed by the commissioner of health, unless the program is funded under a home and community-based services waiver~~ or unless the commissioner of human services has prior authorized skilled nurse visits for less than 90 days for a resident at an intermediate care facility for persons with mental retardation, to prevent an admission to a hospital or nursing facility or unless a resident who is otherwise eligible is on leave from the facility and the facility either pays for the home health services or forgoes the facility per diem for the leave days that home health services are used. Home health services must be provided by a Medicare certified home health agency. All nursing and home health aide services must be provided according to section 256B.0627.

Sec. 32. Minnesota Statutes 1998, section 256B.0625, subdivision 8, is amended to read:

Subd. 8. [PHYSICAL THERAPY.] Medical assistance covers physical therapy and related services, including specialized maintenance therapy. Services provided by a physical therapy assistant shall be reimbursed at the same rate as services performed by a physical therapist when the services of the physical therapy assistant are provided under the direction of a physical therapist who is on the premises. Services provided by a physical therapy assistant that are provided under the direction of a physical therapist who is not on the premises shall be reimbursed at 65 percent of the physical therapist rate.

Sec. 33. Minnesota Statutes 1998, section 256B.0625, subdivision 8a, is amended to read:

Subd. 8a. [OCCUPATIONAL THERAPY.] Medical assistance covers occupational therapy and related services, including specialized maintenance therapy. Services provided by an occupational therapy assistant shall be reimbursed at the same rate as services performed by an occupational therapist when the services of the occupational therapy assistant are provided under the direction of the occupational therapist who is on the premises. Services provided by an occupational therapy assistant that are provided under the direction of an occupational therapist who is not on the premises shall be reimbursed at 65 percent of the occupational therapist rate.

Sec. 34. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 8b. [SPEECH LANGUAGE PATHOLOGY SERVICES.] Medical assistance covers speech language pathology and related services, including specialized maintenance therapy.

Sec. 35. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 8c. [REHABILITATION SERVICES.] Effective July 1, 1999, annual thresholds for provision of rehabilitation services described in subdivisions 8, 8a, and 8b will be the same in amount and description as the thresholds prescribed by the department of human services health care programs provider manual for calendar year 1997, and they will include sensory skills and cognitive training skills.

Sec. 36. Minnesota Statutes 1998, section 256B.0625, subdivision 13, is amended to read:

Subd. 13. [DRUGS.] (a) Medical assistance covers drugs, except for fertility drugs when specifically used to enhance fertility, if prescribed by a licensed practitioner and dispensed by a licensed pharmacist, by a physician enrolled in the medical assistance program as a dispensing physician, or by a physician or a nurse practitioner employed by or under contract with a community health board as defined in section 145A.02, subdivision 5, for the purposes of communicable disease control. The commissioner, after receiving recommendations from professional medical associations and professional pharmacist associations, shall designate a formulary committee to advise the commissioner on the names of drugs for which payment is made, recommend a system for reimbursing providers on a set fee or charge basis rather than the present system, and develop methods encouraging use of generic drugs when they are less expensive and equally effective as trademark drugs. The formulary committee shall consist of nine members, four of whom shall be physicians who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, three of whom shall be pharmacists who are not employed by the department of human services, and a majority of whose practice is for persons paying privately or through health insurance, a consumer representative, and a nursing home representative. Committee members shall serve three-year terms and shall serve without compensation. Members may be reappointed once.

(b) The commissioner shall establish a drug formulary. Its establishment and publication shall not be subject to the requirements of the Administrative Procedure Act, but the formulary committee shall review and comment on the formulary contents. The formulary committee shall review and recommend drugs which require prior authorization. The formulary committee may recommend drugs for prior authorization directly to the commissioner, as long as opportunity for public input is provided. Prior authorization may be requested by the commissioner based on medical and clinical criteria before certain drugs are eligible for payment. Before a drug may be considered for prior authorization at the request of the commissioner:

(1) the drug formulary committee must develop criteria to be used for identifying drugs; the development of these criteria is not subject to the requirements of chapter 14, but the formulary committee shall provide opportunity for public input in developing criteria;

(2) the drug formulary committee must hold a public forum and receive public comment for an additional 15 days; and

(3) the commissioner must provide information to the formulary committee on the impact that placing the drug on prior authorization will have on the quality of patient care and information regarding whether the drug is subject to clinical abuse or misuse. Prior authorization may be required by the commissioner before certain formulary drugs are eligible for payment. The formulary shall not include:

(i) drugs or products for which there is no federal funding;

(ii) over-the-counter drugs, except for antacids, acetaminophen, family planning products, aspirin, insulin, products for the treatment of lice, vitamins for adults with documented vitamin deficiencies, vitamins for children under the age of seven and pregnant or nursing women, and any other over-the-counter drug identified by the commissioner, in consultation with the drug formulary committee, as necessary, appropriate, and cost-effective for the treatment of certain specified chronic diseases, conditions or disorders, and this determination shall not be subject to the requirements of chapter 14;

(iii) anorectics;

(iv) drugs for which medical value has not been established; and

(v) drugs from manufacturers who have not signed a rebate agreement with the Department of Health and Human Services pursuant to section 1927 of title XIX of the Social Security Act ~~and who have not signed an agreement with the state for drugs purchased pursuant to the senior citizen drug program established under section 256.955.~~

The commissioner shall publish conditions for prohibiting payment for specific drugs after considering the formulary committee's recommendations.

(c) The basis for determining the amount of payment shall be the lower of the actual acquisition costs of the drugs plus a fixed dispensing fee; the maximum allowable cost set by the federal government or by the commissioner plus the fixed dispensing fee; or the usual and customary price charged to the public. The pharmacy dispensing fee shall be \$3.65. Actual acquisition cost includes quantity and other special discounts except time and cash discounts. The actual acquisition cost of a drug shall be estimated by the commissioner, at average wholesale price minus nine percent. The maximum allowable cost of a multisource drug may be set by the commissioner and it shall be comparable to, but no higher than, the maximum amount paid by other third-party payors in this state who have maximum allowable cost programs. Establishment of the amount of payment for drugs shall not be subject to the requirements of the Administrative Procedure Act. An additional dispensing fee of \$.30 may be added to the dispensing fee paid to pharmacists for legend drug prescriptions dispensed to residents of long-term care facilities when a unit dose blister card system, approved by the department, is used. Under this type of dispensing system, the pharmacist must dispense a 30-day supply of drug. The National Drug Code (NDC) from the drug container used to fill the blister card must be identified on the claim to the department. The unit dose blister card containing the drug must meet the packaging standards set forth in Minnesota Rules, part 6800.2700, that govern the return of unused drugs to the pharmacy for reuse. The pharmacy provider will be required to credit the department for the actual acquisition cost of all unused drugs that are eligible for reuse. Over-the-counter medications must be dispensed in the manufacturer's unopened package. The commissioner may permit the drug clozapine to be dispensed in a quantity that is less than a 30-day supply. Whenever a generically equivalent product is available, payment shall be on the basis of the actual acquisition cost of the generic drug, unless the prescriber specifically indicates "dispense as written - brand necessary" on the prescription as required by section 151.21, subdivision 2.

(d) For purposes of this subdivision, "multisource drugs" means covered outpatient drugs, excluding innovator multisource drugs, for which there are two or more drug products which:

(i) are related as therapeutically equivalent under the Food and Drug Administration's most recent publication of "Approved Drug Products with Therapeutic Equivalence Evaluations";

(ii) are pharmaceutically equivalent and bioequivalent as determined by the Food and Drug Administration; and

(iii) are sold or marketed in Minnesota.

"Innovator multisource drug" means a multisource drug that was originally marketed under an original new drug application approved by the Food and Drug Administration.

Sec. 37. Minnesota Statutes 1998, section 256B.0625, subdivision 17, is amended to read:

Subd. 17. [TRANSPORTATION COSTS.] (a) Medical assistance covers transportation costs incurred solely for obtaining emergency medical care or transportation costs incurred by nonambulatory persons in obtaining emergency or nonemergency medical care when paid directly to an ambulance company, common carrier, or other recognized providers of transportation services. For the purpose of this subdivision, a person who is incapable of transport by taxicab or bus shall be considered to be nonambulatory.

(b) Medical assistance covers special transportation, as defined in Minnesota Rules, part 9505.0315, subpart 1, item F, if the provider receives and maintains a current physician's order by the recipient's attending physician certifying that the recipient has a physical or mental impairment that would prohibit the recipient from safely accessing and using a bus, taxi, other commercial transportation, or private automobile. Special transportation includes driver-assisted service to eligible individuals. Driver-assisted service includes passenger pickup at and return to the individual's residence or place of business, assistance with admittance of the individual to the medical facility, and assistance in passenger securement or in securing of wheelchairs or stretchers in the vehicle. The commissioner shall establish maximum medical assistance reimbursement rates for special transportation services for persons who need a wheelchair lift van or stretcher-equipped vehicle and for those who do not need a wheelchair lift van or stretcher-equipped vehicle. The average of these two rates per trip must not exceed ~~\$15~~ \$15.50 for the base rate and ~~\$1.20~~ \$1.25 per mile. Special transportation provided to nonambulatory persons who do not need a wheelchair lift van or stretcher-equipped vehicle, may be reimbursed at a lower rate than special transportation provided to persons who need a wheelchair lift van or stretcher-equipped vehicle.