

STATE OF MINNESOTA

EIGHTY-FIRST SESSION — 2000

 ONE HUNDRED SEVENTEENTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, MAY 9, 2000

The House of Representatives convened at 11:00 a.m. and was called to order by Steve Sviggum, Speaker of the House.

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

A quorum was present.

Orfield and Wolf were excused.

Seagren was excused until 12:10 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Kubly 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 CHIEF CLERK

S. F. No. 3100 and H. F. No. 3349, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Skoe moved that the rules be so far suspended that S. F. No. 3100 be substituted for H. F. No. 3349 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 5, 2000

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

Dear Speaker Sviggum:

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

H. F. No. 2833, relating to crime; authorizing certain behavioral data on students to be disclosed to the juvenile justice system; providing that when a juvenile has been adjudicated delinquent for certain violations of criminal law that the disposition order shall be shared with certain school officials, law enforcement, and specified others; providing for data sharing between probation officers and school officials for juveniles on probation.

Sincerely,

JESSE VENTURA
Governor

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

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

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

<i>S.F. No.</i>	<i>H.F. No.</i>	<i>Session Laws Chapter No.</i>	<i>Time and Date Approved 2000</i>	<i>Date Filed 2000</i>
	2833	451	10:47 a.m. May 5	May 5
3300		452	10:47 a.m. May 5	May 5
3386		453	10:46 a.m. May 5	May 5
2570		454	10:49 a.m. May 5	May 5
2521		455	10:50 a.m. May 5	May 5
1870		456	10:50 a.m. May 5	May 5
3257		457	10:51 a.m. May 5	May 5

Sincerely,

MARY KIFFMEYER
Secretary of State

REPORTS OF STANDING COMMITTEES

Pawlenty from the Committee on Rules and Legislative Administration to which was referred:

S. F. No. 2693, A bill for an act relating to taxation; making technical and administrative changes and corrections to certain tax and revenue recapture provisions; authorizing the attorney general to compromise certain fees, surcharges, and assessments; amending Minnesota Statutes 1998, sections 8.30; 270.072, subdivision 2, and by adding a subdivision; 270A.07, subdivision 1; 273.111, subdivision 3; 289A.20, subdivision 2; 289A.26, subdivision 1; 289A.60, subdivision 14; 290.01, subdivision 19c; 290.015, subdivisions 1, 3, and 4; 290.06, subdivision 22; 290.92, subdivisions 3, 28, and 29; 295.58; 296A.03, subdivision 5; 296A.21, subdivisions 2 and 3; 296A.22, subdivision 6; 297A.25, subdivision 34; 297B.03; 297F.01, subdivisions 7, 14, and by adding subdivisions; and 297F.13, subdivision 4; Minnesota Statutes 1999 Supplement, sections 270A.07, subdivision 2; 273.13, subdivision 24; 287.01, subdivision 2; 289A.20, subdivision 4; 289A.55, subdivision 9; 298.24, subdivision 1; and

477A.03, subdivision 2; Laws 1988, chapter 645, section 3, as amended; Laws 1999, chapters 112, section 1, subdivision 1; 243, articles 1, section 2; 6, section 18; repealing Minnesota Statutes 1998, sections 270.072, subdivision 5; 270.075, subdivisions 3 and 4; 270.083; 273.127; and 273.1316.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 297F.01, subdivision 7, is amended to read:

Subd. 7. [CONSUMER.] "Consumer" means ~~any person~~ an individual who has title to or possession of cigarettes or tobacco products ~~in storage, for use or other~~ personal consumption ~~in this state~~ rather than for sale.

Sec. 2. Minnesota Statutes 1998, section 297F.01, is amended by adding a subdivision to read:

Subd. 9a. [INVOICE.] "Invoice" means a detailed list of cigarettes and tobacco products purchased or sold in this state that contains the following information:

(1) name of seller;

(2) name of purchaser;

(3) date of sale;

(4) invoice number;

(5) itemized list of goods sold including brands of cigarettes and number of cartons of each brand, unit price, and identification of tobacco products by name, quantity, and unit price; and

(6) any rebates, discounts, or other reductions.

Sec. 3. Minnesota Statutes 1998, section 297F.01, subdivision 14, is amended to read:

Subd. 14. [RETAILER.] "Retailer" means a person required to be licensed under chapter 461 engaged in this state in the business of selling, or offering to sell, cigarettes or tobacco products to consumers.

Sec. 4. Minnesota Statutes 1998, section 297F.01, subdivision 17, is amended to read:

Subd. 17. [STAMP.] "Stamp" means the adhesive stamp supplied by the commissioner of revenue for use on cigarette packages or any other indicia adopted by the commissioner to indicate that the tax has been paid.

Sec. 5. Minnesota Statutes 1998, section 297F.01, is amended by adding a subdivision to read:

Subd. 21a. [UNLICENSED SELLER.] "Unlicensed seller" means anyone who is not licensed under section 297F.03 or 461.12 to sell the particular product to the purchaser or possessor of the product.

Sec. 6. Minnesota Statutes 1998, section 297F.08, subdivision 2, is amended to read:

Subd. 2. [TAX DUE; CIGARETTES.] Notwithstanding any other provisions of this chapter, the tax due on the return is based upon actual ~~heat-applied~~ stamps purchased during the reporting period.

Sec. 7. Minnesota Statutes 1998, section 297F.08, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF PROCEEDS.] The commissioner shall use the amounts appropriated by law to purchase ~~heat-applied~~ stamps for resale. The commissioner shall charge the purchasers for the costs of the stamps along with the tax value plus shipping costs. The costs recovered along with shipping costs must be deposited into the general fund.

Sec. 8. Minnesota Statutes 1998, section 297F.08, subdivision 8, is amended to read:

Subd. 8. [SALE OF STAMPS.] The commissioner may sell ~~heat-applied~~ stamps on a credit basis under conditions prescribed by the commissioner. The commissioner shall sell the stamps at a price which includes the tax after giving effect to the discount provided in subdivision 7. The commissioner shall recover the actual costs of the stamps from the distributor. The commissioner shall annually establish the maximum amount of ~~heat-applied~~ stamps that may be purchased each month.

Sec. 9. Minnesota Statutes 1999 Supplement, section 297F.08, subdivision 8a, is amended to read:

Subd. 8a. [REVOLVING ACCOUNT.] A ~~heat-applied~~ cigarette tax stamp revolving account is created. The commissioner shall use the amounts in this fund to purchase ~~heat-applied~~ stamps for resale. The commissioner shall charge distributors for the tax value of the stamps they receive along with the commissioner's cost to purchase the stamps and ship them to the distributor. The stamp purchase and shipping costs recovered must be credited to the revolving account and are appropriated to the commissioner for the further purchases and shipping costs. The revolving account is initially funded by a \$40,000 transfer from the department of revenue.

Sec. 10. Minnesota Statutes 1998, section 297F.08, subdivision 9, is amended to read:

Subd. 9. [TAX STAMPING MACHINES.] The commissioner shall require any person licensed as a distributor to stamp packages with a ~~heat-applied~~ tax stamping machine, approved by the commissioner, which shall be provided by the distributor. The commissioner shall also supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 7. If the commissioner finds that a stamping machine is not affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

Sec. 11. Minnesota Statutes 1998, section 297F.13, subdivision 4, is amended to read:

Subd. 4. [RETAILER AND SUBJOBBER TO PRESERVE PURCHASE INVOICES.] Every retailer and subjobber shall procure itemized invoices of all cigarettes or tobacco products purchased. ~~The invoices shall show the name and address of the seller and the date of purchase.~~

The retailer and subjobber shall preserve a legible copy of each invoice for one year from the date of ~~purchase the invoice.~~ The retailer and subjobber shall preserve copies of the invoices at each retail location or at a central location provided that the invoice must be produced and made available at a retail location within one hour when requested by the commissioner or duly authorized agents and employees. Copies should be numbered and kept in chronological order.

To determine whether the business is in compliance with the provisions of this chapter and sections 325D.30 to 325D.42, at any time during usual business hours, the commissioner, or duly authorized agents and employees, may enter any place of business of a retailer or subjobber without a search warrant and inspect the premises, the records required to be kept under this chapter, and the packages of cigarettes, tobacco products, and vending devices contained on the premises.

Sec. 12. Minnesota Statutes 1998, section 297F.21, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are declared to be contraband and therefore subject to civil and criminal penalties under this chapter:

(a) Cigarette packages which do not have stamps affixed to them as provided in this chapter, including but not limited to (i) packages with illegible stamps and packages with stamps that are not complete or whole even if the stamps are legible, and (ii) all devices for the vending of cigarettes in which packages as defined in item (i) are found, including all contents contained within the devices.

(b) A device for the vending of cigarettes and all packages of cigarettes, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp required by this chapter, it shall be presumed that all packages contained in the device are unstamped and contraband.

(c) A device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents. In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(d) A device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.

(e) A device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (a).

(f) Cigarette packages or tobacco products obtained from an unlicensed seller.

(g) Cigarette packages offered for sale or held as inventory in violation of section 297F.20, subdivision 7.

(h) Tobacco products on which the tax has not been paid by a licensed distributor.

(i) Any cigarette packages or tobacco products offered for sale or held as inventory for which there is not an invoice from a licensed seller as required under section 297F.13, subdivision 4.

(j) Cigarette packages which have been imported into the United States in violation of United States Code, title 26, section 5754. All cigarettes held in violation of that section shall be presumed to have entered the United States after December 31, 1999, in the absence of proof to the contrary.

Sec. 13. Minnesota Statutes 1998, section 297F.21, subdivision 3, is amended to read:

Subd. 3. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.]

(a) Within ten days after the seizure of any alleged contraband, the person making the seizure shall make available an inventory of the property seized to the person from whom the seizure was made, if known, and file a copy with the commissioner. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an interest in the property may file with the commissioner a demand for a judicial determination of the question as to whether the property was lawfully subject to seizure and forfeiture. The commissioner, within 60 days, shall institute an action in the district court of the county where the seizure was made to determine the issue of forfeiture. The court shall decide whether the alleged contraband is contraband, as defined in subdivision 1.

(b) The action must be brought in the name of the state and must be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and shall try and determine the issues of fact and law involved.

(c) When a judgment of forfeiture is entered, the commissioner may, unless the judgment is stayed pending an appeal, either:

- (1) deliver the forfeited property to the commissioner of human services for use by patients in state institutions;
- (2) cause it to be destroyed; or
- (3) cause it to be sold at public auction as provided by law.

(d) If a demand for judicial determination is made and no action commenced as provided in this subdivision, the property must be released by the commissioner and returned to the person entitled to it. If no demand is made, the property seized is considered forfeited to the state by operation of law and may be disposed of by the commissioner as provided in the case of a judgment of forfeiture. ~~When the commissioner is satisfied that a person from whom property is seized was acting in good faith and without intent to evade the tax imposed by this chapter, the commissioner shall release the property seized without further legal proceedings.~~

Sec. 14. [325D.091] [UNLAWFUL CIGARETTE TRADE PRACTICES.]

Subdivision 1. [PROHIBITIONS.] (a) It is unlawful for any person to sell or distribute in this state; to acquire, hold, own, possess, or transport, for sale or distribution in this state; or to import, or cause to be imported, into this state for sale or distribution in this state, any cigarettes:

(1) the package of which:

(i) bears any statement, label, stamp, sticker, or notice indicating that the manufacturer did not intend the cigarettes to be sold, distributed, or used in the United States, including, but not limited to, labels stating "For Export Only," "U.S. Tax-Exempt," "For Use Outside U.S.," or similar wording; or

(ii) does not comply with all requirements imposed by or pursuant to federal law regarding warnings and other information on packages of cigarettes manufactured, packaged, or imported for sale, distribution, or use in the United States, including, but not limited to, the precise warning labels specified in the federal Cigarette Labeling and Advertising Act, United States Code, title 15, section 1333;

(2) imported into the United States in violation of United States Code, title 26, section 5754, or any other federal law or regulation; or

(3) for which there has not been submitted to the secretary of the United States Department of Health and Human Services the list or lists of the ingredients added to tobacco in the manufacture of the cigarettes required by the federal Cigarette Labeling and Advertising Act, United States Code, title 15, section 1335a.

(b) It is unlawful for any person to alter the package of any cigarettes, prior to sale or distribution to the ultimate consumer, so as to remove, conceal, or obscure:

(1) any statement, label, stamp, sticker, or notice described in paragraph (a), clause (1), item (i); or

(2) any health warning that is not specified in, or does not conform with the requirements of the federal Cigarette Labeling and Advertising Act, United States Code, title 15, section 1333.

(c) If cigarettes are sold or distributed under any trade name, trade dress, or trademark that is the same as, or is confusingly similar to, any trade name, trade dress, or trademark used for other cigarettes previously sold or distributed, it is unlawful for a wholesaler, as defined in section 325D.32, subdivision 4, or a retailer, as defined in section 325D.32, subdivision 5, to sell the cigarettes at a price lower than the minimum price presently permitted under sections 325D.30 to 325D.42 for the cigarettes which were previously sold or distributed in this state. For purposes of this subdivision, "previously sold or distributed" means cigarettes using a trade name, trade dress, or trademark that were sold or distributed in this state before January 1, 1998. No provision of sections 325D.30 to 325D.42 authorizes or permits sales of cigarettes, subject to this paragraph, at prices lower than the minimum prices under this paragraph. The commissioner of revenue is not responsible for enforcing this paragraph. None of the enforcement mechanisms or remedies under sections 325D.30 to 325D.42 apply to violations of this paragraph.

Subd. 2. [PRIVATE CAUSE OF ACTION.] (a) In addition to any other private remedy provided by law, any person that sustains economic damages or commercial injury as a result of any violation of subdivision 1 may bring an action for appropriate injunctive or other equitable relief, actual damages, if any, sustained by reason of the violation, and, as determined by the court, interest on the damages from the date of the complaint, taxable costs, and reasonable attorney fees.

(b) If the trier of fact finds that the violation is egregious, it may increase the recovery to an amount not in excess of three times the actual damages sustained by reason of the violation. The trier of fact may, in addition, award exemplary damages for violations of subdivision 1, paragraph (c), equal to the difference between the permitted legal price and the actual price for the sales.

Subd. 3. [APPLICABILITY.] This section does not apply to cigarettes imported or reimported into the United States for personal use and cigarettes sold or intended to be sold as duty-free merchandise by a duty-free sales enterprise in accordance with the provisions of United States Code, title 19, section 1555(b), and any implementing regulations; unless the cigarettes are brought back into the customs territory for resale within the customs territory.

Subd. 4. [VIOLATION.] A violation of this section is a misdemeanor.

Sec. 15. [EFFECTIVE DATE.]

Sections 2, 11, and 14 are effective July 1, 2000. The rest of this act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to taxation and regulation of cigarettes and tobacco; making technical and administrative changes in the tobacco tax; defining terms; authorizing the use of heat applied stamps; defining contraband; prohibiting sales of certain cigarettes; providing a private cause of action for violations; amending Minnesota Statutes 1998, sections 297F.01, subdivisions 7, 14, 17, and by adding subdivisions; 297F.08, subdivisions 2, 5, 8, and 9; 297F.13, subdivision 4; 297F.21, subdivisions 1 and 3; Minnesota Statutes 1999 Supplement, section 297F.08, subdivision 8a; proposing coding for new law in Minnesota Statutes, chapter 325D."

With the recommendation that when so amended the bill pass.

The report was adopted.

Pawlenty from the Committee on Rules and Legislative Administration to which was referred:

H. F. No. 4147, A bill for an act proposing an amendment to the Minnesota Constitution; providing for a unicameral legislature; changing article IV; article V, sections 3 and 5; article VIII, sections 1 and 6; article IX, sections 1 and 2; and article XI, section 5; amending Minnesota Statutes 1998, sections 2.021; and 2.031, subdivision 1.

Reported the same back with the following amendments:

Page 3, line 1, strike everything after "effect"

Page 3, lines 2 and 3, strike the old language and delete the new language and insert "until the beginning of the next biennial session of the legislature."

Page 3, line 8, before "they" insert "in the legislature"

Page 10, line 4, before the question mark, insert ", and that the four-year term of members of the legislature be overlapped so that some of the members stand for election every two years"

Amend the title as follows:

Page 1, line 3, after "legislature" insert "with overlapped terms"

With the recommendation that when so amended the bill pass.

MINORITY REPORT

May 9, 2000

We, the undersigned, being a minority of the Committee on Rules and Legislative Administration, recommend that H. F. No. 4147 be re-referred to the Committee on Ways and Means, without recommendation.

Signed:

JOHN TUMA
LOREN SOLBERG

CALL OF THE HOUSE

On the motion of Bishop and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

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

Solberg	Swapinski	Tomassoni	Vandev eer	Westfall	Spk. Sviggum
Stanek	Swenson	Trimble	Wagenius	Westrom	
Stang	Sykora	Tuma	Wenzel	Wilkin	
Storm	Tingelstad	Tunheim	Westerberg	Winter	

Abrams moved that further proceedings of the roll call be suspended and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

Tuma and Solberg moved that the Minority Report on H. F. No. 4147 be substituted for the Majority Report and that the Minority Report be now adopted.

A roll call was requested and properly seconded.

The Speaker called Abrams to the Chair.

The question recurred on the Tuma and Solberg motion and the roll was called.

Pawlenty moved that those not voting be excused from voting. The motion prevailed.

There were 76 yeas and 54 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Dorn	Holberg	Leppik	Otremba	Swapinski
Anderson, I.	Entenza	Huntley	Lieder	Paymar	Swenson
Bakk	Erhardt	Jennings	Mahoney	Pelowski	Tomassoni
Biernat	Finseth	Johnson	Mariani	Peterson	Trimble
Bishop	Folliard	Juhnke	McCollum	Pugh	Tuma
Boudreau	Fuller	Kahn	McGuire	Reuter	Tunheim
Bradley	Gleason	Kalis	Molnau	Rifenberg	Wagenius
Broecker	Gray	Kelliher	Mullery	Rukavina	Wejcman
Carlson	Greenfield	Koskinen	Murphy	Seagren	Wilkin
Clark, K.	Gunther	Krinkie	Ness	Skoe	Winter
Davids	Haas	Kubly	Nornes	Skoglund	Workman
Dawkins	Hasskamp	Kuisle	Olson	Smith	
Dorman	Hilty	Leighton	Osthoff	Solberg	

Those who voted in the negative were:

Abeler	Clark, J.	Goodno	Howes	Lenczewski	Mulder
Abrams	Daggett	Greiling	Jaros	Lindner	Opatz
Buesgens	Dehler	Haake	Kielkucki	Luther	Osskopp
Carruthers	Dempsey	Hackbarth	Knoblach	Marko	Ozment
Cassell	Erickson	Harder	Larsen, P.	McElroy	Paulsen
Chaudhary	Gerlach	Hausman	Larson, D.	Milbert	Pawlenty

Rest	Schumacher	Stanek	Sykora	Vandev eer	Westfall
Rhodes	Seifert, J.	Stang	Tingelstad	Wenzel	Westrom
Rostberg	Seifert, M.	Storm	Van Dellen	Westerberg	Spk. Sviggum

The motion prevailed and the Minority Report on H. F. No. 4147 was substituted for the Majority Report and the Minority Report was adopted. H. F. No. 4147 was re-referred to the Committee on Ways and Means, without recommendation.

The Speaker resumed the Chair.

SECOND READING OF SENATE BILLS

S. F. Nos. 3100 and 2693 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Buesgens, Gerlach, Wilkin, Krinkie and Holberg introduced:

H. F. No. 4175, A bill for an act relating to the legislature; confining regular legislative sessions to odd-numbered years; amending Minnesota Statutes 1998, section 3.011.

The bill was read for the first time and referred to the Committee on Governmental Operations and Veterans Affairs Policy.

Broecker introduced:

H. F. No. 4176, A resolution memorializing the Congress of the United States to remove restrictions on medical savings accounts.

The bill was read for the first time and referred to the Committee on Health and Human Services Policy.

Paulsen introduced:

H. F. No. 4177, A bill for an act relating to taxation; providing retailers a deduction from the amount of sales tax remitted to compensate for costs of collecting the tax; amending Minnesota Statutes 1998, section 289A.31, subdivision 7.

The bill was read for the first time and referred to the Committee on Taxes.

CALL OF THE HOUSE LIFTED

Bishop moved that the call of the House be suspended. The motion prevailed and it was so ordered.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 3839, A bill for an act relating to health; modifying provisions for speech-language pathologists, audiologists, unlicensed mental health practitioners, alcohol and drug counselors, and hearing instrument dispensers; requiring a study; extending a board; amending Minnesota Statutes 1998, sections 148.512, subdivision 5; 148.515, subdivision 3; 148.517, by adding a subdivision; 148.518, subdivision 2; 148.5193, subdivisions 1, 2, 4, 6, and by adding a subdivision; 148.5196, subdivision 3; 148B.60, subdivision 3; 148B.68, subdivision 1; 148B.69, by adding a subdivision; 148B.71, subdivision 1; 148C.01, subdivisions 2, 7, 9, 10, and by adding a subdivision; 148C.03, subdivision 1; 148C.04, by adding subdivisions; 148C.06, subdivisions 1 and 2; 148C.09, subdivisions 1 and 1a; 148C.10, by adding a subdivision; 148C.11, subdivision 1; 153A.13, subdivision 9, and by adding subdivisions; 153A.14, subdivisions 1, 2a, 2h, 4, 4a, and by adding subdivisions; and 153A.15, subdivision 1; Laws 99, chapter 223, article 2, section 81, as amended; repealing Minnesota Statutes 1998, sections 148.5193, subdivisions 3 and 5; and 148C.04, subdivision 5.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has reconsidered the vote whereby S. F. No. 2845 was repassed and has also reconsidered the vote whereby the recommendations and the Conference Committee report were adopted on April 27, 2000.

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

As requested by the House, the Senate has re-referred the subject matter of said bill to the Conference Committee, as formerly constituted, for further consideration.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has reconsidered the vote whereby S. F. No. 3036 was repassed and has also reconsidered the vote whereby the recommendations and the Conference Committee report were adopted on April 27, 2000.

S. F. No. 3036, A bill for an act relating to natural resources; providing for seizure and administrative forfeiture of certain firearms and abandoned property; modifying authority to issue trespass citations; modifying provisions for forfeited vehicles; modifying definition of peace officer; providing civil penalties; appropriating money; amending Minnesota Statutes 1998, sections 97B.002, subdivision 1; and 609.5312, subdivision 4; Minnesota Statutes 1999 Supplement, sections 169.1217, subdivision 9; and 169.123, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 97A.

As requested by the House, the Senate has re-referred the subject matter of said bill to the Conference Committee, as formerly constituted, for further consideration.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendments to the following Senate File:

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

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee:

Senators Hottinger; Johnson, D. H., and Janezich.

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

McElroy 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. 2893. The motion prevailed.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2826

A bill for an act relating to elections; clarifying provisions and conforming procedures under the Minnesota election law and related provisions; amending Minnesota Statutes 1998, sections 103C.305, subdivision 6; 103C.315, subdivision 2; 123B.09, subdivision 1; 201.061, subdivision 3; 201.171; 203B.02, by adding a subdivision; 203B.06, subdivision 6; 204B.09, subdivision 1a; 204B.12, subdivision 1; 204B.14, subdivisions 2, 5, and 6; 204B.16, subdivision 1; 204B.18, subdivision 1; 204B.19, subdivision 6; 204B.40; 204B.45, subdivision 1; 204C.32, subdivision 1; 204C.37; 204D.13, subdivision 1; 204D.25, subdivision 1; 204D.27, subdivision 8; 205.13, subdivision 6, and by adding a subdivision; 205.17, subdivision 1; 205A.06, subdivision 5, and by adding a subdivision; 206.90, subdivision 6; and 447.32, subdivision 1; Minnesota Statutes 1999 Supplement, sections

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

May 2, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 2826, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2826 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1999 Supplement, section 10A.31, subdivision 3a, is amended to read:

Subd. 3a. [QUALIFICATION OF POLITICAL PARTIES.] (a) A major political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if it qualifies as a major political party by July 1 of the taxable year.

(b) A minor political party qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3 if the secretary of state certifies to the commissioner of revenue by July 1 of the taxable year that the party satisfies the following conditions:

(1) in the last general election, the party ran a candidate for the office of governor and lieutenant governor, secretary of state, state auditor, or attorney general, who received votes in each county that in the aggregate total at least one percent of the total number of individuals who voted in the election;

(2) it is a political party, not a principal campaign committee; and

(3) it has held a state convention in the last two years and an officer of the party has filed with the secretary of state a certification to that effect.

The secretary of state shall notify each minor political party by the first Monday in January of each odd-numbered year of the conditions necessary for the party to participate in income tax form and property tax refund return programs.

Sec. 2. Minnesota Statutes 1998, section 103C.305, subdivision 6, is amended to read:

Subd. 6. [VACANCY.] (a) If a vacancy occurs in the office of an elected supervisor more than 56 days before the next state primary, the district board shall fill the vacancy by appointment. The supervisor appointed shall hold office until ~~December 31~~ the first Monday in January following the next general election. A successor shall be elected at the general election following the appointment and hold office for the remainder of the term or for the next regular term, whichever is appropriate.

(b) If a vacancy occurs less than 56 days before the next state primary, the district board shall fill the vacancy by appointment. The appointed supervisor shall hold office until the expiration of the term or until ~~December 31~~ the first Monday in January following the second succeeding general election, whichever is shorter. A successor shall be elected at the general election preceding expiration of the appointed term and hold office for the remainder of the term or for the next regular term, whichever is appropriate.

(c) All terms under this subdivision continue until a successor has been elected and has qualified.

Sec. 3. Minnesota Statutes 1998, section 103C.315, subdivision 2, is amended to read:

Subd. 2. [TERMS.] The two supervisors appointed by the state board upon the establishment of a district ~~shall~~ serve terms ending on ~~December 31~~ the first Monday in January following the next general election after their appointment. Their successors shall be elected for terms of four years:

~~A supervisor shall hold office commencing on the first Monday in January and~~ until a successor is elected or appointed and has qualified. Vacancies in the office of supervisor appointed by the state board shall be filled by the state board.

Sec. 4. Minnesota Statutes 1998, section 123B.09, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL BOARD MEMBERSHIP.] The care, management, and control of independent districts is vested in a board of directors, to be known as the school board. The term of office of a member shall be four years commencing on the first Monday in January and until a successor qualifies. The membership of the board shall consist of six elected directors together with such ex officio member as may be provided by law. The board may submit to the electors at any school election the question whether the board shall consist of seven members. If a majority of those voting on the proposition favor a seven-member board, a seventh member shall be elected at the next election of directors for a four-year term and thereafter the board shall consist of seven members.

Those districts with a seven-member board may submit to the electors at any school election at least 150 days before the next election of three members of the board the question whether the board shall consist of six members. If a majority of those voting on the proposition favor a six-member board instead of a seven-member board, two members instead of three members shall be elected at the next election of the board of directors and thereafter the board shall consist of six members.

Sec. 5. Minnesota Statutes 1998, section 201.061, subdivision 4, is amended to read:

Subd. 4. [REGISTRATION BY ELECTION JUDGES; PROCEDURES.] Registration at the polling place on election day shall be conducted by the election judges. The election judge who registers an individual at the polling place on election day shall not handle that voter's ballots at any time prior to the opening of the ballot box after the voting ends. Registration cards and forms for oaths shall be available at each polling place. If an individual who registers on election day proves residence by oath of a registered voter, the form containing the oath shall be attached to the individual's registration card ~~until the individual's address is verified by the county auditor~~. Registration cards completed on election day shall be forwarded to the county auditor who shall add the name of each voter to the registration system unless the information forwarded is substantially deficient. A county auditor who finds an election day registration substantially deficient shall give written notice to the individual whose registration is found deficient. An election day registration shall not be found deficient solely because the individual who provided proof of residence was ineligible to do so.

Sec. 6. Minnesota Statutes 1999 Supplement, section 203B.04, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION PROCEDURES.] Except as otherwise allowed by subdivision 2, an application for absentee ballots for any election may be submitted at any time not less than one day before the day of that election. The county auditor shall prepare absentee ballot application forms in the format provided in the rules of the secretary of state and shall furnish them to any person on request. An application submitted pursuant to this subdivision shall be in writing and shall be submitted to:

(a) the county auditor of the county where the applicant maintains residence; or

(b) the municipal clerk of the municipality, or school district if applicable, where the applicant maintains residence.

An application shall be ~~accepted~~ approved if it is timely received, signed and dated by the applicant, contains the applicant's name and residence and mailing addresses, and states that the applicant is eligible to vote by absentee ballot for one of the reasons specified in section 203B.02. The application may contain a request for the voter's date of birth, which must not be made available for public inspection. An application may be submitted to the county auditor or municipal clerk by an electronic facsimile device, at the discretion of the auditor or clerk. An application mailed or returned in person to the county auditor or municipal clerk on behalf of a voter by a person other than the voter must be deposited in the mail or returned in person to the county auditor or municipal clerk within ten days after it has been dated by the voter and no later than six days before the election. The absentee ballot applications or a list of persons applying for an absentee ballot may not be made available for public inspection until the close of voting on election day.

Sec. 7. Minnesota Statutes 1998, section 203B.06, subdivision 6, is amended to read:

Subd. 6. [REQUESTS FROM ABROAD.] If an application for absentee ballots requests delivery of absentee ballots to a point outside the continental United States, the absentee ballots ~~shall~~ must be sent by air mail. The transmittal and return envelopes ~~shall be marked with the words "OFFICIAL ELECTION BALLOTING MATERIAL -- VIA AIR MAIL."~~ must contain the text or symbol or both prescribed by the United States Postal Service for transmitting election mail outside the continental United States. Priority in mailing shall be given to all ballots sent by air mail.

Sec. 8. Minnesota Statutes 1999 Supplement, section 203B.085, is amended to read:

203B.085 [COUNTY AUDITOR'S OFFICE TO REMAIN OPEN DURING CERTAIN HOURS PRECEDING ELECTION.]

The county auditor's office in each county must be open for acceptance of absentee ballot applications and casting of absentee ballots from 10:00 a.m. to 3:00 p.m. on Saturday and until 5:00 p.m. on Monday immediately preceding a primary, special, or general election. Town clerks' offices must be open for absentee voting from 10:00 a.m. to 12:00 noon on the Saturday before a town general election held in March. The school district clerk, when performing the county auditor's election duties, need not comply with this section.

Sec. 9. Minnesota Statutes 1998, section 204B.09, subdivision 1a, is amended to read:

Subd. 1a. [ABSENT CANDIDATES.] A candidate for special district, county, state, or federal office who will be absent from the state during the filing period may submit a properly executed affidavit of candidacy, the appropriate filing fee, and any necessary petitions in person to the filing officer. The candidate shall state in writing the reason for being unable to submit the affidavit during the filing period. The affidavit, filing fee, and petitions must be submitted to the filing officer during the seven days immediately preceding the candidate's absence from the state. Nominating petitions may be signed during the 14 days immediately preceding the date when the affidavit of candidacy is filed.

Sec. 10. Minnesota Statutes 1998, section 204B.09, subdivision 2, is amended to read:

Subd. 2. [OTHER ELECTIONS.] Affidavits of candidacy and nominating petitions for city, town or other elective offices shall be filed during the time and with the official specified in chapter 205 or other applicable law or charter, except as provided for a special district candidate under subdivision 1a. Affidavits of candidacy and applications filed on behalf of eligible voters for school board office shall be filed during the time and with the official specified in chapter 205A or other applicable law.

Sec. 11. Minnesota Statutes 1998, section 204B.09, is amended by adding a subdivision to read:

Subd. 3. [WRITE-IN CANDIDATES.] A candidate for state or federal office who wants write-in votes for the candidate to be counted must file a written request with the filing office for the office sought no later than the day before the general election. The filing officer shall provide copies of the form to make the request.

Sec. 12. Minnesota Statutes 1998, section 204B.12, subdivision 1, is amended to read:

Subdivision 1. [BEFORE PRIMARY.] A candidate may withdraw from the primary ballot by filing an affidavit of withdrawal with the same official who received the affidavit of candidacy. The affidavit shall request that official to withdraw the candidate's name from the ballot and shall be filed no later than ~~three~~ two days after the last day for filing for the office.

Sec. 13. Minnesota Statutes 1998, section 204B.14, subdivision 2, is amended to read:

Subd. 2. [SEPARATE PRECINCTS; COMBINED POLLING PLACE.] (a) The following shall constitute at least one election precinct:

(1) each city ward; and

(2) each town and each statutory city.

(b) A single, accessible, combined polling place may be established no later than June 1 of any year:

(1) for any city of the third or fourth class, any town, or any city having territory in more than one county, in which all the voters of the city or town shall cast their ballots;

(2) for two contiguous precincts in the same municipality that have a combined total of fewer than 500 registered voters; or

(3) for up to four contiguous municipalities located entirely outside the metropolitan area, as defined by section 473.121, subdivision 2, that are contained in the same ~~congressional, legislative, and county commissioner~~ district.

A copy of the ordinance or resolution establishing a combined polling place must be filed with the county auditor within 30 days after approval by the governing body. A polling place combined under clause (3) must be approved by the governing body of each participating municipality. A municipality withdrawing from participation in a combined polling place must do so by filing a resolution of withdrawal with the county auditor no later than May 1 of any year.

The secretary of state shall provide a separate polling place roster for each precinct served by the combined polling place. A single set of election judges may be appointed to serve at a combined polling place. The number of election judges required must be based on the total number of persons voting at the last similar election in all precincts to be voting at the combined polling place. Separate ballot boxes must be provided for the ballots from each precinct. The results of the election must be reported separately for each precinct served by the combined polling place, except in a polling place established under clause (2) where one of the precincts has fewer than ten registered voters, in which case the results of that precinct must be reported in the manner specified by the secretary of state.

Sec. 14. Minnesota Statutes 1998, section 204B.14, subdivision 5, is amended to read:

Subd. 5. [PRECINCT BOUNDARIES; DESCRIPTION; MAPS.] When a precinct boundary has been changed, the municipal clerk shall immediately notify the secretary of state. ~~Upon receipt of this notice or a notice of annexation from the Minnesota municipal board, the secretary of state shall provide the municipal clerk with a base map on which the clerk shall note the boundary change.~~ The clerk shall ~~return the file a~~ file a corrected base map to ~~with~~ the secretary of state within 30 days after the boundary change was made. Upon request, the secretary of state shall provide a base map to the municipal clerk. The secretary of state shall update the precinct boundary database, prepare a corrected precinct map, and provide the corrected precinct map to the county auditor and the municipal clerk who shall make them available for public inspection. The county auditor shall prepare and file precinct boundary maps for precincts in unorganized territories in the same manner as provided for precincts in municipalities. For every election held in the municipality the election judges shall be furnished precinct maps as

provided in section 201.061, subdivision 6. If a municipality changes the boundary of an election precinct, the county auditor shall notify each school district with territory affected by the boundary change at least 30 days before the effective date of the change.

Sec. 15. Minnesota Statutes 1998, section 204B.14, subdivision 6, is amended to read:

Subd. 6. [PRECINCT BOUNDARIES TO FOLLOW PHYSICAL FEATURES.] (a) Unless a precinct consists entirely of unorganized territory or more than one precinct is entirely included within one census block, for the first two years following a decennial census an election precinct boundary must follow a census block line.

(b) The boundaries of election precincts ~~shall~~ must follow visible, clearly recognizable physical features. If it is not possible to establish the boundary between any two adjacent precincts along such features, the boundary around the two precincts combined shall be established in the manner provided in the rules of the secretary of state to comply with the provisions of this subdivision. The maps required by subdivision 5 shall clearly indicate which boundaries do not follow visible, clearly recognizable physical features.

(c) For the purposes of this subdivision, "visible, clearly recognizable physical feature" means a street, road, boulevard, parkway, river, stream, shoreline, drainage ditch, railway right-of-way, or any other line which is clearly visible from the ground. A street or other roadway which has been platted but not graded is not a visible, clearly recognizable physical feature for the purposes of this subdivision.

(d) If the secretary of state determines that a precinct boundary does not comply with this subdivision, the secretary of state shall send a notice to the county auditor or municipal clerk specifying the action needed to correct the precinct boundary. If, after 60 days, the county or municipal governing body has not taken action to correct the precinct boundary, the secretary of state shall correct the precinct boundary and notify the county auditor or municipal clerk of the action taken.

(e) If a visible, clearly recognizable physical feature is not available for use as a precinct boundary, an alternate boundary used by the United States Bureau of the Census may be authorized by the secretary of state.

Sec. 16. Minnesota Statutes 1998, section 204B.16, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; LOCATION.] The governing body of each municipality and of each county with precincts in unorganized territory shall designate by ordinance or resolution a polling place for each election precinct. Polling places must be designated and ballots must be distributed so that no one is required to go to more than one polling place to vote in a school district and municipal election held on the same day. The polling place for a precinct in a city or in a school district located in whole or in part in the metropolitan area defined by section 473.121 shall be located within the boundaries of the precinct or within 3,000 feet of one of those boundaries unless a single polling place is designated for a city pursuant to section 204B.14, subdivision 2, or a school district pursuant to section 205A.11. The polling place for a precinct in unorganized territory may be located outside the precinct at a place which is convenient to the voters of the precinct. If no suitable place is available within a town or within a school district located outside the metropolitan area defined by section 473.121, then the polling place for a town or school district may be located outside the town or school district within five miles of one of the boundaries of the town or school district.

Sec. 17. Minnesota Statutes 1998, section 204B.18, subdivision 1, is amended to read:

Subdivision 1. [BOOTHES.] Each polling place must contain a number of voting booths in proportion to the number of individuals eligible to vote in the precinct. Each booth must be at least six feet high, three feet deep and two feet wide with a shelf at least two feet long and one foot wide placed at a convenient height for writing. The booth shall be provided with a door or curtains. Each accessible polling place must have at least one accessible voting booth or other accessible voting station. All booths or stations must be constructed so that a voter is free from observation while marking ballots. In all other polling places every effort must be made to provide at least one accessible voting booth or other accessible voting station. During the hours of voting, the booths or stations must

have instructions, a pencil, and other supplies needed to mark the ballots. If needed, a chair must be provided for elderly and handicapped voters to use while in the voting booth. All ballot boxes, voting booths, voting stations, and election judges must be in open public view in the polling place.

Sec. 18. Minnesota Statutes 1998, section 204B.19, subdivision 6, is amended to read:

Subd. 6. [HIGH SCHOOL STUDENTS.] Notwithstanding any other requirements of this section, a student enrolled in a high school in Minnesota who has attained the age of 16 is eligible to be appointed as a without party affiliation trainee election judge in the municipality county in which the student resides. The student must meet qualifications for trainee election judges specified in rules of the secretary of state. A student appointed as a trainee election judge may be excused from school attendance during the hours that the student is serving as a trainee election judge if the student submits a written request signed and approved by the student's parent or guardian to be absent from school and a certificate from the appointing authority stating the hours during which the student will serve as a trainee election judge to the principal of the school at least ten days prior to the election. Students shall not serve as trainee election judges after 10:00 p.m. Notwithstanding section 177.24 to the contrary, trainee election judges may be paid not less than two-thirds of the minimum wage for a large employer. The principal of the school may approve a request to be absent from school conditioned on acceptable academic performance and the requirement that the student must have completed or be enrolled in a course of study in government at the time of service as a trainee election judge.

Sec. 19. Minnesota Statutes 1998, section 204B.40, is amended to read:

204B.40 [BALLOTS; ELECTION RECORDS AND OTHER MATERIALS; DISPOSITION; INSPECTION OF BALLOTS.]

The county auditors ~~and~~ municipal clerks, and school district clerks shall retain all election materials returned to them after any election for at least one year 22 months from the date of that election. ~~The county auditor may also retain election materials from school district elections.~~ All election materials involved in a contested election shall must be retained for one year 22 months or until the contest has been finally determined, whichever is later. Abstracts filed by canvassing boards shall be retained permanently by any officer with whom those abstracts are filed. Election materials no longer required to be retained pursuant to this section shall be disposed of in accordance with sections 138.163 to 138.21. Sealed envelopes containing voted ballots must be retained unopened, except as provided in this section, in a secure location. The county auditor, municipal clerk, or school district clerk shall not permit any voted ballots to be tampered with or defaced.

After the time for filing a notice of contest for an election has passed, the secretary of state may open the sealed ballot envelopes and inspect the ballots for that election maintained by the county auditors, municipal clerks, or school district clerks for the purpose of monitoring and evaluating election procedures. No inspected ballot may be marked or identified in any manner. After inspection, all ballots must be returned to the ballot envelope and the ballot envelope must be securely resealed.

Sec. 20. Minnesota Statutes 1998, section 204C.32, subdivision 1, is amended to read:

Subdivision 1. [COUNTY CANVASS.] The county canvassing board shall meet at the county auditor's office on or before the third day following the state primary. After taking the oath of office, the canvassing board shall publicly canvass the election returns delivered to the county auditor. The board shall complete the canvass no later than the third day following the state primary and shall promptly prepare and file with the county auditor a report that states:

- (a) The number of individuals voting at the election in the county, and in each precinct;
- (b) The number of individuals registering to vote on election day and the number of individuals registered before election day in each precinct;

(c) For each major political party, the names of the candidates running for each partisan office and the number of votes received by each candidate in the county and in each precinct;

(d) The names of the candidates of each major political party who are nominated; and

(e) The number of votes received by each of the candidates for nonpartisan office in each precinct in the county and the names of the candidates nominated for nonpartisan office.

Upon completion of the canvass, the county auditor shall mail or deliver a notice of nomination to each nominee for county office voted for only in that county. The county auditor shall transmit one of the certified copies of the county canvassing board report for state and federal offices to the secretary of state by express mail or similar service immediately upon conclusion of the county canvass. The secretary of state shall mail a notice of nomination to each nominee for state or federal office.

Sec. 21. Minnesota Statutes 1998, section 204C.33, subdivision 1, is amended to read:

Subdivision 1. [COUNTY CANVASS.] The county canvassing board shall meet at the county auditor's office on or before the seventh day following the state general election. After taking the oath of office, the board shall promptly and publicly canvass the general election returns delivered to the county auditor. Upon completion of the canvass, the board shall promptly prepare and file with the county auditor a report which states:

(a) The number of individuals voting at the election in the county and in each precinct;

(b) The number of individuals registering to vote on election day and the number of individuals registered before election day in each precinct;

(c) The names of the candidates for each office and the number of votes received by each candidate in the county and in each precinct;

(d) The number of votes counted for and against a proposed change of county lines or county seat; and

(e) The number of votes counted for and against a constitutional amendment or other question in the county and in each precinct.

The result of write-in votes cast on the general election ballots must be compiled by the county auditor before the county canvass, except that write-in votes for a candidate for state or federal office must not be counted unless the candidate has timely filed a request under section 204B.09, subdivision 3. The county auditor shall arrange for each municipality to provide an adequate number of election judges to perform this duty or the county auditor may appoint additional election judges for this purpose. The county auditor may open the envelopes or containers in which the voted ballots have been sealed in order to count and record the write-in votes and must reseal the voted ballots at the conclusion of this process.

Upon completion of the canvass, the county canvassing board shall declare the candidate duly elected who received the highest number of votes for each county and state office voted for only within the county. The county auditor shall transmit one of the certified copies of the county canvassing board report for state and federal offices to the secretary of state by express mail or similar service immediately upon conclusion of the county canvass.

Sec. 22. Minnesota Statutes 1998, section 204C.37, is amended to read:

204C.37 [COUNTY CANVASS; RETURN OF REPORTS TO SECRETARY OF STATE.]

Two copies of the reports required by sections 204C.32, subdivision 1 and 204C.33, subdivision 1 shall be certified under the official seal of the county auditor. Each copy shall be enclosed in an envelope addressed to the secretary of state, with the county auditor's name and official address and the words "Election Returns" endorsed on the

envelope. ~~The copies shall~~ copy of the canvassing board report not sent by express mail and the precinct summary statements must be mailed or delivered to the secretary of state ~~and, if mailed, shall be forwarded by different mails.~~ If neither copy is received by the secretary of state within ten days following the applicable election, the secretary of state shall immediately notify the county auditor, who shall deliver another copy to the secretary of state by special messenger.

Sec. 23. Minnesota Statutes 1998, section 204D.13, subdivision 1, is amended to read:

Subdivision 1. [ORDER OF OFFICES.] The candidates for partisan offices shall be placed ~~first~~ on the white ballot ~~and shall appear~~ in the following order: senator in Congress shall be first; representative in Congress, second; state senator, third; and state representative, fourth. The candidates for state offices shall follow in the order specified by the secretary of state. Candidates for governor and lieutenant governor shall appear so that a single vote may be cast for both offices.

Sec. 24. Minnesota Statutes 1998, section 204D.25, subdivision 1, is amended to read:

Subdivision 1. [FORM.] Except as provided in subdivision 2, the county auditor shall prepare separate ballots for a special primary and special election as required by sections 204D.17 to 204D.27. The ballots shall be headed "Special Primary Ballot" or "Special Election Ballot" as the case may be, followed by the date of the special primary or special election. Immediately below the title of each office to be filled shall be printed the words "To fill vacancy in term expiring", with the date of expiration of the term and any other information that is necessary to distinguish the office from any other office to be voted upon at the same election. For a special primary or special election, the instructions to voters may use the singular tense when referring to candidates and offices when only one office is to be filled at the special election. Otherwise the form of the ballots shall comply as far as practicable with the laws relating to ballots for state primaries and state general elections. The county auditor shall post a sample of each ballot in the auditor's office as soon as prepared and not later than four days before the special primary or special election. Publication of the sample ballot for a special primary or special election is not required.

Sec. 25. Minnesota Statutes 1998, section 204D.27, subdivision 8, is amended to read:

Subd. 8. [CERTIFICATE OF CONGRESSIONAL ELECTION.] No certificate of election in a special election for senator or representative in Congress may be issued by the ~~county auditor of any county or by the~~ secretary of state to any individual declared elected by the county or state canvassing board until seven days after the canvassing board has canvassed the returns and declared the results of the election. In case of a contest the certificate may not be issued until the district court determines the contest.

Sec. 26. Minnesota Statutes 1998, section 205.13, is amended by adding a subdivision to read:

Subd. 1b. [ABSENT CANDIDATES.] A candidate for municipal office who will be absent from the state during the filing period may submit a properly executed affidavit of candidacy, the appropriate filing fee, and any necessary petitions in person to the filing officer. The candidate shall state in writing the reason for being unable to submit the affidavit during the filing period. The affidavit, filing fee, and petitions must be submitted to the filing officer during the seven days immediately preceding the candidate's absence from the state. In cities of the first class, and in any city where the use of nominating petitions is permitted under the city's charter, a nominating petition for a candidate who will be absent from the state during the filing period may be signed during the 14 days immediately preceding the date when the affidavit of candidacy is filed.

Sec. 27. Minnesota Statutes 1998, section 205.13, subdivision 6, is amended to read:

Subd. 6. [WITHDRAWAL.] A candidate for a municipal elective office may withdraw from the election by filing an affidavit of withdrawal with the municipal clerk ~~by 12 o'clock noon of the day~~ no later than 5:00 p.m. two days after the last day for filing affidavits of candidacy. Thereafter, no candidate may file an affidavit of withdrawal.

Sec. 28. Minnesota Statutes 1998, section 205.17, subdivision 1, is amended to read:

Subdivision 1. [SECOND, THIRD, AND FOURTH CLASS CITIES; TOWNS.] In all statutory and home rule charter cities of the second, third and fourth class, and in all towns, for the municipal general election, the municipal clerk shall have printed on light green paper the official ballot containing the names of all candidates for municipal offices. The ballot shall be printed in ~~blocks~~ quantities of 25, 50, or 100, shall be headed "City or Town Election Ballot," shall state the name of the city or town and the date of the election, and shall conform in other respects to the white ballot used at the state general election. The names shall be arranged on city ballots in the manner provided for the state elections. On town ballots names of the candidates for each office shall be arranged either:

- (1) alphabetically according to the candidates' surnames; or
- (2) in the manner provided for state elections if the town electors chose at the town's annual meeting to arrange the names in that way for at least two consecutive years.

Sec. 29. Minnesota Statutes 1998, section 205A.06, is amended by adding a subdivision to read:

Subd. 1c. [ABSENT CANDIDATES.] A candidate for the office of school board member who will be absent from the state during the filing period may submit a properly executed affidavit of candidacy, the appropriate filing fee, and any necessary petitions in person to the filing officer. The candidate shall state in writing the reason for being unable to submit the affidavit during the filing period. The affidavit, filing fee, and petitions must be submitted to the filing officer during the seven days immediately preceding the candidate's absence from the state.

Sec. 30. Minnesota Statutes 1998, section 205A.06, subdivision 5, is amended to read:

Subd. 5. [WITHDRAWAL.] A candidate for a school district elective office may withdraw from the election by filing an affidavit of withdrawal with the school district clerk ~~by 12:00 noon of the day no later than 5:00 p.m. two days~~ after the last day for filing affidavits of candidacy. After that date, no candidate may file an affidavit of withdrawal.

Sec. 31. Minnesota Statutes 1998, section 206.90, subdivision 6, is amended to read:

Subd. 6. [BALLOTS.] In precincts using optical scan voting systems, a single ballot card on which all ballot information is included must be printed in black ink on white colored material except that marks not to be read by the automatic tabulating equipment may be printed in another color ink.

When optical scan ballots are used, the offices to be elected must appear in the following order: federal offices; state legislative offices; constitutional offices; proposed constitutional amendments; county offices and questions; municipal offices and questions; school district offices and questions; special district offices and questions; and judicial offices.

On optical scan ballots, the names of candidates and the words "yes" and "no" for ballot questions must be printed as close to their corresponding vote targets as possible.

The line on an optical scan ballot for write-in votes must contain the words "write-in, if any."

If a primary ballot contains both a partisan ballot and a nonpartisan ballot, the instructions to voters must include a statement that reads substantially as follows: "THIS BALLOT CARD CONTAINS A PARTISAN BALLOT AND A NONPARTISAN BALLOT. ON THE PARTISAN BALLOT YOU ARE PERMITTED TO VOTE FOR CANDIDATES OF ONE POLITICAL PARTY ONLY." If a primary ballot contains political party columns on both sides of the ballot, the instructions to voters must include a statement that reads substantially as follows: "ADDITIONAL POLITICAL PARTIES ARE PRINTED ON THE OTHER SIDE OF THIS BALLOT. VOTE FOR ONE POLITICAL PARTY ONLY." At the bottom of each political party column on the primary ballot, the ballot must contain a statement that reads substantially as follows: "CONTINUE VOTING ON THE NONPARTISAN BALLOT." The instructions in section 204D.08, subdivision 4, do not apply to optical scan partisan primary ballots.

Sec. 32. Minnesota Statutes 1999 Supplement, section 367.03, subdivision 4, is amended to read:

Subd. 4. [OFFICERS; NOVEMBER ELECTION.] Supervisors and other town officers in towns that hold the town general election in November shall be elected for terms of four years commencing on the first Monday in January and until their successors are elected and qualified. The clerk and treasurer shall be elected in alternate years.

Sec. 33. Minnesota Statutes 1998, section 447.32, subdivision 1, is amended to read:

Subdivision 1. [TERMS OF OFFICE.] Each hospital district shall be governed by a hospital board composed of one member elected from each city and town in the district and one member elected at large. A member's term of office is four years commencing on the first Monday in January and until a successor qualifies. At the first election, however, members must be elected for terms set by the governing body calling the election, so that half the terms, as nearly as may be, expire on ~~December 31~~ the first Monday in January of the next ~~even-numbered~~ odd-numbered year and the remaining terms expire two years from that date. After that, before a member's term expires, a new member shall be elected for a term of four years from the expiration date.

If a member dies, resigns, fails to qualify, or moves from the hospital district, a successor may be appointed by a majority of the remaining members of the board. The successor shall hold office until ~~December 31~~ the first Monday in January after the next regular hospital district election. At the election a successor must be elected to fill the unexpired term.

When an additional city or town is annexed to the district, in accordance with section 447.36, its governing body shall by resolution appoint a member to the board. The member shall hold office until ~~December 31~~ the first Monday in January after the next regular hospital district election. At the election a successor must be elected for a term of either two or four years, to be set by the hospital board so that the number of members of the board whose terms expire in any later year will not exceed one-half of the members plus one.

Sec. 34. Minnesota Statutes 1999 Supplement, section 447.32, subdivision 4, is amended to read:

Subd. 4. [CANDIDATES; BALLOTS; CERTIFYING ELECTION.] A person who wants to be a candidate for the hospital board shall file an affidavit of candidacy for the election either as member at large or as a member representing the city or town where the candidate resides. The affidavit of candidacy must be filed with the city or town clerk not more than ten weeks nor less than eight weeks before the election. The city or town clerk must forward the affidavits of candidacy to the clerk of the hospital district or, for the first election, the clerk of the most populous city or town immediately after the last day of the filing period. A candidate may withdraw from the election by filing an affidavit of withdrawal with the clerk of the district no later than ~~12:00 p.m. on the day~~ 5:00 p.m. two days after the last day to file affidavits of candidacy.

Voting must be by secret ballot. The clerk shall prepare, at the expense of the district, necessary ballots for the election of officers. Ballots must be printed on tan paper and prepared as provided in the rules of the secretary of state. The ballots must be marked and initialed by at least two judges as official ballots and used exclusively at the election. Any proposition to be voted on may be printed on the ballot provided for the election of officers. The hospital board may also authorize the use of voting systems subject to chapter 206. Enough election judges may be appointed to receive the votes at each polling place. The election judges shall act as clerks of election, count the ballots cast, and submit them to the board for canvass.

After canvassing the election, the board shall issue a certificate of election to the candidate who received the largest number of votes cast for each office. The clerk shall deliver the certificate to the person entitled to it in person or by certified mail. Each person certified shall file an acceptance and oath of office in writing with the clerk within 30 days after the date of delivery or mailing of the certificate. The board may fill any office as provided in subdivision 1 if the person elected fails to qualify within 30 days, but qualification is effective if made before the board acts to fill the vacancy.

Sec. 35. [REPEALER.]

Minnesota Statutes 1998, section 204B.45, subdivision 1a, is repealed."

Delete the title and insert:

"A bill for an act relating to elections; clarifying provisions and conforming procedures under the Minnesota election law and related provisions; amending Minnesota Statutes 1998, sections 103C.305, subdivision 6; 103C.315, subdivision 2; 123B.09, subdivision 1; 201.061, subdivision 4; 203B.06, subdivision 6; 204B.09, subdivisions 1a, 2, and by adding a subdivision; 204B.12, subdivision 1; 204B.14, subdivisions 2, 5, and 6; 204B.16, subdivision 1; 204B.18, subdivision 1; 204B.19, subdivision 6; 204B.40; 204C.32, subdivision 1; 204C.33, subdivision 1; 204C.37; 204D.13, subdivision 1; 204D.25, subdivision 1; 204D.27, subdivision 8; 205.13, subdivision 6, and by adding a subdivision; 205.17, subdivision 1; 205A.06, subdivision 5, and by adding a subdivision; 206.90, subdivision 6; and 447.32, subdivision 1; Minnesota Statutes 1999 Supplement, sections 10A.31, subdivision 3a; 203B.04, subdivision 1; 203B.085; 367.03, subdivision 4; and 447.32, subdivision 4; repealing Minnesota Statutes 1998, section 204B.45, subdivision 1a."

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

House Conferees: MARTY SEIFERT, ERIK PAULSEN AND STEPHEN G. WENZEL.

Senate Conferees: CAL LARSON, CAROL FLYNN AND JOHN MARTY.

Seifert, M., moved that the report of the Conference Committee on H. F. No. 2826 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2826, A bill for an act relating to elections; clarifying provisions and conforming procedures under the Minnesota election law and related provisions; amending Minnesota Statutes 1998, sections 103C.305, subdivision 6; 103C.315, subdivision 2; 123B.09, subdivision 1; 201.061, subdivision 3; 201.171; 203B.02, by adding a subdivision; 203B.06, subdivision 6; 204B.09, subdivision 1a; 204B.12, subdivision 1; 204B.14, subdivisions 2, 5, and 6; 204B.16, subdivision 1; 204B.18, subdivision 1; 204B.19, subdivision 6; 204B.40; 204B.45, subdivision 1; 204C.32, subdivision 1; 204C.37; 204D.13, subdivision 1; 204D.25, subdivision 1; 204D.27, subdivision 8; 205.13, subdivision 6, and by adding a subdivision; 205.17, subdivision 1; 205A.06, subdivision 5, and by adding a subdivision; 206.90, subdivision 6; and 447.32, subdivision 1; Minnesota Statutes 1999 Supplement, sections 10A.31, subdivision 3a; 203B.04, subdivision 1; 203B.085; 367.03, subdivision 4; and 447.32, subdivision 4; repealing Minnesota Statutes 1998, sections 203B.02, subdivision 1a; 204B.09, subdivision 2; and 204B.45, subdivision 1a.

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

The question was taken on the repassage of the bill and the roll was called. There were 132 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Boudreau	Chaudhary	Dempsey	Folliard	Greiling
Abrams	Bradley	Clark, J.	Dorman	Fuller	Gunther
Anderson, B.	Broecker	Clark, K.	Dorn	Gerlach	Haake
Anderson, I.	Buesgens	Daggett	Entenza	Gleason	Haas
Bakk	Carlson	Davids	Erhardt	Goodno	Hackbarth
Biernat	Carruthers	Dawkins	Erickson	Gray	Harder
Bishop	Cassell	Dehler	Finseth	Greenfield	Hasskamp

Hausman	Koskinen	Marko	Otremba	Seagren	Trimble
Hilty	Krinkie	McCollum	Ozment	Seifert, J.	Tuma
Holberg	Kubly	McElroy	Paulsen	Seifert, M.	Tunheim
Holsten	Kuisle	McGuire	Pawlenty	Skoe	Van Dellen
Howes	Larsen, P.	Milbert	Paymar	Skoglund	Vandever
Huntley	Larson, D.	Molnau	Pelowski	Smith	Wagenius
Jaros	Leighton	Mulder	Peterson	Solberg	Wejman
Jennings	Lenczewski	Mullery	Pugh	Stanek	Wenzel
Johnson	Leppik	Murphy	Rest	Stang	Westerberg
Juhnke	Lieder	Ness	Reuter	Storm	Westfall
Kahn	Lindner	Nornes	Rhodes	Swapinski	Westrom
Kalis	Luther	Olson	Rifenberg	Swenson	Wilkin
Kelliher	Mahoney	Opatz	Rostberg	Sykora	Winter
Kielkucki	Mares	Osskopp	Rukavina	Tingelstad	Workman
Knoblach	Mariani	Osthoff	Schumacher	Tomassoni	Spk. Sviggum

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2891

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

May 8, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 2891, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2891 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

TRANSPORTATION APPROPRIATIONS

Section 1. [APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the state agencies or officials indicated, to be spent for the purposes indicated, for fiscal year 2001.

SUMMARY

TRANSPORTATION	\$566,551,000
METROPOLITAN COUNCIL	20,000,000
PUBLIC SAFETY	119,000
TRADE AND ECONOMIC DEVELOPMENT	750,000
FINANCE	15,100,000
TOTAL	\$602,520,000
Trunk Highway Bond Proceeds Account	100,100,000
Trunk Highway Fund	102,298,000
General Fund	400,122,000

APPROPRIATIONS

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Sec. 2. TRANSPORTATION

Subdivision 1. To the commissioner of transportation for the purposes specified in this section	566,551,000
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Summary by Fund

Trunk Highway Bond Proceeds Account	100,100,000	
Trunk Highway Fund	102,179,000	
General Fund	364,372,000	
Subd. 2. Trunk Highway Construction		100,000,000

This appropriation is from the bond proceeds account in the trunk highway fund.

APPROPRIATIONS

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This appropriation is available for expenditure beginning July 1, 2000.

The commissioner may not spend more than \$14,000,000 of this appropriation for program delivery.

This appropriation is for reconstruction and replacement of key bridges on the state trunk highway system; for construction, improvement, and maintenance of the interregional corridor system as identified by the commissioner; for the improvement of highways classified as bottlenecks by the commissioner; for providing highway-related advantages for transit; and for acquisition of properties necessary to locate, construct, reconstruct, improve, and maintain the trunk highway system. Before this appropriation may be used, the commissioner of transportation must demonstrate to the commissioner of finance that the proposed use of debt financing to accelerate the project is a cost-effective investment of state funds.

Subd. 3. State Road Construction

359,000,000

Summary by Fund

Trunk Highway	76,500,000
General	282,500,000

(a) Of this appropriation:

(1) \$177,000,000 is for state trunk highway improvements within the seven-county metropolitan area primarily for the purpose of improving traffic flow and expanding highway capacity by eliminating traffic bottlenecks;

(2) \$177,000,000 is for improvements on state trunk highways outside the seven-county metropolitan area that the commissioner designates as at-risk interregional corridors; and

(3) \$5,000,000 is for bus transit ways or highway-related transit advantages.

(b) Of the appropriations under this section, the commissioner may not spend more than \$50,000,000 for program delivery.

(c) The appropriation under this section is available through June 30, 2003. On July 1, 2003, any part of this appropriation not spent cancels to the trunk highway fund. The commissioner shall report by February 1, 2003, to the chairs of the senate and house of representatives committees having jurisdiction over transportation policy and transportation finance on any projects

APPROPRIATIONS

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that the department of transportation has scheduled to be constructed with this appropriation that the commissioner determines will be canceled or delayed as a result of any part of this appropriation canceling to the trunk highway fund. For purposes of this paragraph, money encumbered by the commissioner for a trunk highway project is considered to be spent.

Subd. 4. Report on Projects

The commissioner shall by August 1 of each calendar year from 2000 to 2002 report to the chairs of the senate and house of representatives committees with jurisdiction over transportation policy and finance on the status of each project that is financed in whole or in part from the money appropriated under subdivisions 2 and 3. For each such project the report must identify: (1) the estimated full cost; (2) a schedule for completion; (3) the current status of right-of-way acquisition and environmental review; and (4) the project's status in the commissioner's current statewide transportation improvement program.

Subd. 5. Local Roads

30,000,000

Of this appropriation, the commissioner shall transfer \$23,800,000 to the county state-aid highway fund and \$6,200,000 to the municipal state-aid street fund. These amounts are added to the appropriation for local roads in Laws 1999, chapter 238, article 1, subdivision 6. This appropriation is available until spent.

Subd. 6. Trunk Highway Facility Projects

25,674,000

The appropriations in this subdivision are from the trunk highway fund.

(a) St. Cloud Headquarters Addition

10,350,000

To design, construct, furnish, and equip an addition to and remodeling of the St. Cloud headquarters building.

(b) Detroit Lakes Headquarters Addition

8,724,000

To construct an addition to and remodel the Detroit Lakes district headquarters building.

(c) Regional Transportation Management Center

5,000,000

APPROPRIATIONS

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To design, construct, furnish, and equip a regional transportation management center and integrate it with the existing metropolitan headquarters building in Roseville. This appropriation anticipates up to \$15,774,000 in matching federal money. Within three years of the date on which occupation of the new transportation management center has been completed, the commissioner must sell the building that was being used as the traffic management center on the effective date of this act to an entity other than the state or a state agency. This requirement does not apply if the commissioner determines that no offers made to the commissioner for purchase of the building will return fair market value for it.

(d) Moorhead Truck Station 1,600,000

To construct, furnish, and equip a new truck station building in Moorhead in partnership with the city of Moorhead and Clay county.

(e) The \$514,000 appropriation in Laws 1996, chapter 463, section 19, subdivision 5, clause (20), for the addition to the Dilworth truck station is canceled.

Subd. 7. Rail Service Improvement 5,000,000

For purposes defined under the rail service improvement program under Minnesota Statutes, sections 222.46 to 222.63.

Subd. 8. North Star Corridor North Extension Study 100,000

To study the feasibility of extending the North Star commuter rail corridor between Minneapolis and St. Cloud north of the city of Little Falls. This appropriation must be used to match federal funds.

Subd. 9. DM&E Working Group 100,000

(a) The commissioner of transportation or the commissioner's designee shall convene a multiagency working group consisting of the commissioners of public safety, pollution control agency, agriculture, trade and economic development, and transportation, and director of Minnesota Planning, or their designees. The director of Minnesota Planning or the director's designee shall serve as chair of the working group.

(b) The working group will complete the following tasks:

(1) evaluate the environmental impact statement of the surface transportation board (STB) concerning the DM&E rail line project, summarize its findings and directives, and determine

APPROPRIATIONS

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whether and to what extent the STB's assessment may have failed in identifying the DM&E rail line project's impact on the state; and

(2) develop and present recommendations to the legislature of how to maximize opportunities to move Minnesota products to market on the DM&E railroad while minimizing environmental, social, and other public costs.

(c) Included in the evaluation and recommendations must be methods to:

(1) maximize the volume of Minnesota products shipped on the DM&E rail line including consideration of modifications to ports and other infrastructure which could enhance and benefit the state;

(2) assure appropriate environmental protections are used to minimize land use, protect wetlands, and mitigate noise or other environmental impacts;

(3) involve local units of government in siting issues and right-of-way acquisitions; and

(4) determine what direct and indirect costs are likely to accrue to local units of government and private property owners as a result of the project, including, but not limited to, costs for mitigation, right-of-way acquisitions, and crossing safety.

(d) The commissioners shall directly negotiate and advocate with the rail line to assure timely access for shipping Minnesota products and to assure minimal environmental and social impact. The working group shall present an interim report to the legislature by January 15, 2001, and a final report to the legislature no later than six months following the date of issuance of the STB's draft environmental impact statement.

Subd. 10. Port Development Assistance

2,000,000

For port development assistance grants. The grants must be made to political subdivisions for capital improvements constructed after the effective date of this appropriation under Minnesota Statutes, chapter 457A. Any improvement made with the proceeds of these grants must be owned by a public body.

Subd. 11. Local Bridge Replacement and Rehabilitation

39,000,000

To match federal money and to replace or rehabilitate local deficient bridges.

APPROPRIATIONS

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Political subdivisions may use grants made under this subdivision to construct or reconstruct bridges, including:

- (1) matching federal aid grants to construct or reconstruct key bridges;
- (2) paying the costs of preliminary engineering and environmental studies authorized under Minnesota Statutes, section 174.50, subdivision 6a;
- (3) paying the costs to abandon an existing bridge that is deficient and in need of replacement, but where no replacement will be made; and
- (4) paying the costs to construct a road or street to facilitate the abandonment of an existing bridge determined by the commissioner to be deficient, if the commissioner determines that construction of the road or street is more economical than replacing the existing bridge.

Subd. 12. Sales Tax 4,800,000

For payment of sales tax that may not be paid from the trunk highway fund.

Subd. 13. Transit 872,000

For grants to public transit systems under Minnesota Statutes, section 174.24, to acquire rolling stock and intelligent transportation system technologies, and for operating assistance. Priority must be given to projects to match available federal money. Up to \$450,000 may be used for transit operating assistance. This appropriation does not add to the agency's budget base.

Subd. 14. Major Projects Commission 5,000

From the trunk highway fund for expenses relating to the major transportation projects commission, including expenses of nonlegislative members.

Sec. 3. METROPOLITAN COUNCIL TRANSIT

Subdivision 1. To the metropolitan council for the purposes specified in this section 20,000,000

Subd. 2. Bus Garages 10,000,000

To construct bus garages. This appropriation is available until spent.

APPROPRIATIONS

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Subd. 3. Bus Transit Ways 6,300,000

For engineering, design, and construction of bus transit ways, including, but not limited to, acquisition of land and rights-of-way. This appropriation is available until spent.

Subd. 4. Metropolitan Transit Operations 3,700,000

This appropriation does not add to the agency's budget base.

Sec. 4. PUBLIC SAFETY 119,000

Subdivision 1. Driver's License Photographic Equipment 119,000

For grants to driver's license agents to pay monthly lease and maintenance costs of photo identification equipment.

Subd. 2. Training Facility

The unobligated balance of the appropriation in Laws 1998, chapter 404, section 21, subdivision 2, for the Camp Ripley training facility, is canceled.

Sec. 5. TRADE AND ECONOMIC DEVELOPMENT 750,000

To the commissioner of trade and economic development for a grant to the Upper Minnesota Valley Regional Development Commission for the Minnesota River Tourism Initiative serving six rural Minnesota counties and multiple communities in west central Minnesota. The grant must be used for planning, predesign, and design of three staffed travel information centers.

Sec. 6. FINANCE 15,100,000

Summary by Fund

Trunk Highway Bond

Proceeds Account	100,000
General Fund	15,000,000

Subdivision 1. Bond Sale Expenses 100,000

This appropriation is from the bond proceeds account in the trunk highway fund for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8.

Subd. 2. Transportation Revolving Loan Fund 15,000,000

For transfer to the highway account in the transportation revolving loan fund.

Sec. 7. [BOND SALE AUTHORIZATION.]

To provide the money appropriated in this act from the trunk highway bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$100,100,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 167.50 to 167.52, and by the Minnesota Constitution, article XIV, section 11, at the times and in the amounts requested by the commissioner of transportation. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the trunk highway fund.

Sec. 8. [COMMISSIONER OF TRANSPORTATION; RAMP METER STUDY.]

(a) Notwithstanding other law to the contrary, the commissioner shall order that all meters on access ramps to a freeway or expressway, as defined in Minnesota Statutes, section 160.02, display flashing yellow lights for a period of time determined by the commissioner.

This section does not prohibit temporary closure or other traffic flow restrictions of access ramps to a freeway or expressway in the interests of public safety.

(b) The commissioner shall study and report to the legislature by February 1, 2001, the traffic flow and highway safety results on expressways and freeways for the period of the study. The department shall gather and compile any relevant facts, comparisons, statistics, or other relevant data and report its findings of fact and conclusions.

Sec. 9. [REPORT; METRO MOBILITY.]

(a) The metropolitan council shall report to the chairs of the senate and house of representatives committees having jurisdiction over transportation policy and transportation finance on the future of the metro mobility paratransit system. The report must include options, alternatives, and strategies for:

- (1) increasing the availability of metro mobility service to meet present and anticipated demand;
- (2) integrating metro mobility service into the new and expanded transit services described in the council's regional transit master plan;
- (3) integration of private taxi services to provide a more efficient pick up and delivery system, and potential savings from doing so; and
- (4) changes in state or federal law, including, but not limited to, changes in fare structure and requirements, to increase effectiveness of the service.

(b) In conducting the study and preparing the report, the council shall consult with its transportation accessibility advisory council.

(c) The council shall submit the report by February 1, 2001.

Sec. 10. [PUBLIC SAFETY RADIO SYSTEM STUDY.]

Subdivision 1. [PLANNING COMMITTEE.] The commissioners of administration, transportation, and public safety shall convene a planning committee to report to the legislature on a plan for development of an 800 megahertz, statewide, shared public safety radio system. The planning committee shall provide a means for inclusion of input from representatives of local governments and major system user groups.

Subd. 2. [REPORT CONTENTS.] The committee shall review:

- (1) current and future needs and capacities of radio systems in outstate areas;
- (2) the potential for implementation of a multi-agency and multijurisdictional shared radio system;
- (3) potential guidelines for governance and system participation by state and local units of government; and
- (4) statutory changes required to implement a statewide, 800 megahertz, shared public safety radio system.

Subd. 3. [REVIEW CONSIDERATIONS.] In performing the duties under this section, the planning committee may consider:

- (1) assessment of current uses, needs, and capacities, including growth and expansion capacities, by each local government and by each major user group;
- (2) estimates of future needs by each local government and by each major user group;
- (3) estimates by each local government and by each major user group of the anticipated level and timeline for utilizing the radio system;
- (4) analysis of the expected costs of implementing the radio system; and
- (5) proposed funding mechanisms, including options for allocating costs among local governments and user groups.

Subd. 4. [PUBLIC MEETINGS.] After completing its duties under subdivisions 2 and 3, the planning committee shall prepare a draft report to local governments and major user groups in all outstate areas. The draft report must also be made available to the public. After preparing and disseminating the draft report and before presenting the final report to the legislature, the planning committee shall meet with representatives of local governments and user groups in each department of public safety radio communication district to explain the report and seek comment.

Subd. 5. [REPORT.] By February 1, 2001, the commissioner of administration shall report to the legislature on the findings and recommendations of the planning committee. The report must also identify any changes in statutory authority and funding options necessary to provide for implementation of the statewide, 800 megahertz, shared, public safety radio system.

Sec. 11. [LIGHT RAIL; FEDERAL FUNDS.]

The commissioner of transportation may not apply to the federal government for any federal funds for light rail transit in the Hiawatha Avenue corridor other than federal funds that under federal law or regulation may only be used for transit capital projects. This section does not prohibit the commissioner from using federal funds that are identified in the 2001-2003 statewide transportation improvement program for the Hiawatha Avenue corridor highway and light rail project.

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

Sec. 12. Laws 1999, chapter 238, article 2, section 93, is amended to read:

Sec. 93. [EFFECTIVE DATE.]

Sections 21 and 22 are effective the day following final enactment, ~~and are repealed on July 31, 2000.~~ Sections 2, 15, 32, 33, 35 to 67, 72, 74, 75, 77, and 85 are effective January 1, 2000. Sections 7 to 14 are effective July 1, 2000. Section 27 is effective July 1, 1999, for Minnesota identification cards issued on and after that date. Sections 4, 5, and 30 are effective July 1, 2001.

Sec. 13. Minnesota Statutes 1998, section 161.32, is amended by adding a subdivision to read:

Subd. 7. [APPROVAL AND PAYMENT OF SUPPLEMENTAL AGREEMENTS.] Notwithstanding any law to the contrary, when goods or services are provided to the commissioner under an agreement supplemental to a contract for work on a trunk highway, the commissioner or designee may approve the supplemental agreement. Payment of valid state obligations must be made within 30 days of approval of the work or submission by the contractor of an invoice indicating completion of work, whichever occurs later.

Sec. 14. Minnesota Statutes 1998, section 167.50, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE AND SALE.] The bonds shall be issued and sold upon ~~sealed~~ competitive bids after published notice. The bonds shall be issued and sold at the times and prices (not less than par and accrued interest), in the form and denominations, bearing interest at the rate or rates, maturing on dates, with or without option of prior redemption upon notice and at specified times and prices, payable at a bank or banks, within or without the state, with provisions for registration, conversion, and exchange and for the issuance of temporary bonds or notes in anticipation of the sale and delivery of definitive bonds, and in accordance with such further provisions, as the commissioner of finance may determine, subject to the approval of the attorney general (but not subject to the provisions of chapter 14, including 14.386). Each bond shall mature within 20 years from its date of issue and shall be executed by the commissioner of finance and attested by the state treasurer under their official seals. The signatures of these officers on the face of and any interest coupons appurtenant to any bond, and their seals may be printed, lithographed, stamped, engraved, or otherwise reproduced thereon, provided that the signature of one of the officers, or of an authorized representative of a corporate registrar or other agent designated by the commissioner of finance to authenticate the bonds, shall be manually subscribed on the face of each bond.

Sec. 15. Minnesota Statutes 1999 Supplement, section 168.17, is amended to read:

168.17 [SUSPENSION OF REGISTRATION.]

(a) All registrations and issue of number plates shall be subject to amendment, suspension, modification or revocation by the registrar summarily for any violation of or neglect to comply with the provisions of this chapter or when the transferee fails to comply with section 168A.10, subdivision 2, within 30 days of the date of sale.

(b) The registrar may suspend the registration of a motor vehicle if the tax on the vehicle was paid by means of a dishonored check to a deputy motor vehicle registrar. The registrar may continue a suspension under this paragraph until the registrar is informed by the deputy motor vehicle registrar that the dishonored check has been paid in full.

(c) In any case where the proper registration of a motor vehicle is dependent upon procuring information entailing such delay as to unreasonably deprive the owner of the use of the motor vehicle, the registrar may issue a tax receipt and plates conditionally.

(d) In any case when revoking a registration for cause, the registrar shall have authority to demand the return of the number plates and registration certificates, and, if necessary, to seize the number plates issued for such registration.

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

Sec. 16. Minnesota Statutes 1998, section 168.27, subdivision 8, is amended to read:

Subd. 8. [EXEMPTIONS.] ~~(a)~~ (a) Salespeople and other employees of licensed dealers under this section ~~shall~~ are not ~~be~~ required to obtain individual licenses.

~~(b)~~ (b) Isolated or occasional sales or leases of new or used motor vehicles ~~shall be~~ are exempt from the provisions of this section. A person who makes only isolated or occasional sales or leases is not required to be licensed under this section, is not considered to be in the business of selling or leasing motor vehicles, and does not qualify to

receive dealer plates under subdivision 16. "Isolated or occasional sales or leases" means: ~~(i)~~ (1) the sale or lease of a motor vehicle with an actual cash value of \$1,000 or less made by a charitable organization; ~~(ii)~~ (2) the sale, purchase, or lease of not more than five motor vehicles in a 12-month period, other than pioneer or classic motor vehicles as defined in section 168.10, subdivisions 1a and 1b, or ~~(iii)~~ (3) sales by a licensed auctioneer selling motor vehicles at an auction if, in the ordinary course of the auctioneer's business, the sale of motor vehicles is incidental to the sale of other real or personal property. For purposes of this subdivision, a charitable organization means a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code.

(c) A person whose sales of new and used motor vehicles consist solely of sales to political subdivisions and their agencies of vehicles used solely as firefighting equipment is not required to obtain a license under this section. The person may apply for and receive in-transit plates under subdivision 17 in the same manner as licensed motor vehicle dealers for the purpose of allowing firefighting equipment to be transported from the dealer's source of supply or other place of storage to the dealer's place of business, to another place of storage, or directly to the purchaser.

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

Sec. 17. Minnesota Statutes 1998, section 169.781, is amended by adding a subdivision to read:

Subd. 10. [EXEMPTION.] This section does not apply to a vehicle operated by a motor carrier of passengers, as defined in section 221.011, subdivision 48, if the vehicle has been inspected under section 221.0252, subdivision 3, paragraph (a), clause (2), within the previous 12 months.

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

Sec. 18. Minnesota Statutes 1999 Supplement, section 171.061, subdivision 4, is amended to read:

Subd. 4. [FEE; EQUIPMENT.] (a) The agent may charge and retain a filing fee of \$3.50 for each application. Except as provided in paragraph (b), the fee shall cover all expenses involved in receiving, accepting, or forwarding to the department the applications and fees required under sections 171.02, subdivision 3; 171.06, subdivisions 2 and 2a; and 171.07, subdivisions 3 and 3a.

~~(b) An agent with photo identification equipment provided by the department before January 1, 1999, may retain the photo identification equipment until the agent's appointment terminates. The department shall maintain the photo identification equipment for these all agents appointed as of January 1, 2000. An agent appointed before January 1, 1999, who does not have photo identification equipment provided by the department, and any new agent appointed after December 31, 1998, shall procure and maintain photo identification equipment. Upon the retirement, resignation, death, or discontinuance of an existing agent, and if a new agent is appointed in an existing office pursuant to Minnesota Rules, chapter 7404, and notwithstanding the above or Minnesota Rules, part 7404.0400, the department shall provide and maintain photo identification equipment without additional cost to a newly appointed agent in that office if the office was provided the equipment by the department before January 1, 1999 2000. All photo identification equipment must be compatible with standards established by the department.~~

(c) A filing fee retained by the agent employed by a county board must be paid into the county treasury and credited to the general revenue fund of the county. An agent who is not an employee of the county shall retain the filing fee in lieu of county employment or salary and is considered an independent contractor for pension purposes, coverage under the Minnesota state retirement system, or membership in the public employees retirement association.

(d) Before the end of the first working day following the final day of the reporting period established by the department, the agent must forward to the department all applications and fees collected during the reporting period except as provided in paragraph (c).

EFFECTIVE DATE: This section is effective retroactively from January 1, 2000.

Sec. 19. [174.55] [MAJOR TRANSPORTATION PROJECTS COMMISSION.]

Subdivision 1. [CREATION AND PURPOSE.] A major transportation projects commission is created to review and comment on proposed major transportation projects in which the department of transportation is involved.

Subd. 2. [COMPOSITION.] The major transportation projects commission is composed of the governor or the governor's designee; four citizen members appointed by the governor and serving at the pleasure of the governor; seven senators appointed by the subcommittee on committees of the committee on rules and administration, three of whom must not be members of the senate majority party; and seven members of the house of representatives appointed by the speaker, three of whom must not be members of the house majority party. The commissioner of transportation shall serve as a nonvoting member unless the commissioner is the governor's designee. The commission shall elect a chair from among its members. Nongovernment members of the commission shall receive compensation in accordance with section 15.059, subdivision 3.

Subd. 3. [DUTIES.] The major transportation projects commission shall review each report submitted under subdivision 4 and shall make comments on the report to the governor and legislature by September 30 of each year.

Subd. 4. [COMMISSIONER REPORT.] The commissioner of transportation shall report to the commission not later than July 15 of each year. The report must consist of a listing of candidate projects that meet the criteria of major transportation projects within the definition in subdivision 5, and a listing of proposed projects for study that the commissioner believes have the potential of being major transportation projects but do not have draft environmental impact statements. The report must include the commissioner's plan for funding and implementation of each project.

Subd. 5. [MAJOR TRANSPORTATION PROJECT.] A major transportation project is a project that meets each of the following criteria:

- (1) involves the department of transportation;
- (2) has a total cost of more than \$5,000,000;
- (3) is a critical element of the transportation system of its region and the state; and
- (4) has a completed draft environmental impact statement.

Subd. 6. [CONSTRUCTION OF TRANSPORTATION PROJECTS.] The department may not construct a major transportation project without first submitting the project to the major transportation projects commission. Within any six-year period, the department may not construct a transportation project consisting of separate contiguous projects that do not individually qualify as major transportation projects, but which in their entirety would constitute a major transportation project, without first submitting the project to the major transportation projects commission.

EFFECTIVE DATE: This section is effective July 1, 2000, except that subdivision 6 is effective July 1, 2001.

Sec. 20. Minnesota Statutes 1999 Supplement, section 174.88, is amended to read:

174.88 [COMMUTER RAIL FUNDING.]

Subdivision 1. [FEDERAL FUND APPLICATIONS.] The commissioner, in cooperation with appropriate metropolitan planning organizations, may apply for funding from federal, state, regional, local, and private sources for commuter rail facility construction, operation, implementation, maintenance, and improvement.

Subd. 2. [EXPENDITURE OF STATE FUNDS.] The commissioner shall not spend any state funds for construction or equipment of commuter rail facilities unless the funds have been appropriated by law specifically for those purposes.

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

Sec. 21. Minnesota Statutes 1999 Supplement, section 221.0252, subdivision 7, is amended to read:

Subd. 7. [EXEMPTIONS FROM REGULATION.] Notwithstanding any other law, motor carriers of passengers are exempt from sections 221.121; 221.122; 221.123; ~~221.132~~; 221.151; 221.161; and 221.171.

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

Sec. 22. Minnesota Statutes 1998, section 221.131, subdivision 4, is amended to read:

Subd. 4. [FLOATER CARD; FEE.] The department may issue to carriers subject to subdivision 2 or 3 special "floater" identification cards up to a maximum of five per motor carrier. Floater cards may be freely transferred between vehicles that have evidence of being inspected under section 221.0252, subdivision 3, paragraph (a), clause (2), within the previous 12 months, or have a current Commercial Vehicle Safety Alliance decal, and that are used under short-term leases by the motor carrier. The motor carrier shall pay a fee of \$100 for each floater card issued.

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

Sec. 23. Minnesota Statutes 1998, section 221.132, is amended to read:

221.132 [PREPAID TEMPORARY VEHICLE IDENTIFICATION CARD.]

For special or extraordinary events, the commissioner may issue a prepaid temporary vehicle identification card to a permit or certificate holder subject to section 221.131, subdivision 2 or 3, for a fee of \$5 per card. The card must be preprinted by the commissioner with the carrier's name, address, and permit or certificate number. The card may be used by the motor carrier to whom it is issued to identify a vehicle temporarily added to its fleet, if the vehicle has evidence of being inspected under section 221.0252, subdivision 3, paragraph (a), clause (2), within the previous 12 months, or has a current Commercial Vehicle Safety Alliance decal. The card must be executed by the motor carrier by dating and signing the card and describing the vehicle in which it will be carried. The identification card is valid for a period of ten days from the date the motor carrier places on the card when the card is executed. The card must be used within one year from the date of issuance by the commissioner. The card may not be used if the permit or certificate is not in full force and effect. The card may not be transferred. The commissioner may not refund the cost of unused prepaid temporary vehicle identification cards.

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

Sec. 24. Minnesota Statutes 1998, section 473.405, subdivision 4, is amended to read:

Subd. 4. [TRANSIT SYSTEMS.] The council may engineer, construct, equip, and operate transit and paratransit systems, projects, or any parts thereof, including road lanes or rights of way, terminal facilities, maintenance and garage facilities, ramps, parking areas, and any other facilities useful for or related to any public transit or paratransit system or project. The council may sell or lease naming rights with regard to light rail transit stations and apply revenues from sales or leases to light rail transit operating costs.

ARTICLE 2

TRUNK HIGHWAY FUND

Section 1. [PROHIBITION AGAINST APPROPRIATIONS FROM TRUNK HIGHWAY FUND.]

To ensure compliance with the Minnesota Constitution, article XIV, sections 2, 5, and 6, the commissioner of finance, agency directors, and legislative commission personnel may not include in the biennial budget for fiscal years 2002 and 2003, or in any budget thereafter, expenditures from the trunk highway fund for a nonhighway

purpose as jointly determined by the commissioner of finance and the attorney general. For purposes of this section, an expenditure for a nonhighway purpose is any expenditure not for construction, improvement, or maintenance of highways. At the time of submission of the biennial budget proposal to the legislature, the commissioner of finance and the attorney general shall report to the senate and house of representatives transportation committees concerning any expenditure that is proposed to be appropriated from the trunk highway fund, if that expenditure is similar to those reduced or eliminated in sections 5 to 20. The report must explain the highway purpose of the proposed expenditure.

Sec. 2. Minnesota Statutes 1999 Supplement, section 144E.29, is amended to read:

144E.29 [FEES.]

(a) The board shall charge the following fees:

(1) initial application for and renewal of an ambulance service license, \$150;

(2) each ambulance operated by a licensee, \$96. The licensee shall pay an additional \$96 fee for the full licensing period or \$8 per month for any fraction of the period for each ambulance added to the ambulance service during the licensing period;

(3) initial application for and renewal of approval for a training program, \$100; and

(4) duplicate of an original license, certification, or approval, \$25.

(b) With the exception of paragraph (a), clause (5), all fees are for a two-year period. All fees are nonrefundable.

(c) Fees collected by the board shall be deposited as nondedicated receipts in the ~~trunk highway~~ general fund.

Sec. 3. Minnesota Statutes 1999 Supplement, section 144E.31, subdivision 3, is amended to read:

Subd. 3. [FINE.] (a) The board may order a fine concurrently with the issuance of a correction order, or after the licensee or training program has not corrected the violation within the time specified in the correction order.

(b) A licensee or training program that is ordered to pay a fine shall be notified of the order by certified mail. The notice shall be mailed to the address shown on the application or the last known address of the licensee or training program. The notice shall state the reasons the fine was ordered and shall inform the licensee or training program of the right to a contested case hearing under chapter 14.

(c) A licensee or training program may appeal the order to pay a fine by notifying the board by certified mail within 15 calendar days after receiving the order. A timely appeal shall stay payment of the fine until the board issues a final order.

(d) A licensee or training program shall pay the fine assessed on or before the payment date specified in the board's order. If a licensee or training program fails to fully comply with the order, the board shall suspend the license or cancel approval until there is full compliance with the order.

(e) Fines shall be assessed as follows:

(1) \$150 for violation of section 144E.123;

(2) \$400 for violation of sections 144E.06, 144E.07, 144E.101, 144E.103, 144E.121, 144E.125, 144E.265, 144E.285, and 144E.305;

(3) \$750 for violation of rules adopted under section 144E.16, subdivision 4, clause (8); and

(4) \$50 for violation of all other sections under this chapter or rules adopted under this chapter that are not specifically enumerated in clauses (1) to (3).

(f) Fines collected by the board shall be deposited as nondedicated receipts in the ~~trunk highway~~ general fund.

Sec. 4. Minnesota Statutes 1998, section 161.20, subdivision 3, is amended to read:

Subd. 3. [APPROPRIATIONS.] The commissioner may expend trunk highway funds only for trunk highway purposes. Payment of expenses related to sales tax, bureau of criminal apprehension laboratory, office of tourism kiosks, Minnesota safety council, tort claims, driver education programs, emergency medical services board, and Mississippi River parkway commission do not further a highway purpose and do not aid in the construction, improvement, or maintenance of the highway system.

Sec. 5. Laws 1999, chapter 216, article 1, section 1, is amended to read:

Section 1. [CRIMINAL JUSTICE APPROPRIATIONS.]

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

SUMMARY BY FUND				
	1999	2000	2001	TOTAL
General	\$ 2,074,000	\$ 547,845,000	\$ 582,487,000 <u>\$ 584,143,000</u>	\$1,130,332,000 <u>\$1,131,988,000</u>
Special Revenue		8,258,000	7,902,000	16,160,000
Environmental		44,000	46,000	90,000
State Government Special Revenue		7,000	7,000	14,000
Trunk Highway		1,626,000	1,656,000 <u>-0-</u>	3,282,000 <u>1,626,000</u>
TOTAL		\$ 557,780,000	\$ 592,098,000	\$1,149,878,000

APPROPRIATIONS
Available for the Year
Ending June 30

2000 2001

Sec. 6. Laws 1999, chapter 216, article 1, section 7, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation 44,595,000 41,848,000

Summary by Fund

	2000	2001
General	42,398,000	39,607,000 <u>41,263,000</u>

APPROPRIATIONS
Available for the Year
Ending June 30

	2000	2001
Special Revenue	520,000	532,000
State Government Special Revenue	7,000	7,000
Environmental	44,000	46,000
Trunk Highway	1,626,000	1,656,000 -0-

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

Sec. 7. Laws 1999, chapter 216, article 1, section 7, subdivision 3, is amended to read:

Subd. 3. Criminal Apprehension

Summary by Fund

General	23,327,000	23,080,000	<u>24,736,000</u>
Special Revenue	520,000		532,000
State Government Special Revenue	7,000		7,000
Trunk Highway	1,626,000		1,656,000 -0-

\$99,000 the first year and \$99,000 the second year from the Bureau of Criminal Apprehension account in the special revenue fund are for grants to local officials for the cooperative investigation of cross-jurisdictional criminal activity. Any unencumbered balance remaining in the first year does not cancel but is available for the second year.

\$421,000 the first year and \$433,000 the second year from the Bureau of Criminal Apprehension account in the special revenue fund are for laboratory activities.

\$5,000,000 the first year and \$4,000,000 the second year are for the statewide criminal and juvenile justice data information system upgrade.

\$210,000 the first year and \$210,000 the second year are to be transferred to the commissioner of corrections for a statewide probation system component of the criminal justice information system. This appropriation must be included in the budget base for the 2002-2003 biennium.

APPROPRIATIONS
Available for the Year
Ending June 30

2000 2001

\$500,000 the first year and \$55,000 the second year are for a lab information management system.

\$344,000 the first year and \$400,000 the second year are for laboratory supplies and equipment. This is a one-time appropriation.

\$800,000 the second year is for start-up costs, including employee hiring and training, for the northern BCA satellite laboratory facility in the city of Bemidji, for which predesign money was appropriated in Laws 1998, chapter 404, section 13, subdivision 11.

\$15,000 the first year is for the capitol security study described in article 5, section 13. This is a one-time appropriation.

\$125,000 the second year is to expand DNA testing of predatory offenders.

Sec. 8. Laws 1999, chapter 223, article 1, section 1, is amended to read:

Section 1. [ECONOMIC DEVELOPMENT; APPROPRIATIONS.]

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

SUMMARY BY FUND

	1999	2000	2001	TOTAL
General	\$21,000	\$224,507,000	\$184,543,000 <u>\$185,309,000</u>	\$409,071,000 <u>\$409,837,000</u>
Petroleum Tank Cleanup		1,015,000	1,045,000	2,060,000
Environmental Fund		700,000	700,000	1,400,000
TANF		6,000,000	4,000,000	10,000,000
Trunk Highway		745,000	766,000 <u>-0-</u>	1,511,000 <u>745,000</u>
Workers' Compensation		22,217,000	22,439,000	44,656,000

Special Revenue		100,000	-0-	100,000
Workforce Development Fund		17,993,000	12,557,000	30,550,000
TOTAL	\$21,000	\$273,277,000	\$226,050,000	\$499,348,000

APPROPRIATIONS
Available for the Year
Ending June 30

2000 2001

Sec. 9. Laws 1999, chapter 223, article 1, section 2, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation		56,880,000	46,056,000
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Summary by Fund

General	42,985,000	32,590,000	<u>33,356,000</u>
Trunk Highway	745,000	766,000	<u>-0-</u>
TANF	1,500,000		1,500,000
Environmental Fund	700,000		700,000
Workforce Development Fund	10,950,000		10,500,000

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

Sec. 10. Laws 1999, chapter 223, article 1, section 2, subdivision 4, is amended to read:

Subd. 4. Tourism

	10,805,000	10,910,000
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Summary by Fund

General	10,060,000	10,144,000	<u>10,910,000</u>
Trunk Highway	745,000	766,000	<u>-0-</u>

To develop maximum private sector involvement in tourism, \$3,500,000 the first year and \$3,500,000 the second year of the amounts appropriated for marketing activities are contingent on receipt of an equal contribution from nonstate sources that have been certified by the commissioner. Up to one-half of the match may be given in in-kind contributions.

In order to maximize marketing grant benefits, the commissioner must give priority for joint venture marketing grants to organizations with year-round sustained tourism activities.

APPROPRIATIONS
Available for the Year
Ending June 30

2000	2001
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For programs and projects submitted, the commissioner must give priority to those that encompass two or more areas or that attract nonresident travelers to the state.

If an appropriation for either year for grants is not sufficient, the appropriation for the other year is available for it.

The commissioner may use grant dollars or the value of in-kind services to provide the state contribution for the partnership program.

Any unexpended money from general fund appropriations made under this subdivision does not cancel but must be placed in a special advertising account for use by the office of tourism to purchase additional media.

This appropriation may be used for a grant to Minnesota Festivals and Events Association for the following purposes:

(1) for a partnership with the University of Minnesota's tourism center to build the methodology for a low-cost economic impact model that will allow festival and event managers to conduct research independently in their own communities;

(2) to promote regional workshops to increase production value and professionalism for events in the state, increase event service and entertainment value for local residents, build community awareness of opportunities to generate new tourism, and assure production of high quality, safe, and meaningful tourism products that are in line with the vision, mission, and growth goals of individual towns and cities in Minnesota;

(3) for a partnership with the University of Minnesota's tourism center to enhance professionalism via its certified festival manager program, training event managers and volunteer staff to implement value-added festivals and events for visitors to the state;

(4) for a partnership with the Minnesota office of tourism to publish a pull-out minimagazine advertising the statewide festivals and events calendar for the year; and

(5) to expand the Minnesota Festivals and Events Association website, to provide travel planners with more festival and event intensive links to communities hosting such activities.

\$250,000 in the first year is for a one-time grant for the purpose of the Upper Red Lake business loan program.

APPROPRIATIONS
Available for the Year
Ending June 30

2000 2001

\$829,000 the first year and \$829,000 the second year are for the Minnesota film board. \$329,000 of this appropriation in each year is available only upon receipt by the board of \$1 in matching contributions of money or in-kind from nonstate sources for every \$3 provided by this appropriation. Of this amount, \$500,000 the first year and \$500,000 the second year are for grants to the Minnesota film board for a film production jobs fund to stimulate feature film production in Minnesota. This appropriation is to reimburse film producers for two to five percent of documented wages which they paid to Minnesotans for film production after January 1, 1999.

\$100,000 the first year is for a grant to promote tourism in the Mille Lacs area. This is a one-time appropriation and is not added to the agency's budget base.

\$100,000 the first year is for a one-time grant to promote tourism in the areas near the northern border of Minnesota, including the Northwest Angle.

\$37,000 the first year is for a grant to the Mississippi River parkway commission.

Sec. 11. Laws 1999, chapter 238, article 1, section 1, is amended to read:

Section 1. [TRANSPORTATION AND OTHER AGENCIES 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 act, to be available for the fiscal years indicated for each purpose. The figures "1999," "2000," and "2001," where used in this act, mean that the appropriations listed under them are available for the year ending June 30, 1999, June 30, 2000, or June 30, 2001, respectively. If the figures are not used, the appropriations are available for the year ending June 30, 2000, or June 30, 2001, respectively. The term "first year" means the year ending June 30, 2000, and the term "second year" means the year ending 30, 2001. Appropriations for the year ending June 30, 1999, are in addition to appropriations made in previous years.

SUMMARY BY FUND

	2000	2001	TOTAL
General	\$ 85,231,000	\$ 80,853,000 <u>\$ 81,520,000</u>	\$166,084,000 <u>\$166,751,000</u>
Airports	19,386,000	19,469,000	38,855,000
C.S.A.H.	365,063,000	366,624,000	731,687,000
Highway User	15,480,000	15,575,000	31,055,000

M.S.A.S.	105,549,000	107,394,000	212,943,000
Special Revenue	947,000	965,000	1,912,000
Trunk Highway	1,044,984,000	1,056,111,000 <u>1,055,444,000</u>	2,101,095,000 <u>2,100,428,000</u>
TOTAL	\$1,636,640,000	\$1,646,991,000	\$3,283,631,000

APPROPRIATIONS
Available for the Year
Ending June 30

2000 2001

Sec. 12. Laws 1999, chapter 238, article 1, section 2, subdivision 12, is amended to read:

Subd. 12. Contingent Appropriation

The commissioner of transportation, with the approval of the governor after consultation with the legislative advisory commission under Minnesota Statutes, section 3.30, may transfer all or part of the unappropriated balance in the trunk highway fund to an appropriation (1) for trunk highway design, construction, or inspection in order to take advantage of an unanticipated receipt of income to the trunk highway fund, or (2) for trunk highway maintenance in order to meet an emergency, or (3) to pay tort or environmental claims. The amount transferred is appropriated for the purpose of the account to which it is transferred.

Sec. 13. Laws 1999, chapter 238, article 1, section 5, is amended to read:

Sec. 5. MINNESOTA SAFETY COUNCIL 67,000 67,000

Summary by Fund

	<u>2000</u>	<u>2001</u>
<u>Trunk Highway</u>	<u>67,000</u>	<u>-0-</u>
<u>General</u>	<u>-0-</u>	<u>67,000</u>

~~This appropriation is from the trunk highway fund.~~

Sec. 14. Laws 1999, chapter 238, article 1, section 7, is amended to read:

Sec. 7. TORT CLAIMS 600,000 600,000

Summary by Fund

	<u>2000</u>	<u>2001</u>
<u>Trunk Highway</u>	<u>600,000</u>	<u>-0-</u>
<u>General</u>	<u>-0-</u>	<u>600,000</u>

To be spent by the commissioner of finance.

APPROPRIATIONS
Available for the Year
Ending June 30

2000 2001

~~This appropriation is from the trunk highway fund.~~

~~If the appropriation for either year is insufficient, the appropriation for the other year is available for it.~~

The commissioner shall transfer amounts from this appropriation to other state agencies as required to pay tort claims.

Sec. 15. Laws 1999, chapter 241, article 10, section 5, subdivision 2, is amended to read:

Subd. 2. [TEACHING AND LEARNING PROGRAM.] (a) For the teaching and learning program in the department of children, families, and learning:

\$9,979,000	.....	2000
\$9,926,000	.....	2001

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

(c) \$21,000 ~~each~~ the first year is from the trunk highway fund.

(d) \$673,000 in 2000 and \$678,000 in 2001 is for the board of teaching.

(e) Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, the commissioner of children, families, and learning may contract with a school district for a period no longer than five consecutive years to work in the development or implementation of the graduation rule. The commissioner may contract for services and expertise as necessary. The contracts are not subject to Minnesota Statutes, section 16B.06.

Sec. 16. Laws 1999, chapter 245, article 1, section 1, is amended to read:

Section 1. [HEALTH AND HUMAN SERVICES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in the following sections of this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" where used in this article, mean that the appropriation or appropriations listed under them are available for the 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

	2000	2001	BIENNIAL TOTAL
General	\$2,650,812,000	\$2,774,558,000 <u>\$2,776,331,000</u>	\$5,425,370,000 <u>\$5,427,143,000</u>
State Government Special Revenue	36,424,000	36,103,000	72,527,000

Health Care Access	146,224,000	175,017,000	321,241,000
Trunk Highway	1,726,000	1,773,000 -0-	3,499,000 <u>1,726,000</u>
Lottery Prize	1,300,000	1,300,000	2,600,000
TOTAL	\$2,836,486,000	\$2,988,751,000	\$5,825,237,000

APPROPRIATIONS
Available for the Year
Ending June 30

2000 2001

Sec. 17. Laws 1999, chapter 245, article 1, section 6, is amended to read:

Sec. 6. EMERGENCY MEDICAL SERVICES BOARD 2,420,000 2,467,000

Summary by Fund

General	694,000	694,000 <u>2,467,000</u>
Trunk Highway	1,726,000	1,773,000 <u>-0-</u>

[COMPREHENSIVE ADVANCED LIFE SUPPORT (CAL S).] Of the general fund appropriation, \$108,000 each year is for the board to establish a comprehensive advanced life support educational program under Minnesota Statutes, section 144E.37.

[EMERGENCY MEDICAL SERVICES GRANTS.] ~~Of the appropriation from the trunk highway fund; \$18,000 from the trunk highway fund~~ in fiscal year 2000 and \$36,000 ~~from the general fund~~ in fiscal year 2001 is to the board for grants to regional emergency medical services programs. ~~This~~ The second year appropriation shall become part of the base for the 2002-2003 biennium.

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

Section 1. [STATE GOVERNMENT APPROPRIATIONS.]

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

SUMMARY BY FUND

	2000	2001	BIENNIAL TOTAL
General	\$349,954,000	\$308,497,000 <u>\$308,536,000</u>	\$658,451,000 <u>\$658,490,000</u>
State Government Special Revenue	13,986,000	13,884,000	27,870,000

For 1999 - \$465,000

Health Care Access	1,842,000	1,871,000	3,713,000
Environmental	236,000	242,000	478,000
Solid Waste Fund	660,000	670,000	1,330,000
Lottery Prize Fund	110,000	-0-	110,000
Highway User Tax Distribution	2,129,000	2,173,000	4,302,000
Trunk Highway	39,000	39,000 <u>-0-</u>	78,000 <u>39,000</u>
Workers' Compensation	7,024,000	6,959,000	13,983,000
TOTAL	\$376,420,000	\$334,854,000	\$711,274,000

For 1999 - \$465,000

APPROPRIATIONS
Available for the Year
Ending June 30

2000 2001

Sec. 19. Laws 1999, chapter 250, article 1, section 2, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	58,340,000	63,117,000
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Summary by Fund

General	58,151,000	62,928,000	<u>\$62,967,000</u>
Health Care Access	150,000		150,000
Trunk Highway	39,000		39,000 <u>-0-</u>

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

Sec. 20. Laws 1999, chapter 250, article 1, section 2, subdivision 4, is amended to read:

Subd. 4. Legislative Coordinating Commission	13,841,000	14,924,000
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Summary by Fund

General	13,652,000	14,735,000	<u>14,774,000</u>
Health Care Access	150,000		150,000
Trunk Highway	39,000		39,000 <u>-0-</u>

APPROPRIATIONS
Available for the Year
Ending June 30

2000	2001
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\$5,600,000 the first year and \$6,372,000 the second year are for the office of the revisor of statutes.

\$1,184,000 the first year and \$1,217,000 the second year are for the legislative reference library.

\$4,963,000 the first year and \$5,096,000 the second year are for the office of the legislative auditor.

The legislative commission on pensions and retirement shall study and report to the legislature by January 15, 2000, on the comparability of pension and other postretirement benefits between public sector and private sector employees. When comparing the benefits, the commission shall select comparable job classifications and salary ranges. The study must compare pension portability, initial monthly benefits, average annual benefit increases, employer and employee contribution rates, availability of early retirement incentives, administrative costs, and other factors as necessary to compare benefits."

Delete the title and insert:

"A bill for an act relating to transportation; appropriating money for transportation, public safety, and other purposes; modifying previous appropriations; providing for bonding for highways; requiring studies and reports; establishing working group to assess impact of DM&E rail line project; establishing major transportation projects commission; repealing sunset of provision authorizing certain lights on top of delivery vehicles; providing for approval of and payment under supplemental goods or services agreements of the commissioner of transportation; authorizing suspension of motor vehicle registration when tax is paid by dishonored check; exempting dealers in firefighting equipment from motor vehicle dealer licensing; providing for inspection of vehicles of motor carriers; providing for photo identification equipment for driver's license agents; restricting expenditures on commuter rail; restricting application for federal aid for Hiawatha Avenue light rail transit; modifying provisions relating to prepaid, temporary, vehicle identification cards for motor carrier vehicles; authorizing naming rights for light rail transit stations; restricting expenditures from trunk highway fund; amending Minnesota Statutes 1998, sections 161.20, subdivision 3; 161.32, by adding a subdivision; 167.50, subdivision 2; 168.27, subdivision 8; 169.781, by adding a subdivision; 221.131, subdivision 4; 221.132; and 473.405, subdivision 4; Minnesota Statutes 1999 Supplement, sections 144E.29; 144E.31, subdivision 3; 168.17; 171.061, subdivision 4; 174.88; and 221.0252, subdivision 7; Laws 1999, chapter 216, article 1, sections 1 and 7, subdivisions 1 and 3; chapter 223, article 1, sections 1 and 2, subdivisions 1 and 4; chapter 238, article 1, sections 1; 2, subdivision 12; 5; and 7; article 2, section 93; chapter 241, article 10, section 5, subdivision 2; chapter 245, article 1, sections 1 and 6; and chapter 250, article 1, sections 1 and 2, subdivisions 1 and 4; proposing coding for new law in Minnesota Statutes, chapter 174."

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

House Conferees: CAROL L. MOLNAU, MICHELLE RIFENBERG, TOM WORKMAN, STEPHEN G. WENZEL AND BERNARD L. "BERNIE" LIEDER.

Senate Conferees: DEAN E. JOHNSON, CAROL FLYNN, MARK OURADA, CLAIRE A. ROBLING AND RANDY C. KELLY.

Molnau moved that the report of the Conference Committee on H. F. No. 2891 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

Leighton was excused between the hours of 12:55 p.m. and 2:10 p.m.

H. F. No. 2891, A bill for an act relating to transportation; appropriating money for state road construction, public transit, and other purposes; establishing an intergovernmental cooperative facilities loan fund; establishing a major transportation projects commission; restricting expenditures for commuter rail and light rail transit; canceling bonding authorization for light rail transit; directing a study of freeway ramp meters in the metropolitan area; providing for a grant to the University of Minnesota for design and engineering of personal rapid transit; directing a study of high-occupancy vehicle lane use by certain vehicles; providing for approval of and payment under supplemental goods or services agreements of the commissioner of transportation; authorizing suspension of motor vehicle registration when tax is paid by dishonored check; exempting dealers in firefighting equipment from motor vehicle dealer licensing; providing for commuter rail plan dispute resolution; providing for inspection of vehicles of motor carriers; requiring the budget for light rail transit to include cost of utility relocation; requiring a municipality to issue permits for a specific business or use that uses river transportation as a major mode of transportation once a special permit has been issued and an environmental assessment worksheet has been completed; expanding eligibility for replacement transit service program; requiring a report on metro mobility; establishing working group to assess impact of DM&E rail line project; requiring study and legislative report on statewide public safety radio system; clarifying a definition of state license and service fees; sunsetting a department fee and an account; amending Minnesota Statutes 1998, sections 16A.6701, subdivision 1; 161.32, by adding a subdivision; 168.27, subdivision 8; 168A.29, subdivision 1; 169.781, by adding a subdivision; 174.35; 216B.16, by adding a subdivision; 221.131, subdivision 4; 221.132; and 473.388, subdivision 2; Minnesota Statutes 1999 Supplement, sections 168.17; 174.88; 174.86, subdivision 2, and by adding a subdivision; and 221.0252, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 161; 174; and 462; repealing Minnesota Statutes 1998, section 299A.70.

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

The question was taken on the repassage of the bill and the roll was called. There were 96 yeas and 35 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Huntley	Marko	Peterson	Swapinski
Abrams	Dorn	Jaros	McElroy	Pugh	Swenson
Anderson, I.	Erhardt	Jennings	Molnau	Rest	Sykora
Bakk	Finseth	Juhnke	Mulder	Rhodes	Tingelstad
Bishop	Fuller	Kalis	Mullery	Rifenberg	Tomassoni
Boudreau	Goodno	Kielkucki	Murphy	Rostberg	Trimble
Bradley	Gray	Knoblach	Ness	Rukavina	Tuma
Broecker	Gunther	Kubly	Nornes	Schumacher	Tunheim
Carlson	Haake	Kuisle	Opatz	Seagren	Vandever
Carruthers	Haas	Larson, D.	Osthoff	Seifert, J.	Wenzel
Cassell	Hackbarth	Leppik	Otremba	Seifert, M.	Westerberg
Clark, J.	Harder	Lieder	Ozment	Skoe	Westfall
Daggett	Hasskamp	Luther	Paulsen	Solberg	Westrom
Davids	Hilty	Mahoney	Pawlenty	Stanek	Winter
Dehler	Holsten	Mares	Paymar	Stang	Workman
Dempsey	Howes	Mariani	Pelowski	Storm	Spk. Sviggum

Those who voted in the negative were:

Anderson, B.	Entenza	Greiling	Koskinen	McGuire	Smith
Biernat	Erickson	Hausman	Krinkie	Milbert	Van Dellen
Buesgens	Folliard	Holberg	Larsen, P.	Olson	Wagenius
Chaudhary	Gerlach	Johnson	Lenczewski	Osskopp	Wejcman
Clark, K.	Gleason	Kahn	Lindner	Reuter	Wilkin
Dawkins	Greenfield	Kelliher	McCollum	Skoglund	

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

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2893:

McElroy, Storm and Gunther.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 2489, A bill for an act relating to bicycles; authorizing local units of government to require purchasers of impounded bicycles to register them as a condition of the sale; amending Minnesota Statutes 1998, section 168C.13, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

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

The Senate has appointed as such committee:

Senators Kelly, R. C.; Knutson and Spear.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 3312, A bill for an act relating to agriculture; changing the scope of the value-added agricultural product processing and marketing grant program; establishing a certification pilot program; changing meeting provisions and duties of the board of grain standards; changing certain fees; making technical changes to pesticide and fertilizer laws; clarifying the scope of certain regulation of wholesale produce dealers; updating certain food standards; simplifying certain language; providing for uniformity in meat and poultry inspection; changing certain reporting requirements; increasing the amount of livestock dealer bonds; clarifying status of certain grain buying transactions; changing certain grain storage provisions; changing the corporate and partnership farming law; amending Minnesota Statutes 1998, sections 17.101, subdivision 5; 17A.05, subdivision 2; 17B.07; 17B.12; 18C.005, subdivision 34, and by adding a subdivision; 18C.215, subdivisions 1, 2, and by adding a subdivision; 18C.411, subdivision 1; 18C.421, subdivision 1; 18D.201, subdivision 3; 27.01, subdivision 8; 27.19, subdivision 1; 31.101, as amended; 31.102, subdivision 1; 31.103, subdivision 1; 31.104; 31.632; 31.633, subdivision 1; 31.651; 31A.02, subdivisions 5, 6, 10, 13, and 14; 31A.03; 31A.05; 31A.06; 31A.07, subdivisions 1 and 2; 31A.08; 31A.10; 31A.13; 31A.16; 31A.17; 223.16, subdivision 5; 223.17, subdivision 5; 223.175; 232.21, by adding a subdivision; 232.23, subdivisions 1, 3, and 6; 500.24, subdivisions 3a, 3b, 4, and 5; and 500.245, subdivision 2; Minnesota Statutes 1999 Supplement, sections 17B.15, subdivision 1; 28A.075; 31A.01; 31A.15, subdivision 1; 31B.07, subdivision 3; 500.24, subdivisions 2 and 3; and 500.245, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 17.

The Senate has appointed as such committee:

Senators Sams, Murphy and Hottinger.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 2796.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2796

A bill for an act relating to retirement; pension plan actuarial reporting; various public retirement plans; volunteer firefighter relief associations; Minneapolis firefighters relief association; modifying actuarial cost allocation by the legislative commission on pensions and retirement; changing the actuarial value of assets, actuarial assumptions and funding surplus recognition method; revising re-employed annuitant earnings limitations; adding certain prior correctional positions to correctional plan coverage; clarifying various former police and fire consolidation account merger provisions; authorizing certain optional annuity form elections by former consolidation account members; revising local correctional retirement plan membership eligibility; increasing local correctional retirement plan

member and employer contribution rates; authorizing the purchase of nonprofit community-based corporation teaching service; expanding investment options for employer matching contribution tax sheltered annuities; modifying various volunteer firefighter relief association benefit and administration provisions; modifying judicial pension provision; modifying the marriage duration requirement for certain Minneapolis firefighter relief association survivor benefits; creating additional Minneapolis police and firefighter relief association post retirement adjustment mechanisms; resolving various individual and small group pension problems; amending Minnesota Statutes 1998, sections 16A.055, subdivision 5; 69.773, subdivision 1; 122A.46, subdivision 1, and by adding a subdivision; 136F.45, subdivision 1a; 352.115, subdivision 10; 352.15, subdivision 1a; 352.91, subdivisions 3c, 3d, and by adding a subdivision; 352B.01, subdivision 3, and by adding a subdivision; 352D.02, subdivision 1; 352D.04, subdivision 2; 352D.05, subdivision 3; 352D.06; 352D.09, subdivision 5a; 353.01, subdivisions 2, 6, 11a, 28, 32, and by adding a subdivision; 353.15, subdivision 2; 353.27, subdivisions 4 and 12; 353.33, subdivisions 2 and 6; 353.34, subdivision 1; 353.37, by adding a subdivision; 353.64, subdivisions 2, 3, 4, and by adding a subdivision; 353.656, subdivisions 1 and 3; 353.71, subdivision 2; 353B.11, subdivision 3; 354.05, subdivisions 2 and 35; 354.091; 354.092, subdivision 2; 354.093; 354.094, subdivision 1; 354.10, subdivision 2; 354.35; 354.44, subdivision 5; 354.46, subdivision 2a; 354.47, subdivision 1; 354.48, subdivision 6; 354.49, subdivision 1; 354.52, subdivisions 3, 4, 4a, and 4b; 354.63, subdivision 2; 354A.31, subdivisions 3 and 3a; 354B.23, subdivision 5a; 354C.12, subdivision 1a; 354C.165; 356.215, subdivisions 1, 2, and 4d; 356.24, by adding a subdivision; 356.30, subdivision 1; 356A.01, subdivision 8; 356A.02; 356A.06, subdivision 4, and by adding a subdivision; 423B.01; 424A.001, subdivision 9; 424A.02, subdivisions 3, 7, 9, 13, and by adding a subdivision; 424A.04, subdivision 1; 424A.05, subdivision 3; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; and 490.124, subdivision 1; Minnesota Statutes 1999 Supplement, sections 3.85, subdivision 12; 69.021, subdivision 7; 136F.48; 352.1155, subdivisions 1 and 4; 353.01, subdivisions 2b and 10; 353.64, subdivision 1; 353E.02; 353E.03; 353F.02, subdivision 5; 354.445; 354.536, subdivision 1; 354A.101, subdivision 1; 356.215, subdivision 4g; 356.24, subdivisions 1 and 1b; and 423A.02, subdivisions 1b, 4 and 5; Laws 1965, chapter 705, section 1, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 69; 352; 353; 354; 354A; 356; and 423B; proposing coding for new law as Minnesota Statutes, chapters 352G; and 424B; repealing Minnesota Statutes 1998, section 353.024; 354.52, subdivision 2; and 424A.02, subdivision 11; Minnesota Statutes 1999 Supplement, sections 356.24, subdivision 1a; and 356.61.

May 5, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2796, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2796 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

ACTUARIAL ASSET VALUE CHANGE,
ACTUARIAL ASSUMPTION CHANGES,
ACTUARIAL METHOD CHANGES, AND
ACTUARIAL REPORTING COST ALLOCATION CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 3.85, subdivision 12, is amended to read:

Subd. 12. [ALLOCATION OF ACTUARIAL COST.] (a) The commission shall assess each retirement plan specified in subdivision 11, paragraph (b), its appropriate portion of the compensation paid to the actuary retained by the commission for the actuarial valuation calculations, quadrennial projection valuations, and quadrennial

experience studies. The total assessment is 100 percent of the amount of contract compensation for the actuarial consulting firm retained by the commission for actuarial valuation calculations, including ~~the~~ any public employees police and fire plan consolidation accounts of the public employees retirement association established before March 2, 1999, for which the municipality declined merger under section 353.665, subdivision 1, or established after March 1, 1999, annual experience data collection and processing, and quadrennial experience studies and quadrennial projection valuations.

The portion of the total assessment payable by each retirement system or pension plan must be determined as follows:

(1) Each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14), must pay the following indexed amount based on its total active, deferred, inactive, and benefit recipient membership:

up to 2,000 members, inclusive	\$2.55 per member
2,001 through 10,000 members	\$1.13 per member
over 10,000 members	\$0.11 per member

The amount specified is applicable for the assessment of the July 1, 1991, to June 30, 1992, fiscal year actuarial compensation amounts. For the July 1, 1992, to June 30, 1993, fiscal year and subsequent fiscal year actuarial compensation amounts, the amount specified must be increased at the same percentage increase rate as the implicit price deflator for state and local government purchases of goods and services for the 12-month period ending with the first quarter of the calendar year following the completion date for the actuarial valuation calculations, as published by the federal Department of Commerce, and rounded upward to the nearest full cent.

(2) The total per-member portion of the allocation must be determined, and that total per-member amount must be subtracted from the total amount for allocation. Of the remainder dollar amount, the following per-retirement system and per-pension plan charges must be determined and the charges must be paid by the system or plan:

(i) 37.87 percent is the total additional per-retirement system charge, of which one-seventh must be paid by each retirement system specified in subdivision 11, paragraph (b), clauses (1), (2), (6), (7), (9), (10), and (11):

(ii) 62.13 percent is the total additional per-pension plan charge, of which one-fourteenth must be paid by each pension plan specified in subdivision 11, paragraph (b), clauses (1) to (14) based on each plan's proportion of the actuarial services required, as determined by the commission's retained actuary, to complete the actuarial valuation calculations, annual experience data collection and processing, and quadrennial experience studies for all plans.

(b) The assessment must be made within 30 days following the completion of the actuarial valuation calculations and the experience analysis the end of the fiscal year and must be reported to the executive director of the legislative commission on pensions and retirement and to the chief administrative officers of the applicable retirement plans. The amount of the assessment is appropriated from the retirement fund applicable to the retirement plan. Receipts from assessments must be transmitted to the executive director of the legislative commission on pensions and retirement and must be deposited in the state treasury and credited to the general fund.

Sec. 2. Minnesota Statutes 1998, section 16A.055, subdivision 5, is amended to read:

Subd. 5. [RETIREMENT FUND REPORTING.] (a) The commissioner may not require a public retirement fund to use financial or actuarial reporting practices or procedures different from those required by section 356.20 or 356.215.

(b) The commissioner may contract with the consulting actuary retained by the legislative commission on pensions and retirement for the preparation of quadrennial projection valuations as required under section 356.215, subdivisions 2 and 2a. The initial projection valuation under this paragraph, if any, is due on May 1, 2003, and subsequent projection valuations are due on May 1 each fourth year thereafter. The commissioner of finance shall assess the applicable statewide and major local retirement plan or plans the cost of the quadrennial projection valuation.

Sec. 3. Minnesota Statutes 1998, section 356.215, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purposes of sections 3.85 and 356.20 to 356.23, each of the following terms in the following paragraphs have the meaning given:

~~(1)~~ (b) "Actuarial valuation" means a set of calculations prepared by the actuary retained by the legislative commission on pensions and retirement if so required under section 3.85, or otherwise, by an approved actuary, to determine the normal cost and the accrued actuarial liabilities of a benefit plan, according to the entry age actuarial cost method and based upon stated assumptions including, but not limited to rates of interest, mortality, salary increase, disability, withdrawal, and retirement and to determine the payment necessary to amortize over a stated period any unfunded accrued actuarial liability disclosed as a result of the actuarial valuation of the benefit plan.

~~(2)~~ (c) "Approved actuary" means a person who is regularly engaged in the business of providing actuarial services and who has at least 15 years of service to major public employee pension or retirement funds or who is a fellow in the society of actuaries.

~~(3)~~ (d) "Entry age actuarial cost method" means an actuarial cost method under which the actuarial present value of the projected benefits of each individual currently covered by the benefit plan and included in the actuarial valuation is allocated on a level basis over the service of the individual if the benefit plan is governed by section 69.773 or over the earnings of the individual if the benefit plan is governed by any other law between the entry age and the assumed exit age, with the portion of this actuarial present value which is allocated to the valuation year to be the normal cost and the portion of this actuarial present value not provided for at the valuation date by the actuarial present value of future normal costs to be the actuarial accrued liability, with aggregation in the calculation process to be the sum of the calculated result for each covered individual and with recognition given to any different benefit formulas which may apply to various periods of service.

~~(4)~~ (e) "Experience study" means a report providing experience data and an actuarial analysis of the adequacy of the actuarial assumptions on which actuarial valuations are based.

~~(5)~~ (f) "Current assets" means:

(1) for the July 1, 1999, actuarial valuation, the value of all assets at cost, including realized capital gains or losses, plus one-third of any unrealized capital gains or losses;

(2) for the July 1, 2000, actuarial valuation, the market value of all assets as of June 30, 2000, reduced by:

(i) 60 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation, and

(ii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(3) for the July 1, 2001, actuarial valuation, the market value of all assets as of June 30, 2001, reduced by:

(i) 30 percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation; and

(iii) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation;

(4) for the July 1, 2002, actuarial valuation, the market value of all assets as of June 30, 2002, reduced by:

(i) ten percent of the difference between the market value of all assets as of June 30, 1999, and the actuarial value of assets used in the July 1, 1999, actuarial valuation;

(ii) 40 percent of the difference between the actual net change in the market value of assets between June 30, 1999, and June 30, 2000, and the computed increase in the market value of assets between June 30, 1999, and June 30, 2000, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 1999, actuarial valuation;

(iii) 60 percent of the difference between the actual net change in the market value of assets between June 30, 2000, and June 30, 2001, and the computed increase in the market value of assets between June 30, 2000, and June 30, 2001, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2000, actuarial valuation; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between June 30, 2001, and June 30, 2002, and the computed increase in the market value of assets between June 30, 2001, and June 30, 2002, if the assets had increased at the percentage preretirement interest rate assumption used in the July 1, 2001, actuarial valuation; or

(5) for any actuarial valuation after July 1, 2002, the market value of all assets as of the preceding June 30, reduced by:

(i) 20 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred three years earlier and the June 30 that occurred four years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred four years earlier;

(ii) 40 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred two years earlier and the June 30 that occurred three years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred three years earlier;

(iii) 60 percent of the difference between the actual net change in the market value of assets between the June 30 that occurred one year earlier and the June 30 that occurred two years earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred two years earlier; and

(iv) 80 percent of the difference between the actual net change in the market value of assets between the immediately prior June 30 and the June 30 that occurred one year earlier and the computed increase in the market value of assets over that fiscal year period if the assets had increased at the percentage preretirement interest rate assumption used in the actuarial valuation for the July 1 that occurred one year earlier.

~~(6)~~ (g) "Unfunded actuarial accrued liability" means the total current and expected future benefit obligations, reduced by the sum of current assets and the present value of future normal costs.

~~(7)~~ (h) "Pension benefit obligation" means the actuarial present value of credited projected benefits, determined as the actuarial present value of benefits estimated to be payable in the future as a result of employee service attributing an equal benefit amount, including the effect of projected salary increases and any step rate benefit accrual rate differences, to each year of credited and expected future employee service.

Sec. 4. Minnesota Statutes 1998, section 356.215, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS.] (a) It is the policy of the legislature that it is necessary and appropriate to determine annually the financial status of tax supported retirement and pension plans for public employees. To achieve this goal:

(1) the legislative commission on pensions and retirement shall have prepared by the actuary retained by the commission annual actuarial valuations of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), and quadrennial experience studies of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), clauses (1), (2), and (7);; and

(2) the commissioner of finance may have prepared by the actuary retained by the commission, two years after each set of quadrennial experience studies, quadrennial projection valuations of at least one of the retirement plans enumerated in section 3.85, subdivision 11, paragraph (b), for which it the commissioner determines that the analysis may be beneficial.

(b) The governing or managing board or administrative officials of each public pension and retirement fund or plan enumerated in section 356.20, subdivision 2, clauses (9), (10), and (12), shall have prepared by an approved actuary annual actuarial valuations of their respective funds as provided in this section. This requirement also applies to any fund that is the successor to any organization enumerated in section 356.20, subdivision 2, or to the governing or managing board or administrative officials of any newly formed retirement fund or association operating under the control or supervision of any public employee group, governmental unit, or institution receiving a portion of its support through legislative appropriations, and any local police or fire fund coming within the provisions of section 356.216.

~~(b) Subd. 2a.~~ [PROJECTION VALUATION REQUIREMENTS.] A quadrennial projection valuation required under ~~paragraph (a) subdivision 2~~ is intended to serve as an additional analytical tool with which policy makers may assess the future funding status of public plans through forecasting and testing various potential outcomes over time if certain plan assumptions or valuation methods were to be modified. In consultation with ~~the executive director of the legislative commission on pensions and retirement~~, the retirement fund directors, the state economist, the state demographer, the commissioner of finance, and the commissioner of employee relations, the actuary retained by the legislative commission on pensions and retirement shall perform the quadrennial projection valuations on behalf of the commissioner of finance, testing future implications for plan funding by modifying assumptions and methods currently in place. The commission-retained actuary shall provide advice to the commissioner as to the periods over which such projections should be made, the nature and scope of the scenarios to be analyzed, and the measures of funding status to be employed, and shall report the results of these analyses in the same manner as for quadrennial experience studies.

Sec. 5. Minnesota Statutes 1998, section 356.215, subdivision 4d, is amended to read:

Subd. 4d. [INTEREST AND SALARY ASSUMPTIONS.] (a) The actuarial valuation must use the applicable following preretirement interest assumption and the applicable following postretirement interest assumption:

plan	preretirement interest rate assumption	postretirement interest rate assumption
general state employees retirement plan	8.5%	5.0 <u>6.0</u> %
correctional state employees retirement plan	8.5	5.0 <u>6.0</u>
state patrol retirement plan	8.5	5.0 <u>6.0</u>
legislators retirement plan	8.5	5.0 <u>6.0</u>
elective state officers retirement plan	8.5	5.0 <u>6.0</u>
judges retirement plan	8.5	5.0 <u>6.0</u>

general public employees retirement plan	8.5	5.0 <u>6.0</u>
public employees police and fire retirement plan	8.5	5.0 <u>6.0</u>
local government correctional service retirement plan	8.5	5.0 <u>6.0</u>
teachers retirement plan	8.5	5.0 <u>6.0</u>
Minneapolis employees retirement plan	6.0	5.0
Duluth teachers retirement plan	8.5	8.5
Minneapolis teachers retirement plan	8.5	8.5
St. Paul teachers retirement plan	8.5	7.5 <u>8.5</u>
Minneapolis police relief association	6.0	6.0
other local police relief associations	5.0	5.0
Minneapolis fire department relief association	6.0	6.0
other local salaried firefighter relief associations	5.0	5.0
local monthly benefit volunteer firefighter relief associations	5.0	5.0

(b) The actuarial valuation must use the applicable following single rate future salary increase assumption or the applicable following graded rate future salary increase assumption:

(1) single rate future salary increase assumption

plan	future salary increase assumption
legislators retirement plan	5.0%
elective state officers retirement plan	5.0
judges retirement plan	5.0
Minneapolis employees retirement plan	4.0
Minneapolis police relief association	4.0
other local police relief associations	3.5
Minneapolis fire department relief association	4.0
other local salaried firefighter relief associations	3.5

(2) modified single rate future salary increase assumption

<u>plan</u>	<u>future salary increase assumption</u>
<u>Minneapolis employees retirement plan</u>	<u>prior calendar year amount increased by 1.0198 percent to prior fiscal year date and by 4.0 percent annually for each future year</u>

(3) select and ultimate future salary increase assumption or graded rate future salary increase assumption

plan	future salary increase assumption
general state employees retirement plan	<u>select calculation and assumption A</u>
correctional state employees retirement plan	assumption A <u>H</u>
state patrol retirement plan	assumption A <u>H</u>
general public employees retirement plan	<u>select calculation and assumption B</u>

public employees police and fire
fund retirement plan assumption C
 local government correctional service
 retirement plan assumption ~~E~~ H
 teachers retirement plan assumption D
 Duluth teachers retirement plan assumption E
 Minneapolis teachers retirement plan assumption F
 St. Paul teachers retirement plan assumption G

select calculation:

during the ten-year select period, 0.2 percent is multiplied by the result of ten minus T, where T is the number of completed years of service, and is added to the applicable future salary increase assumption.

future salary increase assumption:

age	A	B	C	D	E	F	G	H
16	7.2500% <u>6.95</u>	8.71% <u>6.95</u>	11.50%	7.25% <u>8.20</u>	8.00%	7.50%	7.25%	<u>7.7500</u>
17	7.2500 <u>6.90</u>	8.71 <u>6.90</u>	11.50	7.25 <u>8.15</u>	8.00	7.50	7.25	<u>7.7500</u>
18	7.2500 <u>6.85</u>	8.70 <u>6.85</u>	11.50	7.25 <u>8.10</u>	8.00	7.50	7.25	<u>7.7500</u>
19	7.2500 <u>6.80</u>	8.70 <u>6.80</u>	11.50	7.25 <u>8.05</u>	8.00	7.50	7.25	<u>7.7500</u>
20	7.2500 <u>6.75</u>	7.70 <u>6.75</u>	11.50	7.25 <u>8.00</u>	8.00	7.50	7.25	<u>7.7500</u>
21	7.1454 <u>6.70</u>	7.70 <u>6.70</u>	11.50	7.25 <u>7.95</u>	8.00	7.50	7.25	<u>7.1454</u>
22	7.1094 <u>6.65</u>	7.70 <u>6.65</u>	11.00	7.25 <u>7.90</u>	8.00	7.50	7.25	<u>7.0725</u>
24	7.0363 <u>6.66</u>	7.70 <u>6.55</u>	10.00	7.15 <u>7.80</u>	7.80	7.30	7.20	<u>7.0363</u>
25	7.0000 <u>6.50</u>	7.60 <u>6.50</u>	9.50	7.10 <u>7.75</u>	7.70	7.20	7.15	<u>7.0000</u>
26	7.0000 <u>6.45</u>	7.51 <u>6.45</u>	9.20	7.05 <u>7.70</u>	7.60	7.10	7.10	<u>7.0000</u>
27	7.0000 <u>6.40</u>	7.39 <u>6.40</u>	8.90	7.00 <u>7.65</u>	7.50	7.00	7.05	<u>7.0000</u>
28	7.0000 <u>6.35</u>	7.30 <u>6.35</u>	8.60	7.00 <u>7.60</u>	7.40	6.90	7.00	<u>7.0000</u>
29	7.0000 <u>6.30</u>	7.20 <u>6.30</u>	8.30	7.00 <u>7.55</u>	7.30	6.80	6.95	<u>7.0000</u>
30	7.0000 <u>6.25</u>	7.20 <u>6.30</u>	8.00	7.00 <u>7.50</u>	7.20	6.70	6.90	<u>7.0000</u>
31	7.0000 <u>6.20</u>	7.10 <u>6.25</u>	7.80	7.00 <u>7.45</u>	7.10	6.60	6.85	<u>7.0000</u>
32	7.0000 <u>6.15</u>	7.10 <u>6.21</u>	7.60	7.00 <u>7.40</u>	7.00	6.50	6.80	<u>7.0000</u>
33	7.0000 <u>6.10</u>	7.00 <u>6.17</u>	7.40	7.00 <u>7.30</u>	6.90	6.40	6.75	<u>7.0000</u>

34	7.0000 <u>6.05</u>	7.00 <u>6.09</u>	7.20	7.00 <u>7.10</u>	6.80	6.30	6.70	<u>7.0000</u>
35	7.0000 <u>6.00</u>	6.90 <u>6.05</u>	7.00	7.00 <u>7.00</u>	6.70	6.20	6.65	<u>7.0000</u>
36	6.9019 <u>6.95</u>	6.80 <u>6.01</u>	6.80	7.00 <u>6.85</u>	6.60	6.10	6.60	<u>6.9019</u>
37	6.8074 <u>5.90</u>	6.70 <u>5.97</u>	6.60	7.00 <u>6.70</u>	6.50	6.00	6.55	<u>6.8074</u>
38	6.7125 <u>5.85</u>	6.60 <u>5.93</u>	6.40	6.90 <u>6.55</u>	6.40	5.90	6.50	<u>6.7125</u>
39	6.6054 <u>5.80</u>	6.50 <u>5.89</u>	6.20	6.80 <u>6.40</u>	6.30	5.80	6.40	<u>6.6054</u>
40	6.5000 <u>5.75</u>	6.40 <u>5.85</u>	6.00	6.70 <u>6.25</u>	6.20	5.70	6.30	<u>6.5000</u>
41	6.3540 <u>5.70</u>	6.30 <u>5.81</u>	5.90	6.60 <u>6.10</u>	6.10	5.60	6.20	<u>6.3540</u>
42	6.2087 <u>5.65</u>	6.30 <u>5.77</u>	5.80	6.50 <u>5.95</u>	6.00	5.50	6.10	<u>6.2087</u>
43	6.0622 <u>5.60</u>	6.30 <u>5.73</u>	5.70	6.35 <u>5.80</u>	5.90	5.45	6.00	<u>6.0622</u>
44	5.9048 <u>5.55</u>	6.20 <u>5.69</u>	5.60	6.20 <u>5.65</u>	5.80	5.40	5.90	<u>5.9048</u>
45	5.7500 <u>5.50</u>	6.20 <u>5.65</u>	5.50	6.05 <u>5.50</u>	5.70	5.35	5.80	<u>5.7500</u>
46	5.6940 <u>5.45</u>	6.09 <u>5.62</u>	5.45	5.90 <u>5.45</u>	5.60	5.30	5.70	<u>5.6940</u>
47	5.6375 <u>5.40</u>	6.00 <u>5.59</u>	5.40	5.75 <u>5.40</u>	5.50	5.25	5.65	<u>5.6375</u>
48	5.5822 <u>5.35</u>	5.90 <u>5.56</u>	5.35	5.70 <u>5.35</u>	5.45	5.20	5.60	<u>5.5822</u>
49	5.5405 <u>5.30</u>	5.80 <u>5.53</u>	5.30	5.65 <u>5.30</u>	5.40	5.15	5.55	<u>5.5405</u>
50	5.5000 <u>5.25</u>	5.70 <u>5.50</u>	5.25	5.60 <u>5.25</u>	5.35	5.10	5.50	<u>5.5000</u>
51	5.4384 <u>5.20</u>	5.70 <u>5.45</u>	5.25	5.55 <u>5.20</u>	5.30	5.05	5.45	<u>5.4384</u>
52	5.3776 <u>5.15</u>	5.70 <u>5.40</u>	5.25	5.50 <u>5.15</u>	5.25	5.00	5.40	<u>5.3776</u>
53	5.3167 <u>5.10</u>	5.70 <u>5.35</u>	5.25	5.45 <u>5.10</u>	5.25	5.00	5.35	<u>5.3167</u>
54	5.2826 <u>5.05</u>	5.70 <u>5.30</u>	5.25	5.40 <u>5.05</u>	5.25	5.00	5.30	<u>5.2826</u>
55	5.2500 <u>5.00</u>	5.70 <u>5.25</u>	5.25	5.35 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
56	5.2500 <u>5.00</u>	5.70 <u>5.20</u>	5.25	5.30 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
57	5.2500 <u>5.00</u>	5.70 <u>5.15</u>	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
58	5.2500 <u>5.00</u>	5.70 <u>5.10</u>	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
59	5.2500 <u>5.00</u>	5.70 <u>5.05</u>	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>
60	5.2500 <u>5.00</u>	5.00 <u>5.00</u>	5.25	5.25 <u>5.00</u>	5.25	5.00	5.25	<u>5.2500</u>

61	5.2500 5.00	5.00	5.25	5.25 5.00	5.25	5.00	5.25	<u>5.2500</u>
62	5.2500 5.00	5.00	5.25	5.25 5.00	5.25	5.00	5.25	<u>5.2500</u>
63	5.2500 5.00	5.00	5.25	5.25 5.00	5.25	5.00	5.25	<u>5.2500</u>
64	5.2500 5.00	5.00	5.25	5.25 5.00	5.25	5.00	5.25	<u>5.2500</u>
65	5.2500 5.00	5.00	5.25	5.25 5.00	5.25	5.00	5.25	<u>5.2500</u>
66	5.2500 5.00	5.00	5.25	5.25 5.00	5.25	5.00	5.25	<u>5.2500</u>
67	5.2500 5.00	5.00	5.25	5.25 5.00	5.25	5.00	5.25	<u>5.2500</u>
68	5.2500 5.00	5.00	5.25	5.25 5.00	5.25	5.00	5.25	<u>5.2500</u>
69	5.2500 5.00	5.00	5.25	5.25 5.00	5.25	5.00	5.25	<u>5.2500</u>
70	5.2500 5.00	5.00	5.25	5.25 5.00	5.25	5.00	5.25	<u>5.2500</u>
71	<u>5.00</u>	<u>5.00</u>		<u>5.00</u>				<u>5.2500</u>

(c) The actuarial valuation must use the applicable following payroll growth assumption for calculating the amortization requirement for the unfunded actuarial accrued liability where the amortization retirement is calculated as a level percentage of an increasing payroll:

plan	payroll growth assumption
general state employees retirement plan	5.00%
correctional state employees retirement plan	5.00
state patrol retirement plan	5.00
legislators retirement plan	5.00
elective state officers retirement plan	5.00
judges retirement plan	5.00
general public employees retirement plan	6.00
public employees police and fire retirement plan	6.00
local government correctional service retirement plan	6.00
teachers retirement plan	5.00
Duluth teachers retirement plan	5.00
Minneapolis teachers retirement plan	5.00
St. Paul teachers retirement plan	5.00

Sec. 6. Minnesota Statutes 1999 Supplement, section 356.215, subdivision 4g, is amended to read:

Subd. 4g. [AMORTIZATION CONTRIBUTIONS.] (a) In addition to the exhibit indicating the level normal cost, the actuarial valuation must contain an exhibit indicating the additional annual contribution sufficient to amortize the unfunded actuarial accrued liability. For funds governed by chapters 3A, 352, 352B, 352C, 353, 354, 354A, and 490, the additional contribution must be calculated on a level percentage of covered payroll basis by the established date for full funding in effect when the valuation is prepared. For funds governed by chapter 3A, sections 352.90 through 352.951, chapters 352B, 352C, sections 353.63 through 353.68, and chapters 353C, 354A, and 490, the level percent additional contribution must be calculated assuming annual payroll growth of 6.5 percent. For funds governed by sections 352.01 through 352.86 and chapter 354, the level percent additional contribution must be calculated assuming an annual payroll growth of five percent. For the fund governed by sections 353.01 through 353.46, the level percent additional contribution must be calculated assuming an annual payroll growth of six percent. For all other funds, the additional annual contribution must be calculated on a level annual dollar amount basis.

(b) For any fund other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has not been a change in the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, which change or changes by themselves without inclusion of any other items of increase or decrease produce a net increase in the unfunded actuarial accrued liability of the fund, the established date for full funding for the first actuarial valuation made after June 1, 1989, and each successive actuarial valuation is the first actuarial valuation date occurring after June 1, 2020.

(c) For any fund or plan other than the Minneapolis employees retirement fund, after the first actuarial valuation date occurring after June 1, 1989, if there has been a change in any or all of the actuarial assumptions used for calculating the actuarial accrued liability of the fund, a change in the benefit plan governing annuities and benefits payable from the fund, a change in the actuarial cost method used in calculating the actuarial accrued liability of all or a portion of the fund, or a combination of the three, and the change or changes, by themselves and without inclusion of any other items of increase or decrease, produce a net increase in the unfunded actuarial accrued liability in the fund, the established date for full funding must be determined using the following procedure:

(i) the unfunded actuarial accrued liability of the fund must be determined in accordance with the plan provisions governing annuities and retirement benefits and the actuarial assumptions in effect before an applicable change;

(ii) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the unfunded actuarial accrued liability amount determined under item (i) by the established date for full funding in effect before the change must be calculated using the interest assumption specified in subdivision 4d in effect before the change;

(iii) the unfunded actuarial accrued liability of the fund must be determined in accordance with any new plan provisions governing annuities and benefits payable from the fund and any new actuarial assumptions and the remaining plan provisions governing annuities and benefits payable from the fund and actuarial assumptions in effect before the change;

(iv) the level annual dollar contribution or level percentage, whichever is applicable, needed to amortize the difference between the unfunded actuarial accrued liability amount calculated under item (i) and the unfunded actuarial accrued liability amount calculated under item (iii) over a period of 30 years from the end of the plan year in which the applicable change is effective must be calculated using the applicable interest assumption specified in subdivision 4d in effect after any applicable change;

(v) the level annual dollar or level percentage amortization contribution under item (iv) must be added to the level annual dollar amortization contribution or level percentage calculated under item (ii);

(vi) the period in which the unfunded actuarial accrued liability amount determined in item (iii) is amortized by the total level annual dollar or level percentage amortization contribution computed under item (v) must be calculated using the interest assumption specified in subdivision 4d in effect after any applicable change, rounded to the nearest integral number of years, but not to exceed 30 years from the end of the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and not to be less than the period of years beginning in the plan year in which the determination of the established date for full funding using the procedure set forth in this clause is made and ending by the date for full funding in effect before the change; and

(vii) the period determined under item (vi) must be added to the date as of which the actuarial valuation was prepared and the date obtained is the new established date for full funding.

(d) For the Minneapolis employees retirement fund, the established date for full funding is June 30, 2020.

(e) For the ~~following retirement~~ plans for which the annual actuarial valuation indicates an excess of valuation assets over the actuarial accrued liability, the valuation assets in excess of the actuarial accrued liability must be recognized ~~in the following manner:~~

~~(1) the public employees retirement association police and fire plan, the valuation assets in excess of the actuarial accrued liability serve to reduce as a reduction in the current contribution requirements by an amount equal to the amortization of the excess expressed as a level percentage of pay over a 30-year period beginning anew with each annual actuarial valuation of the plan; and~~

~~(2) the correctional employees retirement plan of the Minnesota state retirement system, and the state patrol retirement plan, an excess of valuation assets over actuarial accrued liability must be amortized in the same manner over the same period as an unfunded actuarial accrued liability but must serve to reduce the required contribution instead of increasing it.~~

Sec. 7. [EFFECTIVE DATE.]

(a) Section 1 is effective for actuarial valuation costs incurred on or after July 1, 2000.

(b) Sections 2 to 6 are effective on June 30, 2000, for actuarial valuations on or after that date.

ARTICLE 2

REEMPLOYED ANNUITANT EARNINGS LIMITATION REVISIONS

Section 1. Minnesota Statutes 1999 Supplement, section 136F.48, is amended to read:

136F.48 [EMPLOYER-PAID HEALTH INSURANCE.]

(a) This section applies to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in the Minnesota state colleges and universities system;

(3) begins drawing a retirement benefit from the individual retirement account plan or an annuity from the teachers retirement association, from the general state employees retirement plan or the unclassified state employees retirement program of the Minnesota state retirement system, or from a first class city teacher retirement plan; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement ~~in which the person may not earn a salary of more than \$35,000 in a calendar year from employment after retirement in the system from which the person retired.~~

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) For a person eligible under paragraphs (a) and (b), the employing board shall make the same employer contribution for hospital, medical, and dental benefits as would be made if the person were employed full time.

(d) For work under paragraph (a), a person must receive a percentage of the person's salary at the time of retirement that is equal to the percentage of time the person works compared to full-time work.

(e) If a collective bargaining agreement covering a person provides for an early retirement incentive that is based on age, the incentive provided to the person must be based on the person's age at the time employment under this section ends. However, the salary used to determine the amount of the incentive must be the salary that would have been paid if the person had been employed full time for the year immediately preceding the time employment under this section ends.

(f) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 2. Minnesota Statutes 1998, section 352.115, subdivision 10, is amended to read:

Subd. 10. [REEMPLOYMENT OF ANNUITANT.] (a) If any retired employee again becomes entitled to receive salary or wages from the state, or any employer who employs state employees as that term is defined in section 352.01, subdivision 2, other than salary or wages received as a temporary employee of the legislature during a legislative session, the annuity or retirement allowance shall cease when the retired employee has earned an amount equal to the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403, in any calendar year. If the retired employee has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the retired employee shall be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) The balance of the annual retirement annuity after cessation must be handled or disposed of as provided in section 356.58.

(c) The annuity must be resumed when state service ends, or, if the retired employee is still employed at the beginning of the next calendar year, at the beginning of that calendar year, and payment must again end when the retired employee has earned the applicable reemployment earnings maximum specified in this subdivision. ~~No payroll deductions for the retirement fund shall be made from the earnings of a reemployed retired employee.~~ If the retired employee is granted a sick leave without pay, but not otherwise, the annuity or retirement allowance must be resumed during the period of sick leave.

(d) No payroll deductions for the retirement fund may be made from the earnings of a reemployed retired employee.

(e) No change shall be made in the monthly amount of an annuity or retirement allowance because of the reemployment of an annuitant.

Sec. 3. Minnesota Statutes 1999 Supplement, section 352.1155, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] Except as indicated in subdivision 4, the annuity reduction provisions of section 352.115, subdivision 10, do not apply to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) begins drawing an annuity from the general state employees retirement plan of the Minnesota state retirement system; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement in the system from which the person retired.

Sec. 4. Minnesota Statutes 1999 Supplement, section 352.1155, subdivision 4, is amended to read:

Subd. 4. [EXEMPTION LIMIT.] For a person eligible under this section who earns more than ~~\$35,000~~ \$46,000 in a calendar year from reemployment in the Minnesota state colleges and universities system following retirement, the annuity reduction provisions of section 352.115, subdivision 10, apply only to income over ~~\$35,000~~ \$46,000.

Sec. 5. Minnesota Statutes 1998, section 353.37, is amended by adding a subdivision to read:

Subd. 3a. [DISPOSITION OF SUSPENSION OR REDUCTION AMOUNT.] The balance of the annual retirement annuity after suspension or the amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

Sec. 6. Minnesota Statutes 1998, section 354.44, subdivision 5, is amended to read:

Subd. 5. [RESUMPTION OF TEACHING SERVICE AFTER RETIREMENT.] (a) Any person who retired under the provisions of this chapter and has thereafter resumed teaching in any employer unit to which this chapter applies is eligible to continue to receive payments in accordance with the annuity except that annuity payments must be reduced during the calendar year immediately following any calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403. The amount of the reduction must be one-half of the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of income.

(d) The amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income from teaching service includes, but is not limited to:

(a) (1) all income for services performed as a consultant or an independent contractor for an employer unit covered by the provisions of this chapter; and

(b) (2) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in an employer unit with approximately the same number of pupils and at the same level as the position occupied by the person who resumes teaching service.

Sec. 7. Minnesota Statutes 1999 Supplement, section 354.445, is amended to read:

354.445 [NO ANNUITY REDUCTION.]

(a) The annuity reduction provisions of section 354.44, subdivision 5, do not apply to a person who:

(1) retires from the Minnesota state colleges and universities system with at least ten years of combined service credit in a system under the jurisdiction of the board of trustees of the Minnesota state colleges and universities;

(2) was employed on a full-time basis immediately preceding retirement as a faculty member or as an unclassified administrator in that system;

(3) begins drawing an annuity from the teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the system from which the person retired under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement in the system from which the person retired.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the president of the institution where the person returns to work and the employee. The president may require up to one-year notice of intent to participate in the program as a condition of participation under this section. The president shall determine the time of year the employee shall work. The employer or the president may not require a person to waive any rights under a collective bargaining agreement as a condition of participation under this section.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not, based on employment to which the waiver in this section applies, earn further service credit in a Minnesota public defined benefit plan and is not eligible to participate in a Minnesota public defined contribution plan, other than a volunteer fire plan governed by chapter 424A. No employer or employee contribution to any of these plans may be made on behalf of such a person.

(d) For a person eligible under paragraphs (a) and (b) who earns more than ~~\$35,000~~ \$46,000 in a calendar year from employment after retirement due to employment by the Minnesota state colleges and universities system, the annuity reduction provisions of section 354.44, subdivision 5, apply only to income over ~~\$35,000~~ \$46,000.

(e) A person who returns to work under this section is a member of the appropriate bargaining unit and is covered by the appropriate collective bargaining contract. Except as provided in this section, the person's coverage is subject to any part of the contract limiting rights of part-time employees.

Sec. 8. Minnesota Statutes 1998, section 354A.31, subdivision 3, is amended to read:

Subd. 3. [RESUMPTION OF TEACHING AFTER COMMENCEMENT OF A RETIREMENT ANNUITY.] (a) Any person who retired and is receiving a coordinated program retirement annuity under the provisions of sections 354A.31 to 354A.41 or any person receiving a basic program retirement annuity under the governing sections in the articles of incorporation or bylaws and who has resumed teaching service for the school district in which the teachers retirement fund association exists is entitled to continue to receive retirement annuity payments, except that annuity payments must be reduced during the calendar year immediately following the calendar year in which the person's income from the teaching service is in an amount greater than the annual maximum earnings allowable for that age for the continued receipt of full benefit amounts monthly under the federal old age, survivors, and disability insurance program as set by the secretary of health and human services under United States Code, title 42, section 403. The amount of the reduction must be one-third the amount in excess of the applicable reemployment income maximum specified in this subdivision and must be deducted from the annuity payable for the calendar year immediately following the calendar year in which the excess amount was earned. If the person has not yet reached the minimum age for the receipt of social security benefits, the maximum earnings for the person must be equal to the annual maximum earnings allowable for the minimum age for the receipt of social security benefits.

(b) If the person is retired for only a fractional part of the calendar year during the initial year of retirement, the maximum reemployment income specified in this subdivision must be prorated for that calendar year.

(c) After a person has reached the age of 70, no reemployment income maximum is applicable regardless of the amount of any compensation received for teaching service for the school district in which the teachers retirement fund association exists.

(d) The amount of the retirement annuity reduction must be handled or disposed of as provided in section 356.58.

(e) For the purpose of this subdivision, income from teaching service includes: (i) all income for services performed as a consultant or independent contractor; or income resulting from working with the school district in any capacity; and (ii) the greater of either the income received or an amount based on the rate paid with respect to an administrative position, consultant, or independent contractor in the school district in which the teachers retirement fund association exists and at the same level as the position occupied by the person who resumes teaching service.

Sec. 9. Minnesota Statutes 1998, section 354A.31, subdivision 3a, is amended to read:

Subd. 3a. [NO ANNUITY REDUCTION.] (a) The annuity reduction provisions of subdivision 3 do not apply to a person who:

(1) retires from the technical college system with at least ten years of service credit in the system from which the person retires;

(2) was employed on a full-time basis immediately preceding retirement as a technical college faculty member;

(3) begins drawing an annuity from a first class city teachers retirement association; and

(4) returns to work on not less than a one-third time basis and not more than a two-thirds time basis in the technical college system under an agreement in which the person may not earn a salary of more than ~~\$35,000~~ \$46,000 in a calendar year from the technical college system.

(b) Initial participation, the amount of time worked, and the duration of participation under this section must be mutually agreed upon by the employer and the employee. The employer may require up to a one-year notice of intent to participate in the program as a condition of participation under this section. The employer shall determine the time of year the employee shall work.

(c) Notwithstanding any law to the contrary, a person eligible under paragraphs (a) and (b) may not earn further service credit in a first class city teachers retirement association and is not eligible to participate in the individual retirement account plan or the supplemental retirement plan established in chapter 354B as a result of service under this section. No employer or employee contribution to any of these plans may be made on behalf of such a person.

Sec. 10. [356.58] [DISPOSITION OF AMOUNT IN EXCESS OF REEMPLOYED ANNUITANT EARNINGS LIMITATIONS.]

Subdivision 1. [APPLICATION.] This section applies to the balance of annual retirement annuities on the amount of retirement annuity reductions after reemployed annuitant earnings limitations for retirement plans governed by sections 352.115, subdivision 10; 353.37; 354.44, subdivision 5; or 354A.31, subdivision 3.

Subd. 2. [RECORDKEEPING; REPORTING.] The chief administrative officer of each retirement plan shall keep records for each reemployed annuitant of the amount of the annuity reduction. This amount must be reported to each member at least once each year.

Subd. 3. [PAYMENT.] (a) Upon the retired member attaining the age of 65 years or upon the first day of the month next following the month occurring one year after the termination of the reemployment that gave rise to the limitation, whichever is later, and the filing of a written application, the retired member is entitled the payment, in a lump sum, of the value of the person's amount under subdivision 2, plus interest at the compound annual rate of six percent from the date that the amount was deducted from the retirement annuity to the date of payment.

(b) The written application must be on a form prescribed by the chief administrative officer of the applicable retirement plan.

(c) If the retired member dies before the payment provided for in paragraph (a) is made, the amount is payable, upon written application, to the deceased person's surviving spouse, or if none, to the deceased person's designated beneficiary, or if none, to the deceased person's estate.

Sec. 11. [REPORT.]

The Minnesota state colleges and universities board shall report to the legislative commission on pensions and retirement by November 15, 2000, on the utilization of the annuitant employment program authorized by Minnesota Statutes, sections 136F.48; 352.1155, subdivisions 1 and 4; and 354.445. The report must include an evaluation by institutions that have used the program regarding its effectiveness as a human resource management tool.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 11 are effective on July 1, 2000.

ARTICLE 3

ADMINISTRATIVE PROVISIONS

Section 1. Minnesota Statutes 1998, section 352.15, subdivision 1a, is amended to read:

Subd. 1a. [AUTOMATIC DEPOSITS.] The executive director may ~~pay an~~ remit, through an automatic deposit system, annuity, benefit, or refund payments only to a ~~banking~~ financial institution, qualified under chapter 48, associated with the National Automated Clearinghouse Association or a comparable successor organization that is trustee for a person eligible to receive the annuity, benefit, or refund. Upon the request of ~~a retired, disabled, the retiree, disabilitant, survivor,~~ the retiree, disabilitant, survivor, or former employee, the executive director may ~~mail~~ remit the annuity, benefit, or refund check to ~~a banking institution, savings association, or credit union~~ the applicable financial institution for deposit ~~to in~~ in the ~~employee's person's~~ employee's account or joint account. The board of directors may prescribe the conditions under which payments will be made.

Sec. 2. Minnesota Statutes 1998, section 352B.01, subdivision 3, is amended to read:

Subd. 3. [ALLOWABLE SERVICES SERVICE.] (a) "Allowable service" means:

(~~a~~) (1) for members defined in subdivision 2, clause (a), monthly service is granted for any month for which payments have been made to the state patrol retirement fund, and

(~~b~~) (2) for members defined in subdivision 2, clauses (b) and (c), service for which payments have been made to the state patrol retirement fund, service for which payments were made to the state police officers retirement fund after June 30, 1961, and all prior service which was credited to a member for service on or before June 30, 1961.

(b) Allowable service also includes any period of absence from duty by a member who, by reason of injury incurred in the performance of duty, is temporarily disabled and for which disability the state is liable under the workers' compensation law, until the date authorized by the executive director for commencement of payment of a disability benefit or return to employment.

Sec. 3. Minnesota Statutes 1998, section 352D.02, subdivision 1, is amended to read:

Subdivision 1. [COVERAGE.] (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), and (6) to (15), if they are in the unclassified service of the state or metropolitan council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified ~~program plan~~ under this chapter unless the employee gives notice to the executive director of the Minnesota state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified plan.

(b) Persons referenced in paragraph (c), clauses (1) and (5), are participants in the unclassified program under this chapter unless the person is eligible to elect different coverage under section 3A.07 or 352C.011 and, after July 1, 1998, elects retirement coverage by the applicable alternative retirement plan.

(c) Enumerated employees and referenced persons are:

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

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

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

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

(5) a member of the legislature;

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

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

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

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

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

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

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

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

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

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

Sec. 4. Minnesota Statutes 1998, section 352D.05, subdivision 3, is amended to read:

Subd. 3. [FULL OR PARTIAL WITHDRAWAL.] After termination of covered employment or at any time thereafter, a participant is entitled, upon application, to withdraw the cash value of the participant's total shares or leave such shares on deposit with the supplemental retirement fund. The account is valued at the end of the month in which application for withdrawal is made. Shares not withdrawn remain on deposit with the supplemental retirement fund until the former participant becomes at least 55 years old, and applies for an annuity under section 352D.06, subdivision 1.

Sec. 5. Minnesota Statutes 1998, section 352D.06, is amended to read:

352D.06 [ANNUITIES.]

Subdivision 1. [ANNUITY; RESERVES.] When a participant attains at least age 55, ~~is retired~~ terminates from covered service, and applies for a retirement annuity, the cash value of the participant's shares shall be transferred to the Minnesota postretirement investment fund and used to provide an annuity for the retired employee based upon the participant's age when the benefit begins to accrue according to the reserve basis used by the general state employees retirement ~~fund~~ plan in determining pensions and reserves.

Subd. 2. [PARTIAL VALUE ANNUITY.] A participant has the option in an application for an annuity to apply for and receive ~~the a partial~~ value of ~~one-half~~ of the total shares and thereafter receive an annuity, as provided in subdivision 1, based on the remaining value of ~~one-half~~ of the total shares.

Subd. 3. [ACCRUAL DATE.] An annuity ~~herein shall begin to accrue~~ under this section accrues the first day of the first full month after an application is received or after termination of state service, whichever is later. Upon the former employee's request, the annuity may begin to accrue up to six months before redemption of shares, but not prior to the termination date from covered service, and must be based on the account value at redemption and upon the age of the former employee at the date annuity accrual starts. The account must be valued and redeemed on the later of the end of the month of termination of covered employment, or the end of the month of receipt of the annuity application for the purpose of computing the annuity.

Sec. 6. Minnesota Statutes 1998, section 352D.09, subdivision 5a, is amended to read:

Subd. 5a. [SMALL BALANCE ACCOUNTS.] If a former participant who contributed less than ~~\$100~~ \$500 in employee contributions cannot be contacted by the system for five or more years, the value of the shares shall be appropriated to the general employees retirement fund, but upon subsequent contact by the former employee the account shall be reinstated to the amount that would have been payable had the money been left in the unclassified plan.

Sec. 7. Minnesota Statutes 1998, section 353.01, subdivision 2, is amended to read:

Subd. 2. [PUBLIC EMPLOYEE.] "Public employee" means an employee performing personal services for a governmental subdivision under subdivision 6, whose salary is paid, in whole or in part, from revenue derived from taxation, fees, assessments, or from other sources. The term also includes special classes of persons listed in subdivision 2a, but excludes special classes of persons listed in subdivision 2b for purposes of membership in the association. Public employee does not include independent contractors and their employees. A reemployed annuitant under section 353.37 must not be considered to be a public employee for purposes of that reemployment.

Sec. 8. Minnesota Statutes 1998, section 353.01, subdivision 6, is amended to read:

Subd. 6. [GOVERNMENTAL SUBDIVISION.] (a) "Governmental subdivision" means a county, city, town, school district within this state, or a department or unit of state government, or any public body whose revenues are derived from taxation, fees, assessments or from other sources.

(b) Governmental subdivision also means the public employees retirement association, the league of Minnesota cities, the association of metropolitan municipalities, public hospitals owned or operated by, or an integral part of, a governmental subdivision or governmental subdivisions, the association of Minnesota counties, the metropolitan intercounty association, the Minnesota municipal utilities association, the metropolitan airports commission, ~~and~~ the Minneapolis employees retirement fund for employment initially commenced after June 30, 1979, the range association of municipalities and schools, soil and water conservation districts, and economic development authorities created or operating under sections 469.090 to 469.108.

(c) Governmental subdivision does not mean any municipal housing and redevelopment authority organized under the provisions of sections 469.001 to 469.047; or any port authority organized under sections 469.048 to ~~469.068~~ 469.089; or any hospital district organized or reorganized prior to July 1, 1975, under sections 447.31 to 447.37 or the successor of the district, nor the Minneapolis community development agency.

Sec. 9. Minnesota Statutes 1999 Supplement, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] (a) "Salary" means:

(1) periodic compensation of a public employee, before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs, and also means "wages" and includes net income from fees; and

(2) for a public employee who has prior service covered by a local police or firefighters' relief association that has consolidated with the public employees retirement association or to which section 353.665 applies and who has elected coverage either under the public employees police and fire fund benefit plan under section 353A.08 following the consolidation or under section 353.665, subdivision 4, "salary" means the rate of salary upon which member contributions to the special fund of the relief association were made prior to the effective date of the consolidation as specified by law and by bylaw provisions governing the relief association on the date of the initiation of the consolidation procedure and the actual periodic compensation of the public employee after the effective date of consolidation.

(b) Salary does not mean:

(1) fees paid to district court reporters, unused annual vacation or sick leave payments, in lump-sum or periodic payments, severance payments, reimbursement of expenses, lump-sum settlements not attached to a specific earnings period, or workers' compensation payments;

(2) employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

(3) the amount equal to that which the employing governmental subdivision would otherwise pay toward single or family insurance coverage for a covered employee when, through a contract or agreement with some but not all employees, the employer:

(i) discontinues, or for new hires does not provide, payment toward the cost of the employee's selected insurance coverages under a group plan offered by the employer;

(ii) makes the employee solely responsible for all contributions toward the cost of the employee's selected insurance coverages under a group plan offered by the employer, including any amount the employer makes toward other employees' selected insurance coverages under a group plan offered by the employer; and

(iii) provides increased salary rates for employees who do not have any employer-paid group insurance coverages; and

(4) except as provided in section 353.86 or 353.87, compensation of any kind paid to volunteer ambulance service personnel or volunteer firefighters, as defined in subdivisions subdivision 35 and or 36.

Sec. 10. Minnesota Statutes 1998, section 353.01, subdivision 11a, is amended to read:

Subd. 11a. [TERMINATION OF PUBLIC SERVICE.] (a) "Termination of public service" occurs when a member resigns or is dismissed from public service by the employing governmental subdivision, ~~as evidenced by appropriate written record transmitted to the association; or when a position ends and the member who held the position is not considered by the governmental subdivision to be on a temporary layoff, and the employee does not, within 30 days of resignation or dismissal the date the employment relationship ended, return to a nontemporary an employment position in the same governmental subdivision.~~

(b) The termination of public service must be recorded in the association records upon receipt of an appropriate notice from the governmental subdivision.

Sec. 11. Minnesota Statutes 1998, section 353.01, subdivision 28, is amended to read:

Subd. 28. [RETIREMENT.] (a) "Retirement" means the commencement of payment of an annuity based on a date designated by the board of trustees. This date determines the rights under this chapter which occur either before or after retirement. A right to retirement is subject to termination of public service under subdivision 11a ~~or termination of membership under subdivision 11b, the earlier of which will determine the date membership and coverage cease.~~ A right to retirement ~~must not accrue without~~ requires a complete and continuous separation for 30 days from employment as a public employee ~~under subdivision 2 and from the provision of paid services to that employer.~~

(b) An individual who separates from employment as a public employee and who, within 30 days of separation, returns to provide service to a governmental subdivision as an independent contractor or as an employee of an independent contractor, has not satisfied separation requirements under paragraph (a).

(c) A former member of the basic or police and fire fund who becomes a coordinated member upon returning to eligible, nontemporary public service, terminates employment before obtaining six months' allowable service under subdivision 16, paragraph (a), in the coordinated fund, and is eligible to receive an annuity the first day of the month after the most recent termination date shall not accrue a right to a retirement annuity under the coordinated fund. An annuity otherwise payable to the former member must be based on the laws in effect on the date of termination

of the most recent service under the basic or police and fire fund and shall be retroactive to the first day of the month following that termination date or one year preceding the filing of an application for retirement annuity as provided by section 353.29, subdivision 7, whichever is later. The annuity payment must be suspended ~~or reduced~~ under the provisions of section 353.37, if earned compensation for the reemployment equals or exceeds the amounts indicated under that section. The association will refund the employee deductions made to the coordinated fund, with interest under section 353.34, subdivision 2, return the accompanying employer contributions, and remove the allowable service credits covering the deductions refunded.

~~(b)~~ (d) Notwithstanding the 30-day separation requirement under paragraph (a), a member of the defined benefit plan under this chapter, who also participates in the public employees defined contribution plan under chapter 353D for other public service, may be paid, if eligible, a retirement annuity from the defined benefit plan while participating in the defined contribution plan.

Sec. 12. Minnesota Statutes 1998, section 353.01, subdivision 32, is amended to read:

Subd. 32. [COORDINATED MEMBER.] "Coordinated member" means any public employee, including any public hospital employee, covered by any agreement or modification made between the state and the Secretary of Health, Education and Welfare, making the provisions of the federal Old Age, Survivors and Disability Insurance Act applicable to the member if membership eligibility criteria are met under this chapter. A coordinated member also means is a former basic member who terminates public service under subdivision 11a, has a complete and continuous separation for at least 30 days from employment as a public employee meeting the requirements specified in subdivision 28, paragraphs (a) and (b), and who reenters public service in a nontemporary position, as a public employee and meets the membership eligibility criteria under this chapter.

Sec. 13. Minnesota Statutes 1998, section 353.15, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] The association may pay an annuity, benefit, or refund payments only to a trust company, qualified under chapter 48, financial institution associated with the National Automated Clearinghouse Association or a comparable successor organization that is the trustee for a person eligible to receive such the annuity, benefit, or refund. Upon the request of ~~a retired, disabled the retiree, disabilitant, survivor, or former member,~~ the association may mail or send by electronic transfer the annuity, benefit or refund check to ~~a banking institution, savings association or credit union~~ the applicable financial institution for deposit ~~to such in~~ in the person's account or joint account with a spouse. The association may prescribe the conditions under which such payment will be made.

Sec. 14. Minnesota Statutes 1998, section 353.27, subdivision 4, is amended to read:

Subd. 4. [~~EMPLOYERS~~ EMPLOYER REPORTING REQUIREMENTS; CONTRIBUTIONS; MEMBER STATUS.] (a) A representative authorized by the head of each department shall deduct employee contributions from the salary of each member employee who qualifies for membership under this chapter and issue or approve one warrant remit payment in a manner prescribed by the executive director for the aggregate amount of the employee contributions, the employer contributions and the additional employer contributions to be received within 20 14 calendar days in the office of the association. The head of each department or the person's designee shall, for each pay period in which employee contributions are deducted, submit to the association a salary deduction report; in the form format prescribed by the executive director, showing. Data to be submitted as part of salary deduction reporting must include, but are not limited to:

~~(a) (1) the legal names and the association membership numbers, listed in alphabetical order, social security numbers of employees who are members;~~

~~(b) (2) the legal names of all new public employees and the effective dates of appointment; (c) the amount of each employee's salary deduction; (d)~~

~~(3) the amount of salary from which each deduction was made; (e) effective dates of member terminations of public service accompanied by the applicable status code as set by the association for those terminations caused by death or retirement; (f) effective dates of all temporary layoffs and leaves of absence accompanied by the applicable status code as set by the association; and (g)~~

~~(4) the beginning and ending dates of the payroll period covered and the date of actual payment; and~~

~~(5) adjustments or corrections covering past pay periods.~~

~~Reports of contributions must be accompanied by a membership enrollment form~~

~~(b) Employers must furnish the data required for enrollment for each new employee who qualifies for membership in the form format prescribed by the executive director. The required enrollment forms from data on new employees must be collected by the employer and submitted to the association within 30 days following the date of employment prior to or concurrent with the submission of the initial employee salary deduction. The employer shall also report to the association all member employment status changes, such as leaves of absence, terminations, and death, and the effective dates of those changes, on an ongoing basis for the payroll cycle in which they occur. The employer shall furnish such additional data, forms, and reports on magnetic media on other forms as may be requested required by the executive director for proper administration of the retirement system. Before implementing new or different computerized reporting requirements, the executive director shall give appropriate advance notice to governmental subdivisions to allow time for system modifications.~~

~~(b) (c) Notwithstanding paragraph (a), the association may provide for less frequent reporting and payments for small employers.~~

Sec. 15. Minnesota Statutes 1998, section 353.27, subdivision 12, is amended to read:

Subd. 12. [OMITTED SALARY DEDUCTIONS; OBLIGATIONS.] (a) In the case of omission of required deductions from the salary of an employee, the department head or designee shall immediately, upon discovery, report the employee for membership and deduct the employee deductions under subdivision 4. ~~Upon receipt of billing from the association; during the current pay period or during the pay period immediately following the discovery of the omission. Payment for the omitted obligations may only be made in accordance with reporting procedures and methods established by the executive director.~~

~~(b) When the entire omission period of an employee does not exceed 60 days, the governmental subdivision may report and submit payment of the omitted employee deductions and the omitted employer contributions through the reporting processes under subdivision 4.~~

~~(c) When the omission period of an employee exceeds 60 days, the governmental subdivision shall furnish to the association sufficient data and documentation upon which the obligation for omitted employee and employer contributions can be calculated. The omitted employee deductions must be deducted from the employee's next subsequent salary payment or payments and remitted to the association. The employee shall pay omitted employee deductions due for the 60 days prior to the end of the last pay period in the omission period during which salary was earned. The employer shall pay any remaining omitted employee deductions and any omitted employer contributions, plus cumulative interest at an annual rate of 8.5 percent compounded annually, from the date or dates each omitted employee contribution was first payable.~~

~~(b) (d) An employer shall not hold an employee liable for omitted employee deductions beyond the pay period dates under paragraph ~~(a)~~ (c), nor attempt to recover from the employee those employee deductions paid by the employer on behalf of the employee. Omitted deductions due under paragraph ~~(a)~~ (c) which are not paid by the employee constitute a liability of the employer that failed to deduct the omitted deductions from the employee's salary. The employer shall make payment with interest at an annual rate of 8.5 percent compounded annually. Omitted employee deductions are no longer due if an employee terminates public service before making payment of omitted employee deductions to the association, but the employer remains liable to pay omitted employer contributions plus interest at an annual rate of 8.5 percent compounded annually from the date the contributions were first payable.~~

(c) (e) The association may not commence action for the recovery of omitted employee deductions and employer contributions after the expiration of three calendar years after the calendar year in which the contributions and deductions were omitted. Except as provided under paragraph (b), no payment may be made or accepted unless the association has already commenced action for recovery of omitted deductions. An action for recovery commences on the date of the mailing of any written correspondence from the association requesting information from the governmental subdivision upon which to determine whether or not omitted deductions occurred.

Sec. 16. Minnesota Statutes 1998, section 353.33, subdivision 2, is amended to read:

Subd. 2. [APPLICATIONS; ACCRUAL OF BENEFITS.] Every claim or demand for a total and permanent disability benefit must be initiated by written application in the manner and form prescribed by the executive director showing compliance with the statutory conditions qualifying the applicant for a total and permanent disability benefit and filed with the executive director. A member or former member who became totally and permanently disabled during a period of membership shall file application for total and permanent disability benefits within three years next following termination of public service. This benefit begins to accrue the day following the commencement of disability, 90 days preceding the filing of the application, or, if annual or sick leave is paid for more than the 90-day period, from the date salary ceased, whichever is later. No member is entitled to receive a disability benefit payment when there remains to the member's credit any unused annual leave or sick leave or under any other circumstances when, during the period of disability, there has been no impairment of the person's salary. Payment must not accrue beyond the end of the month in which entitlement has terminated. If the disability beneficiary dies prior to negotiating the check for the month in which death occurs, payment is made to the surviving spouse, or if none, to the designated beneficiary, or if none, to the estate. An applicant for total and permanent disability benefits may file a retirement annuity application under section 353.29, subdivision 4, simultaneously with an application for total and permanent disability benefits. The retirement annuity application is void upon the determination of the entitlement for disability benefits by the executive director. If disability benefits are denied, the retirement annuity application must be initiated and processed.

Sec. 17. Minnesota Statutes 1998, section 353.33, subdivision 6, is amended to read:

Subd. 6. [CONTINUING ELIGIBILITY FOR BENEFITS.] The association shall determine eligibility for continuation of disability benefits and require periodic examinations and evaluations of disabled members as frequently as deemed necessary. The association shall require the disabled member to provide and authorize release of medical evidence, including all medical records and information from any source, relating to an application for continuation of disability benefits. Disability benefits are contingent upon a disabled person's participation in a vocational rehabilitation program if the executive director determines that the disabled person may be able to return to a gainful occupation. If a member is found to be no longer totally and permanently disabled ~~and is reinstated to the payroll~~, payments must cease the first of the month following the ~~reinstatement to the payroll~~ expiration of a 30-day period after the member receives a certified letter notifying the member that payments will cease.

Sec. 18. Minnesota Statutes 1998, section 353.34, subdivision 1, is amended to read:

Subdivision 1. [REFUND OR DEFERRED ANNUITY.] (a) A former member is entitled to a refund of accumulated employee deductions under subdivision 2, or to a deferred annuity under subdivision 3. ~~An active member of a fund enumerated in section 356.30, subdivision 3, clause (7), (8), or (14), who terminates public service in any of those funds and becomes a member of another fund enumerated in those clauses may receive a refund of employee contributions plus six percent interest compounded annually from the fund in which the member terminated service.~~ Application for a refund may not be made prior to the date of termination of public service or the termination of membership, whichever is sooner. Except as specified in paragraph (b), a refund must be paid within 120 days following receipt of the application unless the applicant has again become a public employee required to be covered by the association.

(b) If an individual was granted an authorized temporary layoff, a refund is not payable before termination of membership under section 353.01, subdivision 11b, clause (3).

(c) An individual who terminates public service covered by the public employees retirement association general plan, the public employees retirement association police and fire plan, or the public employees local government corrections service retirement plan, and who becomes an active member covered by one of the other two plans, may receive a refund of employee contributions plus six percent interest compounded annually from the plan in which the member terminated service.

Sec. 19. Minnesota Statutes 1999 Supplement, section 353.64, subdivision 1, is amended to read:

Subdivision 1. [POLICE AND FIRE FUND PLAN MEMBERSHIP; MANDATORY.] A governmental subdivision must report a public employee for membership in the police and fire plan if the employee is employed full-time as specified in clause (1), (2), or (3):

(1) a full-time police officer or a person in charge of a designated police or sheriff's department, who by virtue of that employment is required by the employing governmental subdivision to be and is licensed by the Minnesota peace officer standards and training board under sections 626.84 to 626.863, who is charged with the prevention and detection of crime, who has the full power of arrest, who is assigned to a designated police or sheriff's department, and whose primary job is the enforcement of the general criminal laws of the state;

(2) a full-time firefighter or a person in charge of a designated fire company or companies who is engaged in the hazards of fire fighting; or

(3) a full-time police officer or firefighter meeting all requirements of clause (1) or (2), as applicable, who as part of the employment position is periodically assigned to employment duties in the same department that are not within the scope of this subdivision.

An individual to which clause (3) applies must contribute as a member of the police and fire plan for both the primary and secondary services that are provided to the employing governmental subdivision.

Subd. 1a. [POLICE AND FIRE PLAN; OTHER MEMBERS.] (a) A person who prior to July 1, 1961, was a member of the police and fire fund plan, by virtue of being a police officer or firefighter, shall, as long as the person remains in either position, continue membership in the fund plan.

(b) A person who was employed by a governmental subdivision as a police officer and was a member of the police and fire fund plan on July 1, 1978, by virtue of being a police officer as defined by this section on that date, and if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date, continues to be a member of the fund plan, whether or not that person has the power of arrest by warrant and is licensed by the peace officers standards and training board after that date.

(c) A person who was employed as a correctional officer by Rice county before July 1, 1998, for the duration of employment in the correctional position held on July 1, 1998, continues to be a member of the public employees police and fire plan, whether or not the person has the power of arrest by warrant and is licensed by the peace officers standards and training board after that date.

(d) A person who was employed by a governmental subdivision as a police officer or a firefighter, whichever applies, was an active member of the local police or salaried firefighters relief association located in that governmental subdivision by virtue of that employment as of the effective date of the consolidation as authorized by sections 353A.01 to 353A.10, and has elected coverage by the public employees police and fire fund benefit plan, shall become a member of the police and fire fund plan after that date if employed by the same governmental subdivision in a position in the same department in which the person was employed on that date.

(e) Any other employee serving on a full-time basis as a police officer as defined in subdivision 2 or as a firefighter as defined in subdivision 3 on or after July 1, 1961, shall become a member of the public employees police and fire fund.

(e) An employee serving on less than a full-time basis as a police officer shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a police officer.

(f) An employee serving on less than a full-time basis as a firefighter shall become a member of the public employees police and fire fund only after a resolution stating that the employee should be covered by the police and fire fund is adopted by the governing body of the governmental subdivision employing the person declaring that the position which the person holds is that of a firefighter.

(g) A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire fund; (e) Any police officer or firefighter of a relief association that has consolidated with the association for which the employee has not elected coverage by the public employees police and fire fund benefit plan as provided in sections 353A.01 to 353A.10, or any police officer or firefighter to whom section 353.665 applies who has not elected coverage by the public employees police and fire fund benefit plan as provided in section 353.665, subdivision 4, ~~shall~~ must not become a member of the public employees police and fire fund plan, but is not subject to the provisions of sections 353.651 to 353.659 unless an election for such coverage is made under section 353.665, subdivision 4.

Sec. 20. Minnesota Statutes 1998, section 353.64, subdivision 2, is amended to read:

Subd. 2. [POLICE AND FIRE FUND MEMBERSHIP; PART-TIME EMPLOYMENT COVERAGE OPTION.] ~~Before a~~ (a) The governing body of a governmental subdivision may adopt a resolution, subject to requirements specified in paragraph (b), declaring that a public employee employed in a position on a part-time basis by that governmental subdivision is covered by the police and fire plan for that employment.

(b) If the public employee's position is related to police service, the resolution is valid if the conditions specified in paragraph (c) are met. If the public employee's position is related to fire service, the resolution is valid if the conditions specified in paragraph (d) are met. If the public employee in the applicable position is periodically assigned to employment duties not within the scope of this subdivision, the resolution is considered valid if the governing body of the governmental subdivision declares that the public employee's position, for primary services provided, satisfies all of the requirements of subdivision 1, clause (3), other than the requirement of full-time employment.

(c) For the governing body may of the governmental subdivision to declare a position to be that of a police officer, the duties and qualifications of the person so employed must, as at a minimum, include employment as an officer of a designated police department or sheriff's office or person in charge of a designated police department or sheriff's office whose primary job it is to enforce the law, who is licensed by the Minnesota board of peace officer standards and training under sections 626.84 to 626.863, who is engaged in the hazards of protecting the safety and property of others, and who has the power to arrest by warrant.

A police officer who is periodically assigned to employment duties not within the scope of this subdivision may contribute to the public employees police and fire fund for all service, if a resolution declaring that the primary position held by the person is that of a police officer, is adopted by the governing body of the department, and is promptly submitted to the executive director: satisfy all of the requirements of subdivision 1, clause (1), other than the requirement of full-time employment.

(d) For the governing body of a governmental subdivision to declare a position to be that of a firefighter, the duties and qualifications of the person so employed must, at a minimum, satisfy all of the requirements of subdivision 1, clause (2), other than the requirement of full-time employment.

Sec. 21. Minnesota Statutes 1998, section 353.64, subdivision 3, is amended to read:

Subd. 3. [POLICE AND FIRE FUND MEMBERSHIP; EXCLUSION.] ~~Before a governing body may declare a position to be that of a firefighter, the duties of the person so employed must, as a minimum, include services as an employee of a designated fire company or person in charge of a designated fire company or companies who is engaged in the hazards of fire fighting. A firefighter who is periodically assigned to employment duties outside the scope of firefighting may contribute to the public employees police and fire fund for all service, if a resolution declaring that the primary position held by the person is that of a firefighter, is adopted by the governing body of the company or companies, and is promptly submitted to the executive director. A police officer or firefighter employed by a governmental subdivision who by virtue of that employment is required by law to be a member of and to contribute to any police or firefighter relief association governed by section 69.77 which has not consolidated with the public employees police and fire plan is not eligible to become a member of the public employees police and fire plan.~~

Sec. 22. Minnesota Statutes 1998, section 353.64, subdivision 4, is amended to read:

Subd. 4. [RESOLUTION FILING.] (a) A copy of the resolution of the governing body declaring a position to be that of police officer or firefighter shall be promptly filed with the board of trustees and shall be irrevocable.

(b) Following the receipt of adequate notice from the association, if a valid resolution is not filed with the public employees retirement association within six months following the date of that notice, any contributions or deductions made to the police and fire fund for the applicable employment are deemed to be contributions or deductions transmitted in error under section 353.27, subdivision 7a.

Sec. 23. Minnesota Statutes 1998, section 353.656, subdivision 1, is amended to read:

Subdivision 1. [IN LINE OF DUTY; COMPUTATION OF BENEFITS.] A member of the police and fire ~~fund~~ plan who becomes disabled and physically unfit to perform duties as a police officer ~~or~~ firefighter ~~subsequent to June 30, 1973, or paramedic as defined under section 353.64, subdivision 10,~~ as a direct result of an injury, sickness, or other disability incurred in or arising out of any act of duty, which has or is expected to render the member physically or mentally unable to perform ~~the~~ duties as a police officer ~~or~~ firefighter, ~~or paramedic as defined under section 353.64, subdivision 10,~~ for a period of at least one year, shall receive disability benefits during the period of such disability. The benefits must be in an amount equal to 60 percent of the "average salary" ~~under as defined in section 353.651, subdivision 3 2,~~ plus an additional percent specified in section 356.19, subdivision 6, ~~of said that~~ average salary for each year of service in excess of 20 years. ~~Should~~ If the disability under this subdivision occurs before the member has at least five years of allowable service credit in the police and fire ~~fund~~ plan, the disability benefit must be computed on the "average salary" from which deductions were made for contribution to the police and fire fund.

Sec. 24. Minnesota Statutes 1998, section 353.656, subdivision 3, is amended to read:

Subd. 3. [NONDUTY DISABILITY BENEFIT.] Any member of the police and fire plan who becomes disabled after not less than one year of allowable service because of sickness or injury occurring while not on duty as a police officer ~~or~~ firefighter, ~~or paramedic as defined under section 353.64, subdivision 10,~~ and by reason of that sickness or injury the member has been or is expected to be unable to perform ~~the~~ duties as a police officer ~~or~~ firefighter, ~~or paramedic as defined under section 353.64, subdivision 10,~~ for a period of at least one year, is entitled to receive a disability benefit. The benefit must be paid in the same manner as if the benefit were paid under section 353.651. If a disability under this subdivision occurs after one but in less than 15 years of allowable service, the disability benefit must be the same as though the member had at least 15 years service. For a member who is employed as a full-time firefighter by the department of military affairs of the state of Minnesota, allowable service as a full-time state military affairs department firefighter credited by the Minnesota state retirement system may be used in meeting the minimum allowable service requirement of this subdivision.

Sec. 25. Minnesota Statutes 1998, section 353.71, subdivision 2, is amended to read:

Subd. 2. [DEFERRED ANNUITY COMPUTATION; AUGMENTATION.] (a) The deferred annuity, ~~if any,~~ accruing under subdivision 1, or under sections 353.34, subdivision 3, and 353.68, subdivision 4, must be computed ~~in the manner provided in said sections;~~ on the basis of allowable service prior to the termination of public service and augmented as provided herein in this paragraph. The required reserves applicable to a deferred annuity, ~~or to an annuity for which a former member was eligible but had not applied;~~ or to any deferred segment of an annuity ~~shall~~ must be determined as of ~~the date the annuity begins to accrue and shall be augmented from~~ the first day of the month following the month in which the former member ceased to be a public employee, or July 1, 1971, whichever is later, ~~to the first day of the month in which the annuity begins to accrue.~~ These required reserves must be augmented at the rate of five percent per annum annually compounded annually until January 1, 1981, and at the rate of three percent thereafter until January 1 of the year following the year in which the former member attains age 55. From that date to the effective date of retirement, the rate is five percent per annum compounded annually. If a person has more than one period of uninterrupted service, the required reserves related to each period ~~shall~~ must be augmented ~~by interest pursuant to this subdivision as specified in this paragraph.~~ The sum of the augmented required reserves ~~so determined shall be~~ is the present value of the annuity. Uninterrupted service for the purpose of this subdivision ~~shall mean~~ means periods of covered employment during which the employee has not been separated from public service for more than two years. If a person repays a refund, the restored service ~~restored thereby shall~~ must be considered as continuous with the next period of service for which the employee has credit with this association. ~~The formula percentages used for each period of uninterrupted service shall be those as would be applicable to a new employee.~~ This section ~~shall~~ must not reduce the annuity otherwise payable under this chapter. ~~This subdivision paragraph shall apply~~ applies to individuals who become deferred annuitants of record on or after July 1, 1971, and to employees who thereafter become deferred annuitants; it shall also apply. For a member who became a deferred annuitant before July 1, 1971, the paragraph applies from July 1, 1971, to if the former members who make application active member applies for an annuity after July 1, 1973.

(b) The retirement annuity or disability benefit of, or the survivor benefit payable on behalf of, a former member who terminated service before July 1, 1997, or the survivor benefit payable on behalf of a basic or police and fire member who was receiving disability benefits before July 1, 1997, which is ~~not~~ first payable ~~until~~ after June 30, 1997, must be increased on an actuarial equivalent basis to reflect the change in the postretirement interest rate actuarial assumption under section 356.215, subdivision 4d, from five percent to six percent under a calculation procedure and tables adopted by the board and approved by the actuary retained by the legislative commission on pensions and retirement.

Sec. 26. Minnesota Statutes 1998, section 353B.11, subdivision 3, is amended to read:

Subd. 3. [AMOUNT; SURVIVING SPOUSE BENEFIT.] (a) The surviving spouse benefit shall be 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Albert Lea firefighters relief association;
- (2) Albert Lea police relief association;
- (3) Anoka police relief association;
- (4) Austin police relief association;
- (5) Brainerd police benefit association;
- (6) Crookston police relief association;
- (7) Faribault fire department relief association; and
- (8) West St. Paul firefighters relief association.

(b) The surviving spouse benefit shall be 25 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Chisholm police relief association;
- (2) Duluth firefighters relief association;
- (3) Duluth police pension association;
- (4) Fairmont police benefit association;
- (5) Red Wing fire department relief association;
- (6) South St. Paul police relief association; and
- (7) West St. Paul police relief association.

(c) The surviving spouse benefit shall be 24 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Fridley police pension association;
- (2) Richfield police relief association;
- (3) Rochester fire department relief association;
- (4) Rochester police relief association;
- (5) Winona fire department relief association; and
- (6) Winona police relief association.

(d) The surviving spouse benefit shall be 40 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Columbia Heights fire department relief association, paid division; and
- (2) New Ulm police relief association.

(e) The surviving spouse benefit shall be ~~\$250 per month~~ 30 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Hibbing firefighters relief association; and
- (2) Hibbing police relief association.

(f) The surviving spouse benefit shall be 23.75 percent of the salary base for the former members of the following consolidating relief associations:

- (1) Crystal police relief associations; and
- (2) Minneapolis police relief association.

(g) The surviving spouse benefit shall be 32 percent of the salary base for the former members of the following consolidating relief associations:

- (1) St. Cloud fire department relief association; and
- (2) St. Cloud police relief association.

(h) The surviving spouse benefit shall be one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, for the former members of the following consolidating relief associations:

- (1) Virginia fire department relief association; and
- (2) Virginia police relief association.

(i) The surviving spouse benefit shall be the following for the former members of the consolidating relief associations as indicated:

(1) 30 percent of the salary base, reduced by any amount awarded or payable from the service pension or disability benefit of the deceased former firefighter to a former spouse of the member by virtue of the legal dissolution of the member's marriage to the former spouse if the surviving spouse married the member after the time of separation from active service, Austin firefighters relief association;

(2) 27.333 percent of the salary base, or one-half of the service pension payable to or accrued by the deceased former member, whichever is greater, Bloomington police relief association;

(3) 72.25 percent of the salary base, Buhl police relief association;

(4) 50 percent of the service pension which the active member would have received based on allowable service credit to the date of death and prospective service from the date of death until the date on which the person would have attained the normal retirement age, 50 percent of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or \$175 per month if the deceased member was receiving a service pension or disability benefit as of the date of death, Chisholm firefighters relief association;

(5) two-thirds of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the greater of the allowable service credit of the person as of the date of death or 20 years of allowable service credit if the person would have been eligible as of the date of death, Columbia Heights police relief association;

(6) the greater of \$300 per month or one-half of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Crookston fire department relief association;

(7) \$100 per month, Faribault police benefit association;

(8) 60 percent of the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Mankato fire department relief association;

(9) \$175 per month, Mankato police benefit association;

(10) 26.25 percent of the salary base, Minneapolis fire department relief association;

(11) equal to the service pension or disability benefit which the deceased member was receiving as of the date of death, or of the service pension which the deferred member would have been receiving if the service pension had commenced as of the date of death or of the service pension which the active member would have received based on the allowable service credit of the person as of the date of death if the person would have been eligible as of the date of death, Red Wing police relief association;

(12) 78.545 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 55 percent of salary or would have been 55 percent of salary if the firefighter had survived to begin benefit receipt; or 80 percent of the benefit amount payable prior to the death of the deceased active, disabled, deferred, or retired firefighter if that firefighter's benefit was 54 percent of salary or would have been 54 percent of salary if the firefighter had survived to begin benefit receipt, Richfield fire department relief association;

(13) 40 percent of the salary base for a surviving spouse of a deceased active member, disabled member, or retired or deferred member with at least 20 years of allowable service, or the prorated portion of 40 percent of the salary base that bears the same relationship to 40 percent that the deceased member's years of allowable service bear to 20 years of allowable service for the surviving spouse of a deceased retired or deferred member with at least ten but less than 20 years of allowable service, St. Louis Park fire department relief association;

(14) 26.6667 percent of the salary base, St. Louis Park police relief association;

(15) 27.5 percent of the salary base, St. Paul fire department relief association;

(16) ~~20~~ 27.5 percent of the salary base, St. Paul police relief association; and

(17) 27 percent of the salary base, South St. Paul firefighters relief association.

Sec. 27. Minnesota Statutes 1998, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] (a) "Teacher" means:

(1) a person who renders service as a teacher, supervisor, principal, superintendent, librarian, nurse, counselor, social worker, therapist, or psychologist in the public schools of the state located outside of the corporate limits of the cities of the first class ~~as those cities were so classified on January 1, 1979,~~ or in the Minnesota state colleges and universities system, or in any charitable, penal, or correctional institutions of a governmental subdivision, or who is engaged in educational administration in connection with the state public school system, including the Minnesota state colleges and ~~university~~ universities system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members or officers of any general governing or managing board or body;

(2) an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system ~~by virtue of~~ due to prior employment by ~~the association~~ that system;

(3) a person who renders teaching service on a part-time basis and who also renders other services for a single employing unit. ~~In such cases, the executive director shall determine whether all or none of the combined service is covered by the association, however~~ A person whose teaching service comprises at least 50 percent of the combined employment salary is a member of the association for all services with the single employing unit. If the person's teaching service comprises less than 50 percent of the combined employment salary, the executive director must determine whether all or none of the combined service is covered by the association.

(b) ~~The term~~ Teacher does not mean:

(1) ~~an employee described in section 352D.02, subdivision 1a, who is hired after the effective date of Laws 1986, chapter 458;~~

(2) a person who works for a school or institution as an independent contractor as defined by the Internal Revenue Service;

(3) ~~(2)~~ a person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal Comprehensive Employment and Training Act from and after March 30, 1978, unless the person has, as of the later of March 30, 1978, or the date of employment, sufficient service credit in the retirement association to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal Comprehensive Training and Employment Act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution;

(4) ~~(3)~~ a person holding a part-time adult supplementary technical college license who renders part-time teaching service or a customized trainer as defined by the Minnesota state colleges and universities system in a technical college if (i) the service is incidental to the regular nonteaching occupation of the person; and (ii) the applicable technical college stipulates annually in advance that the part-time teaching service or customized training service will not exceed 300 hours in a fiscal year and retains the stipulation in its records; and (iii) the part-time teaching service or customized training service actually does not exceed 300 hours in a fiscal year; or

(5) ~~(4)~~ a person exempt from licensure ~~pursuant to~~ under section 122A.30.

Sec. 28. Minnesota Statutes 1998, section 354.05, subdivision 35, is amended to read:

Subd. 35. [SALARY.] (a) "Salary" means the periodic compensation, upon which member contributions are required ~~and made, that is paid to a teacher before employee-paid fringe benefits, tax sheltered annuities, deferred compensation, or any combination of these employee-paid items are deducted before deductions for deferred compensation, supplemental retirement plans, or other voluntary salary reduction programs.~~

(b) "Salary" does not mean:

(1) lump sum annual leave payments;

(2) lump sum wellness and sick leave payments;

(3) ~~payments in lieu of any employer-paid group insurance coverage;~~

(4) ~~payments for the difference between single and family premium rates that may be paid to a member with single coverage;~~

(5) ~~employer-paid fringe benefits including, but not limited to, flexible spending accounts, cafeteria plans, health care expense accounts, day care expenses, or automobile allowances and expenses; employer-paid amounts used by an employee toward the cost of insurance coverage, employer-paid fringe benefits, flexible spending accounts,~~

cafeteria plans, health care expense accounts, day care expenses, or any payments in lieu of any employer-paid group insurance coverage, including the difference between single and family rates that may be paid to a member with single coverage and certain amounts determined by the executive director to be ineligible;

~~(6)~~ (4) any form of payment made in lieu of any other employer-paid fringe benefit or expense;

~~(7)~~ (5) any form of severance payments;

~~(8)~~ (6) workers' compensation payments;

~~(9)~~ (7) disability insurance payments including self-insured disability payments;

~~(10)~~ (8) payments to school principals and all other administrators for services in addition to the normal work year contract if these additional services are performed on an extended duty day, Saturday, Sunday, holiday, annual leave day, sick leave day, or any other nonduty day;

~~(11)~~ (9) payments under section 356.24, subdivision 1, clause (4); and

~~(12)~~ (10) payments made under section 122A.40, subdivision 12, except for payments for sick leave accumulated under the provisions of a uniform school district policy that applies equally to all similarly situated persons in the district.

Sec. 29. Minnesota Statutes 1998, section 354.091, is amended to read:

354.091 [SERVICE CREDIT.]

~~(a) In computing the time of service of a teacher, the length of a legal school year in the district or institution where such service was rendered must constitute a year under sections 354.05 to 354.10, provided the year is not less than the legal minimum school year of this state. service credit, no person teacher shall receive credit for more than one year of teaching service for any fiscal year. Commencing July 1, 1961;~~

~~(1) if a teacher teaches only a fractional part of a day, credit must be given for a day of teaching service for each less than five hours taught, and in a day, service credit must be given for the fractional part of the day as the term of service performed bears to five hours;~~

~~(2) if a teacher teaches five or more hours in a day, service credit must be given for only one day;~~

~~(3) if a teacher teaches at least 170 full days in any fiscal year, service credit must be given for a full year of teaching service; and~~

~~(4) if a teacher teaches for only a fractional part of the year, service credit must be given for such fractional part of the year as the term period of service ~~rendered~~ performed bears to 170 days.~~

~~(b) A person who teaches in the state colleges and university system teacher shall receive a full year of service credit based on the number of days in the system's employer's full school year if it is less than 170 days. Teaching service performed prior to before July 1, 1961, must be computed under the law in effect at the time it was ~~rendered~~ performed.~~

~~(c) A teacher shall does not lose or gain retirement service credit as a result of the employer converting to a four-day work week flexible or alternate work schedule. If the employer ~~does convert~~ converts to a four-day work week flexible or alternate work schedule, the forms for reporting and the procedures for determining service credit ~~shall~~ must be determined by the executive director with the approval of the board of trustees.~~

Sec. 30. Minnesota Statutes 1998, section 354.092, subdivision 2, is amended to read:

Subd. 2. [PAY RATE; CERTIFICATION.] A sabbatical leave must be compensated by a minimum of one-third of the salary that the member received for a comparable period during the prior fiscal year. ~~Before the end of the fiscal year during which any sabbatical leave is granted~~ Upon granting a sabbatical leave, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director.

Sec. 31. Minnesota Statutes 1998, section 354.093, is amended to read:

354.093 [PARENTAL ~~OR~~ MATERNITY LEAVE.]

~~Before the end of the fiscal year during which any parental or maternity leave is granted~~ Upon granting a parental leave for the birth or adoption of a child, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member of the association granted parental ~~or maternity~~ leave of absence by the employing unit is entitled to service credit not to exceed one year for the period of leave upon payment to the association by the end of the fiscal year following the fiscal year in which the leave of absence terminated. This payment must ~~include equal the total~~ include equal the total required employee; and employer contributions, and amortization contributions, if any, for the period of leave prescribed in section 354.42. The payment must be based on the member's average full-time monthly salary rate on the date the leave of absence commenced, and must be without interest. Notwithstanding the provisions of any agreements to the contrary, ~~employee and employer~~ the contributions specified in this section may not be made to receive allowable service credit under this section if the member does not retain the right to full reinstatement at the end of the leave.

Sec. 32. Minnesota Statutes 1998, section 354.094, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT CONTRIBUTIONS.] ~~Before the end of the fiscal year during which~~ Upon granting any extended leave of absence ~~is granted pursuant to under~~ section 122A.46 or 136F.43, the employing unit granting the leave must certify the leave to the association on a form specified by the executive director. A member granted an extended leave of absence ~~pursuant to under~~ section 122A.46 or 136F.43 may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of the leave, provided that the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave, ~~which shall~~ The leave period must not exceed five years. A member may not receive more than five years of allowable service credit under this section. The employee and employer contributions must be based upon the rates of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave must be made on or before the later of June 30 of each fiscal year for which service credit is received or within 30 days after first notification of the amount due, if requested by the member, is given by the association. No payment is permitted after the following September 30. Payments received after June 30 must include interest at an annual rate of 8.5 percent from June 30 through the end of the month in which payment is received. Notwithstanding the provisions of any agreements to the contrary, employee and employer contributions may not be made to receive allowable service credit if the member does not have full reinstatement rights as provided in section 122A.46 or 136F.43, both during and at the end of the extended leave.

Sec. 33. Minnesota Statutes 1998, section 354.10, subdivision 2, is amended to read:

Subd. 2. [AUTOMATIC DEPOSITS.] Upon receipt of the properly completed forms as provided by the executive director, the annuity ~~or~~ benefit ~~or refund~~ amount may be electronically transferred or the annuity or benefit check may be mailed to ~~a banking institution, savings association, or credit union~~ any financial institution associated with the National Automated Clearinghouse Association or a comparable successor organization for deposit to the recipient's individual account or joint account with the recipient's spouse or any other person designated by the recipient. An overpayment to a joint account after the death of the annuity or benefit recipient must be repaid to the fund by the joint tenant if the overpayment is not repaid to the fund by the ~~banking institution, savings association, or credit union~~ financial institution associated with the National Automated Clearinghouse Association or its successor. The board may prescribe the conditions which govern these procedures.

Sec. 34. Minnesota Statutes 1998, section 354.35, is amended to read:

354.35 [OPTIONAL ACCELERATED RETIREMENT ANNUITY BEFORE ~~AGE 65~~ NORMAL RETIREMENT AGE.]

Any coordinated member who retires before age 65 may elect to receive an optional accelerated retirement annuity from the association which provides for different annuity amounts over different periods of retirement. ~~The election of this optional accelerated retirement annuity is exercised by making an application to the board on a form provided by the executive director.~~ The optional accelerated retirement annuity must take the form of an annuity payable for the period before the member attains age 65 in a greater amount than the amount of the annuity calculated under section 354.44 on the basis of the age of the member at retirement, but the optional accelerated retirement annuity must be the actuarial equivalent of the member's annuity computed on the basis of the member's age at retirement. The greater amount must be paid until the retiree reaches age 65 and at that time the payment from the association must be reduced. For each year the retiree is under age 65, up to five percent of the total life annuity required reserves may be used to accelerate the optional retirement annuity under this section. At retirement, members who retire before age 62 may elect to have the age specified in this section be 62 instead of 65. ~~This election is irrevocable and may be made only once on the application form provided by the executive director.~~ The method of computing the optional accelerated retirement annuity provided in this section is established by the board of trustees. In establishing the method of computing the optional accelerated retirement annuity, the board of trustees must obtain the written approval of the commission-retained actuary. The written approval must be a part of the permanent records of the board of trustees. The election of an optional accelerated retirement annuity is exercised by making an application on a form provided by the executive director.

Sec. 35. Minnesota Statutes 1998, section 354.46, subdivision 2a, is amended to read:

Subd. 2a. [SURVIVOR COVERAGE TERM CERTAIN.] In lieu of the 100 percent optional annuity under subdivision 2, or a refund under section 354.47, subdivision 1, the surviving spouse of a deceased member may elect to receive survivor coverage in a term certain of five, ten, 15, or 20 years, but monthly payments must not exceed 75 percent of the average high-five monthly salary of the deceased member. The monthly term certain annuity must be actuarially equivalent to the 100 percent optional annuity under subdivision 2.

If a surviving spouse elects a term certain payment and dies before the expiration of the specified term certain period, the commuted value of the remaining annuity payments must be paid in a lump sum to the survivor's surviving spouse's estate.

Sec. 36. Minnesota Statutes 1998, section 354.47, subdivision 1, is amended to read:

Subdivision 1. [DEATH BEFORE RETIREMENT.] ~~(+)~~ (a) If a member dies before retirement and is covered under section 354.44, subdivision 2, and neither an optional annuity, nor a reversionary annuity, nor a benefit under section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, the designated beneficiary is entitled to an amount equal to the member's accumulated deductions with interest credited to the account of the member to the date of death of the member. If the designated beneficiary is a minor, interest must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

~~(2)~~ (b) If a member dies before retirement and is covered under section 354.44, subdivision 6, and neither an optional annuity, nor reversionary annuity, nor the benefit described in section 354.46, subdivision 1, is payable to the survivors if the member was a basic member, then the surviving spouse, or if there is no surviving spouse, the designated beneficiary is entitled to an amount equal to the member's accumulated deductions credited to the account of the member as of June 30, 1957, and from July 1, 1957, to the date of death of the member, the member's accumulated deductions plus six percent interest ~~at the rate of six percent per annum~~ compounded annually.

(c) If the designated beneficiary under paragraph (b) is a minor, any interest credited under that paragraph must be credited to the date the beneficiary reaches legal age, or the date of receipt, whichever is earlier.

Sec. 37. Minnesota Statutes 1998, section 354.48, subdivision 6, is amended to read:

Subd. 6. [REGULAR PHYSICAL EXAMINATIONS.] At least once each year during the first five years following the allowance of a disability benefit to any member, and at least once in every three-year period thereafter, the executive director shall require the disability beneficiary to undergo a medical examination ~~to be made at the place of residence of such person, or at any other place mutually agreed upon,~~ by a physician or physicians engaged by the executive director. If any examination indicates that the member is no longer permanently and totally disabled or that the member is engaged or is able to engage in a substantial gainful occupation, payments of the disability benefit by the association shall be discontinued. The payments shall discontinue as soon as the member is reinstated to the payroll following sick leave, but payment may not be made for more than 60 days after physicians engaged by the executive director find that the person is no longer permanently and totally disabled.

Sec. 38. Minnesota Statutes 1998, section 354.49, subdivision 1, is amended to read:

Subdivision 1. [ENTITLEMENT, APPLICATION.] A person who ceases to render teaching service in any school or institution to which the provisions of this chapter apply is entitled to a refund provided in subdivision 2, or a deferred retirement annuity under section 354.55, subdivision 11. An application for a refund must not be made sooner than 30 days after termination of teaching service if the applicant has not again become a teacher. This payment must be made within ~~90~~ 45 days after ~~the receipt of an application for a refund or upon completion of processing the report made pursuant to section 354.52, subdivision 2~~ the receipt of member reporting data under section 354.52, subdivision 4a, and payroll cycle data under section 354.52, subdivision 4b, whichever is later.

Sec. 39. Minnesota Statutes 1998, section 354.52, subdivision 3, is amended to read:

Subd. 3. [~~DUTY OF FINANCE OFFICIALS DEDUCTION REQUIREMENTS.~~] ~~It is the duty of each person, officer, school board, or managing body required by law to draw the warrants or orders for payment of salaries to teachers to~~ Every pay period, each employer shall deduct and withhold from ~~all the salary paid each pay period to~~ of every teacher who is a member of the fund the amount which the teacher is required to pay into the fund and ~~required under section 354.42.~~ At the time of each deduction, to the employer shall also furnish to each teacher a statement showing the amount of the deduction.

Sec. 40. Minnesota Statutes 1998, section 354.52, subdivision 4, is amended to read:

Subd. 4. [REPORTING AND REMITTANCE REQUIREMENTS.] ~~At least once each month, a representative authorized by An employing unit~~ employer shall transmit remit all amounts due to the association and furnish a ~~signed~~ statement indicating the amount due and transmitted with any other information required by the executive director. ~~Signing the statement has the force and effect of an oath as to the correctness of the amount due and transmitted. If an amount due and is not transmitted received by the association within seven calendar days of the payroll warrant, the amount accrues interest at an annual rate of 8.5 percent compounded annually commencing 15 days after from the due date first due until the amount is transmitted and must be paid by the employing unit. These payments received by the association. All amounts due and other employing unit employer obligations not remitted within 60 days of notification by the association must be certified to the commissioner of finance who shall deduct the amount from any state aid or appropriation amount applicable to the employing unit.~~

Sec. 41. Minnesota Statutes 1998, section 354.52, subdivision 4a, is amended to read:

Subd. 4a. [MEMBER DATA REPORTING REQUIREMENTS.] (a) An employing unit ~~shall~~ must initially provide the ~~following~~ member data specified in paragraph (b) or any of that data not previously provided to the association for payroll warrants dated after June 30, 1995, in a format prescribed by the executive director. Data changes and the dates of those changes under this subdivision must be reported to the association on an ongoing basis for within 14 calendar days after the date of the end of the payroll cycle in which they occur. These data changes must be reported with the payroll cycle data under subdivision 4b.

(b) Data on the member includes:

(1) legal name, address, date of birth, association member number, employer-assigned employee number, and social security number;

(2) association status, including, but not limited to, basic, coordinated, exempt annuitant, exempt technical college teacher, and exempt independent contractor or consultant;

(3) employment status, including, but not limited to, full time, part time, intermittent, substitute, or part-time mobility;

(4) employment position, including, but not limited to, teacher, superintendent, principal, administrator, or other;

(5) employment activity, including, but not limited to, hire, termination, resumption of employment, disability, or death;

(6) leaves of absence;

(7) county district number assigned by the association for the employing unit;

(8) data center identification number, if applicable; and

(9) other information as may be required by the executive director.

Sec. 42. Minnesota Statutes 1998, section 354.52, subdivision 4b, is amended to read:

Subd. 4b. [PAYROLL CYCLE REPORTING REQUIREMENTS.] An employing unit shall provide the following data to the association for payroll warrants ~~dated after June 30, 1995, for each~~ on an ongoing basis within 14 calendar days after the date of the payroll cycle warrant in a format prescribed by the executive director:

(1) association member number;

(2) employer-assigned employee number;

(3) social security number;

(4) amount of each salary deduction;

(5) amount of salary as defined in section 354.05, subdivision 35, from which each deduction was made;

(6) reason for payment;

(7) service credit;

(8) the beginning and ending dates of the payroll period covered and the date of actual payment;

(9) fiscal year of salary earnings;

(10) total remittance amount including employee, employer, and additional employer contributions; and

(11) other information as may be required by the executive director.

Sec. 43. Minnesota Statutes 1998, section 354.63, subdivision 2, is amended to read:

Subd. 2. [VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.] (1) The required reserves for retirement annuities ~~as determined in accordance with~~ under this chapter ~~shall~~ must be transferred to the Minnesota postretirement investment fund ~~as of no later than~~ the last business day of the month in which the retirement annuity begins. The required reserves shall be determined in accordance with the appropriate annuity table of mortality adopted by the board of trustees as provided in section 354.07, subdivision 1, based on the experience of the fund as recommended by the commission-retained actuary and using the interest assumption specified in section 356.215, subdivision 4d.

(2) Annuity payments shall be adjusted as provided in accordance with the provisions of section 11A.18. In making these adjustments, members who retire effective July 1 shall be considered to have retired effective the preceding June 30. ~~This section applies to persons who retired effective July 1, 1982, or later.~~

(3) An increase in annuity payments ~~pursuant to~~ under this section will be made automatically unless written notice is filed by the annuitant with the executive director of the teachers retirement association requesting that the increase ~~shall~~ not be made.

Sec. 44. Minnesota Statutes 1998, section 356.30, subdivision 1, is amended to read:

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

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

~~(a)~~ (1) the person has allowable service totaling an amount that allows the person to receive an annuity in any two or more of the enumerated ~~funds plans~~; and

~~(b)~~ (2) the person has not begun to receive an annuity from any enumerated ~~fund plan~~ or the person has made application for benefits from ~~all funds each applicable plan~~ and the effective dates of the retirement annuity with each ~~fund plan~~ under which the person chooses to receive an annuity are within a one-year period.

~~(3)~~ (c) The retirement annuity from each ~~fund plan~~ must be based upon the allowable service, accrual rates, and average salary in each fund, except that the applicable plan as further specified or modified in the following clauses:

~~(a)~~ (1) the laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered ~~fund plan~~ with which the person earned a minimum of one-half year of allowable service credit during that employment;:

~~(b)~~ (2) the "average salary" on which the annuity from each covered ~~fund plan~~ in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered ~~funds plans~~;

~~(c)~~ (3) ~~The formula percentages~~ accrual rates to be used by each ~~fund plan~~ must be those percentages prescribed by each ~~fund's plan's~~ formula as continued for the respective years of allowable service from one ~~fund plan~~ to the next, recognizing all previous allowable service with the other covered ~~funds plans~~;

~~(d)~~ (4) allowable service in all the funds plans must be combined in determining eligibility for and the application of each fund's plan's provisions in respect to ~~actuarial~~ reduction in the annuity amount for retirement prior to normal retirement: age; and

~~(e)~~ (5) the annuity amount payable for any allowable service under a nonformula plan of a covered fund plan must not be affected but such service and covered salary must be used in the above calculation.

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

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

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

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

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

Sec. 45. [356.90] [COMBINED PAYMENT.]

(a) The public employees retirement association and the Minnesota state retirement system are permitted to combine payments to retirees. The total payment must be equal to the amount that is payable if payments were kept separate. The retiree must agree, in writing, to have the payment combined.

(b) Each plan must calculate the benefit amounts under the laws governing the plan and the required reserves and future mortality losses or gains must be paid or accrued to the plan from which the service was earned. Each plan must account for their portion of the payment separately, and there may be no additional liabilities realized by either fund.

(c) The fund making payment would be responsible for issuing one payment, making address changes, tax withholding changes, and other administrative functions needed to process the payment.

Sec. 46. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the term "six months" to "one-half year" wherever it appears in Minnesota Statutes, sections 356.302 and 356.303.

Sec. 47. [REPEALER.]

Minnesota Statutes 1998, sections 353.024; and 354.52, subdivision 2, are repealed.

Sec. 48. [EFFECTIVE DATE.]

(a) Sections 1 to 47 are effective on July 1, 2000.

(b) Section 26 is not intended to increase or decrease any surviving spouse benefit compared to the surviving spouse benefit payable immediately prior to July 1, 2000.

ARTICLE 4

MILITARY SERVICE CREDIT PURCHASE AUTHORIZATION

Section 1. [352.275] [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.]

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A state employee who has at least three years of allowable service with the Minnesota state retirement system and who performed service in the United States armed forces before becoming a state employee, or who failed to obtain service credit for a military leave of absence under section 352.27, is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55 if the employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

Subd. 2. [APPLICATION AND DOCUMENTATION.] An employee who desires to purchase service credit under subdivision 1 must apply with the executive director to make the purchase. The application must include all necessary documentation of the employee's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

Subd. 3. [SERVICE CREDIT GRANT.] Allowable service credit for the purchase period must be granted by the Minnesota state retirement system to the purchasing employee upon receipt of the purchase payment amount. Payment must be made before the employee's effective date of retirement.

Sec. 2. Minnesota Statutes 1998, section 352B.01, is amended by adding a subdivision to read:

Subd. 3a. [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.] (a) A member who has at least three years of allowable service with the state patrol retirement plan under subdivision 3 and who performed service in the United States armed forces before becoming a member is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55, if the employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

(b) A member who desires to purchase service credit under paragraph (a) must apply with the executive director to make the purchase. The application must include all necessary documentation of the member's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

(c) Allowable service credit for the purchase period must be granted by the state patrol retirement plan to the purchasing employee upon receipt of the purchase payment amount. Payment must be made before the effective date of retirement of the member.

Sec. 3. Minnesota Statutes 1998, section 353.01, is amended by adding a subdivision to read:

Subd. 16a. [UNCREDITED MILITARY SERVICE CREDIT PURCHASE.] (a) A public employee who has at least three years of allowable service with the public employees retirement association or the public employees police and fire plan and who performed service in the United States armed forces before becoming a public employee, or who failed to obtain service credit for a military leave of absence under subdivision 16, paragraph (h), is entitled to purchase allowable service credit for the initial period of enlistment, induction, or call to active duty without any voluntary extension by making payment under section 356.55 if the public employee is not entitled to receive a current or deferred retirement annuity from a United States armed forces pension plan and has not purchased service credit from any other defined benefit public employee pension plan for the same period of service.

(b) A public employee who desires to purchase service credit under paragraph (a) must apply with the executive director to make the purchase. The application must include all necessary documentation of the public employee's qualifications to make the purchase, signed written permission to allow the executive director to request and receive necessary verification of applicable facts and eligibility requirements, and any other relevant information that the executive director may require.

(c) Allowable service credit for the purchase period must be granted by the public employees association or the public employees police and fire plan, whichever applies, to the purchasing public employee upon receipt of the purchase payment amount. Payment must be made before the effective date of retirement of the public employee.

Sec. 4. [EFFECTIVE DATE; SUNSET REPEALER.]

(a) Sections 1, 2, and 3 are effective on the day following final enactment.

(b) Sections 1, 2, and 3 are repealed on May 16, 2003.

ARTICLE 5

RETIREMENT HEALTH CARE PROVISIONS

Section 1. [POSTRETIREMENT AND ACTIVE EMPLOYEE HEALTH CARE TASK FORCE.]

(a) The commissioner of employee relations shall convene a task force on postretirement and active employee health care. The task force shall identify strategies for providing postretirement and active employee health care coverage for public employees and make recommendations regarding the most appropriate and efficient manner for providing postretirement and active employee health care.

(b) One-half of the task force membership must be composed of employees and the other half of the membership must be composed of employers. The task force must include, but is not limited to, the following:

- (1) a representative of the department of employee relations;
- (2) a representative of the Minnesota state retirement system;
- (3) a representative of the teachers retirement association;
- (4) a representative of the public employees retirement association;
- (5) a representative of the first class city teacher retirement fund associations;

- (6) a representative of the first class city police and fire department relief associations;
- (7) a representative of the Minneapolis employees retirement fund;
- (8) a representative of the legislative coordinating commission subcommittee on employee relations;
- (9) one representative each from the Minnesota school boards association, Minnesota service cooperatives, the association of Minnesota counties, the Minnesota association of townships, and the league of Minnesota cities;
- (10) representatives of the exclusive representatives of affected public employees; and
- (11) representatives of major public employers.
- (c) The task force shall report its findings and recommendations to the legislature by November 15, 2000. The report shall address:
- (1) alternative methods of providing and paying for postretirement and active employee health care;
- (2) the estimated cost of providing postretirement and active employee health care under various alternatives, including statewide, regional, or market alternatives;
- (3) the most efficient administrative structure for providing for postretirement and active employee health care; and
- (4) issues of adverse selection, cost containment, consumer choice, and options for dealing with other employee concerns.
- (d) The task force shall conduct the study and assemble data in a manner that will provide for the ability to conduct analysis for subsets of the groups being studied by employer and employee types.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment.

ARTICLE 6

MSRS-CORRECTIONAL PLAN MEMBERSHIP INCLUSIONS

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

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

(b) The employment positions are as follows:

- (1) registered nurse - senior;
- (2) registered nurse;

(3) registered nurse - principal; ~~and~~

(4) licensed practical nurse 2; and

(5) registered nurse practitioner.

Sec. 2. Minnesota Statutes 1998, section 352.91, subdivision 3d, is amended to read:

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

(b) The employment positions are as follows: baker, chemical dependency counselor supervisor, chief cook, cook, cook coordinator, corrections behavior therapist, corrections behavior therapist specialist, corrections parent education coordinator, corrections security caseworker, corrections security caseworker career, corrections teaching assistant, dentist, electrician supervisor, general repair worker, library/information research services specialist, library/information research services specialist senior, plumber supervisor, psychologist 3, recreation therapist, recreation therapist coordinator, recreation program assistant, recreation therapist senior, stores clerk senior, water treatment plant operator, work therapy technician, work therapy assistant, work therapy program coordinator.

(c) "Covered correctional service" also means service as the director or as an assistant group supervisor of the Phoenix/Pomiga treatment/behavior change program of the department of corrections.

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

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

(b) The employment positions are:

(1) behavior analyst 2;

(2) licensed practical nurse 1;

(3) office and administrative specialist senior;

(4) psychologist 2;

(5) social worker specialist;

(6) behavior analyst 3; and

(7) social worker senior.

Sec. 4. Minnesota Statutes 1998, section 352.91, is amended by adding a subdivision to read:

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

(b) The employment positions and correctional facilities are:

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

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

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

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

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

Sec. 5. [COVERAGE FOR PRIOR STATE SERVICE FOR CERTAIN PERSONS.]

Subdivision 1. [ELECTION OF PRIOR STATE SERVICE COVERAGE.] (a) An employee who has future retirement coverage transferred to the correctional employees retirement plan under section 1, 3, or 4, or an employee who has retirement coverage for past correctional service transferred to the correctional employees retirement plan under sections 1 to 4, is entitled to elect to obtain prior service credit for eligible state service performed after June 30, 1975, and before the first day of the first full pay period beginning after June 30, 2000, with the department of corrections or the department of human services at the Minnesota security hospital or the Minnesota sexual psychopathic personality treatment center. All eligible prior service credit must be purchased.

(b) For purposes of section 1, 3, or 4, eligible state service with the department of corrections or the department of human services is any prior period of continuous service after June 30, 1975, performed as an employee of the department of corrections or the department of human services that would have been eligible for the correctional employees retirement plan coverage under section 1, 3, or 4 if that prior service had been performed after the first day of the first full pay period beginning after June 30, 2000, rather than before that date. Service is continuous if there has been no period of discontinuation of eligible state service for a period greater than 180 calendar days. For purposes of section 2, paragraph (c), eligible state service is any period of service on or after the date which the employee started employment with the Phoenix treatment/behavior change program in a position specified in Minnesota Statutes, section 352.91, subdivision 3d, paragraph (c), in which at least 75 percent of the employee's working time is determined to have been spent in direct contact with program participants, and the date the employee joined the correctional employees plan.

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

(d) A covered correctional plan employee employed on July 1, 2000, who has past service in a job classification covered under sections 1 to 4 on July 1, 2000, is entitled to purchase the past service if the applicable department certifies that the employee met the eligibility requirements for coverage. The employee shall pay the difference between the employee contributions actually paid during the period and what should have been paid under the correctional employees retirement plan. Payment for past service must be completed by June 30, 2002.

Subd. 2. [PAYMENT FOR PAST SERVICE.] (a) An employee electing to obtain prior service credit under subdivision 1 must pay an additional employee contribution for that prior service. The additional member contribution is the contribution differential percentage applied to the actual salary paid to the employee during the

period of the prior eligible state service, plus interest at the rate of six percent per annum, compounded annually. The contribution differential percentage is the difference between 4.9 percent of salary and the applicable employee contribution rate of the general state employees retirement plan during the prior eligible state service.

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

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

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

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

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

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

Sec. 6. [REPEALER.]

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

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective July 1, 2000.

ARTICLE 7

PERA AND PERA-P&F MEMBERSHIP INCLUSIONS

Section 1. Minnesota Statutes 1999 Supplement, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] The following public employees shall not participate as members of the association with retirement coverage by the public employees retirement plan or the public employees police and fire retirement plan:

(1) elected public officers, or persons appointed to fill a vacancy in an elective office, who do not elect to participate in the association by filing an application for membership;

(2) election officers;

(3) patient and inmate personnel who perform services in charitable, penal, or correctional institutions of a governmental subdivision;

(4) employees who are hired for a temporary position under subdivision 12a, and employees who resign from a nontemporary position and accept a temporary position within 30 days in the same governmental subdivision, but not those employees who are hired for an unlimited period but are serving a probationary period. If the period of employment extends beyond six consecutive months and the employee earns more than \$425 from one governmental subdivision in any one calendar month, the department head shall report the employee for membership and require employee deductions be made on behalf of the employee under section 353.27, subdivision 4.

Membership eligibility of an employee who resigns or is dismissed from a temporary position and within 30 days accepts another temporary position in the same governmental subdivision is determined on the total length of employment rather than on each separate position. Membership eligibility of an employee who holds concurrent temporary and nontemporary positions in one governmental subdivision is determined by the length of employment and salary of each separate position;

(5) employees whose actual salary from one governmental subdivision does not exceed \$425 per month, or whose annual salary from one governmental subdivision does not exceed a stipulation prepared in advance, in writing, that the salary must not exceed \$5,100 per calendar year or per school year for school employees for employment expected to be of a full year's duration or more than the prorated portion of \$5,100 per employment period for employment expected to be of less than a full year's duration;

(6) employees who are employed by reason of work emergency caused by fire, flood, storm, or similar disaster;

(7) employees who by virtue of their employment in one governmental subdivision are required by law to be a member of and to contribute to any of the plans or funds administered by the Minnesota state retirement system, the teachers retirement association, the Duluth teachers retirement fund association, the Minneapolis teachers retirement association, the St. Paul teachers retirement fund association, the Minneapolis employees retirement fund, or any police or firefighters relief association governed by section 69.77 that has not consolidated with the public employees retirement association, or any local police or firefighters consolidation account but who have not elected the type of benefit coverage provided by the public employees police and fire fund under sections 353A.01 to 353A.10, or any persons covered by section 353.665, subdivision 4, 5, or 6, who have not elected public employees police and fire plan benefit coverage. This clause must not be construed to prevent a person from being a member of and contributing to the public employees retirement association and also belonging to and contributing to another public pension fund for other service occurring during the same period of time. A person who meets the definition of "public employee" in subdivision 2 by virtue of other service occurring during the same period of time becomes a member of the association unless contributions are made to another public retirement fund on the salary based on the other service or to the teachers retirement association by a teacher as defined in section 354.05, subdivision 2;

(8) persons who are excluded from coverage under the federal Old Age, Survivors, Disability, and Health Insurance Program for the performance of service as specified in United States Code, title 42, section 410(a)(8)(A), as amended through January 1, 1987, if no irrevocable election of coverage has been made under section 3121(r) of the Internal Revenue Code of 1954, as amended;

(9) full-time students who are enrolled and are regularly attending classes at an accredited school, college, or university and who are part-time employees as defined by a governmental subdivision;

(10) resident physicians, medical interns, and pharmacist residents and pharmacist interns who are serving in a degree or residency program in public hospitals;

(11) students who are serving in an internship or residency program sponsored by an accredited educational institution;

(12) persons who hold a part-time adult supplementary technical college license who render part-time teaching service in a technical college;

(13) foreign citizens working for a governmental subdivision with a work permit of less than three years, or an H-1b visa valid for less than three years of employment. Upon notice to the association that the work permit or visa extends beyond the three-year period, the foreign citizens are eligible for membership from the date of the extension;

(14) public hospital employees who elected not to participate as members of the association before 1972 and who did not elect to participate from July 1, 1988, to October 1, 1988;

(15) except as provided in section 353.86, volunteer ambulance service personnel, as defined in subdivision 35, but persons who serve as volunteer ambulance service personnel may still qualify as public employees under subdivision 2 and may be members of the public employees retirement association and participants in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment service other than service as volunteer ambulance service personnel;

(16) except as provided in section 353.87, volunteer firefighters, as defined in subdivision 36, engaging in activities undertaken as part of volunteer firefighter duties; provided that a person who is a volunteer firefighter may still qualify as a public employee under subdivision 2 and may be a member of the public employees retirement association and a participant in the public employees retirement fund or the public employees police and fire fund on the basis of compensation received from public employment activities other than those as a volunteer firefighter; ~~and~~

(17) pipefitters and associated trades personnel employed by independent school district No. 625, St. Paul, with coverage by the pipefitters local 455 pension plan under a collective bargaining agreement who were either first employed after May 1, 1997, or, if first employed before May 2, 1997, elected to be excluded under Laws 1997, chapter 241, article 2, section 12; and

(18) electrical workers, plumbers, carpenters, and associated trades personnel employed by independent school district No. 625, St. Paul, or the city of St. Paul, with coverage by the electrical workers local 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan under a collective bargaining agreement who were either first employed after May 1, 2000, or, if first employed before May 2, 2000, elected to be excluded under section 5.

Sec. 2. Minnesota Statutes 1998, section 353.64, is amended by adding a subdivision to read:

Subd. 11. [PENSION COVERAGE FOR CERTAIN TRIBAL POLICE OFFICERS EXERCISING STATE ARREST POWERS.] (a) The governing body of a tribal police department which is exercising state arrest powers under section 626.90, 626.91, 626.92, or 626.93 may request by resolution to the executive director that its police officers be considered public employees under section 353.01, subdivision 2, be considered a police officer under section 353.64, subdivision 1, and become members of the public employees police and fire retirement plan and that the tribal police department be considered a governmental subdivision under section 353.01, subdivision 6.

(b) The executive director of the association must approve the request by a tribal police department under paragraph (a) if a ruling made by the federal Internal Revenue Service provides that:

(1) the tribal police department is an agency or instrumentality of the state of Minnesota for purposes of enforcing state law; and

(2) contributions made by the tribal police department to a retirement plan on behalf of employees of the tribal police department are contributions to a governmental plan within the meaning of section 414(d) of the federal Internal Revenue Code.

(c) Following the approval of the request by the executive director, the head of the police department or that person's designee must immediately report for membership in the police and fire fund a person who is employed as a full-time or part-time police officer in a position that meets the conditions in sections 353.01, subdivision 2a, and

353.64, subdivisions 1 and 2. The police department head or that person's designee must deduct the employee contributions from the salary of each eligible police officer as required by section 353.65, subdivision 2, and make the employer contributions required by section 353.65, subdivision 3. The head of the police department or that person's designee must meet the reporting requirements in section 353.65, subdivision 4.

Sec. 3. [353.666] [PAST SERVICE CREDIT FOR CERTAIN MEMBERS EXTENDED COVERAGE.]

(a) A member to whom public employees police and fire retirement plan membership was extended under section 353.64, subdivision 11, may receive retroactive service credit in the public employees police and fire retirement plan for service as a tribal police officer rendered before the effective date of membership of the tribal police department employee in the police and fire fund, provided that the employee and the police department did not make contributions into a qualified tax-deferred retirement plan for that employment period.

(b) The request for retroactive coverage must be in writing and must be filed with the association within 60 days of when police and fire fund membership commenced. The prior service credit purchase payment is governed by section 356.55, except that the member must pay an amount equal to the employee salary deductions. The employee salary deductions for the retroactive period must be based on the police and fire pension plan member contribution rates in effect when the service was rendered and applied to the salary amount that was earned and paid to the police officer. The employer must pay the balance of the prior service credit purchase payment amount within 30 days of the member contribution payment.

Sec. 4. Laws 1965, chapter 705, section 1, subdivision 4, as amended by Laws 1995, First Special Session chapter 3, article 8, section 14, and Laws 1997, chapter 241, article 2, section 8, is amended to read:

Subd. 4. [INDEPENDENT SCHOOL DISTRICT NO. 625; APPLICABILITY OF CERTAIN LAWS.] (a) As of July 1, 1965, the organization, operation, maintenance and conduct of the affairs of the converted district shall be governed by general laws relating to independent districts, except as otherwise provided in Extra Session Laws 1959, Chapter 71, as amended, and all special laws and charter provisions relating only to the converted district are repealed.

(b) Where an existing pension law is applicable to employees of the special district, such law shall continue to be applicable in the same manner and to the same extent to employees of the converted district. Notwithstanding this requirement, pipefitters and associated trades personnel with coverage by the pipefitters local 455 pension plan under a collective bargaining agreement who either were first employed after May 1, 1997, or, if first employed before May 2, 1997, elected exclusion from coverage under section 12 and electrical workers, carpenters, and associated trades personnel with coverage by the electrical workers local 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan under a collective bargaining agreement who either were first employed after May 1, 2000, or, if first employed before May 2, 2000, elected exclusion from coverage under section 5, are not covered by the public employees retirement association.

(c) General laws applicable to independent school districts wholly or partly within cities of the first class shall not be applicable to the converted district.

(d) The provision of the statutes applicable only to teachers retirement fund associations in cities of the first class, limiting the amount of annuity to be paid from public funds, limiting the taxes to be levied to carry out the plan of such associations, and limiting the amount of annuities to be paid to beneficiaries shall not be applicable to such converted district, but the statutes applicable to such special district prior to the conversion shall continue to be applicable and the pension plan in operation prior to the conversion shall continue in operation until changed in accordance with law, and the teacher tenure law applicable to the special district shall continue to apply to the converted district in the same manner and to the same extent to teachers in the converted district; provided further, where existing civil service provisions of any law or charter are applicable to special district employees, such provision may continue to be applicable in the same manner and to the same extent to employees of the converted district, unless the board and city governing body each adopt a resolution declaring that civil service bureau (city human resources department) functions would be more efficiently and effectively administered separately in each

jurisdiction. Notwithstanding any contrary provision of Extra Session Laws 1959, Chapter 71, as amended, if there was in the special district a teachers retirement fund association operating and existing under the provisions of Laws 1909, Chapter 343, and all acts amendatory thereof, then such teachers retirement fund association shall continue to exist and operate in the converted district under and to be subject to the provisions of Laws 1909, Chapter 343, and all acts amendatory thereof, to the same extent and in the same manner as before the conversion, and, without limiting the generality of the foregoing, such teachers retirement fund association shall continue, after the conversion as before the conversion, to certify to the same authorities the amount necessary to raise by taxation in order to carry out its retirement plan, and it shall continue, after the conversion as before the conversion, to be the duty of said authorities to include in the tax levy for the ensuing year a tax in addition to all other taxes sufficient to produce so much of the sums so certified as said authorities shall approve, and such teachers retirement fund association shall not be subject after the conversion to any limitation on payments to any beneficiary from public funds or on taxes to be levied to carry out the plan of such association to which it was not subject before the conversion.

Sec. 5. [PUBLIC PENSION COVERAGE EXCLUSION FOR CERTAIN TRADES PERSONNEL.]

Subdivision 1. [EXCLUSION ELECTION.] (a) An electrical worker, plumber, carpenter, or an associated trades person who is employed by independent school district No. 625, St. Paul, or the city of St. Paul, on the effective date of this section and who has pension coverage by the electrical workers 110 pension plan, the united association plumbers local 34 pension plan, or the carpenters local 87 pension plan under a collective bargaining agreement may elect to be excluded from pension coverage by the public employees retirement association.

(b) The exclusion election under this section must be made in writing on a form prescribed by the executive director of the public employees retirement association and must be filed with the executive director. The exclusion election is irrevocable. Authority to make the coverage exclusion expires on January 1, 2001.

Subd. 2. [ELIGIBILITY FOR MEMBER CONTRIBUTION REFUND.] A person who has less than three years of allowable service in the public employees retirement association and who elects the pension coverage exclusion under subdivision 1 is entitled to immediately apply for a refund under Minnesota Statutes, section 353.34, subdivisions 1 and 2, following the effective date of the exclusion election.

Subd. 3. [DEFERRED ANNUITY ELIGIBILITY.] In lieu of the refund under subdivision 2, a person who elects the pension coverage exclusion under subdivision 1 is entitled to a deferred retirement annuity under Minnesota Statutes, sections 353.34, subdivision 3, and 353.71, subdivision 2, based on any length of allowable service credit under Minnesota Statutes, section 353.01, subdivision 16, to the credit of the person as of the date of the coverage exclusion election.

Sec. 6. [PERA GENERAL AND PERA P&F; PRIOR SERVICE CREDIT PURCHASE.]

Subdivision 1. [ELIGIBILITY.] (a) Except as restricted under subdivision 4, an eligible person described in paragraph (b) is entitled to purchase allowable service credit for the period or periods specified in paragraph (d) in the public employees retirement association general plan. Except as restricted under subdivision 4, an eligible person described in paragraph (c) is entitled to purchase allowable service credit for the period or periods specified in paragraph (d) in the public employees retirement association police and fire plan.

(b) An eligible person is a person who:

(1) is a full-time salaried employee or permanent part-time salaried employee of the Spring Lake Park Fire Department, Incorporated;

(2) became a member of the public employees retirement association general plan due to that employment on June 1, 1999; and

(3) was employed by the Spring Lake Park Fire Department, Incorporated, during all or part of the period from January 1, 1996, to June 1, 1999.

(c) An eligible person is a person who meets requirements specified in paragraph (b), clauses (1) and (3), and who became a member of the public employees retirement association police and fire plan or the public employees retirement association general plan, whichever applies, due to applicable employment with the Spring Lake Park Fire Department, Incorporated, on June 1, 1999.

(d) The period or periods eligible for service credit purchase in the public employees retirement association general plan or public employees retirement association police and fire plan, as applicable, is the period or periods from January 1, 1996, to June 1, 1999, during which an eligible individual described in paragraph (b) or (c), as applicable, provided service to the Spring Lake Park Fire Department, Incorporated, which would have been eligible service for coverage by the applicable public employees retirement association plan if that service had been provided on or after June 1, 1999, rather than before.

Subd. 2. [PAYMENT REQUIREMENTS.] Minnesota Statutes, section 356.55, applies to service credit purchases authorized under this section.

Subd. 3. [DOCUMENTATION; SERVICE CREDIT GRANT.] (a) An eligible person described in subdivision 1, paragraph (b) or (c), must provide any documentation related to eligibility to make this service credit purchase required by the executive director of the public employees retirement association.

(b) Allowable service credit for the purchase period or periods must be granted in the applicable public employees retirement association plan on behalf of the eligible person upon receipt of the prior service credit purchase payment amount.

Subd. 4. [RESTRICTIONS.] (a) An eligible person as specified in subdivision 1, paragraph (c), is not authorized to purchase service credit in the public employees retirement association police and fire plan under this section if the eligible person, or the eligible person and the Spring Lake Park Fire Department, Incorporated, made contributions on that person's behalf to the social security old age insurance program during all or part of the period from January 1, 1996, to June 1, 1999, and coverage under that program for the applicable period remains in effect.

(b) If paragraph (a) applies to the eligible person, that eligible person may purchase service credit under this section in the public employees retirement association general plan.

(c) If contributions are made by an eligible person specified in paragraph (a) or by that eligible person and the Spring Lake Park Fire Department, Incorporated, or a successor organization, to the social security old age insurance program after June 1, 1999, due to employment for which coverage in the public employees retirement association police and fire plan commenced on June 1, 1999, coverage by the public employees retirement association police and fire plan terminates and coverage by the public employees retirement association general plan commences, if the employment otherwise meets requirements in law for that coverage. If public employees retirement association police and fire plan contributions have been received on or after June 1, 1999, for any periods where contributions were also made to the social security old age insurance program as specified in this paragraph, the contributions to the public employees retirement association police and fire plan for the applicable period or periods on or after June 1, 1999, must be treated as contributions made in error under Minnesota Statutes, section 353.27, subdivision 7a.

Sec. 7. [EFFECTIVE DATE.]

(a) Sections 2 and 3 are effective on July 1, 2000.

(b) Section 6 is effective on the day following final enactment.

(c) Sections 1, 4, and 5 are effective for electrical workers, plumbers, and associated trades personnel employed by independent school district No. 625, St. Paul, on the day following approval by majority vote of the board of independent school district No. 625, St. Paul, and compliance with Minnesota Statutes, section 645.021.

(d) Sections 1, 4, and 5 are effective for electrical workers, plumbers, and associated trades personnel employed by the city of St. Paul on the day following approval by majority vote of the St. Paul city council and compliance with Minnesota Statutes, section 645.021.

ARTICLE 8

PENSION COVERAGE UPON EMPLOYMENT PRIVATIZATION

Section 1. Minnesota Statutes 1999 Supplement, section 353F.02, subdivision 5, is amended to read:

Subd. 5. [OTHER PUBLIC EMPLOYING UNIT.] "Other public employing unit" means:

(1) Metro II, a joint powers organization formed under section 471.59; and

(2) the St. Paul civic center authority.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective on the first day of the month next following certification by the executive director of the public employees retirement association that the actuarial accrued liability of the special benefit coverage proposed for extension to the privatized St. Paul civic center authority employees under this article does not exceed the actuarial gain otherwise to be accrued by the public employees retirement association, as calculated by the consulting actuary retained by the legislative commission on pensions and retirement. The cost of the actuarial calculations must be borne by the St. Paul civic center authority.

ARTICLE 9

FORMER LOCAL POLICE AND FIRE CONSOLIDATION ACCOUNT MODIFICATIONS AND CORRECTIONS

Section 1. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 1b, is amended to read:

Subd. 1b. [ADDITIONAL AMORTIZATION STATE AID.] (a) Annually, on October 1, the commissioner of revenue shall allocate the additional amortization state aid transferred under section 69.021, subdivision 11, to:

(1) all police or salaried firefighter relief associations governed by and in full compliance with the requirements of section 69.77, that had an unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31;

(2) all local police or salaried firefighter consolidation accounts governed by chapter 353A that are certified by the executive director of the public employees retirement association as having for the current fiscal year an additional municipal contribution amount under section 353A.09, subdivision 5, paragraph (b), and that have implemented section 353A.083, subdivision 1, if the effective date of the consolidation preceded May 24, 1993, and that have implemented section 353A.083, subdivision 2, if the effective date of the consolidation preceded June 1, 1995; and

~~(3) the public employees police and fire fund on behalf of municipalities that received amortization aid in 1999 and are required to make an additional municipal contribution under section 353.665, subdivision 8, for the duration of the required additional contribution.~~

(b) The commissioner shall allocate the state aid on the basis of the proportional share of the relief association or consolidation account of the total unfunded actuarial accrued liability of all recipient relief associations and consolidation accounts as of December 31, 1993, for relief associations, and as of June 30, 1994, for consolidation accounts.

(c) Beginning October 1, 2000, and annually thereafter, the commissioner shall allocate the state aid, including any state aid in excess of the limitation in subdivision 4, on the following basis of:

(1) 64.5 percent to the public employees police and fire fund or local consolidation account, whichever applies, on behalf of municipalities to which section 353.665, subdivision 8, paragraph (b), or 353A.09, subdivision 5, paragraph (b), apply for distribution in accordance with paragraph (b) and subject to the limitation in subdivision 4;

(2) 34.2 percent to the city of Minneapolis to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Minneapolis police relief association or the Minneapolis fire department relief association; and

(3) 1.3 percent to the city of Virginia to fund any unfunded actuarial accrued liability in the actuarial valuation prepared under sections 356.215 and 356.216 as of the preceding December 31 for the Virginia fire department relief association.

In the event that If there is no unfunded actuarial accrued liability in both the Minneapolis police relief association and the Minneapolis fire department relief association as disclosed in the most recent actuarial valuations for the relief associations prepared under sections 356.215 and 356.216, the commissioner shall allocate that 34.2 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, provided that, 21 percent to the St. Paul teachers retirement fund association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations. If there is no unfunded actuarial accrued liability in the Virginia fire department relief association as disclosed in the most recent actuarial valuation for the relief association prepared under sections 356.215 and 356.216, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, 21 percent to the St. Paul teachers retirement fund association, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations. The allocation must be made by the commissioner at the same time and under the same procedures as specified in subdivision 3. With respect to the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, annually, beginning on July 1, 2005, if a the applicable teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent in bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid allocation to that retirement fund under this section ceases until the five-year annual rate of investment return equals or exceeds the performance of a that composite portfolio, 21 percent to the St. Paul teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3. In the event there is no actuarial accrued unfunded liability in the Virginia fire department relief association, the commissioner shall allocate that 1.3 percent of the aid as follows: 49 percent to the Minneapolis teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, 21 percent to the St. Paul teachers retirement fund association, provided that, annually, beginning on July 1, 2005, if a teacher's association five-year average time-weighted rate of investment return does not equal or exceed the performance of a composite portfolio assumed passively managed (indexed) invested ten percent in cash equivalents, 60 percent bonds and similar debt securities, and 30 percent in domestic stock calculated using the formula under section 11A.04, clause (11), the aid under this section ceases until the five-year annual rate of return equals or exceeds the performance of a composite portfolio, and 30 percent as additional funding to support minimum fire state aid for volunteer firefighter relief associations, with the allocation made at the same time and under the same procedures in subdivision 3.

~~(d) Additional amortization state aid payable to the public employees retirement association on behalf of a municipality must be credited by the executive director of the public employees retirement association against any additional municipal contribution to which the applicable municipality is obligated to make under section 353A.09, subdivision 5, or under section 353.665, subdivision 8.~~

(e) The amounts required under this subdivision are annually appropriated to the commissioner of revenue.

Sec. 2. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 4, is amended to read:

Subd. 4. [LIMIT ON CERTAIN TOTAL AID AMOUNTS.] (a) The total of amortization aid, supplemental amortization aid, and additional amortization aid under this section payable to ~~the executive director of the public employees retirement association on behalf of~~ a municipality to which section 353.665, subdivision 8, paragraph (b), applies, may not exceed the amount of the additional municipal contribution payable by an individual municipality under section 353.665, subdivision 8, paragraph (b).

(b) Any aid amount in excess of the limit under this subdivision for an individual municipality must be redistributed to the other municipalities to which section 353.665, subdivision 8, paragraph (b), applies. The excess aid must be distributed in proportion to each municipality's additional municipal contribution under section 353.665, subdivision 8, paragraph (b).

(c) When the total aid for each municipality under this section equals the limit under paragraph (a), any aid in excess of the limit must be redistributed under ~~subdivisions 1, 1a, and subdivision 1b.~~

Sec. 3. Minnesota Statutes 1999 Supplement, section 423A.02, subdivision 5, is amended to read:

Subd. 5. [TERMINATION OF STATE AID PROGRAMS.] The amortization state aid, supplemental amortization state aid, and additional amortization state aid programs terminate as of the December 31, next following the date of the actuarial valuation when the assets of the Minneapolis teachers retirement fund association equal the actuarial accrued liability of that plan and when the assets of the St. Paul teachers retirement fund association equal the actuarial accrued liability of that plan or December 31, 2009, whichever is later.

Sec. 4. [PUBLIC EMPLOYEES POLICE AND FIRE PLAN; ONE-TIME SPECIAL OPTIONAL ANNUITY ELECTION FOR CERTAIN FORMER CONSOLIDATION ACCOUNT RETIREES.]

Subdivision 1. [ELIGIBILITY.] An individual who was a deferred annuitant, a service pension annuitant, or who was receiving disability benefits from the relief association on the effective date of the consolidation of the applicable local police or paid firefighter relief association, and who chose annual adjustments applicable to the public employees retirement association police and fire plan in elections provided under Minnesota Statutes, section 353.615, subdivisions 5 and 6 or 353A.08, subdivision 1 or 2, may elect an optional annuity form under subdivision 2 to provide additional payments to a surviving spouse.

Subd. 2. [OPTIONAL ANNUITIES.] The optional annuity form may be either a 15 percent or a 25 percent joint and survivor annuity and is without reinstatement in the event of the surviving spouse predeceasing the member. The optional annuity forms must be actuarially equivalent to the service pension currently paid to the retired consolidated member without consideration of the value of survivor benefits payable under Minnesota Statutes, section 353B.11, and must be based upon the age of the member and the age of the spouse of the member as of October 1, 2000.

Subd. 3. [ADDITIONAL SURVIVOR BENEFIT.] An optional annuity under subdivision 2 is payable in addition to any applicable survivor benefit payable under Minnesota Statutes, section 353.11. An optional annuity under subdivision 2 when combined with applicable survivor benefits under Minnesota Statutes, section 353.11, must not exceed the benefit payable to the deceased service or disability pensioner immediately prior to death.

Subd. 4. [ELECTION.] (a) To be valid, an optional annuity form under subdivision 2 must be elected in writing on a form prescribed by the executive director of the public employees retirement association and signed by the eligible service pensioner or disabilitant before October 1, 2000. Once selected, the optional annuity is irrevocable.

(b) The executive director of the public employees retirement association shall provide counseling to members regarding the election of an optional annuity form under this section, including the impact on current benefit levels payable if an option annuity form is elected.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective on the day following final enactment.

ARTICLE 10

PERA LOCAL CORRECTIONAL RETIREMENT PLAN MODIFICATIONS

Section 1. Minnesota Statutes 1999 Supplement, section 353E.02, is amended to read:

353E.02 [CORRECTIONAL SERVICE EMPLOYEES RETIREMENT PLAN MEMBERSHIP.]

Subdivision 1. [RETIREMENT COVERAGE.] Local government correctional service employees are members of the local government correctional service retirement plan established by this chapter.

Subd. 2. [LOCAL GOVERNMENT CORRECTIONAL SERVICE EMPLOYEE.] (a) A local government correctional service employee, for purposes of subdivision 1, is a person ~~who~~ whom the employer certifies:

(1) is employed in a county-administered jail or correctional facility or in a regional correctional facility administered by multiple counties county correctional institution as a correctional guard or officer, a joint jailer/dispatcher, or as a supervisor of correctional guards or officers or of joint jailers/dispatchers;

(2) spends at least 95 percent of the employee's working time in direct contact with persons confined in the jail or facility, as certified in writing, in advance, by the employer to the executive director of the association is directly responsible for the direct security, custody, and control of the county correctional institution and its inmates;

(3) is expected to respond to incidents within the county correctional institution as part of the person's regular employment duties and is trained to do so; and

(4) is a "public employee" as defined in section 353.01, but is not a member of the public employees police and fire fund.

(b) The certification required under paragraph (a) must be made in writing on a form prescribed by the executive director of the public employees retirement association.

(c) A person who was a member of the local government correctional service retirement plan on the day before the effective date of this section remains a member of the plan after the effective date of this section for the duration of the person's employment in that county correctional institution position, even if the person's subsequent service in this position does not meet the requirements set forth in paragraph (a).

Subd. 3. [COUNTY CORRECTIONAL INSTITUTION.] A county correctional institution is:

(1) a jail administered by a county;

(2) a correctional facility administered by a county; or

(3) a regional correctional facility administered by or on behalf of multiple counties.

Sec. 2. Minnesota Statutes 1999 Supplement, section 353E.03, is amended to read:

353E.03 [CORRECTIONAL SERVICE PLAN CONTRIBUTIONS.]

Subdivision 1. [MEMBER CONTRIBUTIONS.] A local government correctional service employee shall make an employee contribution in an amount equal to ~~5.83~~ 6.01 percent of salary.

Subd. 2. [EMPLOYER CONTRIBUTIONS.] The employer shall contribute for a local government correctional service employee an amount equal to ~~8.75~~ 9.02 percent of salary.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective on the day following final enactment. Section 2 is effective on the first day of the first full pay period beginning after January 1, 2002.

ARTICLE 11

TEACHER RETIREMENT AND RELATED CHANGES

Section 1. Minnesota Statutes 1998, section 122A.46, subdivision 1, is amended to read:

Subdivision 1. [TEACHERS DEFINED.] As used in this section, the term "teachers" shall have the meaning given it in section 122A.15, subdivision 1. The term "teachers" also includes any teacher in the classifications included in the professional state residential instructional unit, under section 179A.10, subdivision 2, clause (16).

Sec. 2. Minnesota Statutes 1998, section 122A.46, is amended by adding a subdivision to read:

Subd. 1a. [APPOINTING AUTHORITY.] For purposes of teachers included in the professional state residential instructional unit, the term "school board" includes the appointing authority as defined in section 43A.02, subdivision 5.

Sec. 3. Minnesota Statutes 1999 Supplement, section 354.536, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement association is entitled to purchase up to ten years of allowable and formula service credit for nonprofit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Sec. 4. [354A.051] [MTRFA COVERAGE FOR UNION BUSINESS AGENTS.]

Subdivision 1. [AUTHORIZATION.] A member of the Minneapolis teachers retirement fund association on a leave of absence from a teaching position with special school district No. 1, and who is employed by an employee organization representing Minneapolis teachers retirement fund association active members, may elect under subdivision 2 to be a member of the coordinated program of the association for service with that employee organization, subject to the limitations specified in subdivisions 3, 4, and 5.

Subd. 2. [ELECTION.] Except as indicated in subdivision 3, a person described in subdivision 1 must be covered by the Minneapolis teachers retirement fund association coordinated program for employment with the employer organization if the person files a written election to be covered with the executive director of the teachers retirement fund association within 90 days of first being employed by the employee organization, or within 90 days of the start of the first leave of absence due to service as an employee organization business agent, whichever is later.

Subd. 3. [WAIVER OF LEAVE COVERAGE.] Coverage under this section does not apply to any leave period or portion of a leave period for which a person has received service credit or is eligible to receive service credit for the leave period under any leave of absence provision in chapter 354A, any other applicable law, or bylaws or articles of incorporation of the association. The person may waive eligibility to receive service credit under a leave of absence provision and be covered by this section for the applicable period by filing a waiver with the executive director within 90 days of the start of the leave.

Subd. 4. [COVERED SALARY LIMITATION.] (a) The covered salary for an employee of the employee organization covered by the coordinated program of the Minneapolis teachers retirement fund association under this section is limited to the lesser of:

- (1) the person's actual salary from the employee organization as defined in section 354A.011, subdivision 24; or
- (2) 75 percent of the salary of the governor as set under section 15A.082.

(b) The limited covered salary determined under this paragraph must be used in determining member, employer, and employer additional contributions under section 354A.12, and in determining annuities and other benefits under sections 354A.30 to 354A.41 and chapter 356.

Subd. 5. [ANNUITY RECEIPT REQUIREMENTS.] A retirement annuity is only payable from the coordinated program of the Minneapolis teachers retirement fund association to a person described in subdivision 1 if the person has met all applicable requirements, including the termination by the person from employment by the employee organization and by the school district. The reemployed annuitant earnings limitation in section 354A.31, subdivision 3, applies if the person retires and is subsequently reemployed while an annuitant by the employee organization or by any other entity employing persons who are members of the applicable teachers retirement fund association by virtue of that employment.

Subd. 6. [CONTRIBUTION REQUIREMENTS.] The member, employer, and employer additional contributions required by section 354A.12 are the obligation of the person who elects coverage by the coordinated program of the Minneapolis teachers retirement fund association, but the employee organization may pay the employer and employer additional contributions. Contributions made by the person must be made by salary deduction. Contributions made by the employee organization must be made as provided in section 354A.12.

Subd. 7. [BOARD INELIGIBILITY.] A person employed by an employee organization who retains active membership in the teachers retirement fund association under this section is not eligible for election to the board of trustees of the teachers retirement fund association.

Sec. 5. Minnesota Statutes 1999 Supplement, section 354A.101, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT PURCHASE AUTHORIZED.] A teacher who has at least three years of allowable service credit with the teachers retirement fund association is entitled to purchase up to ten years of allowable service credit for nonprofit community-based corporation, private, or parochial school teaching service by making payment under section 356.55, provided that the teacher is not entitled to receive a current or deferred age and service retirement annuity or disability benefit from the applicable employer-sponsored pension plan and has not purchased service credit from the applicable defined benefit employer-sponsored pension plan for that service.

Sec. 6. [ELECTION OF COVERAGE BY EMPLOYEE OF EMPLOYEE ORGANIZATION REPRESENTING MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION ACTIVE MEMBERS.]

Subdivision 1. [ELIGIBILITY ELECTION.] Notwithstanding the election date requirements in section 354A.051, subdivision 2, a person who is currently employed as a business agent by an employee organization representing Minneapolis teachers retirement fund association active members and who has been on a mobility leave or leaves from special school district No. 1 since March 23, 1998, may make a written election to be covered under section

354A.051. To be valid, that written election must be on a form specified by the executive director of the Minneapolis teachers retirement fund association and must be filed with the executive director within 90 days following the effective date of this section.

Subd. 2. [PAYMENT REQUIREMENTS.] If a valid election is made under subdivision 1, an eligible individual under subdivision 1 is required to pay, in a lump sum within 90 days of the effective date of this section, any additional employee, employer, and employer additional contributions based on the eligible individual's salary and employment with the employee organization, as required by the election, compared to amounts previously paid or payable. These amounts are in addition to any amounts previously payable. The additional contribution requirements are to be computed from March 23, 1998, to the date payroll deductions are first made on the high contribution requirements. The lump sum payment under this subdivision must include 8.5 percent annual interest. The amounts required under this subdivision are the obligation of the eligible individual, but the employee organization may pay the additional employer and employer additional amounts with applicable interest.

Subd. 3. [SALARY CREDIT GRANT.] The additional salary credit is to be granted to the account of the eligible individual upon payment of amounts required under this section.

Sec. 7. [SPECIAL PART-TIME TEACHER PROGRAM AUTHORITY; CERTAIN TEACHERS.]

(a) Notwithstanding the requirement in Minnesota Statutes, section 354.66, subdivision 2, that part-time teacher program agreements must be executed before October 1 of the school year for which the teacher requests to make retirement contributions described in the part-time teacher program, an eligible teacher under paragraph (b) is authorized to participate in the part-time teacher program under Minnesota Statutes, section 354.66, during the 1999-2000 school year.

(b) An eligible teacher is a teacher:

(1) employed by school district No. 11 (Anoka-Hennepin);

(2) whose part-time teaching agreement under Minnesota Statutes, section 354.66, was executed after October 1, 1999, but before the end of the 1999-2000 school year; and

(3) was born on October 16, 1947, or October 19, 1957.

(c) If full-time equivalent employee contributions were not made for the full period covered by the part-time teaching agreement indicated under paragraph (b), any omission or deficiency in employee contributions must be paid by the employee on or before the due date of any payment required under Minnesota Statutes, section 354.66, subdivision 4.

(d) Notwithstanding Minnesota Statutes, section 354.66, subdivision 2, one-quarter of the fine required under that subdivision is waived if the part-time teaching agreement is filed with the teachers retirement association by May 30, 2000. If a part-time teaching agreement referred to under paragraph (b) is not filed with the teachers retirement association before July 1, 2000, the authority provided by this section is voided.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective on the day following final enactment.

ARTICLE 12

MNSCU PENSION COVERAGE AND RELATED CHANGES

Section 1. Minnesota Statutes 1998, section 136F.43, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION.] As used in this section, "teacher" means a person on the instructional or administrative staff of the state colleges and universities who is a member of the teachers retirement association under chapter 354, who is a member of a teachers retirement fund association under chapter 354A, or who is covered by the unclassified employees plan under chapter 352D or individual retirement account plan under chapter 354B. It shall not include a chancellor, deputy chancellor, or vice-chancellor.

Sec. 2. Minnesota Statutes 1998, section 136F.43, subdivision 2, is amended to read:

Subd. 2. [GRANTING AUTHORITY.] The board may grant an extended leave of absence without salary to a full-time teacher who has been employed by the board for at least five years and has at least ten years of allowable service ~~as defined in section 354.05, subdivision 13~~ one or a combination of the retirement plans specified in subdivision 1. The maximum duration of an extended leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence under this section shall be taken by mutual consent of the board and the teacher. No teacher may receive more than one leave of absence under this section.

Sec. 3. Minnesota Statutes 1998, section 136F.43, subdivision 6, is amended to read:

Subd. 6. [ALTERNATE LEAVE.] The board may grant a teacher a leave of absence which is not subject to the provisions of this section and either section 354.094 or section 354A.091.

Sec. 4. Minnesota Statutes 1998, section 136F.45, subdivision 1a, is amended to read:

Subd. 1a. [SUBSEQUENT VENDOR CONTRACTS.] (a) The board may limit the number of vendors under subdivision 1.

(b) In addition to any other tax-sheltered annuity program investment options, the board may offer as an investment option the Minnesota supplemental investment fund administered by the state board of investment under section 11A.17.

(c) For the tax-sheltered annuity program vendor contracts ~~to be executed for the period beginning after July 1, 2000~~, the board shall actively solicit participation of and shall include as vendors lower expense and "no-load" mutual funds or equivalent investment products as those terms are defined by the federal securities and exchange commission. To the extent possible, in addition to a range of insurance annuity contract providers and other mutual fund provider arrangements, the board must assure that no less than five insurance annuity providers and no less than one nor more than three lower expense and "no-load" mutual funds or equivalent investment products will be made available for direct-access by employee participants. To the extent that offering a lower expense "no-load" product increases the total necessary and reasonable expenses of the program and if the board is unable to negotiate a rebate of fees from the mutual fund or equivalent investment product providers, the board may charge the participants utilizing the lower expense "no-load" mutual fund products a fee to cover those expenses. The participant fee may not exceed one percent of the participant's annual contributions or \$20 per participant per year, whichever is greater. Any excess fee revenue generated under this subdivision must be reimbursed to participant accounts in the manner provided in subdivision 3a.

Sec. 5. [354.539] [USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS TO PURCHASE SERVICE CREDIT.]

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit under sections 354.53, 354.533, 354.534, 354.535, 354.536, 354.537, and 354.538.

(b) At the request of a member, if determined by the executive director to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds from the member's college supplemental retirement account to the teachers retirement association. Upon receipt of the full prior service credit purchase payment amount, the teachers retirement association shall grant the requested allowable and formula service credit.

Sec. 6. Minnesota Statutes 1998, section 354A.091, subdivision 1, is amended to read:

Subdivision 1. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary of this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit an elementary, secondary, or technical college teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 122A.46, or a teacher who is granted an extended leave of absence under section 136F.43, may pay employee contributions to the applicable association and shall be entitled to receive allowable service credit in that association for each year of leave, provided the member and the employing board make the required employer contributions, in any proportion they may agree upon, to that association during the period of leave which shall not exceed five years. The state shall not make an employer contribution on behalf of the teacher. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12 as applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the leave. Payment of the employee and employer contributions authorized pursuant to this section shall be made on or before June 30 of the fiscal year for which service credit is to be received. No allowable service with respect to a year of extended leave of absence shall be credited to a teacher until payment of the required employee and employer contributions has been received by the association.

Sec. 7. Minnesota Statutes 1998, section 354A.091, subdivision 2, is amended to read:

Subd. 2. [MEMBERSHIP RETENTION.] A teacher on extended leave ~~pursuant to~~ under either section 122A.46 or 136F.43 whose employee and employer contributions are made to the applicable teachers retirement fund association pursuant to subdivision 1 shall retain membership in the association for each year during which the contributions are made, under the same terms and conditions as if the teacher had continued to teach in the district.

Sec. 8. Minnesota Statutes 1998, section 354A.091, subdivision 3, is amended to read:

Subd. 3. [EFFECT OF NONPAYMENT.] A teacher on extended leave ~~pursuant to~~ under either section 122A.46 or 136F.43 who does not make employee contributions or whose employer contribution is not made to the applicable teachers retirement fund association in any year shall be deemed to have ceased to be an active member of the association and to have ceased to render teaching services beginning in that year for purposes of this chapter and the articles of incorporation and bylaws of the association, and may not pay employee or employer contributions into the fund in any subsequent year of the leave. Nonpayment of contributions into the fund shall not affect the rights or obligations of the teacher or the employing school district under section 122A.46 or the Minnesota state colleges and universities system under section 136F.43.

Sec. 9. Minnesota Statutes 1998, section 354A.091, subdivision 5, is amended to read:

Subd. 5. [APPLICABILITY.] The provisions of this section shall not apply to a teacher who is discharged pursuant to section 122A.41 while the teacher is on an extended leave of absence pursuant to section 122A.46. The provisions of this section also do not apply to a teacher who is discharged for cause while the teacher is on an extended leave of absence under section 136F.43.

Sec. 10. Minnesota Statutes 1998, section 354A.091, subdivision 6, is amended to read:

Subd. 6. A teacher who makes employee contributions to and receives allowable service credit in the applicable teacher's retirement fund association pursuant to this section may not make employee contributions or receive allowable service credit for the same period of time in any other Minnesota public employee pension plan, except a volunteer firefighters' relief association governed by sections 69.771 to 69.776. This subdivision shall not be construed to prohibit a member who pays employee contributions and receives allowable service credit in the fund pursuant to this section in any year from being employed as a substitute teacher by any school district during that year. Notwithstanding the provisions of this chapter or the bylaws of a retirement association, a teacher may not pay retirement contributions or receive allowable service credit in the fund for teaching service rendered for any part of any year for which the teacher pays retirement contributions or receives allowable service credit pursuant to section 354.094 or this section while on an extended leave of absence ~~pursuant to~~ under either section 122A.46 or section 136F.43.

Sec. 11. [354A.106] [USE OF COLLEGE SUPPLEMENTAL RETIREMENT FUNDS TO PURCHASE SERVICE CREDIT.]

(a) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the college supplemental retirement plan established under chapter 354C may utilize the teacher's supplemental plan account to purchase service credit under sections 354A.097, 354A.098, 354A.099, 354A.101, 354A.102, 354A.103, and 354A.104.

(b) At the request of a member, if determined by the executive director of the applicable teachers retirement fund association to be eligible to purchase service credit, the executive director shall notify the board of the Minnesota state colleges and universities system of the cost of the purchase and shall request the transfer of funds from the member's college supplemental retirement account to the applicable teachers retirement fund association. Upon receipt of the full prior service credit purchase payment amount, the applicable teachers retirement fund association shall grant the requested allowable and formula service credit.

Sec. 12. Minnesota Statutes 1998, section 354B.23, subdivision 5a, is amended to read:

Subd. 5a. [EXCESS CONTRIBUTIONS.] ~~(a) When contributions to the plan exceed limits imposed by federal law or regulation and it is necessary to return contributions to comply with the federal limits, the excess employee contributions must be returned to the employee and to the excess employer in the same proportions as the contributions were made~~ contributions must be reallocated in accordance with section 415 of the federal Internal Revenue Code, as amended, and the applicable federal regulations and revenue rulings.

~~(b) When an employer contribution required under section 354B.24 due to a sabbatical leave is made after completion of the leave or an employer contribution is made due to omitted deductions under subdivision 5, and these employer contributions cause or would cause total contributions to the plan to exceed limits imposed by federal law or regulation, the employer must make that portion of the contribution that would exceed the federal limit during the next calendar year.~~

Sec. 13. Minnesota Statutes 1998, section 354C.12, subdivision 1a, is amended to read:

Subd. 1a. [EXCESS CONTRIBUTIONS.] ~~(a) When contributions to the plan exceed limits imposed by federal law or regulation and it is necessary to return contributions to comply with the federal limits, one-half of the excess contributions must be returned to, the excess employee contributions must be returned to the employee and one-half to the excess employer~~ contributions must be reallocated in accordance with section 415 of the federal Internal Revenue Code, as amended, and the applicable federal regulations and revenue rulings.

~~(b) When an employer contribution is made due to omitted deductions under subdivision 2, and these employer contributions cause or would cause total contributions to the plan to exceed limits imposed by federal law or regulation, the employer must make that portion of the contribution that would exceed the federal limit during the next calendar year.~~

Sec. 14. Minnesota Statutes 1998, section 354C.165, is amended to read:

354C.165 [PROHIBITION ON LOANS OR PRETERMINATION DISTRIBUTIONS.]

(a) Except as provided in paragraph (c), no participant may obtain a loan from the plan or obtain any distribution from the plan at a time before the participant terminates the employment that gave rise to plan coverage.

(b) No amounts to the credit of the plan are assignable either in law or in equity, are subject to state estate tax, or are subject to execution, levy, attachment, garnishment, or other legal process, except as provided in section 518.58, 518.581, or 518.6111.

(c) Unless prohibited by or subject to a penalty under federal law, a teacher who is a participant in the supplemental retirement plan may request, in writing, a transfer of all or a portion of the funds accumulated in the person's supplemental plan account to the teachers retirement association to purchase service credit under sections 354.53, 354.533, 354.534, 354.535, 354.536, 354.537, and 354.538 or to the teachers retirement fund association to purchase service credit under sections 354A.097, 354A.098, 354A.099, 354A.101, 354A.102, 354A.103, and 354A.104. Upon receipt of a valid request, the board shall execute the transfer. The transfer must be a fund-to-fund transfer, and in no event shall the participant directly receive any of the funds while still employed by the board. In no event may the board transfer more than the participant's account balance. The board, in cooperation with the executive director of the teachers retirement association, shall develop the forms for requesting a transfer and the procedures for executing the requested transfers.

Sec. 15. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTION; EXCEPTIONS.] It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

- (1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;
- (2) to a plan that provides solely for group health, hospital, disability, or death benefits;
- (3) to the individual retirement account plan established by chapter 354B;
- (4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;
- (5) for employees other than personnel employed by the state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;
 - (i) to the state of Minnesota deferred compensation plan under section 352.96; or
 - (ii) in payment of the applicable portion of the premium on a tax-sheltered annuity contract qualified under section 403(b) of the Internal Revenue Code, if purchased from a qualified insurance company, or to a qualified investment entity, as defined in subdivision 1a, and, in either case, if the employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or
- (6) for personnel employed by the state university board or the community college board and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of ~~\$2,000~~ \$2,700 a year for each employee.

Sec. 16. Minnesota Statutes 1998, section 356A.01, subdivision 8, is amended to read:

Subd. 8. [COVERED PENSION PLAN.] "Covered pension plan" means a pension plan or fund listed in section 356.20, subdivision 2, or section 356.30, subdivision 3, or a plan established under chapter 353D, 354B, 354C, or 354D.

Sec. 17. Minnesota Statutes 1998, section 356A.02, is amended to read:

356A.02 [FIDUCIARY STATUS AND ACTIVITIES.]

Subdivision 1. [FIDUCIARY STATUS.] For purposes of this chapter, the following persons are fiduciaries:

- (1) any member of the governing board of a covered pension plan;
- (2) the chief administrative officer of a covered pension plan or of the state board of investment;
- (3) any member of the state board of investment; ~~and~~
- (4) any member of the investment advisory council; and
- (5) any member of the advisory committee established under section 354B.25.

Subd. 2. [FIDUCIARY ACTIVITY.] The activities of a fiduciary identified in subdivision 1 that must be carried out in accordance with the requirements of section 356A.04 include, but are not limited to:

- (1) the investment and reinvestment of plan assets;
- (2) the determination of benefits;
- (3) the determination of eligibility for membership or benefits;
- (4) the determination of the amount or duration of benefits;
- (5) the determination of funding requirements or the amounts of contributions;
- (6) the maintenance of membership or financial records; ~~and~~
- (7) the expenditure of plan assets; and
- (8) the selection of financial institutions and investment products.

Sec. 18. Minnesota Statutes 1998, section 356A.06, is amended by adding a subdivision to read:

Subd. 10. [DEFINED CONTRIBUTION PLANS; APPLICATION.] (a) To the extent that a plan governed by chapter 352D, 353D, 354B, 354C, or 354D permits a participant or beneficiary to select among investment products for the person's account and the participant or beneficiary exercises that investment self-direction, no fiduciary is liable for any loss which may result from the participant's or beneficiary's exercise of that investment self-direction.

(b) Subdivisions 1, 2, 6, 8, and 8a do not apply to plans governed by chapter 354B or 354C.

Sec. 19. [VENDOR CONTRACT EXTENSION OPTION.]

Notwithstanding Minnesota Statutes, section 136F.45, subdivision 1a, paragraph (c), the board of trustees of the Minnesota state colleges and universities may, with the agreement of the parties involved, extend the vendor contracts in effect immediately before July 1, 2000, with any revisions that are mutually agreeable to the parties, for up to an additional two years duration.

Sec. 20. [EFFECTIVE DATE.]

(a) Sections 4, 5, and 11 to 20 are effective on the day following final enactment.

(b) Sections 1, 2, 3, and 6 to 10 are effective on the day following final enactment and apply retroactively to a faculty member of the Lake Superior College who was granted an extended leave of absence under article 19, section 4, of the united technical college educators master agreement for the 1999-2000 academic year prior to March 20, 2000.

(c) Sections 5, 11, and 14, paragraph (c), expire on May 16, 2002.

ARTICLE 13

EMPLOYER MATCHING CONTRIBUTION TAX SHELTERED ANNUITY CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTION; EXCEPTIONS.] It is unlawful for a school district or other governmental subdivision or state agency to levy taxes for, or contribute public funds to a supplemental pension or deferred compensation plan that is established, maintained, and operated in addition to a primary pension program for the benefit of the governmental subdivision employees other than:

(1) to a supplemental pension plan that was established, maintained, and operated before May 6, 1971;

(2) to a plan that provides solely for group health, hospital, disability, or death benefits;

(3) to the individual retirement account plan established by chapter 354B;

(4) to a plan that provides solely for severance pay under section 465.72 to a retiring or terminating employee;

(5) for employees other than personnel employed by the state university board or the community college board and covered by the board of trustees of the Minnesota state colleges and universities supplemental retirement plan under chapter 354C, if provided for in a personnel policy of the public employer or in the collective bargaining agreement between the public employer and the exclusive representative of public employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year per employee;

(i) to the state of Minnesota deferred compensation plan under section 352.96; or

(ii) in payment of the applicable portion of the ~~premium on a tax-sheltered annuity contract~~ qualified contribution made to any investment eligible under section 403(b) of the Internal Revenue Code, if ~~purchased from a qualified insurance company, or to a qualified investment entity, as defined in subdivision 1a, and, in either case, if the~~ employing unit has complied with any applicable pension plan provisions of the Internal Revenue Code with respect to the tax-sheltered annuity program during the preceding calendar year; or

(6) for personnel employed by the state university board or the community college board and not covered by clause (5), to the supplemental retirement plan under chapter 354C, if provided for in a personnel policy or in the collective bargaining agreement of the public employer with the exclusive representative of the covered employees in an appropriate unit, in an amount matching employee contributions on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 a year for each employee.

Sec. 2. Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1b, is amended to read:

Subd. 1b. [VENDOR RESTRICTIONS.] A personnel policy for unrepresented employees or a collective bargaining agreement or a school board may establish limits on the number of vendors ~~under subdivision 1~~ that it will utilize and conditions under which the vendors may contact employees both during working hours and after working hours.

Sec. 3. Minnesota Statutes 1998, section 356.24, is amended by adding a subdivision to read:

Subd. 1c. [STATE BOARD OF INVESTMENT REVIEW.] Any insurance company, mutual fund company, or similar company providing investments eligible under section 403(b) of the Internal Revenue Code and eligible to receive employer contributions under this section may request the state board of investment, in conjunction with the department of commerce, to review the financial standing of the company, the competitiveness of its investment options and returns, and the level of all charges and fees impacting those returns. The state board of investment may establish a fee for each review. The state board of investment must maintain and have available a list of all reviewed companies. In reviewing companies under this section, the state board of investment must not be considered to be acting as a fiduciary or to be engaged in a fiduciary activity under chapter 356A or common law.

Sec. 4. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 356.24, subdivision 1a, is repealed.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective on the day following final enactment.

ARTICLE 14

RETIREMENT GENERALLY

Section 1. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 356.61, is repealed.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective retroactively to July 1, 1999.

ARTICLE 15

VOLUNTEER FIREFIGHTER RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 1999 Supplement, section 69.021, subdivision 7, is amended to read:

Subd. 7. [APPORTIONMENT OF FIRE STATE AID TO MUNICIPALITIES AND RELIEF ASSOCIATIONS.]

(a) The commissioner shall apportion the fire state aid relative to the premiums reported on the Minnesota Firetown Premium Reports filed under this chapter to each municipality and/or firefighters' relief association.

(b) The commissioner shall calculate an initial fire state aid allocation amount for each municipality or fire department under paragraph (c) and a minimum fire state aid allocation amount for each municipality or fire department under paragraph (d). The municipality or fire department must receive the larger fire state aid amount.

(c) The initial fire state aid allocation amount is the amount available for apportionment as fire state aid under subdivision 5, without inclusion of any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, allocated one-half in proportion to the population as shown in the last official statewide federal census for each fire town and one-half in proportion to the market value of each fire town, including (1) the market value of tax exempt property and (2) the market value of natural resources lands receiving in lieu payments under sections 477A.11 to 477A.14, but excluding the market value of minerals. In the case of incorporated or municipal fire departments furnishing fire protection to other cities, towns, or townships as evidenced by valid fire service contracts filed with the commissioner, the distribution must be adjusted

proportionately to take into consideration the crossover fire protection service. Necessary adjustments shall be made to subsequent apportionments. In the case of municipalities or independent fire departments qualifying for the aid, the commissioner shall calculate the state aid for the municipality or relief association on the basis of the population and the market value of the area furnished fire protection service by the fire department as evidenced by duly executed and valid fire service agreements filed with the commissioner. If one or more fire departments are furnishing contracted fire service to a city, town, or township, only the population and market value of the area served by each fire department may be considered in calculating the state aid and the fire departments furnishing service shall enter into an agreement apportioning among themselves the percent of the population and the market value of each service area. The agreement must be in writing and must be filed with the commissioner.

(d) The minimum fire state aid allocation amount is the amount in addition to the initial fire state allocation amount that is derived from any additional funding amount to support a minimum fire state aid amount under section 423A.02, subdivision 3, and allocated to municipalities with volunteer firefighter relief associations based on the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for the calendar year 1993 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, so that all municipalities or fire departments with volunteer firefighter relief associations receive in total at least a minimum fire state aid amount per 1993 active volunteer firefighter to a maximum of 30 firefighters. If a relief association ~~did not exist in~~ is established after calendar year 1993 and before calendar year 2000, the number of active volunteer firefighters who are members of the relief association as reported in the annual financial reporting for calendar year 1998 to the office of the state auditor, but not to exceed 30 active volunteer firefighters, shall be used in this determination. If a relief association is established after calendar year 1999, the number of active volunteer firefighters who are members of the relief association as reported in the first annual financial reporting submitted to the office of the state auditor, but not to exceed 20 active volunteer firefighters, must be used in this determination.

(e) The fire state aid must be paid to the treasurer of the municipality where the fire department is located and the treasurer of the municipality shall, within 30 days of receipt of the fire state aid, transmit the aid to the relief association if the relief association has filed a financial report with the treasurer of the municipality and has met all other statutory provisions pertaining to the aid apportionment.

(f) The commissioner may make rules to permit the administration of the provisions of this section.

(g) Any adjustments needed to correct prior misallocations must be made to subsequent apportionments.

Sec. 2. [69.041] [SHORTFALL FROM GENERAL FUND.]

(a) If the annual funding requirements of fire or police relief associations or consolidation accounts under section 69.77, sections 69.771 to 69.775, or section 353A.09, exceed all applicable revenue sources of a given year, including the insurance premium taxes funding the applicable fire or police state aid as set under section 60A.15, subdivision 1, paragraph (e), clauses (1) to (3), the shortfall in the annual funding requirements must be paid from the general fund to the extent appropriated by the legislature.

(b) Nothing in this section may be deemed to relieve any municipality from its obligation to a relief association or consolidation account under law.

Sec. 3. Minnesota Statutes 1998, section 69.773, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] (a) This section shall apply ~~shall apply~~ applies to any firefighters' relief association specified in section 69.771, subdivision 1, which pays or allows for an option of a monthly service pension to a retiring firefighter when at least the minimum requirements for entitlement to a service pension specified in section 424A.02, any applicable special legislation and the articles of incorporation or bylaws of the relief association have been met. Each firefighters' relief association to which this section applies shall determine the actuarial condition and funding costs of the special fund of the relief association in accordance with subdivisions 2 and 3, the financial requirements of the special fund of the relief association in accordance with subdivision 4 and the minimum obligation of the municipality with respect to the special fund of the relief association in accordance with subdivision 5.

(b) If a firefighters relief association that previously provided a monthly benefit service pension discontinues that practice and either replaces the monthly benefit amount with a lump sum benefit amount consistent with section 424A.02, subdivision 3, or purchases an annuity in the same amount as the monthly benefit from an insurance company licensed to do business in this state, the actuarial condition and funding costs, financial, and minimum municipal obligation requirements of section 69.772 apply rather than this section.

Sec. 4. Minnesota Statutes 1998, section 424A.001, subdivision 9, is amended to read:

Subd. 9. [SEPARATE FROM ACTIVE SERVICE.] "Separate from active service" means to permanently cease to perform fire suppression duties with a particular volunteer fire department, to permanently cease to perform fire prevention duties, to permanently cease to supervise fire suppression duties, and to permanently cease to supervise fire prevention duties.

Sec. 5. Minnesota Statutes 1998, section 424A.02, subdivision 3, is amended to read:

Subd. 3. [FLEXIBLE SERVICE PENSION MAXIMUMS.] (a) On or before August 1 of each year as part of the certification of the financial requirements and minimum municipal obligation made pursuant to section 69.772, subdivision 4, or 69.773, subdivision 5, the secretary or some other official of the relief association designated in the bylaws of each relief association shall calculate and certify to the governing body of the applicable qualified municipality the average amount of available financing per active covered firefighter for the most recent three-year period. The amount of available financing shall include any amounts of fire state aid received or receivable by the relief association, any amounts of municipal contributions to the relief association raised from levies on real estate or from other available revenue sources exclusive of fire state aid, and one-tenth of the amount of assets in excess of the accrued liabilities of the relief association calculated pursuant to sections 69.772, subdivision 2; 69.773, subdivisions 2 and 4; or 69.774, subdivision 2, if any.

(b) The maximum service pension which the relief association has authority to provide for in its bylaws for payment to a member retiring after the calculation date when the minimum age and service requirements specified in subdivision 1 are met must be determined using the table in paragraph (c) or (d), whichever applies.

(c) For a relief association where the governing bylaws provide for a monthly service pension to a retiring member, the maximum monthly service pension amount per month for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter:

Minimum Average Amount of Available Financing per Firefighter	Maximum Service Pension Amount Payable per Month for Each Year of Service
\$.....	\$.25
42	.50
84	1.00
126	1.50
168	2.00
209	2.50
252	3.00
294	3.50
335	4.00
378	4.50
420	5.00
503	6.00
587	7.00
672	8.00
755	9.00

839	10.00
923	11.00
1007	12.00
1090	13.00
1175	14.00
1259	15.00
1342	16.00
1427	17.00
1510	18.00
1594	19.00
1677	20.00
1762	21.00
1845	22.00
1888	22.50
1929	23.00
2014	24.00
2098	25.00
2183	26.00
2267	27.00
2351	28.00
2436	29.00
2520	30.00
2604	31.00
2689	32.00
2773	33.00
2857	34.00
2942	35.00
3026	36.00
3110	37.00
3963	38.00
4047	39.00
4137	40.00
any amount more than 4137	40.00

Effective beginning December 31, 2000:

<u>4227</u>	<u>41.00</u>
<u>4317</u>	<u>42.00</u>
<u>4407</u>	<u>43.00</u>
<u>4497</u>	<u>44.00</u>

Effective beginning December 31, 2001:

<u>4587</u>	<u>45.00</u>
<u>4677</u>	<u>46.00</u>
<u>4767</u>	<u>47.00</u>
<u>4857</u>	<u>48.00</u>

Effective beginning December 31, 2002:

<u>4947</u>	<u>49.00</u>
<u>5037</u>	<u>50.00</u>
<u>5127</u>	<u>51.00</u>
<u>5217</u>	<u>52.00</u>

Effective beginning December 31, 2003:

<u>5307</u>	<u>53.00</u>
<u>5397</u>	<u>54.00</u>
<u>5487</u>	<u>55.00</u>
<u>5577</u>	<u>56.00</u>

(d) For a relief association in which the governing bylaws provide for a lump sum service pension to a retiring member, the maximum lump sum service pension amount for each year of service credited that may be provided for in the bylaws is the maximum service pension figure corresponding to the average amount of available financing per active covered firefighter for the applicable specified period:

Minimum Average Amount of Available Financing per Firefighter	Maximum Lump Sum Service Pension Amount Payable for Each Year of Service
\$.....	\$10
11	20
16	30
23	40
27	50
32	60
43	80
54	100
65	120
77	140
86	160
97	180
108	200
131	240
151	280
173	320
194	360
216	400
239	440
259	480
281	520
302	560
324	600
347	640
367	680
389	720
410	760
432	800
486	900
540	1000
594	1100
648	1200
702	1300
756	1400
810	1500
864	1600
918	1700

972	1800
1026	1900
1080	2000
1134	2100
1188	2200
1242	2300
1296	2400
1350	2500
1404	2600
1458	2700
1512	2800
1566	2900
1620	3000
1672	3100
1726	3200
1753	3250
1780	3300
1820	3375
1834	3400
1888	3500
1942	3600
1996	3700
2023	3750
2050	3800
2104	3900
2158	4000
2212	4100
2265	4200
2319	4300
2373	4400
2427	4500
2481	4600
2535	4700
2589	4800
2643	4900
2697	5000
2751	5100
2805	5200
2859	5300
2913	5400
2967	5500

any amount more than 2967 5500

Effective beginning December 31, 2000:

<u>3021</u>	<u>5600</u>
<u>3075</u>	<u>5700</u>
<u>3129</u>	<u>5800</u>
<u>3183</u>	<u>5900</u>
<u>3237</u>	<u>6000</u>

Effective beginning December 31, 2001:

<u>3291</u>	<u>6100</u>
<u>3345</u>	<u>6200</u>
<u>3399</u>	<u>6300</u>
<u>3453</u>	<u>6400</u>
<u>3507</u>	<u>6500</u>

Effective beginning December 31, 2002:

<u>3561</u>	<u>6600</u>
<u>3615</u>	<u>6700</u>
<u>3669</u>	<u>6800</u>
<u>3723</u>	<u>6900</u>
<u>3777</u>	<u>7000</u>

Effective beginning December 31, 2003:

<u>3831</u>	<u>7100</u>
<u>3885</u>	<u>7200</u>
<u>3939</u>	<u>7300</u>
<u>3993</u>	<u>7400</u>
<u>4047</u>	<u>7500</u>

(e) For a relief association in which the governing bylaws provide for a monthly benefit service pension as an alternative form of service pension payment to a lump sum service pension, the maximum service pension amount for each pension payment type must be determined using the applicable table contained in this subdivision.

(f) If a relief association establishes a service pension in compliance with the applicable maximum contained in paragraph (c) or (d) and the minimum average amount of available financing per active covered firefighter is subsequently reduced because of a reduction in fire state aid or because of an increase in the number of active firefighters, the relief association may continue to provide the prior service pension amount specified in its bylaws, but may not increase the service pension amount until the minimum average amount of available financing per firefighter under the table in paragraph (c) or (d), whichever applies, permits.

~~(g) No relief association is authorized to provide a service pension in an amount greater than \$40 per month per year of service credit or in an amount greater than \$5,500 lump sum per year of service credit even if the minimum average amount of available financing per firefighter for a relief association providing a monthly benefit service pension is greater than \$4,137, or, for a relief association providing a lump sum service pension, is greater than \$2,967. No relief association is authorized to provide a service pension in an amount greater than the largest applicable flexible service pension maximum amount even if the amount of available financing per firefighter is greater than the financing amount associated with the largest applicable flexible service pension maximum.~~

Sec. 6. Minnesota Statutes 1998, section 424A.02, subdivision 7, is amended to read:

Subd. 7. [DEFERRED SERVICE PENSIONS.] (a) A member of a relief association to which this section applies is entitled to a deferred service pension if the member:

(1) has completed the lesser of the minimum period of active service with the fire department specified in the bylaws or 20 years of active service with the fire department;

(2) has completed at least five years of active membership in the relief association; and

(3) separates from active service and membership before reaching age 50 or the minimum age for retirement and commencement of a service pension specified in the bylaws governing the relief association if that age is greater than age 50.

(b) The deferred service pension starts when the former member reaches age 50 or the minimum age specified in the bylaws governing the relief association if that age is greater than age 50 and when the former member makes a valid written application.

(c) A relief association that provides a lump sum service pension may, when its governing bylaws so provide, pay interest on the deferred lump sum service pension during the period of deferral. If provided for in the bylaws, interest must be paid at the rate actually earned on that portion of the assets if the deferred benefit amount is invested by the relief association, ~~but not to exceed the interest rate specified in section 356.215, subdivision 4d, and must be in a separate account established and maintained by the relief association or in a separate investment vehicle held by the relief association or, if not, at the interest rate of five percent,~~ compounded annually ~~based on calendar year balances.~~

(d) For a deferred service pension that is transferred to a separate account established and maintained by the relief association or separate investment vehicle held by the relief association, the deferred member bears the full investment risk subsequent to transfer and in calculating the accrued liability of the volunteer firefighter relief association that pays a lump sum service pension, the accrued liability for deferred service pensions is equal to the separate relief association account balance or the fair market value of the separate investment vehicle held by the relief association.

(e) The deferred service pension is governed by and must be calculated under the general statute, special law, relief association articles of incorporation, ~~or~~ and relief association bylaw provisions applicable on the date on which the member separated from active service with the fire department and active membership in the relief association.

Sec. 7. Minnesota Statutes 1998, section 424A.02, subdivision 9, is amended to read:

Subd. 9. [LIMITATION ON ANCILLARY BENEFITS.] Any relief association, including any volunteer firefighters relief association governed by section 69.77 or any volunteer firefighters division of a relief association governed by chapter 424, may only pay ancillary benefits which would constitute an authorized disbursement as specified in section 424A.05 subject to the following requirements or limitations:

(~~1~~) (1) With respect to a relief association in which governing bylaws provide for a lump sum service pension to a retiring member, no ancillary benefit may be paid to any former member or paid to any person on behalf of any former member after the former member (~~1~~) (i) terminates active service with the fire department and active membership in the relief association; and (~~2~~) (ii) commences receipt of a service pension as authorized ~~pursuant to~~ under this section; and

(~~2~~) (2) With respect to any relief association, no ancillary benefit paid or payable to any member, to any former member, or to any person on behalf of any member or former member, may exceed in amount the total earned service pension of the member or former member. The total earned service pension ~~shall~~ must be calculated using the service pension amount specified in the bylaws of the relief association and the years of service credited to the member or former member. The years of service ~~shall~~ must be determined as of (~~1~~) (i) the date the member or former member became entitled to the ancillary benefit; or (~~2~~) (ii) the date the member or former member died entitling a survivor or the estate of the member or former member to an ancillary benefit. The ancillary benefit ~~shall~~ must be calculated (~~1~~) (i) without regard to whether the member or former member had attained the minimum amount of service and membership credit specified in the governing bylaws; and (~~2~~) (ii) without regard to the percentage amounts specified in subdivision 2; except that the bylaws of any relief association may provide for the payment of a survivor benefit in an amount not to exceed five times the yearly service pension amount specified in the bylaws on behalf of any member who dies before having performed five years of active service in the fire department with which the relief association is affiliated.

Sec. 8. Minnesota Statutes 1998, section 424A.02, is amended by adding a subdivision to read:

Subd. 9b. [REPAYMENT OF SERVICE PENSION IN CERTAIN INSTANCES.] If a retired volunteer firefighter does not permanently separate from active firefighting service as required by subdivision 1 and section 424A.001, subdivision 9, by resuming active service as a firefighter in the same volunteer fire department or as a person in charge of firefighters in the same volunteer fire department, no additional service pension amount is payable to the person, no additional service is creditable to the person, and the person shall repay any previously received service pension.

Sec. 9. Minnesota Statutes 1998, section 424A.02, subdivision 13, is amended to read:

Subd. 13. [COMBINED SERVICE PENSIONS.] (a) If the articles of incorporation or bylaws of the associations so provide, a volunteer firefighter with credit for service as an active firefighter in more than one volunteer firefighters relief association is entitled, when the applicable requirements of paragraph (b) are met and when otherwise qualified, to a prorated service credit from each relief association.

(b) A volunteer firefighter receiving a prorated service pension under this subdivision must have total service credit of ten years or more, if every affected relief association does not require only a five-year service vesting requirement, or five years or more, if every affected relief association requires only a five-year service vesting requirement, as a member of two or more relief associations is entitled, when otherwise qualified, to a prorated service pension from each association in which. The member has must have one year or more of service credit in each relief association. The prorated service pension must be based on the service pension amount in effect for the relief association on the date on which active volunteer firefighting services covered by that relief association terminate. To receive a service pension under this subdivision, the firefighter must become a member of the second or succeeding association and must give notice of membership to the prior association within two years of the date of termination of active service with the prior association. The notice must be attested to by the second or subsequent association secretary.

Sec. 10. Minnesota Statutes 1998, section 424A.04, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] (a) Every relief association directly associated with a municipal fire department shall be managed by a board of trustees consisting of nine members. Six trustees shall be elected from the membership of the relief association and three trustees shall be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated. The bylaws of a relief association may provide that one of the six trustees elected from the relief association may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three ex officio trustees shall be the mayor, the clerk, clerk-treasurer or finance director, and the chief of the municipal fire department.

(b) Every relief association that is a subsidiary of an independent nonprofit firefighting corporation shall be managed by a board of trustees consisting of ten members. Six trustees shall be elected from the membership of the relief association, three trustees shall be drawn from the officials of the municipalities served by the fire department to which the relief association is directly associated, and one trustee shall be the fire chief. The bylaws of a relief association may provide that one of the six trustees elected from the relief association may be a retired member receiving a monthly pension who is elected by the membership of the relief association. The three ex officio trustees who are the elected officials shall be selected as follows:

(1) if only one municipality contracts with the independent nonprofit firefighting corporation, the ex officio trustees shall be three elected officials of the contracting municipality who are designated by the governing body of the municipality;

(2) if two municipalities contract with the independent nonprofit firefighting corporation, the ex officio trustees shall be two elected officials of the largest municipality in population and one elected official of the next largest municipality in population who are designated by the governing bodies of the applicable municipalities; or

(3) if three or more municipalities contract with the independent nonprofit corporation, the ex officio trustees shall be one elected official of each of the three largest municipalities in population who are designated by the governing bodies of the applicable municipalities.

(c) If a relief association lacks the ex officio board members provided for in paragraph (a) or (b) because the fire department is not located in or associated with an organized municipality, the ex officio board members must be appointed from the fire department service area by the board of commissioners of the applicable county. The term of these appointed ex officio board members is three years or until the person's successor is qualified, whichever is later.

(d) An ex officio trustee under paragraph (a), (b), or (c) shall have all the rights and duties accorded to any other trustee except the right to be an officer of the board of trustees.

(e) A board shall have at least three officers, which shall be a president, a secretary and a treasurer. These officers shall be elected from among the elected trustees by either the full board of trustees or by the membership, as specified in the bylaws, and in no event shall any trustee hold more than one officer position at any one time. The terms of the elected trustees and of the officers of the board shall be specified in the bylaws of the relief association, but shall not exceed three years. If the term of the elected trustees exceeds one year, the election of the various trustees elected from the membership shall initially and shall thereafter continue to be staggered on as equal a basis as is practicable.

Sec. 11. Minnesota Statutes 1998, section 424A.05, subdivision 3, is amended to read:

Subd. 3. [AUTHORIZED DISBURSEMENTS FROM THE SPECIAL FUND.] (a) Disbursements from the special fund shall are not permitted to be made for any purpose other than one of the following:

(1) For the payment of service pensions to retired members of the relief association if authorized and paid pursuant to law and the bylaws governing the relief association;

(2) For the payment of temporary or permanent disability benefits to disabled members of the relief association if authorized and paid pursuant to law and specified in amount in the bylaws governing the relief association;

(3) For the payment of survivor benefits to surviving spouses and surviving children, or if none, to designated beneficiaries, of deceased members of the relief association if authorized by and paid pursuant to law and specified in amount in the bylaws governing the relief association;

(4) For the payment of any funeral benefits to the surviving spouse, or if no surviving spouse, the estate, of the deceased member of the relief association if authorized by law and specified in amount in the bylaws governing the relief association;

(5) For the payment of the fees, dues and assessments to the Minnesota state fire department association ~~and~~ to the Minnesota area relief association coalition, and to the state volunteer firefighters' benefit association in order to entitle relief association members to membership in and the benefits of these ~~state~~ associations or organizations; and

(6) For the payment of administrative expenses of the relief association as authorized pursuant to section 69.80.

(b) For purposes of this chapter, a designated beneficiary must be a natural person.

Sec. 12. [VOLUNTEER FIREFIGHTERS LUMP SUM SERVICE BENEFITS.]

Subdivision 1. [APPLICATION.] This section applies to a surviving spouse of a person who:

(1) was born on August 18, 1941;

(2) was employed as a building inspector by the city of St. Paul;

(3) died during the course of his employment duties as a building inspector on December 24, 1997;

(4) began service as a volunteer firefighter for the Woodbury fire department in 1980 and continued that service up to the time of his death; and

(5) would have been eligible to retire as a volunteer firefighter and receive a lump sum service pension calculated at the rate of \$4,000 for each year of service on January 1, 1998.

Subd. 2. [ELIGIBILITY FOR BENEFIT.] Notwithstanding any law to the contrary, the eligible person described in subdivision 1 is entitled to receive a survivor benefit from the Woodbury fire department relief association benefit plan calculated at the rate that would have been in effect had the person described in subdivision 1 lived until January 1, 1998.

Subd. 3. [RESTRICTIONS.] This section does not authorize payment of more than a single survivor benefit to the eligible individual specified in subdivision 1. If a survivor benefit has been paid to the eligible individual by the Woodbury fire department relief association, this section authorizes payment to the eligible individual of the difference between the amount previously paid and the amount payable under the Woodbury fire department relief association benefit plan in effect on January 1, 1998, assuming the volunteer firefighter survived and provided service to that date.

Sec. 13. [EFFECTIVE DATE.]

(a) Sections 1 to 5 and 7 to 11 are effective on the day following final enactment.

(b) Section 6 is effective on the day following final enactment and, with the appropriate bylaw amendment and municipal approval, applies to deferred service pensions where deferral began before the effective date of the municipal approval.

(c) For a deferred service pension under section 6 that is invested in a separate account or separate investment vehicle, interest is payable up to the date of the transfer consistent with the law and bylaw provisions in effect when the firefighter terminated active firefighting service and actual investment performance thereafter.

(d) Section 12 is effective on the day after the date on which the Woodbury city council and the chief clerical officer of the city of Woodbury complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 16

DISSOLUTIONS AND CONSOLIDATIONS OF VOLUNTEER FIREFIGHTER RELIEF ASSOCIATIONS

Section 1. [424B.01] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] Unless the context of the provision indicates that a different meaning is intended, each of the terms in the following subdivisions have the meaning indicated.

Subd. 2. [APPLICABLE MUNICIPALITY.] "Applicable municipality" means the municipality or municipalities in which a consolidating relief association is located and to which a consolidating relief association is associated by virtue of the presence of at least one municipal official on the relief association board of trustees under section 424A.04.

Subd. 3. [CONSOLIDATING RELIEF ASSOCIATION.] "Consolidating relief association" means a volunteer firefighter relief association organized under chapter 317A and governed by chapter 424A that has initiated or has completed the process of consolidating with one or more other relief associations under this chapter.

Subd. 4. [PRIOR RELIEF ASSOCIATIONS.] "Prior relief associations" means the two or more volunteer firefighter relief associations that have initiated the consolidation process under this chapter by action of the board of trustees of the relief association.

Subd. 5. [RELIEF ASSOCIATION MEMBERSHIP.] "Relief association membership" means all active members of the volunteer firefighter relief association, all deferred retirees and other vested inactive members of the volunteer firefighter relief association, and any persons regularly receiving a service pension or other retirement benefit from the volunteer firefighters relief association.

Subd. 6. [SUBSEQUENT RELIEF ASSOCIATION.] "Subsequent relief association" means the volunteer firefighters relief association that is designated to be the successor relief association in the consolidation initiative resolutions of the board of trustees of the prior relief associations or the volunteer firefighters relief association organized under chapters 317A and 424A for the purpose of operating as the successor relief association after consolidation under this chapter.

Sec. 2. [424B.02] [CONSOLIDATION AUTHORIZED.]

Subdivision 1. [INITIATION.] (a) With the approval of the governing body of each applicable municipality, two or more relief associations associated with fire departments serving contiguous fire districts may initiate the consolidation of the relief associations into a subsequent relief association.

(b) Initiation of a consolidation action must occur through the proposal of a consolidation resolution to the board of trustees of each volunteer firefighter relief association notification of the relief association membership of the potential consolidation and after conducting a public meeting on the consolidation question.

Subd. 2. [INITIATIVE PROCESSING; FILING.] (a) After a consolidation initiative resolution has been filed with the relief association board of trustees by one or more members of the board, the relief association secretary shall provide written notification of the initiative to the relief association membership. After notification of the relief association membership, the board of trustees must hold a public hearing on the initiative. After the hearing, the board of trustees shall act on the consolidation resolution.

(b) If the consolidation resolution is adopted by majority vote of the board of trustees, the secretary shall file a copy of the resolution with the other relief association or associations also considering consolidation.

(c) If two or more volunteer firefighter relief associations adopt a consolidation resolution, those relief associations are consolidated effective the next following January 1.

(d) Within 30 days of the adoption of the consolidation resolution by all prior relief associations, the secretaries of the applicable prior relief associations shall jointly notify in writing the state auditor, the commissioner of revenue, and the secretary of state of the consolidation.

Sec. 3. [424B.03] [SUBSEQUENT RELIEF ASSOCIATION.]

Subdivision 1. [NEW RELIEF ASSOCIATION.] If the subsequent relief association is a new volunteer firefighter relief association, the consolidated volunteer firefighters relief association must be incorporated under chapter 317A. The incorporators of the consolidated relief association must include at least one board member of each of the former volunteer firefighters relief associations.

Subd. 2. [SUCCESSOR RELIEF ASSOCIATION.] If the subsequent relief association is one of the prior relief associations, the articles of incorporation and bylaws must be appropriately revised, effective on the consolidation effective date, and a revised board of trustees must be elected before the consolidation effective date.

Sec. 4. [424B.04] [GOVERNANCE OF CONSOLIDATED VOLUNTEER FIREFIGHTERS RELIEF ASSOCIATION.]

Subdivision 1. [BOARD OF TRUSTEES.] The consolidated volunteer firefighters relief association is governed by a board of trustees as provided in section 424A.04, subdivision 1.

Subd. 2. [COMPOSITION OF BOARD.] The board must have three officers, including a president, a secretary, and a treasurer. The membership of the consolidated volunteer firefighters relief association must elect the three officers from the board members. A board of trustees member may not hold more than one officer position at the same time.

Subd. 3. [BOARD ADMINISTRATION.] The board of trustees must administer the affairs of the relief association consistent with this chapter and the applicable provisions of chapters 69, 356A, and 424A.

Sec. 5. [424B.05] [SPECIAL AND GENERAL FUNDS.]

The consolidated volunteer firefighters relief association must establish and maintain a special fund and a general fund. The special fund must be established and maintained as provided in section 424A.05. The general fund must be established and maintained as provided in section 424A.06.

Sec. 6. [424B.06] [TRANSFERS.]

Subdivision 1. [GENERALLY.] On the effective date of consolidation, the records, assets, and liabilities of the prior volunteer firefighter relief associations are transferred to the consolidated volunteer firefighters relief association. On the effective date of consolidation, the prior volunteer firefighters relief associations cease to exist as legal entities, except for the purposes of winding up association affairs as provided by this chapter.

Subd. 2. [TRANSFER OF ADMINISTRATION.] On the effective date of consolidation, the administration of the prior relief associations is transferred to the board of trustees of the subsequent volunteer firefighters relief association.

Subd. 3. [TRANSFER OF RECORDS.] On the effective date of consolidation, the secretary and the treasurer of the prior volunteer firefighters relief associations shall transfer all records and documents relating to the prior relief associations to the secretary and treasurer of the subsequent volunteer firefighters relief association.

Subd. 4. [TRANSFER OF SPECIAL FUND ASSETS AND LIABILITIES.] (a) On the effective date of consolidation, the secretary and the treasurer of a prior volunteer firefighters relief association shall transfer the assets of the special fund of the applicable relief association to the special fund of the subsequent relief association. Unless the appropriate secretary and treasurer decide otherwise, the assets may be transferred as investment securities rather than cash. The transfer must include any accounts receivable. The appropriate secretary must settle any accounts payable from the special fund of the relief association before the effective date of consolidation.

(b) Upon the transfer of the assets of the special fund of a prior relief association, the pension liabilities of that special fund become the obligation of the special fund of the subsequent volunteer firefighters relief association.

(c) Upon the transfer of the prior relief association special fund assets, the board of trustees of the subsequent volunteer firefighters relief association has legal title to and management responsibility for the transferred assets as trustees for persons having a beneficial interest in those assets arising out of the benefit coverage provided by the prior relief association.

(d) The subsequent volunteer firefighters relief association is the successor in interest in all claims for and against the special funds of the prior volunteer firefighters relief associations or the applicable municipalities with respect to the special funds of the prior relief associations. The status of successor in interest does not apply to any claim

against a prior relief association, the municipality in which that relief association is located, or any person connected with the prior relief association or the municipality, based on any act or acts that were not done in good faith and that constituted a breach of fiduciary responsibility under common law or chapter 356A.

Sec. 7. [424B.07] [DISSOLUTION OF PRIOR GENERAL FUND BALANCES.]

Before the effective date of consolidation, the secretaries of the volunteer firefighters relief associations shall settle any accounts payable from the respective general fund or any other relief association fund in addition to the relief association special fund. Investments held by a fund of the prior relief associations in addition to the special fund must be liquidated before the effective date of consolidation as the bylaws of the relief association provide. Before the effective date of consolidation, the respective relief associations must pay all applicable general fund expenses from their respective general funds. Any balance remaining in the general fund or in a fund other than the relief association special fund as of the effective date of consolidation must be paid to the new general fund of the subsequent volunteer firefighter relief association.

Sec. 8. [424B.08] [TERMINATION OF PRIOR RELIEF ASSOCIATIONS.]

Following the transfer of administration, records, special fund assets, and special fund liabilities from the prior relief associations to the subsequent volunteer firefighters relief association, the prior volunteer firefighter relief associations cease to exist as legal entities for any purpose. The subsequent relief association secretary shall notify the following governmental officials of the termination of the respective volunteer firefighter relief associations and of the establishment of the subsequent volunteer firefighters relief association:

- (1) Minnesota secretary of state;
- (2) Minnesota state auditor;
- (3) Minnesota commissioner of revenue; and
- (4) commissioner of the federal Internal Revenue Service.

Sec. 9. [424B.09] [ADMINISTRATIVE EXPENSES.]

The payment of authorized administrative expenses of the subsequent volunteer firefighters relief association must be from the special fund of the subsequent volunteer firefighters relief association in accordance with section 69.80, and as provided for in the bylaws of the subsequent volunteer firefighters relief association and approved by the board of trustees of the subsequent volunteer firefighters relief association. The payment of any other expenses of the subsequent volunteer firefighters relief association must be from the general fund of the subsequent volunteer firefighters relief association in accordance with section 69.80 and as provided for in the bylaws of the subsequent volunteer firefighters relief association and approved by the board of trustees of the subsequent volunteer firefighters relief association.

Sec. 10. [424B.10] [BENEFITS; FUNDING.]

Subdivision 1. [BENEFITS.] (a) Notwithstanding section 424A.02, subdivision 3, to the contrary, the service pension of the subsequent relief association as of the effective date of consolidation is the highest dollar amount service pension amount of any prior volunteer firefighters relief association in effect immediately before the consolidation initiation if the pension amount was implemented consistent with section 424A.02.

(b) Any increase in the service pension amount beyond the amount implemented under paragraph (a) must conform with the requirements and limitations of sections 69.771 to 69.775 and 424A.02.

Subd. 2. [FUNDING.] (a) Unless the applicable municipalities agree in writing to allocate the minimum municipal obligation in a different manner, the minimum municipal obligation under section 69.772 or 69.773, whichever applies, must be allocated between the applicable municipalities in proportion to their fire state aid.

(b) If any applicable municipality fails to meet its portion of the minimum municipal obligation to the subsequent relief association, all other applicable municipalities are jointly obligated to provide the required funding upon certification by the relief association secretary. An applicable municipality that pays the minimum municipal obligation for another applicable municipality, the municipality may collect the payment amount, plus a 25 percent surcharge, from the responsible applicable municipality by any available means, including deduction from any state aid or payment amount payable to the responsible municipality upon certification of the necessary information to the commissioner of finance.

Sec. 11. [424B.20] [DISSOLUTION WITHOUT CONSOLIDATION.]

Subdivision 1. [APPLICABLE DISSOLUTIONS.] This section applies if the fire department associated with a volunteer firefighter relief association is dissolved or eliminated by action of the governing body of the municipality in which the fire department was located or by the independent nonprofit firefighting corporation, whichever applies, and no consolidation with another volunteer firefighter relief association under sections 424B.01 to 424B.10 is sought, or if a volunteer firefighter relief association is dissolved or eliminated with municipal approval, but the fire department associated with the volunteer firefighter relief association is not dissolved or eliminated, and no consolidation with another volunteer firefighter relief association under sections 424B.01 to 424B.10 is applicable.

Subd. 2. [PROCEDURES.] As part of the dissolution process, all legal obligations of the relief association other than service pensions and benefits must be settled under subdivision 3, a benefit trust must be established under subdivision 4, and the affairs of the relief association must be concluded under subdivision 5.

Subd. 3. [SETTLEMENT OF NONBENEFIT LEGAL OBLIGATIONS.] (a) Prior to the effective date of the dissolution of the volunteer firefighter relief association established by the relief association board of trustees, the board shall determine the following:

(1) the fair market value of the assets of the special fund;

(2) the total amount of the accounts payable and other legal obligations of the special fund, excluding the accrued liability of the special fund for service pensions and other benefits; and

(3) the accrued liability of the special fund for service pensions and other benefits payable or accrued under the applicable bylaws of the relief association and chapter 424A.

(b) On or before the effective date of the dissolution of the volunteer firefighter relief association, the board shall liquidate sufficient special fund assets to pay the legal obligations of the special fund and must settle those legal obligations.

(c) On or before the effective date of the dissolution of the volunteer firefighter relief association, the board shall settle the legal obligations of the general fund of the relief association.

Subd. 4. [BENEFIT TRUST FUNDE ESTABLISHMENT.] (a) After the settlement of nonbenefit legal obligations of the special fund of the volunteer firefighter relief association under subdivision 3, the board of the relief association shall transfer the remaining assets of the special fund, as securities or in cash, as applicable, to the chief financial official of the municipality in which the associated fire department was located if the fire department was a municipal fire department or to the chief financial official of the municipality with the largest population served by the fire department if the fire department was an independent nonprofit firefighting corporation. The board shall also compile a schedule of the relief association members to whom a service pension is or will be owed, any beneficiary to whom a benefit is owed, the amount of the service pension or benefit payable based on the applicable bylaws and state law and the service rendered to the date of the dissolution, and the date on which the pension or benefit would first be payable under the bylaws of the relief association and state law.

(b) The municipality in which is located a volunteer firefighter relief association that is dissolving under this section shall establish a separate account in the municipal treasury which must function as a trust fund for members of the volunteer firefighter relief association and their beneficiaries to whom the volunteer firefighter relief association owes a service pension or other benefit under the bylaws of the relief association and state law. Upon proper application, on or after the initial date on which the service pension or benefit is payable, the municipal treasurer shall pay the pension or benefit due, based on the schedule prepared under paragraph (a) and the other records of the dissolved relief association. The trust fund under this section must be invested and managed consistent with section 69.775 and chapter 356A. Upon payment of the last service pension or benefit due and owing, any remaining assets in the trust fund cancel to the general fund of the municipality. If the special fund of the volunteer firefighter relief association had an unfunded actuarial accrued liability upon dissolution, the municipality is liable for that unfunded actuarial accrued liability.

Subd. 5. [RELIEF ASSOCIATION AFFAIRS WIND-UP.] Upon dissolution, the board of trustees of the volunteer firefighter relief association shall transfer the records of the relief association to the chief administrative officer of the applicable municipality. The board shall also notify the commissioner of revenue, the state auditor, and the secretary of state of the dissolution within 30 days of the effective date of the dissolution.

Sec. 12. [424B.21] [ANNUITY PURCHASES UPON DISSOLUTION.]

The board of trustees of a volunteer firefighter relief association that is scheduled for dissolution may purchase annuity contracts under section 424A.02, subdivision 8a, instead of transferring special fund assets to a municipal trust fund under section 424B.20, subdivision 4. Payment of an annuity for which a contract is purchased may not commence before the retirement age specified in the relief association bylaws and in compliance with section 424A.02, subdivision 1. Legal title to the annuity contract transfers to the municipal trust fund under section 424B.20, subdivision 4.

Sec. 13. [REPEALER.]

Minnesota Statutes 1998, section 424A.02, subdivision 11, is repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 1 to 13 are effective on July 1, 2000.

ARTICLE 17

MINNEAPOLIS POLICE AND FIREFIGHTERS
RELIEF ASSOCIATION CHANGES

Section 1. Minnesota Statutes 1998, section 423B.01, is amended to read:

423B.01 [MINNEAPOLIS POLICE RELIEF ASSOCIATION; DEFINITIONS.]

Subdivision 1. [TERMS.] For purposes of sections 423B.01 to 423B.18, unless the context clearly indicates otherwise, each of the terms defined in this section has the indicated meaning.

Subd. 2. [ACTIVE MEMBER.] "Active member" means a person who was hired and duly appointed by the city of Minneapolis before May 1, 1959, as a police stenographer, police clerk, police telephone operator, police radio operator, or police mechanic or before June 15, 1980, as a police officer, police matron, or assistant police matron, who is regularly entered on the payroll of the police department, and who serves on active duty.

Subd. 3. [ACTIVE MEMBER PERCENTAGE.] The "active member percentage" is the total number of units accrued by active members of the association divided by the sum of the total number of units to which eligible members are entitled and active members of the association have accrued.

Subd. 4. [AGE.] "Age" means a person's age at the person's latest birthday.

Subd. 45. [ANNUAL POSTRETIREMENT PAYMENT.] "Annual postretirement payment" means the payment of a lump sum postretirement benefit under section 423B.15 to an eligible member on June 1 following the determination date in any year.

Subd. 56. [ASSOCIATION.] "Association" means the Minneapolis police relief association.

Subd. 7. [CITY.] "City" means the city of Minneapolis.

Subd. 8. [DETERMINATION DATE.] "Determination date" means December 31 of each year.

Subd. 69. [DISABILITY.] "Disability" means a physical or mental incapacity of an active member to perform the duties of the person's position in the service of the police department.

Subd. 710. [DISCHARGE.] "Discharge" means a complete separation from service in the police department.

Subd. 811. [ELIGIBLE MEMBER.] "Eligible member" means a person, including a service pensioner, a disability pensioner, a survivor, or dependent of a deceased active member, service pensioner, or disability pensioner, who received a pension or benefit from the relief association during the 12 months before the determination date.

Subd. 912. [EXCESS INVESTMENT INCOME.] "Excess investment income" means the amount, if any, by which the average time weighted total rate of return earned by the fund in the most recent prior five fiscal years has exceeded the actual average percentage increase in the current monthly salary of a first grade patrol officer in the most recent prior five fiscal years plus two percent, and must be expressed as a dollar amount. The amount may not exceed one percent of the total assets of the fund, except when the actuarial value of assets of the fund according to the most recent annual actuarial valuation prepared in accordance with sections 356.215 and 356.216 is greater than 102 percent of its actuarial accrued liabilities, in which case the amount must not exceed 1-1/2 percent of the total assets of the fund, and does not exist unless the yearly average percentage increase of the time weighted total rate of return of the fund for the previous five years exceeds by two percent the yearly average percentage increase in monthly salary of a first grade patrol officer during the previous five calendar years.

Subd. 13. [FUND.] "Fund" means the special fund of the relief association.

Subd. 14. [NET EXCESS ASSET AMOUNT PAYMENT.] "Net excess asset amount payment" means the payment of an additional postretirement payment under section 2 to an eligible member on June 1 following the determination date in the given year.

Subd. 15. [NET TOTAL EXCESS ASSET AMOUNT.] "Net total excess asset amount" is the total excess asset amount stated in dollars and multiplied by the quantity one minus the active member percentage.

Subd. 16. [RETIRED MEMBER.] "Retired member" means a former active member who has terminated active service in the police department and who is entitled to receive a pension or benefit under sections 423B.01 to 423B.18, as amended, or any predecessor law.

Subd. 17. [SURVIVING SPOUSE MEMBER.] "Surviving spouse member" means the person who was the legally married spouse of the member, who was residing with the decedent, and who was married while or before the time the decedent was an active member and was on the payroll of the police department, and who, in case the deceased member was a pensioner or deferred pensioner, was legally married to the member at least one year before the decedent's termination of active service with the police department. The term does not include the surviving spouse who has deserted a member or who has not been dependent upon the member for support, nor does it include the surviving common law spouse of a member.

Subd. ~~13~~ 18. [TIME WEIGHTED TOTAL RATE OF RETURN.] "Time weighted total rate of return" means the percentage amount determined by using the formula or formulas established by the state board of investment under section 11A.04, clause (11), and in effect on January 1, 1987.

Subd. 19. [TOTAL EXCESS ASSET AMOUNT.] (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the fund's market value of assets after any deductions required by section 423B.15, subdivision 2, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation for the fund prepared in accordance with sections 69.77, 356.215, and 356.216, with adjustments required by section 423B.15, subdivision 2, equals or exceeds 110 percent.

Subd. ~~14~~ 20. [UNIT.] "Unit" means one-eightieth of the current monthly salary of a first grade patrol officer.

Subd. ~~15~~ 21. [ACTUARIAL EQUIVALENT.] "Actuarial equivalent" or "actuarially equivalent" means the condition of one annuity or benefit having an equal actuarial present value as another annuity or benefit, determined as of a given date at a specified age with each actuarial present value based on the appropriate mortality table adopted by the board of directors based on the experience of the fund and approved by the actuary retained by the legislative commission on pensions and retirement and using the applicable preretirement or postretirement interest rate assumptions specified in section 356.216.

Sec. 2. [423B.151] [EXCESS ASSET AMOUNT PAYMENT.]

Subdivision 1. [DETERMINATION OF NET TOTAL EXCESS AMOUNT.] The board of the association shall determine by May 1 of each year whether the fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total excess asset amount shall be determined. The total excess asset amount and net total excess asset amount shall be reported to the chief administrative officer of the association, the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under this section must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under sections 69.77, 356.215, 356.216, and this act, except to offset the amount distributed.

Subd. 2. [TOTAL AVAILABLE FOR PAYMENT.] Twenty percent of the net total excess asset amount determined under subdivision 1 is available for excess asset amount payments under subdivision 3.

Subd. 3. [NET EXCESS ASSET AMOUNT PAYMENTS.] Except as limited under subdivision 4, the net excess asset amount payment to an eligible member is equal to the amount determined under subdivision 2 multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

Subd. 4. [ENTITLEMENT; PRIORITY.] A person who is an eligible member for the entire 12 months before the determination date is eligible for a full excess asset amount payment under subdivision 2. A person who is an eligible member for less than 12 months before the determination date is eligible for a prorated excess asset amount payment. If an eligible member dies after the determination date and before the excess asset amount payment commences, the association must pay the eligible member's excess asset amount payment to the eligible member's surviving spouse or, if no surviving spouse, to the member's estate.

Subd. 5. [PAYMENT METHOD.] The excess asset amount payments determined under this section commence on June 1 following the determination date. These amounts may be paid as a lump sum, disbursed to the eligible members in 12 equal monthly installments, or any other manner which the board shall determine.

Subd. 6. [NO GUARANTEE OF ANNUAL RESIDUAL INVESTMENT PAYMENT.] No provision of this act may be interpreted or relied upon by any member of the association to guarantee or entitle a member to a net excess asset amount payment relating to any year in which there is no net total excess asset amount.

Sec. 3. [423B.19] [CITY OF MINNEAPOLIS; NORMAL COST CONTRIBUTION ADJUSTMENT.]

Notwithstanding section 69.77, 356.215, 356.216, or any other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

Sec. 4. [423B.20] [SUSPENSION OF NORMAL COST CONTRIBUTIONS.]

Notwithstanding the provisions of section 69.77 or any other law to the contrary, if a total excess asset amount exists, as defined in section 423B.01, subdivision 19, the city is not required to make a contribution to the fund for the normal cost of active members.

Sec. 5. [423B.21] [CHANGE IN AMORTIZATION PERIOD.]

Subdivision 1. [AMORTIZATION TREATMENT.] Notwithstanding section 69.77, subdivision 2b; 356.215; 356.216; or any other law to the contrary, if the actuarial report for the association indicates an unfunded actuarial accrued liability after the fund has first achieved 100 percent funding, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 2. [LIMITATION.] Notwithstanding subdivision 1, the amortization period may not exceed the average life expectancy of the remaining members.

Sec. 6. [MINNEAPOLIS FIRE RELIEF ASSOCIATION; SURVIVOR BENEFIT PAYMENT.]

Subdivision 1. [SURVIVING SPOUSE BENEFIT ELIGIBILITY.] (a) Notwithstanding Laws 1997, chapter 233, article 4, section 12, or other law to the contrary, an eligible individual specified in paragraph (b) is authorized to receive the benefit specified in subdivision 2.

(b) An eligible individual is an individual born on May 27, 1927, who married a Minneapolis fire relief association retiree on January 16, 1993, and who is a surviving spouse due to the death of that retired firefighter on October 2, 1997.

Subd. 2. [BENEFIT.] (a) An eligible individual under subdivision 1, paragraph (b), is entitled to a surviving spouse benefit computed under paragraph (f), as added by Laws 1997, chapter 233, article 4, section 12.

(b) Benefits payable as a result of the benefit authorized in paragraph (a) commence on the first of the month following the effective date of this section.

Sec. 7. [DEFINITIONS.]

Subdivision 1. [DEFINITIONS.] Unless the context clearly indicates otherwise, the following terms have the meaning given in this section.

Subd. 2. [ACTIVE MEMBER PERCENTAGE.] The "active member percentage" is the total number of units accrued by active members of the association divided by the sum of the total number of units to which eligible members are entitled and active members of the association have accrued.

Subd. 3. [ASSOCIATION.] "Association" means the Minneapolis firefighters relief association.

Subd. 4. [CITY.] "City" means the city of Minneapolis.

Subd. 5. [ELIGIBLE MEMBER.] "Eligible member" is a person who receives a service, survivor, or disability pension payable from the special fund of the association.

Subd. 6. [FUND.] "Fund" means the association's special fund.

Subd. 7. [NET EXCESS ASSET AMOUNT PAYMENT.] "Net excess asset amount payment" means the payment of an additional postretirement payment under section 3 to an eligible member on June 1 following the determination date in the given year.

Subd. 8. [NET TOTAL EXCESS ASSET AMOUNT.] "Net total excess asset amount" is the total excess asset amount stated in dollars and multiplied by the quantity one minus the active member percentage.

Subd. 9. [TOTAL EXCESS ASSET AMOUNT.] (a) "Total excess asset amount" means the difference, if positive, expressed in dollars, between the fund's market value of assets after any deductions required by Laws 1989, chapter 319, article 19, section 7, subdivision 3, as amended, and 110 percent of the actuarial accrued liabilities based on the actuarial valuation indicated in paragraph (b).

(b) The total excess asset amount in paragraph (a) exists if the actuarial liability funding ratio, according to the most recent annual actuarial valuation for the fund prepared in accordance with Minnesota Statutes, sections 69.77, 356.215, and 356.216, with adjustments required by Laws 1989, chapter 319, article 19, section 7, subdivision 3, as amended, equals or exceeds 110 percent.

Sec. 8. [DETERMINATION OF NET TOTAL EXCESS ASSET AMOUNT.]

The board of the association shall determine by May 1 of each year whether the fund has a total excess asset amount for that year. If a total excess asset amount exists for the given year, the net total excess asset amount shall be determined. The total excess asset amount and net total excess asset amount shall be reported to the chief administrative officer of the association, the mayor and governing body of the city, the state auditor, the commissioner of finance, and the executive director of the legislative commission on pensions and retirement. The portion of the net excess asset amount which is distributed under section 9 must not be considered as income to or assets of the fund for actuarial valuations of the fund for that year under Minnesota Statutes, sections 69.77, 356.215, and 356.216, and this act, except to offset the amount distributed.

Sec. 9. [AMOUNT OF NET EXCESS ASSET AMOUNT PAYMENT.]

Subdivision 1. [TOTAL AVAILABLE FOR PAYMENT.] Twenty percent of the net total excess asset amount determined under section 8 is available for net excess asset amount payments under subdivision 2.

Subd. 2. [NET EXCESS ASSET AMOUNT PAYMENTS.] Except as limited under subdivision 3, the net excess asset amount payment to an eligible member is equal to the amount determined under subdivision 1 multiplied by the units applicable to the eligible member and divided by the total units of all eligible members.

Subd. 3. [ENTITLEMENT; PRIORITY.] A person who is an eligible member for the entire 12 months before the determination date is eligible for a full net excess asset amount payment under subdivision 2. A person who is an eligible member for less than 12 months before the determination date is eligible for a prorated net excess asset amount payment. If an eligible member dies after the determination date and before the excess asset amount payment commences, the association must pay that eligible member's net excess asset amount payment to the eligible member's estate.

Subd. 4. [PAYMENT METHOD.] The net excess asset amount payments determined under subdivisions 2 and 3 commence on June 1 following the determination date. These amounts may be paid as a lump sum, disbursed to the eligible members in 12 equal monthly installments, or any other manner which the board shall determine.

Sec. 10. [CITY NORMAL COST CONTRIBUTION ADJUSTMENT.]

Notwithstanding Minnesota Statutes, sections 69.77, 356.215, and 356.216, or other law to the contrary, the required city contributions toward the association's normal cost, as determined by the actuary, are reduced below that otherwise payable by the full amount of active member contributions required by law to be directed to the association's health insurance escrow account rather than to the special fund.

Sec. 11. [SUSPENSION OF NORMAL COST CONTRIBUTIONS.]

Notwithstanding the provisions of Minnesota Statutes, section 69.77, or any other law to the contrary, if a total excess asset amount exists, as defined in section 7, subdivision 9, the city is not required to make a contribution to the fund for the normal cost of active members.

Sec. 12. [NO GUARANTEE OF ANNUAL RESIDUAL INVESTMENT PAYMENT.]

No provision of this act may be interpreted or relied upon by any member of the association to guarantee or entitle a member to a net excess asset amount payment relating to any year in which there is no net total excess asset amount.

Sec. 13. [CHANGE IN AMORTIZATION PERIOD.]

Subdivision 1. [AMORTIZATION TREATMENT.] Notwithstanding Minnesota Statutes, section 69.77, subdivision 2b; 356.215; 356.216; or any other law to the contrary, if the actuarial report for the Minneapolis firefighters relief association indicates an unfunded actuarial accrued liability, the unfunded obligation is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later. If subsequent actuarial valuations determine a net actuarial experience loss incurred during the year which ended as of the day before the most recent actuarial valuation date, any unfunded liability due to that loss is to be amortized on a level dollar basis by December 31 of the year occurring 15 years later.

Subd. 2. [LIMITATION.] Notwithstanding subdivision 1, the amortization period may not exceed the average life expectancy of the remaining members.

Sec. 14. [EFFECTIVE DATE.]

(a) Sections 1 to 5 are effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(b) Section 6 is effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 5, if approved, applies retroactively to contributions beginning after July 1, 1990.

(c) Sections 7 to 13 are effective on the day after the date on which the Minneapolis city council and the chief clerical officer of the city of Minneapolis complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Section 5, if approved, applies retroactively to contributions beginning after July 1, 1990.

ARTICLE 18

JUDGES RETIREMENT PLAN
MODIFICATIONS

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

Subdivision 1. [COVERAGE.] (a) Employees enumerated in paragraph (c), clauses (2), (3), (4), and (6) to (15), if they are in the unclassified service of the state or metropolitan council and are eligible for coverage under the general state employees retirement plan under chapter 352, are participants in the unclassified program under this chapter unless the employee gives notice to the executive director of the Minnesota state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the general state employees retirement plan. For the purposes of this chapter, an employee who does not file notice with the executive director is deemed to have exercised the option to participate in the unclassified plan.

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

(c) Enumerated employees and referenced persons are:

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

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

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

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

(5) a member of the legislature;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (3) The retirement annuity from each fund must be based upon the allowable service in each fund, except that:
- (a) The laws governing annuities must be the law in effect on the date of termination from the last period of public service under a covered fund with which the person earned a minimum of one-half year of allowable service credit during that employment.
 - (b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during the entire service in covered funds.
 - (c) The formula percentages to be used by each fund must be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds.
 - (d) Allowable service in all the funds must be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the annuity amount for retirement prior to normal retirement.
 - (e) The annuity amount payable for any allowable service under a nonformula plan of a covered fund must not be affected but such service and covered salary must be used in the above calculation.
 - (f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.
 - (g) For the purpose of computing annuities under this section the formula percentages used by any covered fund, except the public employees police and fire fund, the judges' retirement fund, and the state patrol retirement fund, must not exceed the percent specified in section 356.19, subdivision 4, per year of service for any year of service or fraction thereof. The formula percentage used by the public employees police and fire fund and the state patrol retirement fund must not exceed the percent specified in section 356.19, subdivision 6, per year of service for any year of service or fraction thereof. The formula percentage used by the judges' retirement fund must not exceed the percent specified in section 356.19, subdivision 8, per year of service for any year of service or fraction thereof. The formula percentage used by the legislators retirement plan and the elective state officers retirement must not exceed 2.5 percent, but this limit does not apply to the adjustment provided under section 3A.02, subdivision 1, paragraph (c), or 352C.031, paragraph (b).
 - (h) Any period of time for which a person has credit in more than one of the covered funds must be used only once for the purpose of determining total allowable service.
 - (i) If the period of duplicated service credit is more than six months, or the person has credit for more than six months with each of the funds, each fund shall apply its formula to a prorated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.
 - (j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit must be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 9. [PRIOR SERVICE.]

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

Sec. 10. [EFFECTIVE DATE.]

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

ARTICLE 19

VARIOUS INDIVIDUAL AND SMALL GROUP PENSION PROVISIONS

Section 1. [MSRS-GENERAL; LATE DISABILITY BENEFIT APPLICATION AUTHORIZED.]

(a) Notwithstanding any provision of Minnesota Statutes, section 352.113, subdivision 4, to the contrary, a person described in paragraph (b) is authorized to apply for a disability benefit from the general state employees retirement plan of the Minnesota state retirement system under Minnesota Statutes, section 352.113.

(b) An eligible person is a person who:

(1) was born on October 3, 1952;

(2) was employed by the department of economic security from August 1978 to December 1994;

(3) is disabled within the meaning of Minnesota Statutes, section 352.01, subdivision 17;

(4) began receiving social security disability insurance benefits in January 1995; and

(5) began part-time employment in January 1998 and continues in that employment with the Minnesota state council on disability.

(c) The eligible person under paragraph (b) must provide, in conjunction with the disability application, any relevant evidence that the executive director of the Minnesota state retirement system requires about the existence of a total and permanent disability as defined in Minnesota Statutes, section 352.01, subdivision 17, and about the date on which the disability occurred and its relationship to the termination of active service in December 1994.

(d) If the eligible person files a disability benefit application and if the eligible person provides sufficient evidence of disability and the occurrence of the disability under paragraph (c), the disability benefit becomes payable for the first month next following the application and applicable evidence. The disability benefit must be calculated under the laws in effect at the time that the eligible person terminated active service in December 1994. The disability benefit must include any applicable deferred annuities augmentation under Minnesota Statutes, section 352.72, subdivision 2.

(e) Nothing in this section may be deemed to exempt the eligible person from the partial reemployment of a disabilitant provision described in Minnesota Statutes, section 352.113, subdivision 7.

Sec. 2. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; SERVICE CREDIT PURCHASE FOR UNCREDITED HENNEPIN COUNTY EMPLOYMENT.]

(a) An eligible person described in paragraph (b) is entitled to obtain one year of allowable service credit from the general employees retirement plan of the public employees retirement association.

(b) An eligible person is a person who:

(1) was born April 12, 1936;

(2) retired from the teachers retirement association on July 1, 1997;

(3) is currently a recipient of a retirement annuity from the teachers retirement association and a retirement annuity from the general state employees retirement plan of the Minnesota state retirement system; and

(4) was employed during the period September 1966 through September 1967 by Hennepin county as a parole officer, when member contributions for retirement coverage were deducted, but for which no allowable service credit in the general employees retirement plan of the public employees retirement association was recorded.

(c) Notwithstanding any provision of Minnesota Statutes, sections 353.29, subdivision 7, and 356.30, to the contrary, an eligible person may file an application for a retirement annuity from the general employees retirement plan of the public employees retirement association retroactive to July 1, 1997, with benefits paid retroactive to that date, and may have the annuity calculated as a combined service annuity.

(d) The allowable service credit must be granted by the public employees retirement association upon the filing of a valid retirement application by the eligible person.

(e) Within 30 days of the receipt of that application by the public employees retirement association and notification by the public employees retirement association to the county administrator, Hennepin county may pay one-half of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55. If Hennepin county does not pay the required amount in a timely fashion, the executive director of the public employees retirement association shall notify the commissioner of finance of that fact and the commissioner shall deduct from any state aid or state appropriation payable to Hennepin county that amount, plus interest on that amount of 1.5 percent per month for each month or portion of a month from the filing of the retirement application under paragraph (d) to the date of deduction.

(f) An amount equal to one-half of the prior service credit purchase payment amount calculated under Minnesota Statutes, section 356.55, must be charged against the public employees retirement association as an administrative expense.

(g) This allowable service credit provision expires on January 1, 2001.

Sec. 3. [PAYMENT OF OMITTED SALARY DEDUCTIONS.]

Subdivision 1. [APPLICATION.] A person who was born on October 23, 1943, was employed by Dakota county as a part-time maintenance employee on October 16, 1985, and first had public employees retirement association member contributions deducted as of September 15, 1986, is entitled to purchase eight months of service credit from the public employees retirement association.

Subd. 2. [PAYMENT.] The purchase payment amount for the service credit purchase authorized in subdivision 1 is governed by Minnesota Statutes, section 356.55. Notwithstanding any provision of Minnesota Statutes, section 356.55, subdivision 5, to the contrary, the eligible person must pay, on or before June 1, 2001, an amount equal to the employee contribution rate applied to the person's actual salary rate in effect between January 17, 1986, and September 15, 1986, plus annual compound interest at the rate of 8.5 percent from the date that the employer contributions should have been paid and the date of actual payment. Dakota county shall pay the balance of the required purchase payment amount within 30 days of the payment by the eligible person. If Dakota county fails to pay its required amount, the executive director of the public employees retirement association may notify the commissioner of finance of that fact and the commissioner of finance may order that the required amount be deducted from any subsequent state payment to Dakota county and transmitted to the public employees retirement association.

Subd. 3. [APPLICATION; DOCUMENTATION.] A person described in subdivision 1 must apply with the executive director of the public employees retirement association to make the purchase. The application must be in writing and must include all necessary documentation of the applicability of this section and any other relevant information that the executive director may require.

Subd. 4. [LIMITATION.] Authority under this section expires on July 1, 2001.

Sec. 4. [PUBLIC EMPLOYEES RETIREMENT ASSOCIATION; REDUCED SERVICE CREDIT REQUIREMENT FOR DISABILITY BENEFIT APPLICATION.]

(a) An eligible person described in paragraph (b) is entitled to apply for a disability benefit from the general employees retirement plan of the public employees retirement association with 14 months of service credit subsequent to the person's last termination of membership, notwithstanding any provision to the contrary of Minnesota Statutes, section 353.33, subdivision 1.

(b) An eligible person is a person who:

(1) was born on May 30, 1945;

(2) began public employment with Todd county in November 1978;

(3) first terminated public employment in August 1982;

(4) resumed public employment with Morrison county in October 1987;

(5) subsequently terminated public employment with Meeker county in November 1997;

(6) resumed public employment with Todd county in August 1998; and

(7) subsequently terminated public employment October 8, 1999.

Sec. 5. [TEACHERS RETIREMENT ASSOCIATION; REFUND OF CERTAIN INTEREST CHARGES.]

(a) Upon filing a written demand for the interest refund, a person described in paragraph (b) is entitled to receive a refund of interest specified in paragraph (c) for the period during which the teachers retirement association was negligent in providing accurate information to the eligible person or was negligent in making timely reports to other Minnesota public pension plans in which the eligible person has service credit.

(b) An eligible person is a person who:

(1) retired from the teachers retirement association effective September 1, 1999;

(2) repaid a previously taken refund to the teachers retirement association on August 23, 1999, restoring 10.979 years of allowable service credit;

(3) began the retirement application and refund repayment process in February 1999 and was first able to file retirement forms with the teachers retirement association office on August 27, 1999; and

(4) was charged interest on the repayment of refund for the period during which the teachers retirement association failed to provide requested information and failed to contact the public employees retirement association and the St. Paul teachers retirement fund association.

(c) The refund interest rate is 0.708 percent per month, compounded monthly, on the refund repayment amount that would have been payable on April 15, 1999, applied to the period April 15, 1999, to August 23, 1999, and 8.5 percent per year, compounded annually, on that initially determined amount from August 23, 1999, until the interest repayment is made.

(d) The interest refund is payable on the first day of the month next following the date on which the eligible person files the written demand under paragraph (a).

Sec. 6. [MTRFA; PRIOR SERVICE CREDIT PURCHASE FOR UNCREDITED TEACHING SERVICE PERIODS.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis teachers retirement fund association basic program for the periods of teaching employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was employed by special school district No. 1 (Minneapolis) as a long call reserve teacher from October 1972 to June 1973 and was covered by the Minneapolis employees retirement fund;

(2) was employed by special school district No. 1 (Minneapolis) as a school social worker at Franklin junior high school from August 28, 1973, through June 12, 1974, and from August 29, 1974, through June 11, 1975, without retirement coverage;

(3) was employed by special school district No. 1 (Minneapolis) as a school social worker at North high school from August 29, 1975, through December 19, 1975, covered by the Minneapolis teachers retirement fund association;

(4) was retained by special school district No. 1 (Minneapolis) in the capacity of a school social worker at North high school as an hourly wage social worker from August 1976 through June 1983 without retirement coverage; and

(5) is currently employed by Hennepin county covered by the public employees retirement association.

(c) The periods for allowable service credit purchase are August 28, 1973, through June 12, 1974; and August 29, 1974, through June 11, 1975.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis teachers retirement fund association.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis teachers retirement fund association to the account of the eligible person upon receipt of the prior service credit purchase payment amount.

(f) The prior service credit purchase payment amount shall be computed by the actuary retained by the legislative commission on pensions and retirement. That computation must, in applying the process stated in Minnesota Statutes, section 356.55, give recognition to the liabilities that would be created in the Minneapolis teachers retirement fund association and other Minnesota public pension funds due to the service credit purchase.

(g) Following receipt of that purchase payment amount, the executive director of the Minneapolis teachers retirement fund association shall allocate and transmit that amount to the applicable pension administrations, as determined under paragraph (f).

Sec. 7. [MINNEAPOLIS TEACHERS RETIREMENT FUND ASSOCIATION; PRIOR SERVICE CREDIT PURCHASE AUTHORIZATION.]

(a) Notwithstanding any provision of law to the contrary, a person described in paragraph (b) is authorized to purchase allowable service credit from the basic program of the Minneapolis teachers retirement fund association for the period described in paragraph (c) by making the payment specified in paragraph (d).

(b) An eligible person for purposes of paragraph (a) is a person who:

(1) was born on October 1, 1942;

(2) is currently employed by special school district No. 1 (Minneapolis) and is currently a member of the Minneapolis teachers retirement fund association;

(3) was initially hired by special school district No. 1 (Minneapolis) on November 13, 1967, and taught at Sanford junior high school until June 1968;

(4) was reemployed by special school district No. 1 (Minneapolis) as an adult basic education English and social studies teacher on May 25, 1970, and continued to teach in that program until December 17, 1984; and

(5) as a result of binding arbitration of an employment dispute, was employed by special school district No. 1 (Minneapolis) as an English teacher at Franklin junior high school on December 17, 1984.

(c) The service credit purchase period is any period between May 25, 1970, to December 17, 1984, that has not previously been credited by the Minneapolis teachers retirement fund association.

(d) To purchase the allowable service credit, the eligible person must pay to the Minneapolis teachers retirement fund association the prior service credit purchase payment calculated under Minnesota Statutes, section 356.55.

(e) The eligible person must provide all relevant documentation of the applicability of the requirements set forth in paragraph (b) and any other applicable information that the executive director of the Minneapolis teachers retirement fund association may request.

(f) This prior service credit purchase authority expires on July 1, 2001, or on the date of the eligible person's termination of active service with special school district No. 1 (Minneapolis), whichever is earlier.

Sec. 8. [MTRFA; PRIOR SERVICE CREDIT PURCHASE FOR INDEPENDENT CONTRACT UNCREDITED TEACHING SERVICE PERIOD.]

(a) An eligible person described in paragraph (b) is authorized to purchase allowable service credit from the Minneapolis teachers retirement fund association for the period of teaching employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55, by the last date authorized for receiving payment under that section, or the eligible person's effective date of retirement, whichever is earlier.

(b) An eligible person is a person who:

(1) was born on May 22, 1939;

(2) was employed by special school district No. 1 (Minneapolis) and covered as an active member by the Minneapolis teachers retirement fund association from July 27, 1962, to June 11, 1967; and

(3) was retained by special school district No. 1 (Minneapolis) at an hourly wage rate as a teacher in the adult basic education program from April 23, 1980, to September 28, 1992.

(c) The period for allowable service credit purchase is from April 23, 1980, to September 28, 1992.

(d) An eligible person under paragraph (b) must provide any relevant documentation related to eligibility to make this service credit purchase which is required by the executive director of the Minneapolis teachers retirement fund association.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis teachers retirement fund association to the account of the eligible person upon receipt of the prior service credit purchase payment amount.

(f) A service credit purchase is not authorized for any portion of the April 23, 1980, to September 28, 1992, period for which the eligible individual signed an independent contract which waives pension coverage by the Minneapolis teachers retirement fund association for the period covered by the contract, or for any period for which administrators for special school district No. 1 (Minneapolis) or the Minneapolis teachers retirement fund association determine that the individual was serving as an independent contractor.

Sec. 9. [MERF; PRIOR SERVICE CREDIT PURCHASE FOR TEMPORARY EMPLOYMENT PERIOD.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis employees retirement fund for the period of temporary employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was born on August 15, 1951;

(2) was hired by the city of Minneapolis as a maintenance worker/truck driver on June 1, 1976, and was covered by the Minneapolis employees retirement fund for that employment; and

(3) is currently employed by the city of Minneapolis and covered by the Minneapolis employees retirement association.

(c) The period for allowable service credit purchase is a period during 1975 during which the eligible person was employed by the city of Minneapolis as a temporary employee.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis employees retirement fund.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis employees retirement fund to the account of the eligible person upon receipt of the prior service credit purchase payment amount. To receive the service credit, the service credit purchase must be received by the Minneapolis employees retirement fund by October 1, 2001, or prior to retirement, whichever is earlier.

Sec. 10. [MERF; PRIOR SERVICE CREDIT PURCHASE FOR TEMPORARY EMPLOYMENT PERIOD.]

(a) An eligible person described in paragraph (b) is entitled to purchase allowable service credit from the Minneapolis employees retirement fund for the period or periods of temporary employment specified in paragraph (c) by making the payment required under Minnesota Statutes, section 356.55.

(b) An eligible person is a person who:

(1) was born on December 17, 1953;

(2) was hired by the city of Minneapolis as a full-time maintenance worker on February 2, 1974, and was covered by the Minneapolis employees retirement fund for that employment; and

(3) is currently employed by the city of Minneapolis, covered by the Minneapolis employees retirement association.

(c) The periods for allowable service credit purchase are periods during 1974 and 1975 during which the eligible person was employed by the city of Minneapolis as a temporary employee.

(d) An eligible person must provide any relevant documentation related to eligibility to make this service credit purchase required by the executive director of the Minneapolis employees retirement fund.

(e) Allowable service credit for the purchase periods must be granted by the Minneapolis employees retirement fund to the account of the eligible person upon receipt of the prior service credit purchase payment amount. To receive the service credit, the service credit purchase must be received by the Minneapolis employees retirement fund by October 1, 2001, or prior to retirement, whichever is earlier.

Sec. 11. [EFFECTIVE DATE.]

(a) Sections 1, 2, and 4 to 10 are effective on the day following final enactment.

(b) Section 3 is effective on the day after the date on which the Dakota county board of commissioners and the chief clerical officer of Dakota county complete, in a timely manner, their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

(c) Section 1 expires, if not utilized, on December 31, 2000."

Delete the title and insert:

"A bill for an act relating to retirement; pension plan actuarial reporting; various public retirement plans; volunteer firefighter relief associations; Minneapolis firefighters relief association; modifying actuarial cost allocation by the legislative commission on pensions and retirement; changing the actuarial value of assets, actuarial assumptions and funding surplus recognition method; revising reemployed annuitant earnings limitations; adding certain prior correctional positions to correctional plan coverage; clarifying various former police and fire consolidation account merger provisions; authorizing certain optional annuity form elections by former consolidation account members; revising local correctional retirement plan membership eligibility; increasing local correctional retirement plan member and employer contribution rates; authorizing the purchase of nonprofit community-based corporation teaching service; expanding investment options for employer matching contribution tax sheltered annuities; modifying various volunteer firefighter relief association benefit and administration provisions; modifying judicial pension provision; modifying the marriage duration requirement for certain Minneapolis firefighter relief association survivor benefits; creating additional Minneapolis police and firefighter relief association post retirement adjustment mechanisms; resolving various individual and small group pension problems; amending Minnesota Statutes 1998, sections 16A.055, subdivision 5; 69.773, subdivision 1; 122A.46, subdivision 1, and by adding a subdivision; 136F.43, subdivisions 1, 2, and 6; 136F.45, subdivision 1a; 352.115, subdivision 10; 352.15, subdivision 1a; 352.91, subdivisions 3c, 3d, and by adding subdivisions; 352B.01, subdivision 3, and by adding a subdivision; 352D.02, subdivision 1; 352D.04, subdivision 2; 352D.05, subdivision 3; 352D.06; 352D.09, subdivision 5a; 353.01, subdivisions 2, 6, 11a, 28, 32, and by adding a subdivision; 353.15, subdivision 2; 353.27, subdivisions 4 and 12; 353.33, subdivisions 2 and 6; 353.34, subdivision 1; 353.37, by adding a subdivision; 353.64, subdivisions 2, 3, 4, and by adding a subdivision; 353.656, subdivisions 1 and 3; 353.71, subdivision 2; 353B.11, subdivision 3; 354.05, subdivisions 2 and 35; 354.091; 354.092, subdivision 2; 354.093; 354.094, subdivision 1; 354.10, subdivision 2; 354.35; 354.44, subdivision 5; 354.46, subdivision 2a; 354.47, subdivision 1; 354.48, subdivision 6; 354.49, subdivision 1; 354.52, subdivisions 3, 4, 4a, and 4b; 354.63, subdivision 2; 354A.091, subdivisions 1, 2, 3, 5, and 6; 354A.31, subdivisions 3 and 3a; 354B.23, subdivision 5a; 354C.12, subdivision 1a; 354C.165; 356.215, subdivisions 1, 2, and 4d; 356.24, by adding a subdivision; 356.30, subdivision 1; 356A.01, subdivision 8; 356A.02; 356A.06, by adding a subdivision; 423B.01; 424A.001, subdivision 9; 424A.02, subdivisions 3, 7, 9, 13, and by adding a subdivision; 424A.04, subdivision 1; 424A.05, subdivision 3; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; and 490.124, subdivision 1; Minnesota Statutes 1999 Supplement, sections 3.85, subdivision 12; 69.021, subdivision 7; 136F.48; 352.1155, subdivisions 1 and 4; 353.01, subdivisions 2b and 10; 353.64, subdivision 1; 353E.02; 353E.03; 353F.02, subdivision 5; 354.445; 354.536, subdivision 1; 354A.101, subdivision 1; 356.215, subdivision 4g; 356.24, subdivisions 1 and 1b; and 423A.02, subdivisions 1b, 4 and 5; Laws 1965, chapter 705, section 1, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 69; 352; 353; 354; 354A; 356; and 423B; proposing coding for new law as Minnesota Statutes, chapter 424B; repealing Minnesota Statutes 1998, sections 352.91, subdivision 4; 353.024; 354.52, subdivision 2; and 424A.02, subdivision 11; Minnesota Statutes 1999 Supplement, sections 356.24, subdivision 1a; and 356.61."

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

Senate Conferees: LAWRENCE J. POGEMILLER, DON BETZOLD AND ROY W. TERWILLIGER.

House Conferees: HARRY MARES, RICH STANEK AND MARY MURPHY.

Mares moved that the report of the Conference Committee on S. F. No. 2796 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

Hausman was excused for the remainder of today's session.

S. F. No. 2796, A bill for an act relating to retirement; pension plan actuarial reporting; various public retirement plans; volunteer firefighter relief associations; Minneapolis firefighters relief association; modifying actuarial cost allocation by the legislative commission on pensions and retirement; changing the actuarial value of assets, actuarial assumptions and funding surplus recognition method; revising re-employed annuitant earnings limitations; adding certain prior correctional positions to correctional plan coverage; clarifying various former police and fire consolidation account merger provisions; authorizing certain optional annuity form elections by former consolidation account members; revising local correctional retirement plan membership eligibility; increasing local correctional retirement plan member and employer contribution rates; authorizing the purchase of nonprofit community-based corporation teaching service; expanding investment options for employer matching contribution tax sheltered annuities; modifying various volunteer firefighter relief association benefit and administration provisions; modifying judicial pension provision; modifying the marriage duration requirement for certain Minneapolis firefighter relief association survivor benefits; creating additional Minneapolis police and firefighter relief association post retirement adjustment mechanisms; resolving various individual and small group pension problems; amending Minnesota Statutes 1998, sections 16A.055, subdivision 5; 69.773, subdivision 1; 122A.46, subdivision 1, and by adding a subdivision; 136F.45, subdivision 1a; 352.115, subdivision 10; 352.15, subdivision 1a; 352.91, subdivisions 3c, 3d, and by adding a subdivision; 352B.01, subdivision 3, and by adding a subdivision; 352D.02, subdivision 1; 352D.04, subdivision 2; 352D.05, subdivision 3; 352D.06; 352D.09, subdivision 5a; 353.01, subdivisions 2, 6, 11a, 28, 32, and by adding a subdivision; 353.15, subdivision 2; 353.27, subdivisions 4 and 12; 353.33, subdivisions 2 and 6; 353.34, subdivision 1; 353.37, by adding a subdivision; 353.64, subdivisions 2, 3, 4, and by adding a subdivision; 353.656, subdivisions 1 and 3; 353.71, subdivision 2; 353B.11, subdivision 3; 354.05, subdivisions 2 and 35; 354.091; 354.092, subdivision 2; 354.093; 354.094, subdivision 1; 354.10, subdivision 2; 354.35; 354.44, subdivision 5; 354.46, subdivision 2a; 354.47, subdivision 1; 354.48, subdivision 6; 354.49, subdivision 1; 354.52, subdivisions 3, 4, 4a, and 4b; 354.63, subdivision 2; 354A.31, subdivisions 3 and 3a; 354B.23, subdivision 5a; 354C.12, subdivision 1a; 354C.165; 356.215, subdivisions 1, 2, and 4d; 356.24, by adding a subdivision; 356.30, subdivision 1; 356A.01, subdivision 8; 356A.02; 356A.06, subdivision 4, and by adding a subdivision; 423B.01; 424A.001, subdivision 9; 424A.02, subdivisions 3, 7, 9, 13, and by adding a subdivision; 424A.04, subdivision 1; 424A.05, subdivision 3; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; and 490.124, subdivision 1; Minnesota Statutes 1999 Supplement, sections 3.85, subdivision 12; 69.021, subdivision 7; 136F.48; 352.1155, subdivisions 1 and 4; 353.01, subdivisions 2b and 10; 353.64, subdivision 1; 353E.02; 353E.03; 353F.02, subdivision 5; 354.445; 354.536, subdivision 1; 354A.101, subdivision 1; 356.215, subdivision 4g; 356.24, subdivisions 1 and 1b; and 423A.02, subdivisions 1b, 4 and 5; Laws 1965, chapter 705, section 1, subdivision 4, as amended; proposing coding for new law in Minnesota Statutes, chapters 69; 352; 353; 354; 354A; 356; and 423B; proposing coding for new law as Minnesota Statutes, chapters 352G; and 424B; repealing Minnesota Statutes 1998, section 353.024; 354.52, subdivision 2; and 424A.02, subdivision 11; Minnesota Statutes 1999 Supplement, sections 356.24, subdivision 1a; and 356.61.

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

The question was taken on the repassage of the bill and the roll was called.

Pursuant to rule 2.05, the Speaker excused Pawlenty and Ozment from voting on the repassage of S. F. No. 2796, as amended by Conference.

There were 114 yeas and 14 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, B.	Gerlach	Lindner	Paulsen	Wilkin
Buesgens	Holberg	Mulder	Reuter	Workman
Erickson	Krinkie	Olson	Van Dellen	

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

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3501

A bill for an act relating to labor; modifying a provision governing exchange of information between the departments of labor and industry and revenue; amending Minnesota Statutes 1998, section 270B.14, subdivision 8.

May 3, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 3501, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 3501 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 13.01, is amended by adding a subdivision to read:

Subd. 4. [HEADNOTES.] The headnotes printed in boldface type before paragraphs in this chapter are mere catchwords to indicate the content of a paragraph and are not part of the statute.

Sec. 2. Minnesota Statutes 1998, section 13.01, is amended by adding a subdivision to read:

Subd. 5. [PROVISIONS CODED IN OTHER CHAPTERS.] (a) The sections referenced in this chapter that are codified outside this chapter classify government data as other than public, place restrictions on access to government data, or involve data sharing.

(b) Those sections are governed by the definitions and general provisions in sections 13.01 to 13.07 and the remedies and penalties provided in sections 13.08 and 13.09, except:

(1) for records of the judiciary, as provided in section 13.90; or

(2) as specifically provided otherwise by law.

Sec. 3. Minnesota Statutes 1998, section 13.02, is amended by adding a subdivision to read:

Subd. 7a. [GOVERNMENT ENTITY.] "Government entity" means a state agency, statewide system, or political subdivision.

Sec. 4. Minnesota Statutes 1999 Supplement, section 13.03, subdivision 3, is amended to read:

Subd. 3. [REQUEST FOR ACCESS TO DATA.] (a) Upon request to a responsible authority or designee, a person shall be permitted to inspect and copy public government data at reasonable times and places, and, upon request, shall be informed of the data's meaning. If a person requests access for the purpose of inspection, the responsible authority may not assess a charge or require the requesting person to pay a fee to inspect data.

(b) For purposes of this section, "inspection" includes, but is not limited to, the visual inspection of paper and similar types of government data. Inspection does not include printing copies by the government entity, unless printing a copy is the only method to provide for inspection of the data. In the case of data stored in electronic form and made available in electronic form on a remote access basis to the public by the government entity, inspection includes remote access to the data by the public and the ability to print copies of or download the data on the public's own computer equipment. Nothing in this section prohibits a government entity from charging a reasonable fee for remote access to data under a specific statutory grant of authority. A government entity may charge a fee for remote access to data where either the data or the access is enhanced at the request of the person seeking access.

(c) The responsible authority or designee shall provide copies of public data upon request. If a person requests copies or electronic transmittal of the data to the person, the responsible authority may require the requesting person to pay the actual costs of searching for and retrieving government data, including the cost of employee time, and for making, certifying, compiling, and electronically transmitting the copies of the data or the data, but may not charge for separating public from not public data. If the responsible authority or designee is not able to provide copies at the time a request is made, copies shall be supplied as soon as reasonably possible.

(d) When a request under this subdivision involves any person's receipt of copies of public government data that has commercial value and is a substantial and discrete portion of or an entire formula, pattern, compilation, program, device, method, technique, process, database, or system developed with a significant expenditure of public funds by the agency, the responsible authority may charge a reasonable fee for the information in addition to the costs of

making, certifying, and compiling the copies. Any fee charged must be clearly demonstrated by the agency to relate to the actual development costs of the information. The responsible authority, upon the request of any person, shall provide sufficient documentation to explain and justify the fee being charged.

(e) The responsible authority of a state agency, statewide system, or political subdivision that maintains public government data in a computer storage medium shall provide to any person making a request under this section a copy of any public data contained in that medium, in electronic form, if the government entity can reasonably make the copy or have a copy made. This does not require a government entity to provide the data in an electronic format or program that is different from the format or program in which the data are maintained by the government entity. The entity may require the requesting person to pay the actual cost of providing the copy.

~~(e)~~ (f) If the responsible authority or designee determines that the requested data is classified so as to deny the requesting person access, the responsible authority or designee shall inform the requesting person of the determination either orally at the time of the request, or in writing as soon after that time as possible, and shall cite the specific statutory section, temporary classification, or specific provision of federal law on which the determination is based. Upon the request of any person denied access to data, the responsible authority or designee shall certify in writing that the request has been denied and cite the specific statutory section, temporary classification, or specific provision of federal law upon which the denial was based.

Sec. 5. Minnesota Statutes 1998, section 13.03, subdivision 5, is amended to read:

Subd. 5. [~~COPYRIGHT OR PATENT OF COMPUTER PROGRAM GOVERNMENT DATA.~~] ~~Nothing in this chapter or any other statute shall be construed to prevent~~ A state agency, statewide system, or political subdivision ~~from acquiring~~ may enforce a copyright or acquire a patent for a computer software program or components of a program created by that government agency without statutory authority. In the event that a government agency ~~does acquire~~ acquires a patent or ~~copyright~~ to a computer software program or component of a program, the data shall be treated as trade secret information pursuant to section 13.37.

Sec. 6. Minnesota Statutes 1998, section 13.05, is amended by adding a subdivision to read:

Subd. 12. [IDENTIFICATION OR JUSTIFICATION.] Unless specifically authorized by statute, government entities may not require persons to identify themselves, state a reason for, or justify a request to gain access to public government data. A person may be asked to provide certain identifying or clarifying information for the sole purpose of facilitating access to the data.

Sec. 7. Minnesota Statutes 1998, section 13.05, is amended by adding a subdivision to read:

Subd. 13. [DATA PRACTICES COMPLIANCE OFFICIAL.] By December 1, 2000, each responsible authority or other appropriate authority in every government entity shall appoint or designate an employee of the government entity to act as the entity's data practices compliance official. The data practices compliance official is the designated employee of the government entity to whom persons may direct questions or concerns regarding problems in obtaining access to data or other data practices problems. The responsible authority may be the data practices compliance official.

Sec. 8. Minnesota Statutes 1998, section 13.08, subdivision 4, is amended to read:

Subd. 4. [ACTION TO COMPEL COMPLIANCE.] (a) In addition to the remedies provided in subdivisions 1 to 3 or any other law, any aggrieved person seeking to enforce the person's rights under this chapter or obtain access to data may bring an action in district court to compel compliance with this chapter and may recover costs and disbursements, including reasonable attorney's fees, as determined by the court. If the court determines that an action brought under this subdivision is frivolous and without merit and a basis in fact, it may award reasonable costs and attorney fees to the responsible authority. If the court issues an order to compel compliance under this subdivision, the court may impose a civil penalty of up to \$300 against the government entity. This penalty is payable to the state general fund and is in addition to damages under subdivision 1. The matter shall be heard as soon as possible. In

an action involving a request for government data under section 13.03 or 13.04, the court may inspect in camera the government data in dispute, but shall conduct its hearing in public and in a manner that protects the security of data classified as not public. If the court issues an order to compel compliance under this subdivision, the court shall forward a copy of the order to the commissioner of administration.

(b) In determining whether to assess a civil penalty under this subdivision, the court shall consider whether the government entity has substantially complied with general data practices under this chapter, including but not limited to, whether the government entity has:

- (1) designated a responsible authority under section 13.02, subdivision 16;
- (2) designated a data practices compliance official under section 13.05, subdivision 13;
- (3) prepared the public document that names the responsible authority and describes the records and data on individuals that are maintained by the government entity under section 13.05, subdivision 1;
- (4) developed public access procedures under section 13.03, subdivision 2; procedures to guarantee the rights of data subjects under section 13.05, subdivision 8; and procedures to ensure that data on individuals are accurate and complete and to safeguard the data's security under section 13.05, subdivision 5;
- (5) sought an oral, written, or electronic opinion from the commissioner of administration related to the matter at issue and acted in conformity with that opinion or an opinion sought by another person; or
- (6) provided ongoing training to government entity personnel who respond to requests under this chapter.

Sec. 9. [13.081] [ADMINISTRATIVE REMEDIES.]

Subdivision 1. [COMPLAINTS.] Any person who believes that a government entity is not in compliance with this chapter may file a complaint with the commissioner. The commissioner shall specify the form of the complaint. The commissioner shall conduct an investigation to determine whether the complaint is valid or whether another alternative dispute resolution process exists to address the issue presented. If the commissioner determines the complaint is not valid or another alternative dispute resolution process is a more appropriate forum for resolving the dispute, the commissioner shall dismiss the complaint and so inform the person who filed the complaint and the government entity that was the subject of the complaint. If the commissioner determines the complaint is valid, the commissioner may take any of the actions under subdivision 2 to resolve the complaint. The commissioner shall either dismiss the complaint or refer it for one of the actions under subdivision 2 within 20 days of receipt of the complaint. For good cause and upon written notice to the person bringing the complaint, the commissioner may extend this deadline for one additional 30-day period.

Subd. 2. [INFORMAL RESOLUTION OF COMPLAINT.] The commissioner may attempt to resolve a complaint informally or, with the consent of both parties, refer the matter to an alternative dispute resolution process and use the services of the office of dispute resolution or the office of administrative hearings to arbitrate or mediate the dispute.

Sec. 10. Minnesota Statutes 1999 Supplement, section 13.32, subdivision 7, is amended to read:

Subd. 7. [USES OF DATA.] School officials who receive data on juveniles, as authorized under sections 260B.171 and 260C.171, may use and share that data within the school district or educational entity as necessary to protect persons and property or to address the educational and other needs of students. A school district, its agents, and employees who use and share this data in good faith are immune from civil or criminal liability that might otherwise result from their actions.

Sec. 11. Minnesota Statutes 1998, section 13.41, subdivision 2, is amended to read:

Subd. 2. [PRIVATE DATA; DESIGNATED ADDRESSES AND TELEPHONE NUMBERS.] (a) The following data collected, created or maintained by any licensing agency are classified as private, pursuant to section 13.02, subdivision 12: data, other than their names and designated addresses, submitted by applicants for licenses; the identity of complainants who have made reports concerning licensees or applicants which appear in inactive complaint data unless the complainant consents to the disclosure; the nature or content of unsubstantiated complaints when the information is not maintained in anticipation of legal action; the identity of patients whose medical records are received by any health licensing agency for purposes of review or in anticipation of a contested matter; inactive investigative data relating to violations of statutes or rules; and the record of any disciplinary proceeding except as limited by subdivision 4.

(b) An applicant for a license shall designate on the application a residence or business address and telephone number at which the applicant can be contacted in connection with the license application. A licensee ~~who is subject to a health-related licensing board, as defined in section 214.01, subdivision 2,~~ shall designate a residence or business address and telephone number at which the licensee can be contacted in connection with the license. By designating an address under this paragraph other than a residence address, the applicant or licensee consents to accept personal service of process by service on the licensing agency for legal or administrative proceedings. The licensing agency shall mail a copy of the documents to the applicant or licensee at the last known residence address.

Sec. 12. [13.623] [ST. PAUL HOUSING AND REDEVELOPMENT AUTHORITY DATA.]

Subdivision 1. [PRIVATE AND NONPUBLIC DATA.] The following data that are submitted to the St. Paul housing and redevelopment authority by individuals and business entities that are requesting financial assistance are private data on individuals or nonpublic data: financial statements; credit reports; business plans; income and expense projections; customer lists; balance sheets; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Subd. 2. [PUBLIC DATA.] Data submitted to the authority under subdivision 1 become public data if the authority provides financial assistance to the individual or business entity, except that the following data remain private or nonpublic: business plans; income and expense projections not related to the financial assistance provided; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Sec. 13. [13.624] [ST. PAUL ECONOMIC ASSISTANCE DATA.]

Subdivision 1. [PRIVATE AND NONPUBLIC DATA.] The following data that are submitted to the city of St. Paul by individuals and business entities that are requesting financial assistance are private data on individuals or nonpublic data: financial statements; credit reports; business plans; income and expense projections; customer lists; balance sheets; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Subd. 2. [PUBLIC DATA.] Data submitted to the city under subdivision 1 become public data if the city provides financial assistance to the individual or business entity, except that the following data remain private or nonpublic: business plans; income and expense projections not related to the financial assistance provided; customer lists; income tax returns; and design, market, and feasibility studies not paid for with public funds.

Sec. 14. Minnesota Statutes 1998, section 13.84, subdivision 5, is amended to read:

Subd. 5. [DISCLOSURE.] Private or confidential court services data shall not be disclosed except:

- (a) Pursuant to section 13.05;
- (b) Pursuant to a statute specifically authorizing disclosure of court services data;
- (c) With the written permission of the source of confidential data;

(d) To the court services department, parole or probation authority or state or local correctional agency or facility having statutorily granted supervision over the individual subject of the data;

(e) Pursuant to subdivision 5a; or

(f) Pursuant to a valid court order.

Sec. 15. Minnesota Statutes 1998, section 13.84, subdivision 6, is amended to read:

Subd. 6. [PUBLIC DATA.] The following court services data on adult individuals is public:

(a) name, age, date of birth, sex, occupation and the fact that an individual is a parolee, probationer or participant in a diversion program, and if so, at what location;

(b) the offense for which the individual was placed under supervision;

(c) the dates supervision began and ended and the duration of supervision;

(d) court services data which was public in a court or other agency which originated the data;

(e) arrest and detention orders, orders for parole or probation revocation and the reasons for revocation;

(f) the conditions of parole, probation or participation and the extent to which those conditions have been or are being met;

(g) identities of agencies, units within agencies and individuals providing supervision; and

(h) the legal basis for any change in supervision and the date, time and locations associated with the change.

Sec. 16. Minnesota Statutes 1999 Supplement, section 13.99, subdivision 19, is amended to read:

Subd. 19. [HMO EXAMINATIONS.] Data obtained by the commissioner of health in the course of an examination of the affairs of a health maintenance organization are classified under section 62D.14, subdivisions 1 and ~~4~~ 4a.

Sec. 17. Minnesota Statutes 1999 Supplement, section 13.99, is amended by adding a subdivision to read:

Subd. 27g. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING PROGRAM SERVICES.] Data on individuals receiving services under certain programs administered by the department of children, families, and learning are classified under sections 119A.376, subdivision 4; 119A.44, subdivision 7; and 119A.50, subdivision 2.

Sec. 18. Minnesota Statutes 1998, section 62D.14, is amended by adding a subdivision to read:

Subd. 4a. [CLASSIFICATION OF DATA.] Any data or information obtained by the commissioner under this section or section 62D.145 shall be classified as private data on individuals as defined in chapter 13. Such data shall be protected and may be released consistent with the provisions of section 60A.03, subdivision 9.

Sec. 19. [62D.145] [DISCLOSURE OF INFORMATION HELD BY HEALTH MAINTENANCE ORGANIZATIONS.]

Subdivision 1. [PERSONAL AND PRIVILEGED INFORMATION.] The ability of a health maintenance organization to disclose personal information, as defined in section 72A.491, subdivision 17, and privileged information, as defined in section 72A.491, subdivision 19, is governed by sections 72A.497, 72A.499, and 72A.502.

Subd. 2. [HEALTH DATA OR INFORMATION.] (a) A health maintenance organization is prohibited from disclosing to any person any individually identifiable data or information held by the health maintenance organization pertaining to the diagnosis, treatment, or health of any enrollee, or any application obtained from any person, except:

(1) to the extent necessary to carry out the purposes of this chapter, the commissioner and a designee shall have access to the above data or information but the data removed from the health maintenance organization or participating entity shall not identify any particular patient or client by name or contain any other unique personal identifier;

(2) upon the express consent of the enrollee or applicant;

(3) pursuant to statute or court order for the production of evidence or the discovery thereof;

(4) in the event of claim or litigation between the person and the provider or health maintenance organization wherein such data or information is pertinent;

(5) to meet the requirements of contracts for prepaid medical services with the commissioner of human services authorized under chapter 256B, 256D, or 256L;

(6) to meet the requirements of contracts for benefit plans with the commissioner of employee relations under chapter 43A; or

(7) as otherwise authorized pursuant to statute.

No provision in a contract for a benefit plan under chapter 43A shall authorize dissemination of individually identifiable health records, unless the dissemination of the health records is required to carry out the requirements of the contract and employees whose health records will be disseminated are fully informed of the dissemination by the department of employee relations at the time the employees are enrolling for or changing insurance coverage.

(b) In any case involving a suspected violation of a law applicable to health maintenance organizations in which access to health data maintained by the health maintenance organization or participating entity is necessary, the commissioner and agents, while maintaining the privacy rights of individuals and families, shall be permitted to obtain data that identifies any particular patient or client by name. A health maintenance organization shall be entitled to claim any statutory privileges against such disclosure which the provider who furnished the information to the health maintenance organization is entitled to claim.

Sec. 20. Minnesota Statutes 1998, section 72A.491, subdivision 17, is amended to read:

Subd. 17. [PERSONAL INFORMATION.] "Personal information" means any individually identifiable information gathered in connection with an insurance transaction from which judgments can be made about an individual's character, habits, avocations, finances, occupation, general reputation, credit, health, or any other personal characteristics. The term includes the individual's name and address and health record information, but does not include privileged information. Personal information does not include health record information maintained by a health maintenance organization as defined under section 62D.02, subdivision 4, in its capacity as a health provider.

Sec. 21. Minnesota Statutes 1998, section 119A.376, is amended by adding a subdivision to read:

Subd. 4. [DATA CLASSIFICATION.] Data collected on individuals from which the identity of any individual receiving services may be determined are private data on individuals as defined in section 13.02.

Sec. 22. Minnesota Statutes 1998, section 119A.44, is amended by adding a subdivision to read:

Subd. 7. [DATA CLASSIFICATION.] Data collected on individuals from which the identity of any individual receiving services may be determined are private data on individuals as defined in section 13.02.

Sec. 23. Minnesota Statutes 1998, section 119A.50, is amended to read:

119A.50 [HEAD START PROGRAM.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The department of children, families, and learning is the state agency responsible for administering the Head Start program. The commissioner of children, families, and learning may make grants to public or private nonprofit agencies for the purpose of providing supplemental funds for the federal Head Start program.

Subd. 2. [DATA CLASSIFICATION.] Data collected on individuals from which the identity of any individual receiving services may be determined are private data on individuals as defined in section 13.02.

Sec. 24. Minnesota Statutes 1999 Supplement, section 256.978, subdivision 1, is amended to read:

Subdivision 1. [REQUEST FOR INFORMATION.] (a) The public authority responsible for child support in this state or any other state, in order to locate a person or to obtain information necessary to establish paternity and child support or to modify or enforce child support or distribute collections, may request information reasonably necessary to the inquiry from the records of (1) ~~all departments, boards, bureaus, or other agencies of this state~~ agencies or political subdivisions of this state, as defined in section 13.02, which shall, notwithstanding the provisions of section 268.19 or any other law to the contrary, provide the information necessary for this purpose; and (2) employers, utility companies, insurance companies, financial institutions, credit grantors, and labor associations doing business in this state. They shall provide a response upon written or electronic request within 30 days of service of the request made by the public authority. Information requested and used or transmitted by the commissioner according to the authority conferred by this section may be made available to other agencies, statewide systems, and political subdivisions of this state, and agencies of other states, interstate information networks, federal agencies, and other entities as required by federal regulation or law for the administration of the child support enforcement program.

(b) For purposes of this section, "state" includes the District of Columbia, Puerto Rico, the United States Virgin Islands, and any territory or insular possession subject to the jurisdiction of the United States.

Sec. 25. Minnesota Statutes 1999 Supplement, section 268.19, is amended to read:

268.19 [~~INFORMATION DATA PRIVACY~~.]

(a) Except as otherwise provided by this section, data gathered from any employer or individual pursuant to the administration of sections 268.03 to 268.23 are private data on individuals or nonpublic data not on individuals as defined in section 13.02, subdivisions 9 and 12, and may not be disclosed except pursuant to a court order or section 13.05. These data may be disseminated to and used by the following agencies without the consent of the subject of the data:

- (1) state and federal agencies specifically authorized access to the data by state or federal law;
- (2) any agency of Minnesota or any other state; or any federal agency charged with the administration of an employment security law or the maintenance of a system of public employment offices;
- (3) human rights agencies within Minnesota that have enforcement powers;
- (4) the department of revenue must have access to department private data on individuals and nonpublic data not on individuals only to the extent necessary for enforcement of Minnesota tax laws;

(5) public and private agencies responsible for administering publicly financed assistance programs for the purpose of monitoring the eligibility of the program's recipients;

(6) the department of labor and industry on an interchangeable basis with the department subject to the following limitations and regardless of any law to the contrary:

(i) the department must have access to private data on individuals and nonpublic data not on individuals for uses consistent with the administration of its duties under sections 268.03 to 268.23; and

(ii) the department of labor and industry must have access to private data on individuals and nonpublic data not on individuals for uses consistent with the administration of its duties under Minnesota law;

(7) the department of trade and economic development may have access to private data on individual employers and nonpublic data not on individual employers for its internal use only; when received by the department of trade and economic development, the data remain private data on individuals or nonpublic data;

(8) local and state welfare agencies for monitoring the eligibility of the data subject for assistance programs, or for any employment or training program administered by those agencies, whether alone, in combination with another welfare agency, or in conjunction with the department or to monitor and evaluate the statewide Minnesota family investment program by providing data on recipients and former recipients of food stamps, cash assistance under chapter 256, 256D, 256J, or 256K, child care assistance under chapter 119B, or medical programs under chapter 256B, 256D, or 256L;

(9) local, state, and federal law enforcement agencies for the sole purpose of ascertaining the last known address and employment location of the data subject, provided the data subject is the subject of a criminal investigation; ~~and~~

(10) the federal Immigration and Naturalization Service shall have access to data on specific individuals and specific employers provided the specific individual or specific employer is the subject of an investigation by that agency; and

(11) the department of health may have access to private data on individuals and nonpublic data not on individuals solely for the purposes of epidemiologic investigations.

(b) Data on individuals and employers that are collected, maintained, or used by the department in an investigation pursuant to section 268.182 are confidential as to data on individuals and protected nonpublic data not on individuals as defined in section 13.02, subdivisions 3 and 13, and must not be disclosed except pursuant to statute or court order or to a party named in a criminal proceeding, administrative or judicial, for preparation of a defense.

(c) Tape recordings and transcripts of recordings of proceedings conducted in accordance with section 268.105 and exhibits received into evidence at those proceedings are private data on individuals and nonpublic data not on individuals and must be disclosed only pursuant to the administration of section 268.105, or pursuant to a court order.

(d) The department may disseminate an employer's name, address, industry code, occupations employed, and the number of employees by ranges of not less than 100 for the purpose of assisting individuals using the Minnesota workforce center system in obtaining employment.

(e) The general aptitude test battery and the nonverbal aptitude test battery as administered by the department are private data on individuals or nonpublic data.

(f) Data gathered by the department pursuant to the administration of sections 268.03 to 268.23 must not be made the subject or the basis for any suit in any civil proceedings, administrative or judicial, unless the action is initiated by the department.

Sec. 26. Minnesota Statutes 1998, section 270B.14, subdivision 8, is amended to read:

Subd. 8. [EXCHANGE BETWEEN DEPARTMENTS OF LABOR AND INDUSTRY AND REVENUE.] The departments of labor and industry and revenue may exchange information as follows:

- (1) data used in determining whether a business is an employer or a contracting agent;
- (2) taxpayer identity information relating to employers and employees for purposes of supporting tax administration and chapter 176; and
- (3) data to the extent provided in and for the purpose set out in section 176.181, subdivision 8.

Sec. 27. Minnesota Statutes 1998, section 466.03, is amended by adding a subdivision to read:

Subd. 21. [GEOGRAPHIC INFORMATION SYSTEMS (GIS) DATA.] (a) Any claim against a municipality, based on alleged or actual inaccuracies in geographic information systems data, arising from the public's use of GIS data, if the municipality provides a disclaimer of the accuracy of the information at any point of initial contact with a geographic information system to which the public has general access.

(b) Geographic information systems data is government data subject to the presumption of section 13.01, subdivision 3. GIS data is data generated by a computer database or system that is designed to electronically capture, organize, store, update, manipulate, analyze, and display all forms of geographically referenced information that is compiled, from private or public sources, either alone or in cooperation with other public or private entities, for use by a municipality. GIS data is accurate for its intended use by a municipality and may be inaccurate for other uses.

Sec. 28. Minnesota Statutes 1998, section 609.115, subdivision 5, is amended to read:

Subd. 5. [REPORT TO COMMISSIONER OR LOCAL CORRECTIONAL AGENCY.] If the defendant is sentenced to the commissioner of corrections, a copy of any report made pursuant to this section and not made by the commissioner shall accompany the commitment. If the defendant is sentenced to a local correctional agency or facility, a copy of the report must be provided to that agency or facility.

Sec. 29. Laws 1999, chapter 216, article 2, section 27, subdivision 1, is amended to read:

Subdivision 1. [PILOT PROJECT AUTHORIZED; PURPOSE.] The fourth judicial district may establish a domestic fatality review team as a 30-month pilot project to review domestic violence deaths that have occurred in the district. The team may review cases in which prosecution has been completed or the prosecutorial authority has decided not to pursue the case. The purpose of the review team is to assess domestic violence deaths in order to develop recommendations for policies and protocols for community prevention and intervention initiatives to reduce and eliminate the incidence of domestic violence and resulting fatalities.

Sec. 30. Laws 1999, chapter 216, article 2, section 27, is amended by adding a subdivision to read:

Subd. 3a. [DUTIES; ACCESS TO DATA.] (a) The domestic fatality review team shall collect, review, and analyze death certificates and death data, including investigative reports, medical and counseling records, victim service records, employment records, child abuse reports, or other information concerning domestic violence deaths, survivor interviews and surveys, and other information deemed by the team as necessary and appropriate concerning the causes and manner of domestic violence deaths.

(b) The review team has access to the following not public data, as defined in Minnesota Statutes, section 13.02, subdivision 8a, relating to a case being reviewed by the team: inactive law enforcement investigative data under Minnesota Statutes, section 13.82; autopsy records and coroner or medical examiner investigative data under Minnesota Statutes, section 13.83; hospital, public health, or other medical records of the victim under Minnesota Statutes, section 13.42; records under Minnesota Statutes, section 13.46, created by social service agencies that

provided services to the victim, the alleged perpetrator, or another victim who experienced or was threatened with domestic abuse by the perpetrator; and child maltreatment records under Minnesota Statutes, section 626.556, relating to the victim or a family or household member of the victim. Access to medical records under this paragraph also includes records governed by Minnesota Statutes, section 144.335.

(c) As part of any review, the domestic fatality review team may compel the production of other records by applying to the district court for a subpoena, which will be effective throughout the state according to the Rules of Civil Procedure.

Sec. 31. Laws 1999, chapter 216, article 2, section 27, is amended by adding a subdivision to read:

Subd. 3b. [CONFIDENTIALITY; DATA PRIVACY.] A person attending a domestic fatality review team meeting may not disclose what transpired at the meeting, except to carry out the purposes of the review team or as otherwise provided in this subdivision. The review team may disclose the names of the victims in the cases it reviewed. The proceedings and records of the review team are confidential data as defined in Minnesota Statutes, section 13.02, subdivision 3, or protected nonpublic data as defined in Minnesota Statutes, section 13.02, subdivision 13, regardless of their classification in the hands of the person who provided the data, and are not subject to discovery or introduction into evidence in a civil or criminal action against a professional, the state or a county agency, arising out of the matters the team is reviewing. Information, documents, and records otherwise available from other sources are not immune from discovery or use in a civil or criminal action solely because they were presented during proceedings of the review team. This section does not limit a person who presented information before the review team or who is a member of the panel from testifying about matters within the person's knowledge. However, in a civil or criminal proceeding, a person may not be questioned about the person's good faith presentation of information to the review team or opinions formed by the person as a result of the review team meetings.

Sec. 32. Laws 1999, chapter 216, article 2, section 27, is amended by adding a subdivision to read:

Subd. 3c. [IMMUNITY.] Members of the fourth judicial district domestic fatality advisory board, members of the domestic fatality review team, and members of each review panel, as well as their agents or employees, are immune from claims and are not subject to any suits, liability, damages, or any other recourse, civil or criminal, arising from any act, proceeding, decision, or determination undertaken or performed or recommendation made by the domestic fatality review team, provided they acted in good faith and without malice in carrying out their responsibilities. Good faith is presumed until proven otherwise and the complainant has the burden of proving malice or a lack of good faith. No organization, institution, or person furnishing information, data, testimony, reports, or records to the domestic fatality review team as part of an investigation is civilly or criminally liable or subject to any other recourse for providing the information.

Sec. 33. [REPEALER.]

Minnesota Statutes 1998, section 62D.14, subdivision 4, is repealed.

Sec. 34. [EFFECTIVE DATE.]

Section 9 is effective July 1, 2001. Section 27 is effective the day following final enactment and applies to causes of action arising on or after that date."

Delete the title and insert:

"A bill for an act relating to government data practices; classifying data; providing for access to and sharing of data; authorizing certain restrictions on access to data; clarifying definitions and application provisions; modifying penalty provisions; providing for electronic copies of data; classifying and regulating disclosure of information held by health maintenance organizations; prohibiting monitoring of persons requesting access to public data; requiring government entities to have a data practices compliance official; limiting tort liability for disclosure of geographic information systems data; providing for administrative and civil remedies; amending Minnesota Statutes 1998,

sections 13.01, by adding subdivisions; 13.02, by adding a subdivision; 13.03, subdivision 5; 13.05, by adding subdivisions; 13.08, subdivision 4; 13.41, subdivision 2; 13.84, subdivisions 5 and 6; 62D.14, by adding a subdivision; 72A.491, subdivision 17; 119A.376, by adding a subdivision; 119A.44, by adding a subdivision; 119A.50; 270B.14, subdivision 8; 466.03, by adding a subdivision; and 609.115, subdivision 5; Minnesota Statutes 1999 Supplement, sections 13.03, subdivision 3; 13.32, subdivision 7; 13.99, subdivision 19, and by adding a subdivision; 256.978, subdivision 1; and 268.19; Laws 1999, chapter 216, article 2, section 27, subdivision 1, and by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapters 13; and 62D; repealing Minnesota Statutes 1998, section 62D.14, subdivision 4."

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

House Conferees: MARY LIZ HOLBERG, STEVE SMITH AND PHIL CARRUTHERS.

Senate Conferees: DON BETZOLD, JANE B. RANUM AND DAVID L. KNUTSON.

Holberg moved that the report of the Conference Committee on H. F. No. 3501 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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

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

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

Those who voted in the affirmative were:

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

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3534

A bill for an act relating to agriculture; changing certain requirements and enforcement procedures for agricultural contracts; amending Minnesota Statutes 1998, sections 17.90, by adding a subdivision; and 17.91; proposing coding for new law in Minnesota Statutes, chapter 17.

May 1, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 3534, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 3534 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 17.90, is amended by adding a subdivision to read:

Subd. 1a. [AGRICULTURAL CONTRACT.] "Agricultural contract" means any written contract between a contractor and a producer.

Sec. 2. Minnesota Statutes 1998, section 17.90, is amended by adding a subdivision to read:

Subd. 3a. [LEGIBLE TYPE.] "Legible type" means a typeface at least as large as ten-point modern type, one-point leaded.

Sec. 3. Minnesota Statutes 1998, section 17.90, subdivision 4, is amended to read:

Subd. 4. [PRODUCER.] "Producer" means a person who produces or causes to be produced an agricultural commodity in a quantity beyond the person's own family use and:

(1) is able to transfer title to another; or

(2) provides management, labor, machinery, facilities, or any other production input for the production of an agricultural commodity.

Sec. 4. Minnesota Statutes 1998, section 17.91, is amended to read:

17.91 ~~[MEDIATION; ARBITRATION REQUIRED LANGUAGE.]~~

Subdivision 1. [MEDIATION; ARBITRATION.] A contract for an agricultural commodity between a contractor and a producer must contain language providing for resolution of contract disputes by either mediation or arbitration. If there is a contract dispute, either party may make a written request to the commissioner for mediation or arbitration services as specified in the contract, to facilitate resolution of the dispute.

Subd. 2. [WRITTEN DISCLOSURE OF RISKS.] An agricultural contract must be accompanied by a clear written disclosure setting forth the nature of the material risks faced by the producer if the producer enters into the contract. The statement must meet the plain language requirements of section 17.943. The statement may be in the form of a written statement or checklist and may be developed in cooperation with producers or producer organizations. A

contractor may submit a sample material risk disclosure statement to the commissioner for examination. If the commissioner approves of the statement or fails to respond within 30 days of receipt of the statement, the statement will be deemed to comply with this subdivision and with the plain language requirements of section 17.943.

Sec. 5. [17.941] [PRODUCER'S RIGHT TO REVIEW.]

A producer may cancel an agricultural contract by mailing a written cancellation notice to the contractor within three business days after the producer receives a copy of the signed contract, or before a later cancellation deadline if a later deadline is specified in the contract. The producer's right to cancel, the method by which the producer may cancel, and the deadline for canceling the contract shall be clearly disclosed in every agricultural contract.

Sec. 6. [17.942] [COVER SHEET REQUIREMENTS.]

Subdivision 1. [MANDATORY COVER PAGE.] An agricultural contract entered into or substantively amended after January 1, 2001, must contain as the first page, or first page of text if it is preceded by a title page or pages, a cover sheet as provided in this section.

Subd. 2. [REQUIREMENTS.] The cover sheet or sheets must comply with section 17.943, and must contain the following:

(1) a brief statement that the document is a legal contract between the contractor and the producer;

(2) the statement "READ YOUR CONTRACT CAREFULLY. This cover sheet provides only a brief summary of your contract. This is not the contract and only the terms of the actual contract are legally binding. The contract itself sets forth, in detail, the rights and obligations of both you and the contractor. IT IS THEREFORE IMPORTANT THAT YOU READ YOUR CONTRACT CAREFULLY.";

(3) the written disclosure of material risks required by section 17.91, subdivision 2;

(4) a statement detailing, in plain language, the producer's right to review the contract as described in section 17.941; and

(5) an index of the major provisions of the contract and the pages on which they are found, including:

(i) the names of all parties to the contract;

(ii) the definition sections of the contract;

(iii) the provisions governing cancellation, renewal, or amendment of the contract by either party;

(iv) the duties or obligations of each party; and

(v) any provisions subject to change in the contract.

Sec. 7. [17.943] [CONTRACT FORMAT.]

Subdivision 1. [READABILITY.] An agricultural contract must be in legible type, appropriately divided and captioned by its various sections, and written in clear and coherent language using words and grammar that are understandable by a person of average intelligence, education, and experience within the industry.

Subd. 2. [EXCEPTIONS.] Subdivision 1 does not apply to particular words, phrases, provisions, or forms of agreement specifically required, recommended, or endorsed by a state or federal statute, rule, or regulation.

Subd. 3. [CUSTOMARILY USED TERMS.] An agricultural contract may include technical terms to describe the services or property which are the subject of the contract, if the terms are customarily used by producers in the ordinary course of business in connection with the services or property being described.

Sec. 8. [17.944] [REVIEW BY COMMISSIONER.]

Subdivision 1. [AGRICULTURAL CONTRACTS.] For purposes of this section and section 17.943, "agricultural contract" includes, where applicable, the cover sheet as defined in section 17.942, and material risk disclosure statement required by section 17.91, subdivision 2.

Subd. 2. [PROCESS OF REVIEW.] A contractor may submit an agricultural contract to the commissioner for review as to whether it complies with section 17.943. After reviewing the contract, the commissioner shall:

(1) certify that the contract complies with section 17.943;

(2) decline to certify that the contract complies with section 17.943 and note objections;

(3) decline to review the contract because the contract's compliance with section 17.943 is subject to pending litigation; or

(4) decline to review the contract because the contract is not subject to section 17.943.

Subd. 3. [FACTORS IN DETERMINING READABILITY.] In determining whether a contract or cover sheet is readable within the meaning of section 17.943, the commissioner shall consider at least the following factors:

(1) the simplicity of the sentence structure;

(2) the extent to which commonly used and understood words are employed;

(3) the extent to which esoteric legal terms are avoided;

(4) the extent to which references to other sections or provisions of the contract are minimized;

(5) the Flesch scale analysis readability score as outlined in section 72C.09;

(6) the extent to which clear definitions are used in the text of the contract; and

(7) additional factors relevant to the contract being easy to read and understand.

Subd. 4. [PROCESS NOT REVIEWABLE.] Actions of the commissioner under subdivision 1 are not subject to chapter 14 and are not appealable.

Subd. 5. [LIMITED EFFECT OF CERTIFICATION.] A contract certified under subdivision 1 is deemed to comply with section 17.943. Certification of a contract under subdivision 1 does not constitute an approval of the contract's legality or legal effect.

If the commissioner certifies a contract or fails to respond within 30 days of receipt of the contract, the contractor will have complied with sections 17.91 and 17.943, and the remedies stated in subdivisions 7 and 8 are not available.

Subd. 6. [REVIEW NOT REQUIRED.] Failure to submit a contract to the commissioner for review under subdivision 1 does not show a lack of good faith or raise a presumption that the contract violates section 17.943.

Subd. 7. [ENFORCEMENT REMEDIES.] A violation of section 17.943 is a violation subject to section 8.31, subdivision 1. The remedies in section 8.31, subdivisions 3 and 3a, are limited by section 17.9441.

Subd. 8. [REFORMATION.] (a) In addition to the remedies provided in section 8.31, a court reviewing an agricultural contract may change the terms of the contract or limit a provision to avoid an unfair result if it finds that:

(1) a material provision of the contract violates section 17.943;

(2) the violation caused the producer to be substantially confused about any of the rights, obligations, or remedies of the contract; and

(3) the violation has caused or is likely to cause financial detriment to the producer.

(b) If the court reforms or limits a provision of a contract, the court shall also make orders necessary to avoid unjust enrichment. Bringing a claim for relief under this subdivision does not entitle a producer to withhold performance of an otherwise valid contractual obligation. No relief may be granted under this subdivision unless the claim is brought before the obligations of the contract have been fully performed.

Sec. 9. [17.9441] [LIMITS ON REMEDIES.]

Subdivision 1. [PENALTIES.] In a proceeding in which civil penalties are claimed from a party for a violation of section 17.943, it is a defense to the claim that the party made a good faith and reasonable effort to comply with section 17.943.

Subd. 2. [ATTORNEY'S FEES.] A party who has made a good faith and reasonable effort to comply with section 17.943 may not be assessed attorney's fees or costs of investigation in an action for violating section 17.943.

Subd. 3. [CLASS ACTION ATTORNEY'S FEES.] In a class action or series of class actions that arise from the use by a contractor of an agricultural contract found to violate section 17.943, the amount of attorney's fees and costs of investigation assessed against that contractor and in favor of the class or classes may not exceed \$10,000.

Subd. 4. [LIMITS ON PRODUCER ACTIONS.] Violation of section 17.943 is not a defense to a claim arising from a producer's breach of an agricultural contract. A producer may recover actual damages caused by a violation of section 17.943 only if the violation caused the producer to not understand the rights, obligations, or remedies of the contract.

Subd. 5. [STATUTE OF LIMITATIONS.] A claim that an agricultural contract violates section 17.943 must be raised within six years of the date the contract is executed by the producer.

Sec. 10. [17.9442] [APPLICABILITY OF CONTRACT REQUIREMENTS.]

The requirements for the written disclosure of material risks under section 17.91, subdivision 2; the three-day review period under section 17.941; the cover sheet requirement under section 17.942; and the contract readability requirements under section 17.943, subdivision 1, do not apply to contracts which provide for:

(1) the sale and purchase of a fixed amount of a commodity for delivery at a set price;

(2) price-later grain contracts;

(3) contracts agreed to between a processor and an accredited bargaining organization under sections 17.691 to 17.703;

(4) future contracts which involve the sale or purchase of a standardized quantity of a commodity for future delivery on a regulated commodity exchange;

(5) agricultural marketing contracts between a capital stock cooperative and its members under section 308A.205;
or

(6) occasional sales between persons who produce or cause to be produced food, feed, or fiber in a quantity beyond their own family use.

Sec. 11. [17.9443] [WAIVER OF CONTRACT PROVISIONS IS VOID.]

Any provision of an agricultural contract which waives or attempts to waive any provision of sections 17.90 to 17.97 is void.

Sec. 12. [EFFECTIVE DATE.]

Sections 1 to 11 are effective on January 1, 2001, and apply to agricultural contracts entered into or substantively amended after that date."

Delete the title and insert:

"A bill for an act relating to agriculture; changing certain requirements and enforcement procedures for agricultural contracts; amending Minnesota Statutes 1998, sections 17.90, subdivision 4, and by adding subdivisions; and 17.91; proposing coding for new law in Minnesota Statutes, chapter 17."

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

House Conferees: ELAINE HARDER, STEPHEN G. WENZEL AND TIM FINSETH.

Senate Conferees: DENNIS R. FREDERICKSON, DALLAS C. SAMS AND JIM VICKERMAN.

Harder moved that the report of the Conference Committee on H. F. No. 3534 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

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

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

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Cassell	Erickson	Hackbarth	Kalis	Lindner
Abrams	Chaudhary	Finseth	Harder	Kelliher	Luther
Anderson, B.	Clark, J.	Folliard	Hasskamp	Kielkucki	Mahoney
Anderson, I.	Clark, K.	Fuller	Hilty	Knoblach	Mares
Bakk	Daggett	Gerlach	Holberg	Koskinen	Mariani
Biernat	Davids	Gleason	Holsten	Krinkie	Marko
Bishop	Dawkins	Goodno	Howes	Kubly	McCollum
Boudreau	Dehler	Gray	Huntley	Kuistle	McElroy
Bradley	Dempsey	Greenfield	Jaros	Larsen, P.	McGuire
Broecker	Dorman	Greiling	Jennings	Larson, D.	Milbert
Buesgens	Dorn	Gunther	Johnson	Lenczewski	Molnau
Carlson	Entenza	Haake	Juhnke	Leppik	Mulder
Carruthers	Erhardt	Haas	Kahn	Lieder	Mullery

Murphy	Paulsen	Rifenberg	Smith	Tomassoni	Westerberg
Ness	Pawlenty	Rostberg	Solberg	Trimble	Westfall
Nornes	Paymar	Rukavina	Stanek	Tuma	Westrom
Olson	Pelowski	Schumacher	Stang	Tunheim	Wilkin
Opatz	Peterson	Seagren	Storm	Van Dellen	Winter
Osskopp	Pugh	Seifert, J.	Swapinski	Vandever	Workman
Osthoff	Rest	Seifert, M.	Swenson	Wagenius	Spk. Sviggum
Otremba	Reuter	Skoe	Sykora	Wejcman	
Ozment	Rhodes	Skoglund	Tingelstad	Wenzel	

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

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

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

H. F. No. 3046, A bill for an act relating to game and fish; requiring certain reports; modifying duties of citizen oversight committees; modifying certain licensing fees; appropriating money; amending Minnesota Statutes 1998, sections 97A.055, subdivisions 4 and 4a; 97A.475, subdivisions 2, 3, 6, 7, 8, 11, 12, 13, and 20; and 97A.485, subdivision 12.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Holsten moved that the House concur in the Senate amendments to H. F. No. 3046 and that the bill be repassed as amended by the Senate. The motion prevailed.

The Speaker called Abrams to the Chair.

H. F. No. 3046, A bill for an act relating to natural resources; requiring certain reports; modifying duties of citizen oversight committees; modifying certain license fees; providing for wolf management; modifying use of lighted fishing lures; modifying disposition of payments in lieu of sales tax for lottery tickets; appropriating money; amending Minnesota Statutes 1998, sections 3.737, subdivision 1; 97A.055, subdivisions 4 and 4a; 97A.331, by adding a subdivision; 97A.475, subdivisions 2, 3, 6, 7, 8, 11, 12, 13, and 20; 97A.485, subdivision 12; 97B.645; 97B.671, subdivision 3, and by adding a subdivision; 97C.335, as amended; and 297A.44, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 97B.

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 87 yeas and 44 nays as follows:

Those who voted in the affirmative were:

Abeler	Finseth	Juhnke	Mullery	Rhodes	Tingelstad
Bakk	Fuller	Kalis	Murphy	Rostberg	Tomassoni
Bishop	Goodno	Kelliher	Ness	Rukavina	Trimble
Boudreau	Gunther	Koskinen	Nornes	Schumacher	Tuma
Bradley	Haas	Kubly	Olson	Seagren	Tunheim
Broecker	Hackbarth	Kuisle	Opatz	Seifert, J.	Wenzel
Cassell	Harder	Larsen, P.	Osskopp	Seifert, M.	Westerberg
Daggett	Hasskamp	Leighton	Osthoff	Skoe	Westfall
Dauids	Hilty	Lenczewski	Otremba	Solberg	Westrom
Dempsey	Holsten	Leppik	Ozment	Stanek	Winter
Dorman	Howes	Lieder	Pawlenty	Stang	Workman
Dorn	Huntley	Luther	Pelowski	Storm	Spk. Sviggum
Entenza	Jaros	Mahoney	Peterson	Swapinski	
Erhardt	Jennings	Mares	Pugh	Swenson	
Erickson	Johnson	McElroy	Rest	Sykora	

Those who voted in the negative were:

Abrams	Clark, J.	Greenfield	Larson, D.	Mulder	Vandevveer
Anderson, B.	Clark, K.	Greiling	Lindner	Paulsen	Wagenius
Anderson, I.	Dawkins	Haake	Mariani	Paymar	Wejzman
Biernat	Dehler	Holberg	Marko	Reuter	Wilkin
Buesgens	Folliard	Kahn	McCollum	Rifenberg	
Carlson	Gerlach	Kielkucki	McGuire	Skoglund	
Carruthers	Gleason	Knoblach	Milbert	Smith	
Chaudhary	Gray	Krinkie	Molnau	Van Dellen	

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

Mr. Speaker:

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

H. F. No. 3557, A bill for an act relating to appropriations; modifying certain state government provisions; amending Minnesota Statutes 1999 Supplement, section 16A.129, subdivision 3; Laws 1999, chapter 250, article 1, sections 11 and 14, subdivision 3; repealing Laws 1999, chapter 250, article 1, section 15, subdivision 4.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Krinkie moved that the House concur in the Senate amendments to H. F. No. 3557 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 3557, A bill for an act relating to legislative enactments; correcting miscellaneous oversights, inconsistencies, unintended results, and technical errors in state government, human services, and prekindergarten-grade 12 education code appropriations acts; appropriating money; amending Minnesota Statutes 1998, sections 125A.21, subdivision 1; and 256B.501, by adding a subdivision; Minnesota Statutes 1999 Supplement, sections 16A.129, subdivision 3; 124D.65, subdivision 4; 126C.052; 126C.10, subdivisions 2 and 23; 126C.12, subdivision 1; and 256B.77, subdivision 10; Laws 1999, chapters 241, articles 1, section 70; and 4, section 29; 245, articles 1, section 3, subdivision 2; and 4, section 121; 250, article 1, sections 11 and 14, subdivision 3; repealing Laws 1999, chapter 241, article 10, section 5; and 250, article 1, section 15, subdivision 4.

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 127 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Opatz Rest

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

Solberg was excused between the hours of 2:55 p.m. and 5:30 p.m.

Mr. Speaker:

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

S. F. No. 3028.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 3028

A bill for an act relating to vulnerable adults; specifying rights for reconsideration and review of determinations regarding maltreatment; amending Minnesota Statutes 1998, section 626.557, subdivisions 9c, 9d, and 12b; Minnesota Statutes 1999 Supplement, section 13.99, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 256.

April 26, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 3028, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 3028 be further amended as follows:

Page 10, after line 7, insert:

"Sec. 6. Laws 1995, chapter 207, article 8, section 37, is amended to read:

Sec. 37. [256.0121] [SOUTHERN CITIES COMMUNITY HEALTH CLINIC.]

Subdivision 1. [SERVICE PROVISION.] The commissioner of human services shall offer medically necessary psychiatric and dental services to developmentally disabled clients in the Faribault service area through the Southern Cities Community Health Clinic. For purposes of this requirement, the Faribault service area is expanded to also include geographic areas of the state within 100 miles of Faribault.

Subd. 2. [CONSULTATION REQUIRED.] The commissioner of human services shall consult with ~~the Faribault community task force~~ providers of psychiatric and dental services to developmentally disabled clients, family members of developmentally disabled clients, the chairs of the house and senate committees with jurisdiction over health and human services fiscal issues, and the exclusive representatives before making any decisions about when considering policy changes related to:

- (1) the future of the Southern Cities Community Health Clinic;
- (2) the services currently provided by that clinic to developmentally disabled clients in the Faribault regional center catchment area; and
- (3) changes in the model for providing those services.

Subd. 3. [GUARANTEE OF SERVICE AVAILABILITY; LEGISLATIVE NOTICE.] (a) The department of human services shall guarantee the provision of medically necessary psychiatric and dental services to developmentally disabled clients in the Faribault service area through the Southern Cities Community Health Clinic until or unless other appropriate arrangements have been made to provide those clients with those services and the requirements of paragraph (b) are met.

(b) The commissioner shall notify the chairs of the house and senate committees with jurisdiction over health and human services fiscal issues of plans to use other arrangements to provide medically necessary psychiatric and dental services to developmentally disabled clients in the Faribault service area. The commissioner must not implement these arrangements unless a regular legislative session has convened and adjourned since the date notice was given under this paragraph."

Amend the title as follows:

Page 1, line 2, delete "vulnerable adults" and insert "human services"

Page 1, line 4, before the semicolon, insert "of vulnerable adults; modifying provisions governing the Southern Cities Community Health Clinic"

Page 1, line 7, after the semicolon, insert "Laws 1995, chapter 207, article 8, section 37;"

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

Senate Conferees: ALLAN H. SPEAR, THOMAS M. NEUVILLE AND DON SAMUELSON.

House Conferees: LEE GREENFIELD, LYNDA BOUDREAU AND KEVIN GOODNO.

Greenfield moved that the report of the Conference Committee on S. F. No. 3028 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 3028, A bill for an act relating to vulnerable adults; specifying rights for reconsideration and review of determinations regarding maltreatment; amending Minnesota Statutes 1998, section 626.557, subdivisions 9c, 9d, and 12b; Minnesota Statutes 1999 Supplement, section 13.99, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 256.

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

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

Those who voted in the affirmative were:

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

Seifert, M.	Stang	Tingelstad	Van Dellen	Westerberg	Workman
Skoe	Storm	Tomassoni	Vandev eer	Westfall	Spk. Sviggum
Skoglund	Swapinski	Trimble	Wagenius	Westrom	
Smith	Swenson	Tuma	Wejcm an	Wilkin	
Stanek	Sykora	Tunheim	Wenzel	Winter	

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

Mr. Speaker:

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

S. F. No. 3036.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 3036

A bill for an act relating to natural resources; providing for seizure and administrative forfeiture of certain firearms and abandoned property; modifying authority to issue trespass citations; modifying provisions for forfeited vehicles; modifying definition of peace officer; providing civil penalties; appropriating money; amending Minnesota Statutes 1998, sections 97B.002, subdivision 1; and 609.5312, subdivision 4; Minnesota Statutes 1999 Supplement, sections 169.1217, subdivision 9; and 169.123, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 97A.

May 2, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 3036, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 3036 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [97A.223] [SEIZURE AND ADMINISTRATIVE FORFEITURE OF CERTAIN FIREARMS AND ABANDONED PROPERTY.]

Subdivision 1. [PROPERTY SUBJECT TO SEIZURE AND FORFEITURE.] (a) An enforcement officer must seize:

(1) firearms possessed in violation of state or federal law or court order; and

(2) property described in section 97A.221, subdivision 1, where no owner can be determined.

(b) Property seized under this section is subject to administrative forfeiture.

Subd. 2. [NOTICE OF SEIZURE AND INTENT TO FORFEIT.] When property is seized under subdivision 1, the enforcement officer shall serve any known owner and person possessing the property with a notice of the seizure and intent to forfeit the property. The notice must be in writing, describing the property seized, the date of seizure, and notice of the right to appeal the seizure and forfeiture as described in subdivision 3.

Subd. 3. [APPEAL; FINAL ORDER.] Seizure and administrative forfeiture of property under this section may be appealed under the procedures in section 116.072, subdivision 6, if the owner or other person from whom the property was seized requests a hearing by notifying the commissioner in writing within 45 days after seizure of the property. For purposes of this section, the terms "commissioner" and "agency" as used in section 116.072 mean the commissioner of natural resources. If a hearing is not requested within 45 days of seizure, the forfeiture becomes a final order and not subject to further review.

Subd. 4. [OTHER REMEDIES.] The authority to forfeit firearms and other property under this section is in addition to other remedies available under state and federal law.

Subd. 5. [DISPOSAL OF FORFEITED PROPERTY.] Forfeited property under this section may be disposed of as contraband according to section 97A.221, subdivision 4.

Sec. 2. Minnesota Statutes 1998, section 97B.002, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ISSUE.] Conservation officers, sheriffs, and deputies may issue citations to a person who trespasses in violation of section 84.90 or 97B.001 or removes a sign posted to prevent trespass without permission of the owner of the property.

Sec. 3. Minnesota Statutes 1999 Supplement, 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, possessory, or security interest in the vehicle must be notified of the seizure and the intent to forfeit the vehicle. The notification to a person known to have a security interest in the vehicle is required only if the vehicle is registered under chapter 168 and the interest is listed on the vehicle's title. 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. IF THE PROPERTY IS WORTH \$7,500 OR LESS, YOU MAY FILE YOUR CLAIM IN CONCILIATION COURT. YOU DO NOT HAVE TO PAY THE CONCILIATION COURT FILING FEE IF THE PROPERTY IS WORTH LESS THAN \$500."

(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 \$7,500 or less, the claimant may file an action in conciliation court for recovery of the seized vehicle. If the value of the seized property is less than \$500, the claimant does not have to pay 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~~, at the option of the prosecuting authority, may take place at the same time as any judicial review of the person's license revocation under section 169.123. If the judicial review and hearing under this section do not take place at the same time as the judicial review of the person's license revocation under section 169.123, the review and hearing must take place at the earliest practicable date. 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 sanctions under section 549.211.

Sec. 4. Minnesota Statutes 1998, section 169.1217, is amended by adding a subdivision to read:

Subd. 10. [SALE OF FORFEITED VEHICLE BY SECURED PARTY.] (a) A financial institution with a valid security interest in or a valid lease covering a forfeited vehicle may choose to dispose of the vehicle under this subdivision, in lieu of the appropriate agency disposing of the vehicle under subdivision 9. A financial institution wishing to dispose of a vehicle under this subdivision shall notify the appropriate agency of its intent, in writing, within 30 days after receiving notice of the seizure and forfeiture. The appropriate agency shall release the vehicle to the financial institution or its agent after the financial institution presents proof of its valid security agreement or of its lease agreement and the financial institution agrees not to sell the vehicle to a member of the violator's household, unless the violator is not convicted of the offense on which the forfeiture is based. The financial institution shall dispose of the vehicle in a commercially reasonable manner as defined in section 336.9-504.

(b) After disposing of the forfeited vehicle, the financial institution shall reimburse the appropriate agency for its seizure, storage, and forfeiture costs. The financial institution may then apply the proceeds of the sale to its storage costs, to its sale expenses, and to satisfy the lien or the lease on the vehicle. If any proceeds remain, the financial institution shall forward the proceeds to the state treasury, which shall credit the appropriate fund as specified in subdivision 9.

Sec. 5. Minnesota Statutes 1998, section 609.5312, subdivision 4, is amended to read:

Subd. 4. [VEHICLE FORFEITURE FOR FLEEING A PEACE OFFICER.] (a) A motor vehicle is subject to forfeiture under this subdivision if it was used to commit a violation of section 609.487 and endanger life or property. A motor vehicle is subject to forfeiture under this subdivision only if the offense is established by proof of a criminal conviction for the offense. Except as otherwise provided in this subdivision, a forfeiture under this subdivision is governed by sections 609.531, 609.5312, 609.5313, and 609.5315, subdivision 6.

(b) When a motor vehicle subject to forfeiture under this subdivision is seized in advance of a judicial forfeiture order, a hearing before a judge or referee must be held within 96 hours of the seizure. Notice of the hearing must be given to the registered owner within 48 hours of the seizure. The prosecuting authority shall certify to the court, at or in advance of the hearing, that it has filed or intends to file charges against the alleged violator for violating section 609.487. After conducting the hearing, the court shall order that the motor vehicle be returned to the owner if:

(1) the prosecutor has failed to make the certification required by this paragraph;

(2) the owner of the motor vehicle has demonstrated to the court's satisfaction that the owner has a defense to the forfeiture, including but not limited to the defenses contained in subdivision 2; or

(3) the court determines that seizure of the vehicle creates or would create an undue hardship for members of the owner's family.

(c) If the defendant is acquitted or the charges against the defendant are dismissed, neither the owner nor the defendant is responsible for paying any costs associated with the seizure or storage of the vehicle.

(d) A vehicle leased or rented under section 168.27, subdivision 4, for a period of 180 days or less is not subject to forfeiture under this subdivision.

(e) A motor vehicle that is an off-road recreational vehicle as defined in section 169.01, subdivision 86, or a motorboat as defined in section 169.01, subdivision 87, is not subject to paragraph (b).

Sec. 6. [ASSESSING GROSS VIOLATIONS; REPORT.]

The commissioner of natural resources must review and assess gross violations of taking game and fish resources. A report on increased penalties for gross violations must be completed by the commissioner by February 1, 2001, and delivered to the house and senate committees on natural resources policy and finance.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to penalties; providing for seizure and administrative forfeiture of certain firearms and abandoned property; modifying authority to issue trespass citations; modifying provisions for forfeited vehicles; requiring a report of gross violations of game and fish law; providing civil penalties; amending Minnesota Statutes 1998, sections 97B.002, subdivision 1; 169.1217, by adding a subdivision; and 609.5312, subdivision 4; Minnesota Statutes 1999 Supplement, section 169.1217, subdivision 7a; proposing coding for new law in Minnesota Statutes, chapter 97A."

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

Senate Conferees: DAVE JOHNSON, JANE KRENTZ AND GARY W. LAIDIG.

House Conferees: BILL HAAS, KATHY TINGELSTAD AND BETTY MCCOLLUM.

Haas moved that the report of the Conference Committee on S. F. No. 3036 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 3036, A bill for an act relating to natural resources; providing for seizure and administrative forfeiture of certain firearms and abandoned property; modifying authority to issue trespass citations; modifying provisions for forfeited vehicles; modifying definition of peace officer; providing civil penalties; appropriating money; amending Minnesota Statutes 1998, sections 97B.002, subdivision 1; and 609.5312, subdivision 4; Minnesota Statutes 1999 Supplement, sections 169.1217, subdivision 9; and 169.123, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 97A.

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

The question was taken on the repassage of the bill and the roll was called. There were 112 yeas and 17 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Anderson, B.	Erickson	Kielkucki	Mulder	Rifenberg	Van Dellen
Buesgens	Finseth	Krinkie	Osskopp	Seifert, M.	Wilkin
Clark, J.	Gerlach	Lindner	Reuter	Smith	

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

Mr. Speaker:

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

S. F. No. 3234.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 3234

A bill for an act relating to state government; authorizing legislative governmental operations committees to formally object to administrative rules; modifying the review of proposed rules; creating a rules task force; providing appointments; amending Minnesota Statutes 1998, sections 3.842, subdivision 4a; and 14.15, subdivision 4; Minnesota Statutes 1999 Supplement, section 14.26, subdivision 3.

May 3, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 3234, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 3234 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 3.842, subdivision 4a, is amended to read:

Subd. 4a. [OBJECTIONS TO RULES.] (a) For purposes of this subdivision, "committee" means the house of representatives policy committee or senate policy committee with primary jurisdiction over state governmental operations. The commission or a committee may object to a rule as provided in this subdivision. If the commission or a committee objects to all or some portion of a rule because the commission or committee considers it to be beyond the procedural or substantive authority delegated to the agency, including a proposed rule submitted under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), the commission or committee may file that objection in the office of the secretary of state. The filed objection must contain a concise statement of the commission's or committee's reasons for its action. An objection to a proposed rule submitted by the commission or a committee under section 14.15, subdivision 4, or 14.26, subdivision 3, paragraph (c), may not be filed before the rule is adopted.

(b) The secretary of state shall affix to each objection a certification of the date and time of its filing and as soon after the objection is filed as practicable shall transmit a certified copy of it to the agency issuing the rule in question and to the revisor of statutes. The secretary of state shall also maintain a permanent register open to public inspection of all objections by the commission or committee.

(c) The commission or committee shall publish and index an objection filed under this section in the next issue of the State Register. The revisor of statutes shall indicate the existence of the objection adjacent to the rule in question when that rule is published in Minnesota Rules.

(d) Within 14 days after the filing of an objection by the commission or committee to a rule, the issuing agency shall respond in writing to the ~~commission~~ objecting entity. After receipt of the response, the commission or committee may withdraw or modify its objection.

(e) After the filing of an objection by the commission or committee that is not subsequently withdrawn, the burden is upon the agency in any proceeding for judicial review or for enforcement of the rule to establish that the whole or portion of the rule objected to is valid.

(f) The failure of the commission or a committee to object to a rule is not an implied legislative authorization of its validity.

(g) In accordance with sections 14.44 and 14.45, the commission or a committee may petition for a declaratory judgment to determine the validity of a rule objected to by the commission or committee. The action must be started within two years after an objection is filed in the office of the secretary of state.

(h) The commission or a committee may intervene in litigation arising from agency action. For purposes of this paragraph, agency action means the whole or part of a rule, or the failure to issue a rule.

Sec. 2. Minnesota Statutes 1998, section 14.15, subdivision 4, is amended to read:

Subd. 4. [NEED OR REASONABLENESS NOT ESTABLISHED.] If the chief administrative law judge determines that the need for or reasonableness of the rule has not been established pursuant to section 14.14, subdivision 2, and if the agency does not elect to follow the suggested actions of the chief administrative law judge to correct that defect, then the agency shall submit the proposed rule to the legislative coordinating commission and to the house of representatives and senate policy committees with primary jurisdiction over state governmental operations for the ~~commission's~~ advice and comment. The agency may not adopt the rule until it has received and considered the advice of the commission and committees. However, the agency is not required to wait for the ~~commission's~~ advice for more than 60 days after the commission has and committees have received the agency's submission.

Sec. 3. Minnesota Statutes 1999 Supplement, section 14.26, subdivision 3, is amended to read:

Subd. 3. [REVIEW.] (a) Within 14 days, the administrative law judge shall approve or disapprove the rule as to its legality and its form to the extent that the form relates to legality, including the issues of whether the rule if modified is substantially different, as determined under section 14.05, subdivision 2, from the rule as originally proposed, whether the agency has the authority to adopt the rule, and whether the record demonstrates a rational basis for the need for and reasonableness of the proposed rule. If the rule is approved, the administrative law judge shall promptly file three copies of it in the office of the secretary of state. The secretary of state shall forward one copy of each rule to the revisor of statutes and to the governor. If the rule is disapproved, the administrative law judge shall state in writing the reasons for the disapproval and make recommendations to overcome the defects.

(b) The written disapproval must be submitted to the chief administrative law judge for approval. If the chief administrative law judge approves of the findings of the administrative law judge, the chief administrative law judge shall send the statement of the reasons for disapproval of the rule to the agency, the legislative coordinating commission, the house of representatives and senate policy committees with primary jurisdiction over state governmental operations, and the revisor of statutes and advise the agency and the revisor of statutes of actions that will correct the defects. The rule may not be filed in the office of the secretary of state, nor published, until the chief administrative law judge determines that the defects have been corrected or, if applicable, that the agency has satisfied the rule requirements for the adoption of a substantially different rule.

(c) If the chief administrative law judge determines that the need for or reasonableness of the rule has not been established, and if the agency does not elect to follow the suggested actions of the chief administrative law judge to correct that defect, then the agency shall submit the proposed rule to the legislative coordinating commission and to the house of representatives and senate policy committees with primary jurisdiction over state governmental

operations for the commission's advice and comment. The agency may not adopt the rule until it has received and considered the advice of the commission and committees. However, the agency is not required to wait for the commission's advice for more than 60 days after the commission has and committees have received the agency's submission.

(d) The administrative law judge shall disregard any error or defect in the proceeding due to the agency's failure to satisfy any procedural requirements imposed by law or rule if the administrative law judge finds:

(1) that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process; or

(2) that the agency has taken corrective action to cure the error or defect so that the failure did not deprive any person or entity of an opportunity to participate meaningfully in the rulemaking process.

Sec. 4. [14.3691] [RULE REVIEW AND LEGISLATIVE OVERSIGHT.]

Subdivision 1. [REPORTS.] An entity whose rules are scheduled for review under this section must report to the governor and the appropriate committees of the legislature by August 1 of the year before the legislative session in which the entity's rules are scheduled for review. The speaker of the house of representatives and the senate committee on rules and administration shall designate the appropriate committees to receive these reports. The report must: (1) list any rules that the entity recommends for repeal; (2) list and briefly describe the rationale for rules that the entity believes should remain in effect; and (3) suggest any changes in rules that would improve the agency's ability to meet the regulatory objectives prescribed by the legislature, while reducing any unnecessary burdens on regulated parties. Any costs of preparing this report must be absorbed within funds otherwise appropriated to the entity.

Subd. 2. [SCHEDULE.] (a) Rules of the administration department, agriculture department, children, families, and learning department, commerce department, corrections department, economic security department, employee relations department, and health department will be reviewed before and during the legislative session in 2002. Policies and procedures of the board of trustees of the Minnesota state colleges and universities that would be rules if they were not exempt from chapter 14 will be reviewed before and during the legislative session in 2002.

(b) Rules of the environmental assistance office, board of teaching, housing finance agency, human rights department, human services department, labor and industry department, and mediation services bureau will be reviewed before and during the legislative session in 2003.

(c) Rules of the natural resources department, pollution control agency, public safety department, public service department, and revenue department will be reviewed before and during the legislative session in 2004.

(d) Rules of the state planning agency, trade and economic development department, transportation department, and veterans affairs department will be reviewed before and during the legislative session in 2005.

Subd. 3. [EXPIRATION.] This section expires June 30, 2005.

Sec. 5. [RULES TASK FORCE.]

A rules task force of eight members is created. The governor must appoint four members. The task force also includes one member each from the minority and majority caucus in the house of representatives and the senate. House members must be appointed by the speaker. Senate members must be appointed by the committee on rules and administration. The member of the majority caucus appointed by the speaker of the house of representatives must convene the first meeting. The members of the task force must elect a chair. The legislative coordinating commission and an agency designated by the governor must provide staff assistance and administrative support for

the task force within existing appropriations. The task force must study and make recommendations to the governor and the legislature by January 15, 2001, on issues relating to review of agency rules. The recommendations must include, but are not limited to:

(1) a process to be used by agencies, the governor, and the legislature to identify and prioritize rules and related laws and programs that will be subject to legislative review;

(2) a process by which the legislature will review rules and related laws and programs identified under clause (1);

(3) the estimated agency and legislative time and resources required for review of rules and related laws and programs under the processes recommended under clauses (1) and (2);

(4) the effect of possible repeal of agency rules on the state budget and any loss of benefits to citizens of the state resulting from such a repeal;

(5) the desirability of changes in the rulemaking requirements of the Administrative Procedure Act, given increased legislative scrutiny of rules; and

(6) an analysis of ways to ensure or encourage compliance with state policies and goals using methods other than rulemaking, such as administrative penalty orders, descriptive guidelines, best management practices, compliance incentives, technical assistance, training, and procedural templates.

In making its recommendations, the task force must consult with interested parties, and must consider relevant state and federal laws and commitments. The task force is subject to Minnesota Statutes, section 471.705. The task force expires June 30, 2001.

Sec. 6. [TEACHER PREPARATION PROGRAMS.]

The state board of teaching must consult with representatives of faculty and administrators from Minnesota post-secondary institutions that have teacher preparation programs. The state board of teaching must report to the governmental operations and education committees of the legislature by January 15, 2001, on these institutions' opinions on the rules relating to institution and teacher preparation program approval.

Sec. 7. [REPEALER.]

(a) Minnesota Rules parts 1200.0200, 1200.0300, 1250.0200, 1250.0300, 1250.0400, 1250.0500, 1250.0600, 1250.0700, 1250.0800, 1250.0900, 1250.1000, 1250.1100, 1250.1200, 1265.0100, 1265.0200, 1265.0300, 1265.0400, 1265.0500, and 1265.0600, are repealed.

(b) Minnesota Rules, parts 1555.2205, 1555.2210, 1555.2220, 1555.2225, 1555.2230, 1555.2240, 1555.2250, 1555.2260, 1555.2270, 1555.2280, 1555.2290, 1555.2300, 1555.2310, 1555.2320, 1555.2330, 1555.2340, 1555.2350, 1555.2360, 1555.2370, 1555.2380, 1555.2390, 1555.2400, 1555.2410, 1555.2440, 1555.2450, 1555.2460, 1555.2470, 1555.2480, 1555.2490, 1555.2500, 1555.2510, 1555.2520, 1555.2530, 1555.2540, 1555.2550, 1555.2560, 1555.2570, 1555.2580, 1555.2590, 1555.2600, 1555.2610, 1555.2620, 1555.2630, 1555.2640, 1555.2650, 1555.2660, 1555.2670, 1555.2680, 1555.2690, 1555.2700, 1555.2710, 1555.2720, 1555.2730, 1555.2740, 1555.2750, 1555.2760, 1555.2770, 1555.2780, 1555.2790, 1555.2800, 1555.2810, 1555.2820, 1555.2830, 1555.2840, 1555.2850, 1555.2860, 1555.2870, 1555.2880, 1555.2890, 1555.2900, 1555.2910, 1555.3000, 1555.3010, 1555.3020, 1555.3030, 1555.3040, 1555.3050, 1555.3060, 1555.3070, 1555.3080, 1555.3090, 1555.3100, 1555.3110, 1555.3120, 1555.3130, 1555.3140, 1555.3150, 1555.3160, 1555.3170, 1555.3180, 1555.3190, 1555.3200, 1555.3210, 1555.3220, 1555.3230, 1555.3240, 1555.3250, 1555.3260, 1555.3270, 1555.3280, 1555.3290, 1555.3300, 1555.3310, 1555.3320, 1555.3330, 1555.3340, 1555.3350, 1555.3360, 1555.3370, 1555.3380, 1555.3390, 1555.3400, 1555.3410, 1555.3420, 1555.3430, 1555.3440, 1555.3450, 1555.3460, 1555.3470, 1555.3480, 1555.3490, 1555.3500, 1555.3510, 1555.3520, 1555.3530, 1555.3540, 1555.3550, 1555.3560, 1555.3570, 1555.3580, 1555.3590, 1555.3600, 1555.3610,

1555.3620, 1555.3630, 1555.3640, 1555.3650, 1555.3660, 1555.3680, 1555.3700, 1555.3720, 1555.3730, 1555.3750, 1555.3770, 1555.3780, 1555.3790, 1555.3800, 1555.3830, 1555.3850, 1555.3860, 1555.3870, 1555.3880, 1555.3890, 1555.3900, 1555.3910, 1555.3920, 1555.3990, 1555.4000, 1555.4100, and 1555.4110, are repealed.

(c) Minnesota Rules parts 7402.0100, 7402.0200, 7402.0300, 7402.0400, and 7402.0500, are repealed.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 3, 5, and 6 are effective the day following final enactment. Section 7, paragraphs (a) and (b) are effective July 1, 2000."

Delete the title and insert:

"A bill for an act relating to state government; authorizing legislative governmental operations committees to formally object to administrative rules; modifying the review of proposed rules; providing for the review and repeal of certain administrative rules; creating a rules task force; providing appointments; requiring a report on teacher preparation programs; amending Minnesota Statutes 1998, sections 3.842, subdivision 4a; and 14.15, subdivision 4; Minnesota Statutes 1999 Supplement, section 14.26, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 14; repealing Minnesota Rules, parts 1200.0200; 1200.0300; 1250.0200; 1250.0300; 1250.0400; 1250.0500; 1250.0600; 1250.0700; 1250.0800; 1250.0900; 1250.1000; 1250.1100; 1250.1200; 1265.0100; 1265.0200; 1265.0300; 1265.0400; 1265.0500; 1265.0600; 1555.2205 to 1555.2410; 1555.2440 to 1555.3920; 1555.3990 to 1555.4110; 7402.0100; 7402.0200; 7401.0300; 7402.0400; and 7402.0500."

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

Senate Conferees: JOHN C. HOTTINGER, DON BETZOLD AND DAN STEVENS.

House Conferees: MARTY SEIFERT, JIM RHODES AND GENE PELOWSKI, JR.

Seifert, M., moved that the report of the Conference Committee on S. F. No. 3234 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 3234, A bill for an act relating to state government; authorizing legislative governmental operations committees to formally object to administrative rules; modifying the review of proposed rules; creating a rules task force; providing appointments; amending Minnesota Statutes 1998, sections 3.842, subdivision 4a; and 14.15, subdivision 4; Minnesota Statutes 1999 Supplement, section 14.26, subdivision 3.

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

The question was taken on the repassage of the bill and the roll was called. There were 116 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Abeler	Biernat	Buesgens	Daggett	Dorn	Folliard
Abrams	Bishop	Carlson	Davids	Entenza	Fuller
Anderson, B.	Boudreau	Cassell	Dehler	Erhardt	Gerlach
Anderson, I.	Bradley	Chaudhary	Dempsey	Erickson	Goodno
Bakk	Broecker	Clark, J.	Dorman	Finseth	Greenfield

Greiling	Kahn	Lindner	Osskopp	Schumacher	Tunheim
Gunther	Kalis	Luther	Osthoff	Seagren	Van Dellen
Haake	Kelliher	Mares	Otremba	Seifert, J.	Vandever
Haas	Kielkucki	Marko	Ozment	Seifert, M.	Wenzel
Hackbarth	Knoblach	McCollum	Paulsen	Skoe	Westerberg
Harder	Koskinen	McElroy	Pawlenty	Smith	Westfall
Hasskamp	Krinkie	McGuire	Pelowski	Stanek	Westrom
Hilty	Kubly	Milbert	Peterson	Stang	Wilkin
Holberg	Kuisle	Molnau	Pugh	Storm	Winter
Holsten	Larsen, P.	Mulder	Rest	Swapinski	Workman
Howes	Larsen, D.	Murphy	Reuter	Swenson	Spk. Sviggum
Huntley	Leighton	Ness	Rhodes	Sykora	
Jennings	Lenczewski	Nornes	Rifenberg	Tingelstad	
Johnson	Leppik	Olson	Rostberg	Tomassoni	
Juhnke	Lieder	Opatz	Rukavina	Tuma	

Those who voted in the negative were:

Carruthers	Gleason	Mahoney	Paymar	Wagenius
Clark, K.	Gray	Mariani	Skoglund	Wejcman
Dawkins	Jaros	Mullery	Trimble	

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

Mr. Speaker:

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

S. F. No. 11.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 11

A bill for an act relating to domestic abuse; providing for a six-year statute of limitations for causes of action based on domestic abuse; amending Minnesota Statutes 1998, section 541.05, subdivision 1; Minnesota Statutes 1999 Supplement, section 541.07.

May 2, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 11, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 11 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 541.05, subdivision 1, is amended to read:

Subdivision 1. Except where the Uniform Commercial Code otherwise prescribes, the following actions shall be commenced within six years:

- (1) Upon a contract or other obligation, express or implied, as to which no other limitation is expressly prescribed;
- (2) Upon a liability created by statute, other than those arising upon a penalty or forfeiture or where a shorter period is provided by section 541.07;
- (3) For a trespass upon real estate;
- (4) For taking, detaining, or injuring personal property, including actions for the specific recovery thereof;
- (5) For criminal conversation, or for any other injury to the person or rights of another, not arising on contract, and not hereinafter enumerated;
- (6) For relief on the ground of fraud, in which case the cause of action shall not be deemed to have accrued until the discovery by the aggrieved party of the facts constituting the fraud;
- (7) To enforce a trust or compel a trustee to account, where the trustee has neglected to discharge the trust, or claims to have fully performed it, or has repudiated the trust relation;
- (8) Against sureties upon the official bond of any public officer, whether of the state or of any county, town, school district, or a municipality therein; in which case the limitation shall not begin to run until the term of such officer for which the bond was given shall have expired;
- (9) For damages caused by a dam, used for commercial purposes; or
- (10) For assault, battery, false imprisonment, or other tort, resulting in personal injury, if the conduct that gives rise to the cause of action also constitutes domestic abuse as defined in section 518B.01.

Sec. 2. Minnesota Statutes 1999 Supplement, section 541.07, is amended to read:

541.07 [TWO- OR THREE-YEAR LIMITATIONS.]

Except where the Uniform Commercial Code, this section, section 148A.06, 541.05, 541.073, or 541.076 otherwise prescribes, the following actions shall be commenced within two years:

- (1) for libel, slander, assault, battery, false imprisonment, or other tort, resulting in personal injury, and all actions against veterinarians as defined in chapter 156, for malpractice, error, mistake or failure to cure, whether based on contract or tort; provided a counterclaim may be pleaded as a defense to any action for services brought by a veterinarian after the limitations period if it was the property of the party pleading it at the time it became barred and was not barred at the time the claim sued on originated, but no judgment thereof except for costs can be rendered in favor of the party so pleading it;
- (2) upon a statute for a penalty or forfeiture, except as provided in sections 541.074 and 541.075;
- (3) for damages caused by a dam, other than a dam used for commercial purposes; but as against one holding under the preemption or homestead laws, the limitations shall not begin to run until a patent has been issued for the land so damaged;

(4) against a master for breach of an indenture of apprenticeship; the limitation runs from the expiration of the term of service;

(5) for the recovery of wages or overtime or damages, fees or penalties accruing under any federal or state law respecting the payment of wages or overtime or damages, fees or penalties except, that if the employer fails to submit payroll records by a specified date upon request of the department of labor and industry or if the nonpayment is willful and not the result of mistake or inadvertence, the limitation is three years. (The term "wages" means all remuneration for services or employment, including commissions and bonuses and the cash value of all remuneration in any medium other than cash, where the relationship of master and servant exists and the term "damages" means single, double, or treble damages, accorded by any statutory cause of action whatsoever and whether or not the relationship of master and servant exists);

(6) for damages caused by the establishment of a street or highway grade or a change in the originally established grade;

(7) against the person who applies the pesticide for injury or damage to property resulting from the application, but not the manufacture or sale, of a pesticide.

Sec. 3. [JOINT DOMESTIC ABUSE PROSECUTION UNIT.]

Subdivision 1. [ESTABLISHMENT.] A pilot project may be established to develop a joint domestic abuse prosecution unit administered by the Ramsey county attorney's office and the St. Paul city attorney's office. The unit would have authority to prosecute misdemeanors, gross misdemeanors, and felonies. The unit would also coordinate efforts with child protection attorneys. The unit would include four cross-deputized assistant city attorneys and assistant county attorneys. A victim/witness advocate, a law clerk, and a legal secretary would provide support.

Subd. 2. [GOALS.] The goals of this pilot project are to:

(1) recognize children as both victims and witnesses in domestic abuse situations;

(2) recognize and respect the interests of children in the prosecution of domestic abuse; and

(3) reduce the exposure to domestic violence for both adult and child victims.

Subd. 3. [REPORT.] If the project is established, the Ramsey county attorney's office and the St. Paul city attorney's office must report to the legislature on the pilot project. The report may include the number and types of cases referred, the number of cases charged, the outcome of cases, and other relevant outcome measures. A progress report is due January 15, 2001, and a final report is due January 15, 2002.

Subd. 4. [SHARING OF PILOT PROJECT RESULTS.] If the project is established, the Ramsey county attorney's office and the St. Paul city attorney's office must share the results of the pilot project with the state and other counties and cities.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 and 2 are effective August 1, 2000, and apply to causes of action arising on or after that date."

Delete the title and insert:

"A bill for an act relating to domestic abuse; providing for a six-year statute of limitations for causes of action based on domestic abuse; authorizing a joint domestic abuse prosecution unit pilot project in Ramsey county; amending Minnesota Statutes 1998, section 541.05, subdivision 1; Minnesota Statutes 1999 Supplement, section 541.07."

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

Senate Conferees: DON BETZOLD, EMBER R. JUNGE AND DAVID L. KNUTSON.

House Conferees: DAVE BISHOP, SHERRY BROECKER AND ANDY DAWKINS.

Bishop moved that the report of the Conference Committee on S. F. No. 11 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 11, A bill for an act relating to domestic abuse; providing for a six-year statute of limitations for causes of action based on domestic abuse; amending Minnesota Statutes 1998, section 541.05, subdivision 1; Minnesota Statutes 1999 Supplement, section 541.07.

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

The question was taken on the repassage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

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

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Paulsen.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 4127

A bill for an act relating to financing state and local government; providing a sales tax rebate; extending the time to qualify for and making certain other changes to the 1999 sales tax rebate; providing agricultural assistance; reducing individual income tax rates; making changes to income, franchise, withholding, sales and use, property, motor vehicle sales and registration, mortgage registry, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, lawful gambling, taconite production, solid waste, estate, and special taxes; changing and allowing tax credits, subtractions, and exemptions; conforming with changes in federal income tax provisions; providing for allocation and apportionment of income; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, deferral, review, appeal, abatement, and distribution provisions; extending levy limits and changing levy authority; authorizing certain light rail transit spending if approved by the voters; reducing rates of health care provider taxes; reducing rates on lawful gambling and solid waste management taxes; changing tax increment financing provisions; providing special authority for certain political subdivisions; changing and clarifying tax administration, collection, enforcement, interest, and penalty provisions; changing revenue recapture provisions; freezing the taconite production tax; regulating state and local business subsidies; modifying certain aids to local units of government; recodifying sales and use taxes; recodifying insurance tax laws; establishing a legislative budget office; validating corporations established by political subdivisions and regulating their financing; changing county reporting requirements; providing certain duties and powers to the commissioner of revenue, the state auditor, and to the attorney general; defining terms; classifying data; requiring studies; providing for the transfer of excess surplus in the workers' compensation assigned risk plan; appropriating money; amending Minnesota Statutes 1998, sections 3.98, subdivision 3; 8.30; 16A.46; 37.13; 43A.316, subdivision 9; 43A.317, subdivision 8; 60A.15, subdivision 1; 60A.19, subdivision 8; 60A.198, subdivision 3; 60A.208, subdivision 8; 60A.209, subdivision 3; 60C.17; 60E.04, subdivision 4; 60E.095; 61B.30, subdivision 1; 62C.01, subdivision 3; 62E.10, subdivision 1; 62E.13, subdivision 10; 62L.13, subdivision 3; 62T.10; 64B.24; 71A.04, subdivision 1; 79.252, subdivision 4; 79.34, subdivision 1a; 115A.557, subdivision 3; 115A.69, subdivision 6; 116A.25; 126C.01, by adding a subdivision; 126C.17, subdivision 10; 176A.08; 238.08, subdivision 3; 270.063, by adding a subdivision; 270.072, subdivision 2, and by adding a subdivision; 270A.03, subdivision 7; 270A.07, subdivision 1; 273.111, subdivision 3; 273.124, by adding a subdivision; 273.125, subdivision 8; 273.37, subdivision 3; 275.065, subdivisions 3, 6, 8, and by adding a subdivision; 275.07, subdivision 1; 275.08, subdivision 1b; 275.70, by adding a subdivision; 275.72, subdivisions 1 and 3; 276.19, subdivision 1; 289A.08, by adding a subdivision; 289A.20, subdivision 2; 289A.26, subdivision 1; 289A.31, subdivision 7; 289A.35; 289A.60, subdivisions 1 and 14; 290.01, subdivisions 19c and 19d; 290.015, subdivisions 1, 3, and 4; 290.06, subdivision 22, and by adding subdivisions; 290.0671, subdivision 6; 290.0672, subdivisions 1 and 2; 290.0673, subdivision 8; 290.17, subdivision 2; 290.35, subdivisions 2, 3, and 6; 290.92, subdivisions 3, 28, and 29; 290B.04, by adding a subdivision; 290B.05, subdivision 3; 290B.07; 290B.08, subdivisions 1 and 2; 290B.09, subdivision 2; 295.50, subdivision 9b; 295.58; 296A.03, subdivision 5; 296A.21, subdivisions 2 and 3; 296A.22, subdivision 6; 297A.01, subdivisions 13, 15, 16, and by adding a subdivision; 297A.15, by adding a subdivision; 297A.25, subdivisions 5, 16, 34, 62, 76, and by adding subdivisions; 297B.01, subdivision 7; 297B.03; 297E.02, by adding a subdivision; 297F.01, subdivisions 7, 14, 17, and by adding subdivisions; 297F.08, subdivisions 2, 5, 8, and 9; 297F.13, subdivision 4; 297F.21, subdivisions 1 and 3; 297G.01, by adding a subdivision; 297G.03, subdivision 1; 297H.02, subdivision 2; 297H.03, subdivision 2; 297H.04, subdivision 2; 297H.13, subdivisions 2, 4, and by adding a subdivision; 360.035; 424.165; 429.011, subdivisions 2a and 5; 429.021, subdivision 1; 429.031, subdivision 1; 458A.09; 458A.30; 458D.23; 469.040, by adding a subdivision; 469.115; 469.127; 469.1734, subdivision 4; 469.174, subdivisions 9, 10, 11, 12, 14, and 22; 469.175, subdivisions 1a, 2, 2a, 3, 4, 5, and 6; 469.176, subdivisions 1b and 4d; 469.1761, subdivision 4; 469.1763, subdivision 2, and by adding a subdivision; 469.177, subdivision 1; 469.1813, subdivision 4; 473.388, subdivisions 4 and 7; 473.446, subdivision 1, and by adding a subdivision; 473.448; 473.545; 473.608, subdivision 2; and 477A.06, subdivision 3; Minnesota Statutes 1999 Supplement, sections 16D.09, subdivision 2; 43A.23, subdivision 1; 60A.19, subdivision 6; 116J.993, subdivision 3; 116J.994, subdivisions 1, 3, 4, 5, 6, 7, 8, and 9; 116J.995; 168.012, subdivision 1; 270.65; 270A.03, subdivision 2; 270A.07, subdivision 2; 272.02, subdivision 39, and by adding a subdivision; 273.11, subdivision 1a; 273.124, subdivisions 1, 8, and 14; 273.13, subdivisions 22, 23, 24, 25, and 31; 273.1382, subdivisions 1, 1a, and 1b; 273.1398, subdivisions 1a and 4a; 275.065, subdivision 5a; 275.70,

subdivision 5; 275.71, subdivisions 2, 3, and 4; 287.01, subdivision 2; 289A.02, subdivision 7; 289A.20, subdivision 4; 289A.55, subdivision 9; 290.01, subdivisions 19, 19b, and 31; 290.06, subdivisions 2c and 2d; 290.0671, subdivision 1; 290.0674, subdivision 2; 290.0675, subdivisions 1, 2, and 3; 290.091, subdivisions 1, 2, and 6; 290.191, subdivisions 2 and 3; 290.9725; 290A.03, subdivision 15; 290B.03, subdivision 1; 290B.05, subdivision 1; 291.005, subdivision 1; 295.52, subdivision 7; 295.53, subdivision 1; 297A.25, subdivisions 9 and 11; 297E.02, subdivisions 1, 4, and 6; 297F.08, subdivision 8a; 297H.05; 298.24, subdivision 1; 383D.74, subdivision 2; 469.101, subdivision 2; 469.1771, subdivision 1; 469.1813, subdivisions 1 and 6; 477A.011, subdivision 36; 477A.03, subdivision 2; 477A.06, subdivision 1; and 505.08, subdivision 3; Laws 1987, chapter 402, section 2, subdivisions 1, 4, and 5; Laws 1988, chapter 645, section 3, as amended; Laws 1995, First Special Session chapter 3, article 15, section 25; Laws 1997, chapter 231, article 1, section 19, subdivisions 1, as amended, and 3, as amended; Laws 1999, chapter 112, section 1, subdivision 1; Laws 1999, chapter 243, article 1, section 2; article 6, section 18; proposing coding for new law in Minnesota Statutes, chapters 3; 273; 278; 297A; 465; and 473; proposing coding for new law as Minnesota Statutes, chapter 297I; repealing Minnesota Statutes 1998, sections 60A.15; 60A.152; 60A.198, subdivision 6; 60A.199, subdivisions 2, 3, 4, 5, 6, 6a, 7, 8, 9, 10, and 11; 60A.209, subdivisions 4 and 5; 69.54; 69.55; 69.56; 69.57; 69.58; 69.59; 69.60; 69.61; 71A.04, subdivision 2; 270.072, subdivision 5; 270.075, subdivisions 3 and 4; 270.083; 273.127; 273.13, subdivision 24a; 273.1316; 297A.01; 297A.02; 297A.022; 297A.023; 297A.03; 297A.04; 297A.041; 297A.06; 297A.065; 297A.07; 297A.09; 297A.10; 297A.11; 297A.12; 297A.13; 297A.135; 297A.14; 297A.141; 297A.15; 297A.16; 297A.17; 297A.18; 297A.21; 297A.211; 297A.213; 297A.22; 297A.23; 297A.24; 297A.25; 297A.2531; 297A.2545; 297A.255; 297A.256; 297A.2571; 297A.2572; 297A.2573; 297A.259; 297A.26; 297A.28; 297A.33, subdivision 2; 297A.44, subdivision 1; 297A.46; 297A.47; 297A.48; 299F.21; 299F.22; 299F.23; 299F.24; 299F.25; 299F.26; 465.715, subdivisions 1, 2, and 3; 469.055, subdivision 5; 469.101, subdivision 21; 469.135; 469.136; 469.137; 469.138; 469.139; 469.140; 469.174, subdivision 13; 469.175, subdivision 6a; and 469.176, subdivision 4a; Minnesota Statutes 1999 Supplement, sections 290.06, subdivision 26; 290.9726, subdivision 7; and 465.715, subdivision 1a; Minnesota Rules, parts 2765.1500, subpart 6; and 8160.0300, subpart 4.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 4127, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 4127 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

2000 SALES TAX REBATE

Section 1. [STATEMENT OF PURPOSE.]

(a) The state of Minnesota derives revenues from a variety of taxes, fees, and other sources, including the state sales tax.

(b) It is fair and reasonable to refund the existing state budget surplus in the form of a rebate of nonbusiness consumer sales taxes paid by individuals in calendar year 1998.

(c) Information concerning the amount of sales tax paid at various income levels is contained in the Minnesota tax incidence report, which is written by the commissioner of revenue and presented to the legislature according to Minnesota Statutes, section 270.0682.

(d) It is fair and reasonable to use information contained in the Minnesota tax incidence report, updated to calendar year 1998, to determine the proportionate share of the sales tax rebate due each eligible taxpayer since no effective or practical mechanism exists for determining the amount of actual sales tax paid by each eligible individual.

Sec. 2. [SALES TAX REBATE.]

(a) An individual who:

(1) was eligible for a credit under Laws 1998, chapter 389, article 1, section 1, and who filed for or received that credit on or before November 30, 2000; or

(2) was a resident of Minnesota for any part of 1998, and filed a 1998 Minnesota income tax return on or before November 30, 2000, and had a tax liability before refundable credits on that return of at least \$1 but did not file the claim for credit authorized under Laws 1998, chapter 389, article 1, section 1, as amended, and who was not allowed to be claimed as a dependent on a 1998 federal income tax return filed by another person; or

(3) had the property taxes payable on his or her homestead abated to zero under Laws 1998, chapter 383, section 20, shall receive a sales tax rebate.

(b) The sales tax rebate for taxpayers who qualify under paragraph (a) as married filing joint or head of household must be computed according to the following schedule:

<u>Income</u>	<u>Sales Tax Rebate</u>
<u>less than \$2,500</u>	<u>\$168</u>
<u>at least \$2,500 but less than \$5,000</u>	<u>\$217</u>
<u>at least \$5,000 but less than \$10,000</u>	<u>\$231</u>
<u>at least \$10,000 but less than \$15,000</u>	<u>\$253</u>
<u>at least \$15,000 but less than \$20,000</u>	<u>\$275</u>
<u>at least \$20,000 but less than \$25,000</u>	<u>\$299</u>
<u>at least \$25,000 but less than \$30,000</u>	<u>\$312</u>
<u>at least \$30,000 but less than \$35,000</u>	<u>\$338</u>
<u>at least \$35,000 but less than \$40,000</u>	<u>\$369</u>
<u>at least \$40,000 but less than \$45,000</u>	<u>\$396</u>
<u>at least \$45,000 but less than \$50,000</u>	<u>\$417</u>
<u>at least \$50,000 but less than \$60,000</u>	<u>\$444</u>
<u>at least \$60,000 but less than \$70,000</u>	<u>\$476</u>
<u>at least \$70,000 but less than \$80,000</u>	<u>\$523</u>
<u>at least \$80,000 but less than \$90,000</u>	<u>\$562</u>
<u>at least \$90,000 but less than \$100,000</u>	<u>\$620</u>
<u>at least \$100,000 but less than \$120,000</u>	<u>\$671</u>
<u>at least \$120,000 but less than \$140,000</u>	<u>\$735</u>
<u>at least \$140,000 but less than \$160,000</u>	<u>\$795</u>
<u>at least \$160,000 but less than \$180,000</u>	<u>\$851</u>
<u>at least \$180,000 but less than \$200,000</u>	<u>\$904</u>
<u>at least \$200,000 but less than \$400,000</u>	<u>\$1,157</u>
<u>at least \$400,000 but less than \$600,000</u>	<u>\$1,522</u>
<u>at least \$600,000 but less than \$800,000</u>	<u>\$1,826</u>
<u>at least \$800,000 but less than \$1,000,000</u>	<u>\$2,093</u>
<u>\$1,000,000 and over</u>	<u>\$2,400</u>

(c) The sales tax rebate for individuals who qualify under paragraph (a) as single or married filing separately must be computed according to the following schedule:

<u>Income</u>	<u>Sales Tax Rebate</u>
<u>less than \$2,500</u>	<u>\$95</u>
<u>at least \$2,500 but less than \$5,000</u>	<u>\$116</u>
<u>at least \$5,000 but less than \$10,000</u>	<u>\$137</u>
<u>at least \$10,000 but less than \$15,000</u>	<u>\$184</u>
<u>at least \$15,000 but less than \$20,000</u>	<u>\$210</u>
<u>at least \$20,000 but less than \$25,000</u>	<u>\$228</u>
<u>at least \$25,000 but less than \$30,000</u>	<u>\$238</u>
<u>at least \$30,000 but less than \$40,000</u>	<u>\$259</u>
<u>at least \$40,000 but less than \$50,000</u>	<u>\$290</u>
<u>at least \$50,000 but less than \$70,000</u>	<u>\$342</u>
<u>at least \$70,000 but less than \$100,000</u>	<u>\$435</u>
<u>at least \$100,000 but less than \$140,000</u>	<u>\$524</u>
<u>at least \$140,000 but less than \$200,000</u>	<u>\$632</u>
<u>at least \$200,000 but less than \$400,000</u>	<u>\$857</u>
<u>at least \$400,000 but less than \$600,000</u>	<u>\$1,128</u>
<u>\$600,000 and over</u>	<u>\$1,200</u>

(d) Individuals who were not residents of Minnesota for any part of 1998 and who paid more than \$10 in Minnesota sales tax on nonbusiness consumer purchases in that year qualify for a rebate under this paragraph only. Qualifying nonresidents must file a claim for rebate on a form prescribed by the commissioner by November 30, 2000. The claim must include receipts showing the Minnesota sales tax paid and the date of the sale. Taxes paid on purchases allowed in the computation of federal taxable income or reimbursed by an employer are not eligible for the rebate. The commissioner shall determine the qualifying taxes paid and rebate the lesser of:

(1) 29.7 percent of that amount; or

(2) the maximum amount for which the claimant would have been eligible as determined under paragraph (b) if the taxpayer filed the 1998 federal income tax return as a married taxpayer filing jointly or head of household, or as determined under paragraph (c) for other taxpayers.

(e) "Income," for purposes of this section other than paragraph (d), is taxable income as defined in section 63 of the Internal Revenue Code of 1986, as amended through December 31, 1997, plus the sum of any additions to federal taxable income for the taxpayer under Minnesota Statutes, section 290.01, subdivision 19a, and reported on the original 1998 income tax return, including subsequent adjustments to that return made within the time limits specified in paragraph (1). For an individual who was a resident of Minnesota for less than the entire year, the sales tax rebate equals the sales tax rebate calculated under paragraph (b) or (c) multiplied by the percentage determined pursuant to Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e), as calculated on the original 1998 income tax return, including subsequent adjustments to that return made within the time limits specified in paragraph (1). For purposes of paragraph (d), "income" is taxable income as defined in section 63 of the Internal Revenue Code of 1986, as amended through December 31, 1997, and reported on the taxpayer's original federal tax return for the first taxable year beginning after December 31, 1997.

(f) Individuals who were residents of Minnesota for all of 1998, were not eligible for a rebate under paragraph (a), attained the age of 18 on or before December 31, 1998, and received in 1998 social security benefits as defined in section 86(d)(1) of the Internal Revenue Code of 1986, as amended through December 31, 1999, are entitled to a rebate of \$95. If the Social Security Administration or Railroad Retirement Board is paying benefits to a recipient by electronic funds transfers in 2000, the rebate under this paragraph must be paid by the commissioner through electronic funds transfer to the same financial institution and into the same account into which the Social Security Administration or Railroad Retirement Board transfers social security benefits in calendar year 2000.

(g) An individual who:

(1) was allowed to be claimed as a dependent on a 1998 federal income tax return filed by another person;

(2) would have otherwise been eligible for a rebate under clause (a)(2); and

(3) reported earned income as defined in section 32(c)(2)(A)(i) of the Internal Revenue Code,

is eligible for a rebate under this paragraph only. The rebate under this paragraph equals 35 percent of the amount allowed under the schedule in paragraph (c) based on the individual's income. For an individual who was a resident of Minnesota for less than the entire year, the sales tax rebate equals the rebate calculated under this paragraph multiplied by the percentage determined pursuant to Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e), as calculated on the original 1998 income tax return.

(h) An individual who

(1) was a resident of Minnesota for any part of 1998;

(2) was not eligible for a rebate under paragraph (a) or (f);

(3) was not allowed to be claimed as a dependent on a 1998 federal income tax return by another person; and

(4) filed a 1998 Minnesota income tax return before November 30, 2000, in order to

(i) claim a credit under section 290.067, 290.0671, or 290.0674;

(ii) claim a refund of withheld taxes; or

(iii) claim a refund of estimated taxes,

is eligible for a rebate under this paragraph only. For married couples filing joint returns and heads of households, the rebate equals the minimum amount in paragraph (b). For single filers and married individuals filing separate returns, the rebate equals the minimum amount in paragraph (c). For an individual who was a resident of Minnesota for less than the entire year, the sales tax rebate equals the rebate calculated under this paragraph multiplied by the percentage determined pursuant to Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e), as calculated on the original 1998 income tax return.

(i) For a fiscal year taxpayer, the dates in paragraphs (a) through (d) are extended one month for each month in calendar year 1998 that occurred prior to the start of the individual's 1998 fiscal tax year.

(j) Before payment, the commissioner of revenue shall adjust the rebate as follows:

the rebates calculated in paragraphs (b), (c), (d), (f), (g), and (h) must be proportionately reduced to account for (i) rebates under paragraphs (g) and (h), and (ii) 1998 income tax returns that are filed on or after January 1, 2000, but before June 1, 2000, so that the estimated amount of sales tax rebates payable under paragraphs (b), (c), (d), (f), (g), and (h) on the date the rebate is processed does not exceed \$635,600,000. The adjustment under this paragraph is not a rule subject to Minnesota Statutes, chapter 14.

(k) The commissioner of revenue may begin making sales tax rebates by July 1, 2000. Sales tax rebates not paid by January 1, 2001, bear interest at the rate specified in Minnesota Statutes, section 270.75.

(l) A sales tax rebate shall not be adjusted based on changes to a 1998 income tax return that are made by order of assessment after the date the rebate is processed, or made by the taxpayer that are filed with the commissioner of revenue after that date.

(m) Individuals who filed a joint income tax return for 1998 shall receive a joint sales tax rebate. After the sales tax rebate has been issued, but before the check has been cashed, either joint claimant may request a separate check for one-half of the joint sales tax rebate. Notwithstanding anything in this section to the contrary, if prior to payment, the commissioner has been notified that persons who filed a joint 1998 income tax return are living at separate addresses, as indicated on their 1999 income tax return or otherwise, the commissioner may issue separate checks to each person. The amount payable to each person is one-half of the total joint rebate.

(n) If a rebate is received by the estate of a deceased individual after the probate estate has been closed, and if the original rebate check is returned to the commissioner with a copy of the decree of descent or final account of the estate, social security numbers, and addresses of the beneficiaries, the commissioner may issue separate checks in proportion to their share in the residuary estate in the names of the residuary beneficiaries of the estate.

(o) The sales tax rebate is a "Minnesota tax law" for purposes of Minnesota Statutes, section 270B.01, subdivision 8.

(p) The sales tax rebate is "an overpayment of any tax collected by the commissioner" for purposes of Minnesota Statutes, section 270.07, subdivision 5. For purposes of this paragraph, a joint sales tax rebate is payable to each spouse equally.

(q) If the commissioner of revenue cannot locate an individual entitled to a sales tax rebate by July 1, 2002, or if an individual to whom a sales tax rebate was issued has not cashed the check by July 1, 2002, the right to the sales tax rebate lapses and the check must be deposited in the general fund.

(r) Individuals entitled to a sales tax rebate pursuant to paragraph (a), (f), (g), or (h) but who did not receive one, and individuals who receive a sales tax rebate that was not correctly computed, must file a claim with the commissioner before July 1, 2001, in a form prescribed by the commissioner. These claims must be treated as if they are a claim for refund under Minnesota Statutes, section 289A.50, subdivisions 4 and 7.

(s) The sales tax rebate is a refund subject to revenue recapture under Minnesota Statutes, chapter 270A. The commissioner of revenue shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, refund one-half of the joint sales tax rebate to the spouse who does not owe the debt.

(t) The rebate is a reduction of fiscal year 2000 sales tax revenues. The amount necessary to make the sales tax rebates and interest provided in this section is appropriated from the general fund to the commissioner of revenue in fiscal year 2000 and is available until June 30, 2002.

(u) If a sales tax rebate check is cashed by someone other than the payee or payees of the check, and the commissioner of revenue determines that the check has been forged or improperly endorsed or the commissioner determines that a rebate was overstated or erroneously issued, the commissioner may issue an order of assessment for the amount of the check or the amount the check is overstated against the person or persons cashing it. The assessment must be made within two years after the check is cashed, but if cashing the check constitutes theft under Minnesota Statutes, section 609.52, or forgery under Minnesota Statutes, section 609.631, the assessment can be made at any time. The assessment may be appealed administratively and judicially. The commissioner may take action to collect the assessment in the same manner as provided by Minnesota Statutes, chapter 289A, for any other order of the commissioner assessing tax.

(v) Notwithstanding Minnesota Statutes, sections 9.031, 16A.40, 16B.49, 16B.50, and any other law to the contrary, the commissioner of revenue may take whatever actions the commissioner deems necessary to pay the rebates required by this section, and may, in consultation with the commissioner of finance and the state treasurer, contract with a private vendor or vendors to process, print, and mail the rebate checks or warrants required under this section and receive and disburse state funds to pay those checks or warrants.

(w) The commissioner may pay rebates required by this section by electronic funds transfer to individuals who requested that their 1999 individual income tax refund be paid through electronic funds transfer. The commissioner may make the electronic funds transfer payments to the same financial institution and into the same account as the 1999 individual income tax refund.

Sec. 3. [APPROPRIATIONS.]

(a) \$1,730,600 is appropriated from the general fund to the commissioner of revenue to administer the sales tax rebates in this article and in article 3 for fiscal year 2000. Any unencumbered balance remaining on June 30, 2000, does not cancel but is available for expenditure by the commissioner of revenue until June 30, 2001. Notwithstanding Minnesota Statutes, section 16A.285, and except as provided in paragraph (b), the commissioner of revenue may not use this appropriation for any purpose other than administering the 1999 and 2000 sales tax rebates. This is a one-time appropriation and may not be added to the agency's budget base.

(b) Of the amount appropriated in paragraph (a), the necessary amount is transferred from the commissioner of revenue to the legislative auditor, not to exceed \$50,000, for an audit of the appropriations to the department of revenue for administration of the property tax rebates in Laws 1997, chapter 231, article 16, section 29; and Laws 1998, chapter 389, article 1, section 4; and the appropriation for administration of the sales tax rebate in Laws 1999, chapter 243, article 1, section 3. The purpose of this audit is to determine whether the funds appropriated were expended consistent with the purpose of the appropriations. The legislative auditor shall report the findings of the audit to the legislature by January 1, 2001.

(c) \$278,000 is appropriated from the general fund to the state treasurer to pay the cost of clearing sales tax rebate checks through commercial banks.

Sec. 4. [EFFECTIVE DATE.]

Sections 1 to 3 are effective the day following final enactment.

ARTICLE 2

AGRICULTURAL ASSISTANCE

Section 1. Laws 1999, chapter 112, section 1, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Acre" means an acre of effective agricultural use land within the state of Minnesota as reported to the farm service agency on form 156EZ.

(c) "Commissioner" means the commissioner of revenue.

(d) "Effective agricultural use land" means the land suitable for growing an agricultural crop and excludes land enrolled in the conservation reserve program established by Minnesota Statutes, section 103F.515, or the water bank program established by Minnesota Statutes, section 103F.601.

(e) "Farm" or "farm operation" means an agricultural production operation with a unique farm number as reported on form 156EZ to the farm service agency, which includes at least 40 acres of effective agricultural use land.

(f) "Farm operator" means a person who is identified as the operator of a farm on form 156EZ filed with the farm service agency.

(g) "Farm service agency" means the United States Farm Service Agency.

(h) "Farmer" or "farmer at risk" means a person who produces an agricultural crop or livestock and is reported to the farm service agency as bearing a percentage of the risk for the farm operation.

(i) "Livestock" means cattle, hogs, poultry, and sheep.

(j) "Livestock production facility" means a farm that has produced at least a total of \$10,000 in sales of unprocessed livestock or unprocessed dairy products or receipts from the care of another farmer's livestock as reported on schedule F or form 1065 or form 1120 or 1120S of the farmer's federal income tax return for either taxable years beginning in calendar year 1997 or 1998.

(k) "Person" includes individuals, fiduciaries, estates, trusts, partnerships, joint ventures, and corporations.

EFFECTIVE DATE: This section is effective retroactively to April 23, 1999.

Sec. 2. Laws 1999, chapter 112, section 1, subdivision 2, is amended to read:

Subd. 2. [PAYMENT TO FARMERS.] Every farm operator may apply on a separate form for each farm that they operate to the commissioner for payments as provided under this subdivision. The payment shall be made to each farmer at risk for a farm operation and shall equal \$4, multiplied by the number of acres of the farm operation, multiplied by the percentage of the risk borne by that farmer for that farm operation. If total payments for a farm to all farmers at risk for that farm would exceed \$5,600, the payment to each farmer at risk shall be prorated so that the total payments to all farmers at risk for that farm do not exceed \$5,600.

Applications shall be based on information reported to the farm service agency for crop year 1998 by December 31, 1998. The applications shall include the social security number or federal employer identification number or a producer number assigned by the farm service agency for each farmer and the farm service agency farm number from form 156EZ. The commissioner shall prepare application forms for the payment and ensure that they are available throughout the state. The commissioner shall make payments by June 30, 1999, to each eligible farmer who applies by May 31, 1999, or within 30 days of the application if the application is received after May 31, 1999. In no case will applications be accepted after ~~September~~ June 30, 1999 2000.

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

Sec. 3. Laws 1999, chapter 112, section 1, subdivision 7, is amended to read:

Subd. 7. [CERTIFICATION AND PAYMENT.] Any person eligible for the refund under subdivisions 4 to 8 shall send the commissioner a copy of the certification that the taxpayer received from the county auditor. In no case will applications be accepted after ~~November~~ June 30, 1999 2000. The commissioner shall issue a refund by July 15, 1999, to each qualifying taxpayer who applied by June 15, 1999, or within 30 days of receipt of the application if received after June 15, 1999.

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

Sec. 4. Laws 1999, chapter 112, section 2, is amended to read:

Sec. 2. [APPROPRIATION.]

(a) The amount necessary to fund the payments required under section 1, subdivisions 2 and 7, is appropriated in fiscal year years 1999 and 2000 from the general fund to the commissioner of revenue. This appropriation is available until June 30, ~~2000~~ 2001.

(b) \$68,000 is appropriated in fiscal year 1999 to the commissioner of revenue for distribution to counties for the costs of administering section 1, subdivisions 4 to 8. This appropriation is available until June 30, 2000. The distribution to counties shall be based on the number of refunds received under the provisions of section 1, subdivisions 4 to 8.

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

Sec. 5. [AGRICULTURAL ASSISTANCE IN 2000.]

Subdivision 1. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Acre" means an acre of agricultural land within a qualified county as reported on the schedule of crop insurance.

(c) "Commissioner" means the commissioner of agriculture.

(d) "Crop insurance" means federal multiple peril crop and revenue insurance, hail and wind crop insurance, or catastrophic crop insurance.

(e) "Person" includes individuals, fiduciaries, estates, trusts, partnerships, joint farm ventures, and corporations.

(f) "Qualified counties" means the counties which were declared as disaster counties in Minnesota by a 1999 presidential declaration or which are contiguous to any one of the counties which was declared a disaster county in Minnesota by a 1999 presidential declaration. The counties are: Aitkin, Becker, Beltrami, Carlton, Cass, Clay, Clearwater, Cook, Crow Wing, Hubbard, Itasca, Kanabec, Kittson, Koochiching, Lake, Lake of the Woods, Mahnomen, Marshall, Mille Lacs, Morrison, Norman, Otter Tail, Pennington, Pine, Polk, Red Lake, Roseau, St. Louis, Todd, Wadena, and Wilkin.

Subd. 2. [PAYMENT.] Every person operating a farm in a qualified county who has obtained crop insurance on that farm may apply on a form prepared by the commissioner for payments as provided under this subdivision. The payment equals \$4, multiplied by the number of acres covered under the crop insurance. In no case shall total payments for any single acre of land exceed \$4.

Applications must be based on information for crop year 2000. The applications must include the applicant's social security number or federal employer identification number and a copy of the schedule of crop insurance for crop year 2000. In the case of a married couple, the social security numbers or federal employer identification numbers are required for both spouses. The commissioner shall prepare application forms for the payments and ensure that they are available in the qualified counties. The commissioner shall make payments by October 1, 2000, to each eligible person who applies by August 15, 2000, or within 45 days of the application if the application is received after August 15, 2000. In no case will applications be accepted after September 30, 2000.

Subd. 3. [LIMIT.] No individual or married couple may receive total payments under this section in excess of \$5,600 whether individually, through the person's pro rata ownership share of another eligible farming entity, or both.

Subd. 4. [PENALTIES.] If the commissioner of agriculture determines that claims for payments under subdivision 2 are or were excessive or were filed with fraudulent intent, the claim must be disallowed in full. If the claim has been paid, the commissioner of agriculture shall notify the commissioner of revenue of the relevant information, and the amount disallowed must be recovered by assessment and collection under Minnesota Statutes, chapters 270 and 289A. The assessment must be made within two years after a check is cashed, but if cashing a check constitutes theft under Minnesota Statutes, section 609.52, or forgery under Minnesota Statutes, section 609.631, the assessment may be made at any time. The assessment may be appealed administratively and judicially.

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

Sec. 6. [APPROPRIATION.]

(a) The amount necessary to fund the payments under section 5 is appropriated in fiscal year 2001 from the general fund to the commissioner of agriculture. This appropriation is available until June 30, 2001.

(b) The amount necessary to administer the agricultural assistance program under section 5 is appropriated from the general fund to the commissioner of agriculture, provided that amount shall not exceed \$50,000.

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

ARTICLE 3

1999 SALES TAX REBATE

Section 1. Laws 1999, chapter 243, article 1, section 2, is amended to read:

Sec. 2. [SALES TAX REBATE.]

(a) An individual who:

(1) was eligible for a credit under Laws 1997, chapter 231, article 1, section 16, as amended by Laws 1997, First Special Session chapter 5, section 35, and Laws 1997, Third Special Session chapter 3, section 11, and Laws 1998, chapter 304, and Laws 1998, chapter 389, article 1, section 3, and who filed for or received that credit on or before June 15, 1999; or

(2) was a resident of Minnesota for any part of 1997, and filed a 1997 Minnesota income tax return on or before June 15, 1999, and had a tax liability before refundable credits on that return of at least \$1 but did not file the claim for credit authorized under Laws 1997, chapter 231, article 1, section 16, as amended, and who was not allowed to be claimed as a dependent on a 1997 federal income tax return filed by another person; or

(3) had the property taxes payable on his or her homestead abated to zero under Laws 1997, chapter 231, article 2, section 64,

shall receive a sales tax rebate.

(b) The sales tax rebate for taxpayers who qualify under paragraph (a) as married filing joint or head of household must be computed according to the following schedule:

Income	Sales Tax Rebate
less than \$2,500	\$ 358
at least \$2,500 but less than \$5,000	\$ 469
at least \$5,000 but less than \$10,000	\$ 502
at least \$10,000 but less than \$15,000	\$ 549
at least \$15,000 but less than \$20,000	\$ 604
at least \$20,000 but less than \$25,000	\$ 641
at least \$25,000 but less than \$30,000	\$ 690
at least \$30,000 but less than \$35,000	\$ 762
at least \$35,000 but less than \$40,000	\$ 820
at least \$40,000 but less than \$45,000	\$ 874
at least \$45,000 but less than \$50,000	\$ 921
at least \$50,000 but less than \$60,000	\$ 969
at least \$60,000 but less than \$70,000	\$1,071
at least \$70,000 but less than \$80,000	\$1,162
at least \$80,000 but less than \$90,000	\$1,276
at least \$90,000 but less than \$100,000	\$1,417
at least \$100,000 but less than \$120,000	\$1,535
at least \$120,000 but less than \$140,000	\$1,682

at least \$140,000 but less than \$160,000	\$1,818
at least \$160,000 but less than \$180,000	\$1,946
at least \$180,000 but less than \$200,000	\$2,067
at least \$200,000 but less than \$400,000	\$2,644
at least \$400,000 but less than \$600,000	\$3,479
at least \$600,000 but less than \$800,000	\$4,175
at least \$800,000 but less than \$1,000,000	\$4,785
\$1,000,000 and over	\$5,000

(c) The sales tax rebate for individuals who qualify under paragraph (a) as single or married filing separately must be computed according to the following schedule:

Income	Sales Tax Rebate
less than \$2,500	\$ 204
at least \$2,500 but less than \$5,000	\$ 249
at least \$5,000 but less than \$10,000	\$ 299
at least \$10,000 but less than \$15,000	\$ 408
at least \$15,000 but less than \$20,000	\$ 464
at least \$20,000 but less than \$25,000	\$ 496
at least \$25,000 but less than \$30,000	\$ 515
at least \$30,000 but less than \$40,000	\$ 570
at least \$40,000 but less than \$50,000	\$ 649
at least \$50,000 but less than \$70,000	\$ 776
at least \$70,000 but less than \$100,000	\$ 958
at least \$100,000 but less than \$140,000	\$1,154
at least \$140,000 but less than \$200,000	\$1,394
at least \$200,000 but less than \$400,000	\$1,889
at least \$400,000 but less than \$600,000	\$2,485
\$600,000 and over	\$2,500

(d) Individuals who were not residents of Minnesota for any part of 1997 and who paid more than \$10 in Minnesota sales tax on nonbusiness consumer purchases in that year qualify for a rebate under this paragraph only. Qualifying nonresidents must file a claim for rebate on a form prescribed by the commissioner before the later of June 15, 1999, or 30 days after the date of enactment of this act. The claim must include receipts showing the Minnesota sales tax paid and the date of the sale. Taxes paid on purchases allowed in the computation of federal taxable income or reimbursed by an employer are not eligible for the rebate. The commissioner shall determine the qualifying taxes paid and rebate the lesser of:

(1) 69.0 percent of that amount; or

(2) the maximum amount for which the claimant would have been eligible as determined under paragraph (b) if the taxpayer filed the 1997 federal income tax return as a married taxpayer filing jointly or head of household, or as determined under paragraph (c) for other taxpayers.

(e) "Income," for purposes of this section other than paragraph (d), is taxable income as defined in section 63 of the Internal Revenue Code of 1986, as amended through December 31, 1996, plus the sum of any additions to federal taxable income for the taxpayer under Minnesota Statutes, section 290.01, subdivision 19a, and reported on the original 1997 income tax return including subsequent adjustments to that return made within the time limits specified in paragraph (h). For an individual who was a resident of Minnesota for less than the entire year, the sales tax rebate equals the sales tax rebate calculated under paragraph (b) or (c) multiplied by the percentage determined pursuant to Minnesota Statutes, section 290.06, subdivision 2c, paragraph (e), as calculated on the original 1997 income tax return including subsequent adjustments to that return made within the time limits specified in paragraph (h). For purposes of paragraph (d), "income" is taxable income as defined in section 63 of the Internal Revenue Code of 1986, as amended through December 31, 1996, and reported on the taxpayer's original federal tax return for the first taxable year beginning after December 31, 1996.

(f) An individual who would have been eligible for a rebate under paragraph (a), clause (1) or (2), or (d) had the individual filed a 1997 Minnesota income tax return or claim form by June 15, 1999, who files the return or claim form by June 30, 2000, is eligible for the rebate amount under paragraph (b) as adjusted by paragraph (h) if the individual is married filing joint or head of household and the rebate amount under paragraph (c) as adjusted by paragraph (h) if the individual is married filing separately or single.

(g) For a fiscal year taxpayer, the June 15, 1999, dates in paragraphs (a) through (d) are extended one month for each month in calendar year 1997 that occurred prior to the start of the individual's 1997 fiscal tax year.

(h) Before payment, the commissioner of revenue shall adjust the rebate as follows:

(1) the rebates calculated in paragraphs (b), (c), and (d) must be proportionately reduced to account for 1997 income tax returns that are filed on or after January 1, 1999, but before July 1, 1999, so that the amount of sales tax rebates payable under paragraphs (b), (c), and (d) does not exceed \$1,250,000,000; and

(2) the commissioner of finance shall certify by July 15, 1999, preliminary fiscal year 1999 general fund net nondedicated revenues. The certification shall exclude the impact of any legislation enacted during the 1999 regular session. If certified net nondedicated revenues exceed the amount forecast in February 1999, up to \$50,000,000 of the increase shall be added to the total amount rebated. The commissioner of revenue shall adjust all rebates proportionally to reflect any increases. The total amount of the rebate shall not exceed \$1,300,000,000.

The adjustments under this paragraph are not rules subject to Minnesota Statutes, chapter 14.

~~(g)~~ (i) The commissioner of revenue may begin making sales tax rebates by August 1, 1999. Sales tax rebates not paid by October 1, 1999, bear interest at the rate specified in Minnesota Statutes, section 270.75. Sales tax rebates paid to (1) taxpayers who file their original 1997 Minnesota income tax return after June 15, 1999, and (2) qualifying nonresidents who file a claim for rebate after June 15, 1999,

bear interest at the rate specified in Minnesota Statutes, section 270.75, beginning October 1, 2000.

~~(h)~~ (j) A sales tax rebate shall not be adjusted based on changes to a 1997 income tax return that are made by order of assessment after June 15, 1999, or made by the taxpayer that are filed with the commissioner of revenue after June 15, 1999.

~~(i)~~ (k) Individuals who filed a joint income tax return for 1997 shall receive a joint sales tax rebate. After the sales tax rebate has been issued, but before the check has been cashed, either joint claimant may request a separate check for one-half of the joint sales tax rebate. Notwithstanding anything in this section to the contrary, if prior to payment, the commissioner has been notified that persons who filed a joint 1997 income tax return are living at separate addresses, as indicated on their 1998 income tax return or otherwise, the commissioner may issue separate checks to each person. The amount payable to each person is one-half of the total joint rebate. If a rebate is received by the estate of a deceased individual after the probate estate has been closed, and if the original rebate check is returned to the commissioner with a copy of the decree of descent or final account of the estate, social security numbers, and addresses of the beneficiaries, the commissioner may issue separate checks in proportion to their share in the residuary estate in the names of the residuary beneficiaries of the estate.

~~(j)~~ (l) The sales tax rebate is a "Minnesota tax law" for purposes of Minnesota Statutes, section 270B.01, subdivision 8.

~~(k)~~ (m) The sales tax rebate is "an overpayment of any tax collected by the commissioner" for purposes of Minnesota Statutes, section 270.07, subdivision 5. For purposes of this paragraph, a joint sales tax rebate is payable to each spouse equally.

~~(l)~~ (n) If the commissioner of revenue cannot locate an individual entitled to a sales tax rebate by July 1, 2001, or if an individual to whom a sales tax rebate was issued has not cashed the check by July 1, 2001, the right to the sales tax rebate lapses and the check must be deposited in the general fund.

(m) (o) Individuals entitled to a sales tax rebate pursuant to paragraph (a), but who did not receive one, and individuals who receive a sales tax rebate that was not correctly computed, must file a claim with the commissioner before July 1, 2000, in a form prescribed by the commissioner. Taxpayers who file their original 1997 Minnesota income tax return after June 15, 1999, and qualifying nonresidents who file a claim for rebate after June 15, 1999, and who do not receive it or who receive a sales tax rebate that was not correctly computed, must file a claim with the commissioner before July 1, 2001, in a form prescribed by the commissioner. These claims must be treated as if they are a claim for refund under Minnesota Statutes, section 289A.50, subdivisions 4 and 7.

(m) (p) The sales tax rebate is a refund subject to revenue recapture under Minnesota Statutes, chapter 270A. The commissioner of revenue shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, refund one-half of the joint sales tax rebate to the spouse who does not owe the debt.

(m) (q) The rebate is a reduction of fiscal year 1999 sales tax revenues. The amount necessary to make the sales tax rebates and interest provided in this section is appropriated from the general fund to the commissioner of revenue in fiscal year 1999 and is available until June 30, 2001.

(m) (r) If a sales tax rebate check is cashed by someone other than the payee or payees of the check, and the commissioner of revenue determines that the check has been forged or improperly endorsed or the commissioner determines that a rebate was overstated or erroneously issued, the commissioner may issue an order of assessment for the amount of the check or the amount the check is overstated against the person or persons cashing it. The assessment must be made within two years after the check is cashed, but if cashing the check constitutes theft under Minnesota Statutes, section 609.52, or forgery under Minnesota Statutes, section 609.631, the assessment can be made at any time. The assessment may be appealed administratively and judicially. The commissioner may take action to collect the assessment in the same manner as provided by Minnesota Statutes, chapter 289A, for any other order of the commissioner assessing tax.

(m) (s) Notwithstanding Minnesota Statutes, sections 9.031, 16A.40, 16B.49, 16B.50, and any other law to the contrary, the commissioner of revenue may take whatever actions the commissioner deems necessary to pay the rebates required by this section, and may, in consultation with the commissioner of finance and the state treasurer, contract with a private vendor or vendors to process, print, and mail the rebate checks or warrants required under this section and receive and disburse state funds to pay those checks or warrants.

(m) (t) The commissioner may pay rebates required by this section by electronic funds transfer to individuals who requested that their 1998 individual income tax refund be paid through electronic funds transfer. The commissioner may make the electronic funds transfer payments to the same financial institution and into the same account as the 1998 individual income tax refund.

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

Sec. 2. [APPLICATION OF LAW.]

The limitation on the total amount of rebates in Laws 1999, chapter 243, article 1, section 2, paragraph (f), does not apply to rebates issued under section 1. To the extent applicable, all other provisions of Laws 1999, chapter 243, article 1, section 2, apply to the rebates paid under section 1.

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

Sec. 3. [APPROPRIATION.]

The amount necessary to pay the rebates under section 1 is appropriated from the general fund to the commissioner of revenue for fiscal years 2000 and 2001.

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

ARTICLE 4

INCOME AND FRANCHISE TAXES

Section 1. Minnesota Statutes 1998, section 289A.08, is amended by adding a subdivision to read:

Subd. 16. [TAX REFUND OR RETURN PREPARERS.] (a) A "tax refund or return preparer," as defined in section 289A.60, subdivision 13, paragraph (g), who prepared more than 500 Minnesota individual income tax returns for the prior calendar year must file all Minnesota individual income tax returns prepared for the current calendar year by electronic means.

(b) For tax returns prepared for the tax year beginning in 2001, the "500" in paragraph (a) is reduced to 250.

(c) For tax returns prepared for tax years beginning after December 31, 2001, the "500" in paragraph (a) is reduced to 100.

(d) Paragraph (a) does not apply to a return if the taxpayer has indicated on the return that the taxpayer did not want the return filed by electronic means.

EFFECTIVE DATE: This section is effective for tax returns prepared for taxable years beginning after December 31, 1999.

Sec. 2. Minnesota Statutes 1998, section 289A.20, subdivision 2, is amended to read:

Subd. 2. [WITHHOLDING FROM WAGES, ENTERTAINER WITHHOLDING, WITHHOLDING FROM PAYMENTS TO OUT-OF-STATE CONTRACTORS, AND WITHHOLDING BY PARTNERSHIPS AND SMALL BUSINESS CORPORATIONS.] (a) A tax required to be deducted and withheld during the quarterly period must be paid on or before the last day of the month following the close of the quarterly period, unless an earlier time for payment is provided. A tax required to be deducted and withheld from compensation of an entertainer and from a payment to an out-of-state contractor must be paid on or before the date the return for such tax must be filed under section 289A.18, subdivision 2. Taxes required to be deducted and withheld by partnerships and S corporations must be paid on or before the date the return must be filed under section 289A.18, subdivision 2.

(b) An employer who, during the previous quarter, withheld more than \$1,500 of tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, must deposit tax withheld under those sections with the commissioner within the time allowed to deposit the employer's federal withheld employment taxes under Treasury Regulation, section 31.6302-1, without regard to the safe harbor or de minimis rules in subparagraph (f) or the one-day rule in subsection (c), clause (3). Taxpayers must submit a copy of their federal notice of deposit status to the commissioner upon request by the commissioner.

(c) The commissioner may prescribe by rule other return periods or deposit requirements. In prescribing the reporting period, the commissioner may classify payors according to the amount of their tax liability and may adopt an appropriate reporting period for the class that the commissioner judges to be consistent with efficient tax collection. In no event will the duration of the reporting period be more than one year.

(d) If less than the correct amount of tax is paid to the commissioner, proper adjustments with respect to both the tax and the amount to be deducted must be made, without interest, in the manner and at the times the commissioner prescribes. If the underpayment cannot be adjusted, the amount of the underpayment will be assessed and collected in the manner and at the times the commissioner prescribes.

(e) If the aggregate amount of the tax withheld during a fiscal year ending June 30 under section 290.92, subdivision 2a or 3, is equal to or exceeds the amounts established for remitting federal withheld taxes pursuant to the regulations promulgated under section 6302(h) of the Internal Revenue Code, the employer must remit each required deposit for wages paid in the subsequent calendar year by means of a funds transfer as defined in section

336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the deposit is due. If the date the deposit is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the deposit is due.

(f) A third-party bulk filer as defined in section 290.92, subdivision 30, paragraph (a), clause (2), who remits withholding deposits must remit all deposits by means of a funds transfer as provided in paragraph (e), regardless of the aggregate amount of tax withheld during a fiscal year for all of the employers.

EFFECTIVE DATE: This section is effective for wages paid after December 31, 1999.

Sec. 3. Minnesota Statutes 1998, section 289A.26, subdivision 1, is amended to read:

Subdivision 1. [MINIMUM LIABILITY.] A corporation subject to taxation under chapter 290 (excluding section 290.92) or an entity subject to taxation under section 290.05, subdivision 3, must make payment of estimated tax for the taxable year if its tax liability so computed can reasonably be expected to exceed \$500, or in accordance with rules prescribed by the commissioner for an affiliated group of corporations ~~electing to file~~ filing one return as ~~permitted~~ under section 289A.08, subdivision 3.

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

Sec. 4. Minnesota Statutes 1998, section 289A.60, subdivision 1, is amended to read:

Subdivision 1. [PENALTY FOR FAILURE TO PAY TAX.] (a) If a tax other than a withholding or sales or use tax is not paid within the time specified for payment, a penalty must be added to the amount required to be shown as tax. The penalty is three percent of the tax not paid on or before the date specified for payment of the tax if the failure is for not more than 30 days, with an additional penalty of three percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 24 percent in the aggregate.

If an individual files a state individual income tax return and pays all of the state individual income tax with the filing of a return within six months of the date the return is due and the amount paid by the due date of the return is at least 90 percent of the amount of tax due, as shown on the return, the individual is presumed to have reasonable cause for the late payment.

(b) If a withholding or sales or use tax is not paid within the time specified for payment, a penalty must be added to the amount required to be shown as tax. The penalty is five percent of the tax not paid on or before the date specified for payment of the tax if the failure is for not more than 30 days, with an additional penalty of five percent of the amount of tax remaining unpaid during each additional 30 days or fraction of 30 days during which the failure continues, not exceeding 15 percent in the aggregate.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 5. Minnesota Statutes 1999 Supplement, section 290.01, subdivision 19b, is amended to read:

Subd. 19b. [SUBTRACTIONS FROM FEDERAL TAXABLE INCOME.] For individuals, estates, and trusts, there shall be subtracted from federal taxable income:

(1) interest income on obligations of any authority, commission, or instrumentality of the United States to the extent includable in taxable income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) if included in federal taxable income, the amount of any overpayment of income tax to Minnesota or to any other state, for any previous taxable year, whether the amount is received as a refund or as a credit to another taxable year's income tax liability;

(3) the amount paid to others, less the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363. For the purposes of this clause, "tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment used in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) contributions made in taxable years beginning after December 31, 1981, and before January 1, 1985, to a qualified governmental pension plan, an individual retirement account, simplified employee pension, or qualified plan covering a self-employed person that were included in Minnesota gross income in the taxable year for which the contributions were made but were deducted or were not included in the computation of federal adjusted gross income, less any amount allowed to be subtracted as a distribution under this subdivision or a predecessor provision in taxable years that began before January 1, 2000. This subtraction applies only for taxable years beginning after December 31, 1999, and before January 1, 2001. If an individual's subtraction under this clause exceeds the individual's taxable income, the excess may be carried forward to taxable years beginning after December 31, 2000, and before January 1, 2002;

(5) income as provided under section 290.0802;

(6) the amount of unrecovered accelerated cost recovery system deductions allowed under subdivision 19g;

(7) to the extent included in federal adjusted gross income, income realized on disposition of property exempt from tax under section 290.491;

(8) to the extent not deducted in determining federal taxable income or used to claim the long-term care insurance credit under section 290.0672, the amount paid for health insurance of self-employed individuals as determined under section 162(l) of the Internal Revenue Code, except that the percent limit does not apply. If the taxpayer individual deducted insurance payments under section 213 of the Internal Revenue Code of 1986, the subtraction under this clause must be reduced by the lesser of:

(i) the total itemized deductions allowed under section 63(d) of the Internal Revenue Code, less state, local, and foreign income taxes deductible under section 164 of the Internal Revenue Code and the standard deduction under section 63(c) of the Internal Revenue Code; or

(ii) the lesser of (A) the amount of insurance qualifying as "medical care" under section 213(d) of the Internal Revenue Code to the extent not deducted under section 162(1) of the Internal Revenue Code or excluded from income or (B) the total amount deductible for medical care under section 213(a);

(9) the exemption amount allowed under Laws 1995, chapter 255, article 3, section 2, subdivision 3;

(10) to the extent included in federal taxable income, postservice benefits for youth community service under section 124D.42 for volunteer service under United States Code, title 42, section 5011(d), as amended;

(11) to the extent not deducted in determining federal taxable income by an individual who does not itemize deductions for federal income tax purposes for the taxable year, an amount equal to 50 percent of the excess of charitable contributions allowable as a deduction for the taxable year under section 170(a) of the Internal Revenue Code over \$500; ~~and~~

(12) to the extent included in federal taxable income, holocaust victims' settlement payments for any injury incurred as a result of the holocaust, if received by an individual who was persecuted for racial or religious reasons by Nazi Germany or any other Axis regime or an heir of such a person; and

(13) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 6. Minnesota Statutes 1998, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. [CORPORATIONS; ADDITIONS TO FEDERAL TAXABLE INCOME.] For corporations, there shall be added to federal taxable income:

(1) the amount of any deduction taken for federal income tax purposes for income, excise, or franchise taxes based on net income or related minimum taxes, including but not limited to the tax imposed under section 290.0922, paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or any foreign country or possession of the United States;

(2) interest not subject to federal tax upon obligations of: the United States, its possessions, its agencies, or its instrumentalities; the state of Minnesota or any other state, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities; the District of Columbia; or Indian tribal governments;

(3) exempt-interest dividends received as defined in section 852(b)(5) of the Internal Revenue Code;

(4) the amount of any net operating loss deduction taken for federal income tax purposes under section 172 or 832(c)(10) of the Internal Revenue Code or operations loss deduction under section 810 of the Internal Revenue Code;

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 of the Internal Revenue Code;

(6) losses from the business of mining, as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota income tax;

(7) the amount of any capital losses deducted for federal income tax purposes under sections 1211 and 1212 of the Internal Revenue Code;

(8) the amount of any charitable contributions deducted for federal income tax purposes under section 170 of the Internal Revenue Code;

(9) the exempt foreign trade income of a foreign sales corporation under sections 921(a) and 291 of the Internal Revenue Code;

(10) the amount of percentage depletion deducted under sections 611 through 614 and 291 of the Internal Revenue Code;

(11) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(12) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g);

(13) the amount of any environmental tax paid under section 59(a) of the Internal Revenue Code; and

(14) the amount of a partner's pro rata share of net income which does not flow through to the partner because the partnership elected to pay the tax on the income under section 6242(a)(2) of the Internal Revenue Code.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 7. Minnesota Statutes 1998, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. [CORPORATIONS; MODIFICATIONS DECREASING FEDERAL TAXABLE INCOME.] For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the federal jobs credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (11), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(8) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

(9) the amount included in federal taxable income attributable to the credits provided in Minnesota Statutes 1986, section 273.1314, subdivision 9, or Minnesota Statutes, section 469.171, subdivision 6;

(10) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(11) 80 percent of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation;

(12) income or gains from the business of mining as defined in section 290.05, subdivision 1, clause (a), that are not subject to Minnesota franchise tax;

(13) the amount of handicap access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

(14) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068;

(15) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code; ~~and~~

(16) the amount of any refund of environmental taxes paid under section 59A of the Internal Revenue Code; and

(17) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 8. Minnesota Statutes 1998, section 290.01, subdivision 19e, is amended to read:

Subd. 19e. [DEPRECIATION MODIFICATIONS FOR CORPORATIONS.] In the case of corporations, a modification shall be made for the accelerated cost recovery system. The allowable deduction for the accelerated cost recovery system is the same amount as provided in section 168 of the Internal Revenue Code with the following modifications. The modifications apply to taxable years beginning after December 31, 1986, and to property for which deductions under the Tax Reform Act of 1986, Public Law Number 99-514, are elected or apply. The modifications in paragraphs (a) and (c) do not apply to taxable years beginning after December 31, 2000.

(a) For property placed in service after December 31, 1980, and before January 1, 1987, 40 percent of the allowance pursuant to section 168 of the Internal Revenue Code of 1954, as amended through December 31, 1985, for 15-, 18-, or 19-year real property shall not be allowed and for all other property 20 percent shall not be allowed.

(b) For property placed in service after December 31, 1987, no modification shall be made.

(c) For property placed in service after July 31, 1986, and before January 1, 1987, for which the taxpayer elects the deduction pursuant to section 203 of the Tax Reform Act of 1986, Public Law Number 99-514, and for property placed in service after December 31, 1986, and before January 1, 1988, 15 percent of the allowance pursuant to section 168 of the Internal Revenue Code shall not be allowed.

(d) For property placed in service after December 31, 1980, and before January 1, 1987, for which the taxpayer elects to use the straight line method provided in section 168(b)(3), (f)(12), or (j)(1) or a method provided in section 168(e)(2) of the Internal Revenue Code, as amended through December 31, 1986, but excluding property for which the taxpayer elects the deduction pursuant to section 203 of the Tax Reform Act of 1986, Public Law Number 99-514, the modifications provided in paragraph (a) do not apply.

(e) For taxable years beginning before January 1, 2001, for property subject to the modifications contained in paragraphs (a) and (c) and Minnesota Statutes 1986, section 290.09, subdivision 7, clause (c), the following modification shall be made after the entire amount of the allowable deduction has been allowed for federal tax purposes for that property under the provisions of section 168 of the Internal Revenue Code. The remaining depreciable basis in those assets for Minnesota purposes, including the amount of any basis reduction to reflect the investment tax credit for federal purposes under sections 48(q) and 49(d) of the Internal Revenue Code, shall be a depreciation allowance computed using the straight line method over the following number of years:

- (1) three-year property, one year;
- (2) five-year and seven-year property, two years;
- (3) ten-year property, five years; and
- (4) all other property, seven years.

(f) For taxable years beginning after December 31, 2000, the amount of any remaining modification made under paragraph (a) or (c) or Minnesota Statutes 1986, section 290.09, subdivision 7, clause (c), not previously deducted under paragraph (e), including the amount of any basis reduction to reflect the federal investment tax credit for federal purposes under section 48(q) and 49(d) of the Internal Revenue Code, is a depreciation allowance in the first taxable year after December 31, 2000.

(g) For taxable years beginning before January 1, 2001, and for property placed in service after December 31, 1987, the remaining depreciable basis for Minnesota purposes that is attributable to the basis reduction for federal purposes to reflect the investment tax credit under sections 48(q) and 49(d) of the Internal Revenue Code, shall be allowed as a deduction in the first taxable year after the entire amount of the allowable deduction for that property under the provisions of section 168 of the Internal Revenue Code, has been allowed, except that where the straight line method provided in section 168(b)(3) is used, the deduction provided in this clause shall be allowed in the last taxable year in which an allowance for depreciation is allowed for that property.

~~(g)~~ (h) For qualified timber property for which the taxpayer made an election under section 194 of the Internal Revenue Code, the remaining depreciable basis for Minnesota purposes is allowed as a deduction in the first taxable year after the entire allowable deduction has been allowed for federal tax purposes.

~~(h)~~ (i) The basis of property to which section 168 of the Internal Revenue Code applies is its basis as provided in this chapter including the modifications provided in this subdivision and in Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c). The recapture tax provisions provided in sections 1245 and 1250 of the Internal Revenue Code apply but must be calculated using the basis provided in the preceding sentence.

(j) The basis of an asset acquired in an exchange of assets, including an involuntary conversion, is the same as its federal basis under the provisions of the Internal Revenue Code, except that the difference in basis due to the modifications in this subdivision and in Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c), is a deduction as provided in paragraph (e).

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 2000.

Sec. 9. Minnesota Statutes 1998, section 290.015, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Except as provided in subdivision 3, a person that conducts a trade or business that has a place of business in this state, regularly has employees or independent contractors conducting business activities on its behalf in this state, or owns or leases real property that is located in this state or tangible personal property located, including but not limited to mobile property, that is present in this state as defined in section 290.191, subdivision 6, paragraph (e); is subject to the taxes imposed by this chapter.

(b) Except as provided in subdivision 3, a person that conducts a trade or business not described in paragraph (a) is subject to the taxes imposed by this chapter if the trade or business obtains or regularly solicits business from within this state, without regard to physical presence in this state.

(c) For purposes of paragraph (b), business from within this state includes, but is not limited to:

(1) sales of products or services of any kind or nature to customers in this state who receive the product or service in this state;

(2) sales of services which are performed from outside this state but the services are received in this state;

(3) transactions with customers in this state that involve intangible property and result in ~~income flowing to the person from within~~ receipts attributed to this state as provided in section 290.191, subdivision 5 or 6;

(4) leases of tangible personal property that is located in this state as defined in section 290.191, subdivision 5, paragraph (g), or 6, paragraph (e); and

(5) sales and leases of real property located in this state; ~~and~~

~~(6) if a financial institution, deposits received from customers in this state.~~

(d) For purposes of paragraph (b), solicitation includes, but is not limited to:

(1) the distribution, by mail or otherwise, without regard to the state from which such distribution originated or in which the materials were prepared, of catalogs, periodicals, advertising flyers, or other written solicitations of business to customers in this state;

(2) display of advertisements on billboards or other outdoor advertising in this state;

(3) advertisements in newspapers published in this state;

(4) advertisements in trade journals or other periodicals, the circulation of which is primarily within this state;

(5) advertisements in a Minnesota edition of a national or regional publication or a limited regional edition of which this state is included of a broader regional or national publication which are not placed in other geographically defined editions of the same issue of the same publication;

(6) advertisements in regional or national publications in an edition which is not by its contents geographically targeted to Minnesota, but which is sold over the counter in Minnesota or by subscription to Minnesota residents;

- (7) advertisements broadcast on a radio or television station located in Minnesota; or
- (8) any other solicitation by telegraph, telephone, computer database, cable, optic, microwave, or other communication system.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 10. Minnesota Statutes 1998, section 290.015, subdivision 3, is amended to read:

Subd. 3. [EXCEPTIONS.] (a) A person is not subject to tax under this chapter if the person is engaged in the business of selling tangible personal property and taxation of that person under this chapter is precluded by Public Law Number 86-272, United States Code, title 15, sections 381 to 384, or would be so precluded except for the fact that the person stored tangible personal property in a state licensed facility under chapter 231.

(b) Ownership of an interest in the following types of property (including those contacts with this state reasonably required to evaluate and complete the acquisition or disposition of the property, the servicing of the property or the income from it, the collection of income from the property, or the acquisition or liquidation of collateral relating to the property) shall not be a factor in determining whether the owner is subject to tax under this chapter:

(1) an interest in a real estate mortgage investment conduit, a real estate investment trust, a financial asset securitization investment trust, or a regulated investment company or a fund of a regulated investment company, as those terms are defined in the Internal Revenue Code;

(2) an interest in money market instruments or securities as defined in section 290.191, subdivision 6, paragraphs (c) and (d);

(3) an interest in a loan-backed, mortgage-backed, or receivable-backed security representing either: (i) ownership in a pool of promissory notes, mortgages, or receivables or certificates of interest or participation in such notes, mortgages, or receivables, or (ii) debt obligations or equity interests which provide for payments in relation to payments or reasonable projections of payments on the notes, mortgages, or receivables;

(4) an interest acquired from a person in assets described in section 290.191, subdivision 11, paragraphs (e) to (l), subject to the provisions of paragraph (c), clause (2)(A);

(5) an interest acquired from a person in the right to service, or collect income from any assets described in section 290.191, subdivision 11, paragraphs (e) to (l), subject to the provisions of paragraph (c), clause (2)(A);

(6) an interest acquired from a person in a funded or unfunded agreement to extend or guarantee credit whether conditional, mandatory, temporary, standby, secured, or otherwise, subject to the provisions of paragraph (c), clause (2)(A);

(7) an interest of a person other than an individual, estate, or trust, in any intangible, tangible, real, or personal property acquired in satisfaction, whether in whole or in part, of any asset embodying a payment obligation which is in default, whether secured or unsecured, the ownership of an interest in which would be exempt under the preceding provisions of this subdivision, provided the property is disposed of within a reasonable period of time; or

(8) amounts held in escrow or trust accounts, pursuant to and in accordance with the terms of property described in this subdivision.

(c)(1) For purposes of paragraph (b), clauses (4) to (6), an interest in the type of assets or credit agreements described is deemed to exist at the time the owner becomes legally obligated, conditionally or unconditionally, to fund, acquire, renew, extend, amend, or otherwise enter into the credit arrangement.

(2)(A) An owner has acquired an interest from a person in paragraph (b), clauses (4) to (6), assets if:

(i) the owner at the time of the acquisition of the asset does not own, directly or indirectly, 15 percent or more of the outstanding stock or in the case of a partnership 15 percent or more of the capital or profit interests of the person from whom it acquired the asset;

(ii) the person from whom the owner acquired the asset regularly sells, assigns, or transfers interests in paragraph (b), clauses (4) to (6), assets during the 12 calendar months immediately preceding the month of acquisition to three or more persons; and

(iii) the person from whom the owner acquired the asset does not sell, assign, or transfer 75 percent or more of its paragraph (b), clauses (4) to (6), assets during the 12 calendar months immediately preceding the month of acquisition to the owner.

For purposes of determining indirect ownership under item (i), the owner is deemed to own all stock, capital, or profit interests owned by another person if the owner directly owns 15 percent or more of the stock, capital, or profit interests in the other person. The owner is also deemed to own through any intermediary parties all stock, capital, and profit interests directly owned by a person to the extent there exists a 15 percent or more chain of ownership of stock, capital, or profit interests between the owner, intermediary parties and the person.

(B) If the owner of the asset is a member of ~~the~~ a unitary group business, paragraph (b), clauses (4) to (8), do not apply to an interest acquired from another member of the unitary group business. If the interest in the asset was originally acquired from a nonunitary member and at that time qualified as a section 290.015, subdivision 3, paragraph (b), asset, the foregoing limitation does not apply.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 11. Minnesota Statutes 1998, section 290.015, subdivision 4, is amended to read:

Subd. 4. [LIMITATIONS.] (a) This section does not subject a trade or business to any regulation, including any tax, of any local unit of government or subdivision of this state if the trade or business does not own or lease tangible or real property located within this state and has no employees or independent contractors present in this state to assist in the carrying on of the business.

(b) The purchase of tangible personal property or intangible property or services by a person that conducts a trade or business with the principal place of business outside of Minnesota, referred to as the "non-Minnesota person", from a person within Minnesota shall not be taken into account in determining whether the non-Minnesota person is subject to the taxes imposed by this chapter, except for services involving either the direct solicitation of Minnesota customers or relationships with Minnesota customers after sales are made. This paragraph is subject to the limitations contained in subdivision 3, paragraph (b), clauses (4) to (6).

(c) ~~No~~ Contact with any Minnesota financial institution by any financial institution with its principal place of business outside Minnesota with respect to transactions described in subdivision 3, or with respect to deposits received from or by a Minnesota financial institution, shall not be taken into account in determining whether such a financial institution is subject to the taxes imposed by this chapter. ~~The fact of~~ Participation by a Minnesota financial institution in a transaction which also involves a borrower and a financial institution that conducts a trade or business with its principal place of business outside of Minnesota shall not be a factor in determining whether such financial institution is subject to the taxes imposed by this chapter. This paragraph does not apply to transactions between or among members of the same unitary group business.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 12. Minnesota Statutes 1999 Supplement, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. [SCHEDULES OF RATES FOR INDIVIDUALS, ESTATES, AND TRUSTS.] (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

- (1) On the first ~~\$25,220~~ \$25,680, ~~5.5~~ 5.35 percent;
- (2) On all over ~~\$25,220~~ \$25,680, but not over ~~\$100,200~~ \$102,030, ~~7.25~~ 7.05 percent;
- (3) On all over ~~\$100,200~~ \$102,030, ~~8~~ 7.85 percent.

Married individuals filing separate returns, estates, and trusts must compute their income tax by applying the above rates to their taxable income, except that the income brackets will be one-half of the above amounts.

(b) The income taxes imposed by this chapter upon unmarried individuals must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first ~~\$17,250~~ \$17,570, ~~5.5~~ 5.35 percent;
- (2) On all over ~~\$17,250~~ \$17,570, but not over ~~\$56,680~~ \$57,710, ~~7.25~~ 7.05 percent;
- (3) On all over ~~\$56,680~~ \$57,710, ~~8~~ 7.85 percent.

(c) The income taxes imposed by this chapter upon unmarried individuals qualifying as a head of household as defined in section 2(b) of the Internal Revenue Code must be computed by applying to taxable net income the following schedule of rates:

- (1) On the first ~~\$21,240~~ \$21,630, ~~5.5~~ 5.35 percent;
- (2) On all over ~~\$21,240~~ \$21,630, but not over ~~\$85,350~~ \$86,910, ~~7.25~~ 7.05 percent;
- (3) On all over ~~\$85,350~~ \$86,910, ~~8~~ 7.85 percent.

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

(e) An individual who is not a Minnesota resident for the entire year must compute the individual's Minnesota income tax as provided in this subdivision. After the application of the nonrefundable credits provided in this chapter, the tax liability must then be multiplied by a fraction in which:

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.01, subdivision 19a, clauses (1) and (6), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in section 290.01, subdivision 19a, clauses (1) and (6), and reduced by the amounts specified in section 290.01, subdivision 19b, clause (1).

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 13. Minnesota Statutes 1999 Supplement, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.] (a) For taxable years beginning after December 31, ~~1999~~ 2000, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, ~~1998~~ 1999, and before January 1, ~~2000~~ 2001. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1998~~ 1999" shall be substituted for the word "1992." For ~~2000~~ 2001, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1998~~ 1999, to the 12 months ending on August 31, ~~1999~~ 2000, and in each subsequent year, from the 12 months ending on August 31, ~~1998~~ 1999, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 14. Minnesota Statutes 1998, section 290.06, subdivision 22, is amended to read:

Subd. 22. [CREDIT FOR TAXES PAID TO ANOTHER STATE.] (a) A taxpayer who is liable for taxes on or measured by net income to another state or province or territory of Canada, as provided in paragraphs (b) through (f), upon income allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state or province or territory of Canada if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who is a resident of this state pursuant to section 290.01, subdivision 7, clause (2), and who is subject to income tax as a resident in the state of the individual's domicile is not allowed this credit unless the state of domicile does not allow a similar credit.

(b) For an individual, estate, or trust, the credit is determined by multiplying the tax payable under this chapter by the ratio derived by dividing the income subject to tax in the other state or province or territory of Canada that is also subject to tax in Minnesota while a resident of Minnesota by the taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue Code, modified by the addition required by section 290.01, subdivision 19a, clause (1), and the subtraction allowed by section 290.01, subdivision 19b, clause (1), to the extent the income is allocated or assigned to Minnesota under sections 290.081 and 290.17.

(c) If the taxpayer is an athletic team that apportions all of its income under section 290.17, subdivision 5, ~~paragraph (c)~~, the credit is determined by multiplying the tax payable under this chapter by the ratio derived from dividing the total net income subject to tax in the other state or province or territory of Canada by the taxpayer's Minnesota taxable income.

(d) The credit determined under paragraph (b) or (c) shall not exceed the amount of tax so paid to the other state or province or territory of Canada on the gross income earned within the other state or province or territory of Canada subject to tax under this chapter, nor shall the allowance of the credit reduce the taxes paid under this chapter to an amount less than what would be assessed if such income amount was excluded from taxable net income.

(e) In the case of the tax assessed on a lump sum distribution under section 290.032, the credit allowed under paragraph (a) is the tax assessed by the other state or province or territory of Canada on the lump sum distribution that is also subject to tax under section 290.032, and shall not exceed the tax assessed under section 290.032. To the extent the total lump sum distribution defined in section 290.032, subdivision 1, includes lump sum distributions received in prior years or is all or in part an annuity contract, the reduction to the tax on the lump sum distribution allowed under section 290.032, subdivision 2, includes tax paid to another state that is properly apportioned to that distribution.

(f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax in such other state or province or territory of Canada on that same income after the Minnesota statute of limitations has expired, the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any statute of limitations to the contrary. The claim for the credit must be submitted within one year from the date the taxes were paid to the other state or province or territory of Canada. The taxpayer must submit sufficient proof to show entitlement to a credit.

(g) For the purposes of this subdivision, a resident shareholder of a corporation treated as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S corporation to another state. For the purposes of the preceding sentence, the term "net income tax" means any tax imposed on or measured by a corporation's net income.

(h) For the purposes of this subdivision, a resident partner of an entity taxed as a partnership under the Internal Revenue Code must be considered to have paid a tax imposed on the partner in an amount equal to the partner's pro rata share of any net income tax paid by the partnership to another state. For purposes of the preceding sentence, the term "net income" tax means any tax imposed on or measured by a partnership's net income.

(i) For the purposes of this subdivision, "another state" includes the District of Columbia, but does not include Puerto Rico or the several territories organized by Congress.

(j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state by state basis.

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

Sec. 15. Minnesota Statutes 1998, section 290.06, is amended by adding a subdivision to read:

Subd. 22a. [NONRESIDENT'S CREDIT FOR TAXES PAID TO STATE OF DOMICILE.] (a) Notwithstanding subdivision 22, a nonresident who is subject to tax in this state on the gain on the sale of a partnership interest, which is allocable to this state under section 290.17, subdivision 2, paragraph (c), is allowed a credit for the tax paid to the state of the individual's domicile upon the gain in the taxable year or a subsequent taxable year. This credit is only allowed if the state of domicile does not allow a credit for the tax paid to Minnesota on the gain.

(b) For purposes of this subdivision, the credit equals the tax paid to the state of domicile multiplied by the ratio derived by dividing the amount of gain on the sale of the partnership interest subject to tax in the other state that is also subject to tax in Minnesota by the taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue Code. The credit allowed may not reduce the taxes paid under this chapter to an amount less than the tax that would apply if the gain were excluded from taxable net income.

(c) If a nonresident taxpayer reported the gain to Minnesota and is assessed tax in the state of domicile on that same income after the Minnesota statute of limitations has expired, the taxpayer is allowed a credit for that year, notwithstanding any statute of limitations to the contrary. The claim for the credit must be submitted within one year from the date the taxes were paid to the state of domicile and the taxpayer must submit sufficient proof to show entitlement to a credit.

(d) For the purposes of this subdivision, "another state" includes the District of Columbia, but does not include Puerto Rico or the several territories organized by Congress.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 16. Minnesota Statutes 1998, section 290.06, is amended by adding a subdivision to read:

Subd. 28. [CREDIT FOR TRANSIT PASSES.] A taxpayer may take a credit against the tax due under this chapter equal to 30 percent of the expense incurred by the taxpayer to provide transit passes, for use in Minnesota, to employees of the taxpayer. As used in this subdivision, "transit pass" has the meaning given in section 132(f)(5)(A) of the Internal Revenue Code. If the taxpayer purchases the transit passes from the transit system operator, and resells them to the employees, the credit is based on the amount of the difference between the price paid for the passes by the employer and the amount charged to employees.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 17. Minnesota Statutes 1999 Supplement, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. [CREDIT ALLOWED.] (a) An individual is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals ~~1.1475~~ 1.9125 percent of the first \$4,460 of earned income. The credit is reduced by ~~1.1475~~ 1.9125 percent of earned income or modified adjusted gross income, whichever is greater, in excess of \$5,570, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals ~~7.45~~ 8.5 percent of the first \$6,680 of earned income and 8.5 percent of earned income over \$11,650 but less than \$12,990. The credit is reduced by ~~5.13~~ 5.73 percent of earned income or modified adjusted gross income, whichever is greater, in excess of \$14,560, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals ~~8.8~~ ten percent of the first \$9,390 of earned income and 20 percent of earned income over \$14,350 but less than \$16,230. The credit is reduced by ~~9.38~~ 10.3 percent of earned income or modified adjusted gross income, whichever is greater, in excess of \$17,280, but in no case is the credit less than zero.

(e) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(f) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income.

(g) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999, and is not contingent on the enactment of sections 18 and 19.

Sec. 18. Minnesota Statutes 1998, section 290.0671, subdivision 6, is amended to read:

Subd. 6. [APPROPRIATION.] An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund. This amount includes any amounts appropriated to the commissioner of human services from the federal Temporary Assistance for Needy Families (TANF) block grant funds for transfer to the commissioner of revenue.

Sec. 19. Minnesota Statutes 1998, section 290.0671, is amended by adding a subdivision to read:

Subd. 6a. [TANF APPROPRIATION FOR WORKING FAMILY CREDIT EXPANSION.] (a) On an annual basis the commissioner of revenue, with the assistance of the commissioner of human services, shall calculate the value of the refundable portion of the Minnesota Working Family Credit provided under this section that qualifies for payment with funds from the federal Temporary Assistance for Needy Families (TANF) block grant. Of this total amount, the commissioner of revenue shall estimate the portion entailed by the expansion of the credit rates for individuals with qualifying children over the rates provided in Laws 1999, chapter 243, article 2, section 12.

(b) An amount sufficient to pay the refunds entailed by the expansion of the credit rates for individuals with qualifying children over the rates provided in Laws 1999, chapter 243, article 2, section 12, as estimated in paragraph (a), is appropriated to the commissioner of human services from the federal Temporary Assistance for Needy Families (TANF) block grant funds, for transfer to the commissioner of revenue for deposit in the general fund.

Sec. 20. Minnesota Statutes 1998, section 290.0672, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section, the following terms have the meanings given.

(b) "Long-term care insurance" means a policy that:

(1) qualifies for a deduction under section 213 of the Internal Revenue Code, disregarding the 7.5 percent income test; or meets the requirements given in section 62A.46; or provides similar coverage issued under the laws of another jurisdiction; and

(2) ~~does not have~~ has a lifetime long-term care benefit limit of not less than \$100,000; and

(3) ~~includes inflation protection that meets or exceeds~~ has been offered in compliance with the inflation protection requirements of ~~the long-term care insurance model regulation cited under section 7702B(g)(2)(A)(i)(x) of the Internal Revenue Code~~ section 62S.23.

(c) "Qualified beneficiary" means the taxpayer or the taxpayer's spouse.

(d) "Premiums deducted in determining federal taxable income" means the lesser of (1) long-term care insurance premiums that qualify as deductions under section 213 of the Internal Revenue Code; and (2) the total amount deductible for medical care under section 213 of the Internal Revenue Code.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 21. Minnesota Statutes 1998, section 290.0672, subdivision 2, is amended to read:

Subd. 2. [CREDIT.] A taxpayer is allowed a credit against the tax imposed by this chapter for long-term care insurance policy premiums paid during the tax year. The credit for each policy equals ~~the lesser of (1) 25 percent of premiums paid to the extent not deducted in determining federal taxable income; or (2) \$100.~~ A taxpayer may claim a credit for only one policy for each qualified beneficiary. ~~Only one credit may be claimed by any taxpayer for each policy.~~ A maximum of \$100 applies to each qualified beneficiary. The maximum total credit allowed per year is \$200 for married couples filing joint returns and \$100 for all other filers. For a nonresident or part-year resident, the credit determined under this section must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 22. Minnesota Statutes 1999 Supplement, section 290.0675, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For purposes of this section the following terms have the meanings given.

(b) "Earned income" means the sum of the following:

(1) earned income as defined in section 32(c)(2) of the Internal Revenue Code;

(2) to the extent included in the Minnesota taxable income, income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

(3) to the extent included in Minnesota taxable income, social security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

(c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

(d) "Earned income of lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income as defined in paragraph (b) for the taxable year.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 23. Minnesota Statutes 1999 Supplement, section 290.0675, subdivision 2, is amended to read:

Subd. 2. [CREDIT ALLOWED.] A married couple filing a joint return is allowed a credit against the tax imposed under section 290.06.

The minimum taxable income for the married couple to be eligible for the credit is ~~\$25,000~~ \$25,680, and the minimum earned income in order for the couple to be eligible for the credit is ~~\$14,000~~ \$14,250 for each spouse.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 24. Minnesota Statutes 1999 Supplement, section 290.0675, subdivision 3, is amended to read:

Subd. 3. [CREDIT AMOUNT.] The credit amount is as shown in the table in this subdivision, based on the couple's taxable income for the tax year and on the earned income of the lesser-earning spouse.

Earned Income of Lesser Earning Spouse	Credit For	Credit For
	Taxable Income \$25,000-\$99,999	Taxable Income \$100,000-over
\$14,000 - \$14,999	\$9	\$0
\$15,000 - \$15,999	\$27	\$0
\$16,000 - \$16,999	\$44	\$0
\$17,000 - \$17,999	\$62	\$0
\$18,000 - \$18,999	\$79	\$0
\$19,000 - \$19,999	\$97	\$0
\$20,000 - \$20,999	\$114	\$0
\$21,000 - \$21,999	\$132	\$0
\$22,000 - \$22,999	\$149	\$0
\$23,000 - \$23,999	\$162	\$0
\$24,000 - \$24,999	\$162	\$0
\$25,000 - \$25,999	\$162	\$0
\$26,000 - \$26,999	\$162	\$0
\$27,000 - \$27,999	\$162	\$0
\$28,000 - \$28,999	\$162	\$9

\$29,000 - \$29,999	\$162	\$16
\$30,000 - \$30,999	\$162	\$24
\$31,000 - \$31,999	\$162	\$31
\$32,000 - \$32,999	\$162	\$39
\$33,000 - \$33,999	\$162	\$46
\$34,000 - \$34,999	\$162	\$54
\$35,000 - \$35,999	\$162	\$61
\$36,000 - \$36,999	\$162	\$69
\$37,000 - \$37,999	\$162	\$76
\$38,000 - \$38,999	\$162	\$84
\$39,000 - \$39,999	\$162	\$91
\$40,000 - \$40,999	\$162	\$99
\$41,000 - \$41,999	\$162	\$106
\$42,000 - \$42,999	\$162	\$114
\$43,000 - \$43,999	\$162	\$121
\$44,000 - \$44,999	\$162	\$129
\$45,000 - \$45,999	\$162	\$136
\$46,000 - \$46,999	\$162	\$144
\$47,000 - \$47,999	\$162	\$151
\$48,000 - \$48,999	\$162	\$159
\$49,000 - \$49,999	\$162	\$166
\$50,000 - \$50,999	\$162	\$174
\$51,000 - \$51,999	\$162	\$181
\$52,000 - \$52,999	\$162	\$189
\$53,000 - \$53,999	\$162	\$196
\$54,000 - \$54,999	\$162	\$204
\$55,000 - \$55,999	\$162	\$211
\$56,000 - \$56,999	\$162	\$219
\$57,000 - \$57,999	\$162	\$226
\$58,000 - \$58,999	\$162	\$234
\$59,000 - \$59,999	\$162	\$241
\$60,000 - \$60,999	\$162	\$249
\$61,000 - \$61,999	\$162	\$256
\$62,000 and over	\$162	\$261

<u>Earned Income of Lesser Earning Spouse</u>	<u>Credit For Taxable Income \$25,680-\$102,029</u>	<u>Credit For Taxable Income \$102,030-over</u>
<u>\$14,250 - \$15,249</u>	<u>\$7</u>	<u>\$0</u>
<u>\$15,250 - \$16,249</u>	<u>\$24</u>	<u>\$0</u>
<u>\$16,250 - \$17,249</u>	<u>\$41</u>	<u>\$0</u>
<u>\$17,250 - \$18,249</u>	<u>\$58</u>	<u>\$0</u>
<u>\$18,250 - \$19,249</u>	<u>\$75</u>	<u>\$0</u>
<u>\$19,250 - \$20,249</u>	<u>\$92</u>	<u>\$0</u>
<u>\$20,250 - \$21,249</u>	<u>\$109</u>	<u>\$0</u>
<u>\$21,250 - \$22,249</u>	<u>\$126</u>	<u>\$0</u>
<u>\$22,250 - \$23,249</u>	<u>\$143</u>	<u>\$0</u>
<u>\$23,250 - \$24,249</u>	<u>\$160</u>	<u>\$0</u>
<u>\$24,250 - \$25,249</u>	<u>\$161</u>	<u>\$0</u>
<u>\$25,250 - \$26,249</u>	<u>\$161</u>	<u>\$0</u>
<u>\$26,250 - \$27,249</u>	<u>\$161</u>	<u>\$0</u>
<u>\$27,250 - \$28,249</u>	<u>\$161</u>	<u>\$0</u>
<u>\$28,250 - \$29,249</u>	<u>\$161</u>	<u>\$0</u>

<u>\$29,250 - \$30,249</u>	<u>\$161</u>	<u>\$0</u>
<u>\$30,250 - \$31,249</u>	<u>\$161</u>	<u>\$0</u>
<u>\$31,250 - \$32,249</u>	<u>\$161</u>	<u>\$6</u>
<u>\$32,250 - \$33,249</u>	<u>\$161</u>	<u>\$14</u>
<u>\$33,250 - \$34,249</u>	<u>\$161</u>	<u>\$22</u>
<u>\$34,250 - \$35,249</u>	<u>\$161</u>	<u>\$30</u>
<u>\$35,250 - \$36,249</u>	<u>\$161</u>	<u>\$38</u>
<u>\$36,250 - \$37,249</u>	<u>\$161</u>	<u>\$46</u>
<u>\$37,250 - \$38,249</u>	<u>\$161</u>	<u>\$54</u>
<u>\$38,250 - \$39,249</u>	<u>\$161</u>	<u>\$62</u>
<u>\$39,250 - \$40,249</u>	<u>\$161</u>	<u>\$70</u>
<u>\$40,250 - \$41,249</u>	<u>\$161</u>	<u>\$78</u>
<u>\$41,250 - \$42,249</u>	<u>\$161</u>	<u>\$86</u>
<u>\$42,250 - \$43,249</u>	<u>\$161</u>	<u>\$94</u>
<u>\$43,250 - \$44,249</u>	<u>\$161</u>	<u>\$102</u>
<u>\$44,250 - \$45,249</u>	<u>\$161</u>	<u>\$110</u>
<u>\$45,250 - \$46,249</u>	<u>\$161</u>	<u>\$118</u>
<u>\$46,250 - \$47,249</u>	<u>\$161</u>	<u>\$126</u>
<u>\$47,250 - \$48,249</u>	<u>\$161</u>	<u>\$134</u>
<u>\$48,250 - \$49,249</u>	<u>\$161</u>	<u>\$142</u>
<u>\$49,250 - \$50,249</u>	<u>\$161</u>	<u>\$150</u>
<u>\$50,250 - \$51,249</u>	<u>\$161</u>	<u>\$158</u>
<u>\$51,250 - \$52,249</u>	<u>\$161</u>	<u>\$166</u>
<u>\$52,250 - \$53,249</u>	<u>\$161</u>	<u>\$174</u>
<u>\$53,250 - \$54,249</u>	<u>\$161</u>	<u>\$182</u>
<u>\$54,250 - \$55,249</u>	<u>\$161</u>	<u>\$190</u>
<u>\$55,250 - \$56,249</u>	<u>\$161</u>	<u>\$198</u>
<u>\$56,250 - \$57,249</u>	<u>\$161</u>	<u>\$206</u>
<u>\$57,250 - \$58,249</u>	<u>\$161</u>	<u>\$214</u>
<u>\$58,250 - \$59,249</u>	<u>\$161</u>	<u>\$222</u>
<u>\$59,250 - \$60,249</u>	<u>\$161</u>	<u>\$230</u>
<u>\$60,250 - \$61,249</u>	<u>\$161</u>	<u>\$238</u>
<u>\$61,250 - \$62,249</u>	<u>\$161</u>	<u>\$246</u>
<u>\$62,250 - \$63,249</u>	<u>\$161</u>	<u>\$254</u>
<u>\$63,250 - \$64,249</u>	<u>\$161</u>	<u>\$262</u>
<u>\$64,250 and over</u>	<u>\$161</u>	<u>\$268</u>

For taxable years beginning after December 31, 2000, the commissioner shall update the table as necessary to provide a credit that reflects the relationship between the marginal tax rates imposed under section 290.06, subdivision 2c.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 25. Minnesota Statutes 1999 Supplement, section 290.091, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION OF TAX.] In addition to all other taxes imposed by this chapter a tax is imposed on individuals, estates, and trusts equal to the excess (if any) of

(a) an amount equal to ~~6.5~~ 6.4 percent of alternative minimum taxable income after subtracting the exemption amount, over

(b) the regular tax for the taxable year.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 26. Minnesota Statutes 1999 Supplement, section 290.091, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For purposes of the tax imposed by this section, the following terms have the meanings given:

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the Minnesota charitable contribution deduction;

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction;

(iv) the impairment-related work expenses of a disabled person; and

(v) holocaust victims' settlement payments to the extent allowed under section 290.01, subdivision 19b;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E); and

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1);

less the sum of the amounts determined under the following:

(1) interest income as defined in section 290.01, subdivision 19b, clause (1);

(2) an overpayment of state income tax as provided by section 290.01, subdivision 19b, clause (2), to the extent included in federal alternative minimum taxable income; and

(3) the amount of investment interest paid or accrued within the taxable year on indebtedness to the extent that the amount does not exceed net investment income, as defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include amounts deducted in computing federal adjusted gross income; and

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (4) and (6).

In the case of an estate or trust, alternative minimum taxable income must be computed as provided in section 59(c) of the Internal Revenue Code.

(b) "Investment interest" means investment interest as defined in section 163(d)(3) of the Internal Revenue Code.

(c) "Tentative minimum tax" equals ~~6.5~~ 6.4 percent of alternative minimum taxable income after subtracting the exemption amount determined under subdivision 3.

(d) "Regular tax" means the tax that would be imposed under this chapter (without regard to this section and section 290.032), reduced by the sum of the nonrefundable credits allowed under this chapter.

(e) "Net minimum tax" means the minimum tax imposed by this section.

(f) "Minnesota charitable contribution deduction" means a charitable contribution deduction under section 170 of the Internal Revenue Code to or for the use of an entity described in section 290.21, subdivision 3, clauses (a) to (e). When the federal deduction for charitable contributions is limited under section 170(b) of the Internal Revenue Code, the allowable contributions in the year of contribution are deemed to be first contributions to entities described in section 290.21, subdivision 3, clauses (a) to (e).

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 27. Minnesota Statutes 1999 Supplement, section 290.091, subdivision 6, is amended to read:

Subd. 6. [CREDIT FOR PRIOR YEARS' LIABILITY.] (a) A credit is allowed against the tax imposed by this chapter on individuals, trusts, and estates equal to the minimum tax credit for the taxable year. The minimum tax credit equals the adjusted net minimum tax for taxable years beginning after December 31, 1988, reduced by the minimum tax credits allowed in a prior taxable year. The credit may not exceed the excess (if any) for the taxable year of

(1) the regular tax, over

(2) the greater of (i) the tentative alternative minimum tax, or (ii) zero.

(b) The adjusted net minimum tax for a taxable year equals the lesser of the net minimum tax or the excess (if any) of

(1) the tentative minimum tax, over

(2) ~~6.5~~ 6.4 percent of the sum of

(i) adjusted gross income as defined in section 62 of the Internal Revenue Code,

(ii) interest income as defined in section 290.01, subdivision 19a, clause (1),

(iii) interest on specified private activity bonds, as defined in section 57(a)(5) of the Internal Revenue Code, to the extent not included under clause (ii),

(iv) depletion as defined in section 57(a)(1), determined without regard to the last sentence of paragraph (1), of the Internal Revenue Code, less

(v) the deductions allowed in computing alternative minimum taxable income provided in subdivision 2, paragraph (a), clause (2) of the first series of clauses and clauses (1), (2), and (3) of the second series of clauses, and

(vi) the exemption amount determined under subdivision 3.

In the case of an individual who is not a Minnesota resident for the entire year, adjusted net minimum tax must be multiplied by the fraction defined in section 290.06, subdivision 2c, paragraph (e). In the case of a trust or estate, adjusted net minimum tax must be multiplied by the fraction defined under subdivision 4, paragraph (b).

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 1999.

Sec. 28. Minnesota Statutes 1998, section 290.17, subdivision 2, is amended to read:

Subd. 2. [INCOME NOT DERIVED FROM CONDUCT OF A TRADE OR BUSINESS.] The income of a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or business must be assigned in accordance with paragraphs (a) to (f):

(a)(1) Subject to paragraphs (a)(2) ~~and~~, (a)(3), and (a)(4), income from ~~labor or personal or professional services wages as defined in section 3401(a) and (f) of the Internal Revenue Code~~ is assigned to this state if, and to the extent that, ~~the labor or services are work of the employee is~~ performed within it; all other income from such sources is treated as income from sources without this state.

Severance pay shall be considered income from labor or personal or professional services.

(2) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner:

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. For purposes of this paragraph, off-season training activities, unless conducted at the team's facilities as part of a team imposed program, are not included in the total number of duty days. Bonuses earned as a result of play during the regular season or for participation in championship, play-off, or all-star games must be allocated under the formula. Signing bonuses are not subject to allocation under the formula if they are not conditional on playing any games for the team, are payable separately from any other compensation, and are nonrefundable; and

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(3) For purposes of this section, amounts received by a nonresident as "retirement income" as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public Law Number 104-95, are not considered income derived from carrying on a trade or business or from ~~performing personal or professional services wages or other compensation for work an employee performed~~ in Minnesota, and are not taxable under this chapter.

(4) Wages, otherwise assigned to this state under clause (1) and not qualifying under clause (3), are not taxable under this chapter if the following conditions are met:

(i) The recipient was not a resident of this state for any part of the taxable year in which the wages were received; and

(ii) The wages are for work performed while the recipient was a resident of this state.

(b) Income or gains from tangible property located in this state that is not employed in the business of the recipient of the income or gains must be assigned to this state.

(c) Income or gains from intangible personal property not employed in the business of the recipient of the income or gains must be assigned to this state if the recipient of the income or gains is a resident of this state or is a resident trust or estate.

Gain on the sale of a partnership interest is allocable to this state in the ratio of the original cost of partnership tangible property in this state to the original cost of partnership tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from

the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

Gain on the sale of goodwill or income from a covenant not to compete that is connected with a business operating all or partially in Minnesota is allocated to this state to the extent that the income from the business in the year preceding the year of sale was assignable to Minnesota under subdivision 3.

When an employer pays an employee for a covenant not to compete, the income allocated to this state is in the ratio of the employee's service in Minnesota in the calendar year preceding leaving the employment of the employer over the total services performed by the employee for the employer in that year.

(d) Income from winnings on Minnesota pari-mutuel betting tickets, the Minnesota state lottery, and lawful gambling as defined in section 349.12, subdivision 24, conducted within the boundaries of the state of Minnesota shall be assigned to this state.

(e) All items of gross income not covered in paragraphs (a) to (d) and not part of the taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

(f) For the purposes of this section, working as an employee shall not be considered to be conducting a trade or business.

EFFECTIVE DATE: This section is effective for wages received after the day following final enactment, except that to the extent this section impacts an employer's requirement to withhold Minnesota tax under section 290.92, subdivision 41, the requirement to withhold is effective for wages paid after December 31, 2000.

Sec. 29. Minnesota Statutes 1998, section 290.92, subdivision 3, is amended to read:

Subd. 3. [WITHHOLDING, IRREGULAR PERIOD.] If payment of wages is made to an employee by an employer

(a) With respect to a payroll period or other period, any part of which is included in a payroll period or other period with respect to which wages are also paid to such employees by such employer, or

(b) Without regard to any payroll period or other period, but on or prior to the expiration of a payroll period or other period with respect to which wages are also paid to such employee by such employer, or

(c) With respect to a period beginning in one and ending in another calendar year, or

(d) Through an agent, fiduciary, or other person who also has the control, receipt, custody, or disposal of or pays, the wages payable by another employer to such employee.

The manner of withholding and the amount to be deducted and withheld under subdivision 2a shall be determined in accordance with rules prescribed by the commissioner under which the withholding exemption allowed to the employee in any calendar year shall approximate the withholding exemption allowable with respect to an annual payroll period, except that if supplemental wages are not paid concurrent with a payroll period the employer shall withhold tax on the supplemental payment at the rate of 6.25 percent as if no exemption had been claimed.

EFFECTIVE DATE: This section is effective for wages paid after December 31, 2000.

Sec. 30. Minnesota Statutes 1998, section 290.92, subdivision 19, is amended to read:

Subd. 19. [EMPLOYEES INCURRING NO INCOME TAX LIABILITY.] (a) Notwithstanding any other provision of this section, except the provisions of subdivision 5a, an employer ~~shall~~ is not be required to deduct and withhold any tax under this chapter ~~upon a payment of from wages paid~~ to an employee if there is in effect with respect to such payment.

~~(1) the employee furnished the employer with a withholding exemption certificate, in such form and containing such other information as the commissioner may prescribe, furnished to the employer by the employee certifying that:~~

~~(i) certifies the employee ~~(a)~~ incurred no liability for income tax imposed under this chapter for the employee's preceding taxable year; and;~~

~~(b) (ii) certifies the employee anticipates incurring no liability for income tax imposed under this chapter for the current taxable year; and~~

~~(iii) is in a form and contains any other information prescribed by the commissioner; or~~

~~(2)(i) the employee is not a resident of Minnesota when the wages were paid; and~~

~~(ii) the employer reasonably expects that the employer will not pay the employee enough wages assignable to Minnesota under section 290.17, subdivision 2, clause (a)(1), to meet the nonresident requirement to file a Minnesota individual income tax return for the taxable year under section 289A.08, subdivision 1, paragraph (a).~~

~~(b) The commissioner shall by rule provide for the coordination of the provisions of this subdivision with the provisions of subdivision 7.~~

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

Sec. 31. Minnesota Statutes 1998, section 290.92, subdivision 28, is amended to read:

Subd. 28. [PAYMENTS TO HORSERACING LICENSE HOLDERS.] Effective with payments made after April 1, 1988, any holder of a license issued by the Minnesota racing commission who makes a payment for personal or professional services to a holder of a class C license issued by the commission, except an amount paid as a purse, shall deduct from the payment and withhold ~~seven~~ 6.25 percent of the amount as Minnesota withholding tax when the amount paid to that individual by the same person during the calendar year exceeds \$600. For purposes of the provisions of this section, a payment to any person which is subject to withholding under this subdivision must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment which is subject to withholding under this subdivision shall furnish the license holder with a statement, made under the penalties of perjury, containing the name, address, and social security account number of the person receiving the payment. No withholding is required if the individual presents a signed certificate from the individual's employer which states that the individual is an employee of that employer. A nonresident individual who holds a class C license must be treated as an athlete for purposes of applying the provisions of sections 290.17, subdivision 2(1)(b)(ii) and 290.92, subdivision 4a.

EFFECTIVE DATE: This section applies to payments made after the date of final enactment.

Sec. 32. Minnesota Statutes 1998, section 290.92, subdivision 29, is amended to read:

Subd. 29. [LOTTERY PRIZES.] ~~Eight~~ 7.25 percent of the payment of Minnesota state lottery winnings which are subject to withholding must be withheld as Minnesota withholding tax. For purposes of this subdivision, the term "winnings which are subject to withholding" has the meaning given in section 3402(q)(3) of the Internal Revenue Code. For purposes of the provisions of this section, a payment to any person of winnings which are subject to withholding must be treated as if the payment was a wage paid by an employer to an employee. Every individual who is to receive a payment of winnings which are subject to withholding shall furnish the state lottery with a statement, made under the penalties of perjury, containing the name, address, and social security account number of the person receiving the payment. The Minnesota state lottery is liable for the payment of the tax required to be withheld under this subdivision but is not liable to any person for the amount of the payment.

EFFECTIVE DATE: This section applies to winnings paid after the date of final enactment.

Sec. 33. Minnesota Statutes 1998, section 469.1734, subdivision 4, is amended to read:

Subd. 4. [INCOME TAX.] (a) Upon application by the qualifying business to the city, and approval of the city, a qualifying business shall receive a credit against taxes imposed under chapter 290, other than the tax imposed under section 290.92, based on the taxable net income of the qualified business attributable to the border city, but outside the border city development zone, multiplied by 9.8 percent in the case of a taxpayer under section 290.02, and ~~8.5~~ 7.85 percent in the case of a taxpayer taxable under section 290.06, subdivision 2c. The attributable net income of a qualified business in the border city is determined by multiplying the taxable net income of the business entity, determined as if the business were a C corporation, by a fraction:

(1) the numerator of which is:

(i) the ratio of the taxpayer's property factor under section 290.191 located in the border city, but outside of the border city development zone, for the taxable year over the property factor numerator determined under section 290.191, plus

(ii) the ratio of the taxpayer's payroll factor under section 290.191 located in the border city, but outside of the border city development zone, for the taxable year over the payroll factor numerator determined under section 290.191; and

(2) the denominator of which is two.

(b) The credit under this subdivision applies after any credit allowed under subdivision 5.

(c) After any notice period required by subdivision 7, the city council must determine whether granting the credit is in the best interest of the city, and if it so determines, must approve the granting of the credit and determine its amount.

(d) The credit under this subdivision may not exceed the amount of the tax credit certificates received by the taxpayer from the city, less any tax credit certificates used under section 469.1732, subdivision 2, and subdivisions 5 and 6.

(e) No taxpayer may receive the credit under this subdivision for more than five taxable years.

EFFECTIVE DATE: This section is effective for taxable years beginning after December 31, 2000.

Sec. 34. [TAX INFORMATION SAMPLE DATA STUDY.]

(a) One of the goals of a reengineered income tax system is to reduce the administrative burden for both taxpayers and tax administrators. In order to reduce the cost of handling paper returns and to explore electronic options for taxpayer filing of tax data, the department of revenue will explore eliminating the requirement of Minnesota Statutes, section 289A.08, subdivision 11, that the federal return be attached in filing a Minnesota individual income tax return. This federal return information is used for the purposes of ensuring the accurate calculation of individuals' Minnesota income tax liabilities and for the purposes of preparing the microdata samples under Minnesota Statutes, section 270.0681.

(b) To ensure the continued reliability of income tax data samples and to evaluate ways in which the quality of samples may be improved, the commissioner shall study and evaluate alternatives to requiring taxpayers to attach a copy of their federal return when filing Minnesota state income tax. The study must be prepared in consultation with the coordinating committee established in Minnesota Statutes, section 270.0681, subdivision 2. The study must:

(1) evaluate the quality of federal electronic data compared to sample data prepared from returns filed with the department;

(2) evaluate alternative sampling methodology, including preselection of sampled returns, panel data, and other sampling methods; and

(3) evaluate and test whether alternative methods can

(i) provide a data sample that is as accurate and reliable as one prepared from federal returns that are filed with or attached to Minnesota individual income tax returns; and

(ii) result in a data sample that will continue to be available to staff of both the department of finance and the legislature on the same basis as one prepared from returns required to be attached to or filed with the Minnesota tax returns.

(c) The commissioner of revenue shall report the findings of the study to the house tax committee chair, the senate tax committee chair, and the commissioner of finance.

(d) The commissioner of revenue shall, with the approval of the commissioner of finance, prepare a bill for introduction in the 2001 legislative session that eliminates, for some or all taxpayers, the requirement that a copy of the federal return be filed with the individual income tax return, if the commissioner determines as a result of the study that:

(1) an alternative method would provide a data sample that is as accurate and reliable as one prepared from federal returns required to be filed with the Minnesota return; and

(2) the sample will continue to be available to the staff of both the department of finance and the legislature on the same basis as one prepared from returns required to be filed with Minnesota tax returns.

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

Sec. 35. [COMMISSIONER OF REVENUE; TEMPORARY POWERS.]

Subdivision 1. [APPLICABILITY.] This section gives the commissioner of revenue certain temporary powers. These powers apply only to taxes imposed under Minnesota Statutes, sections 290.032, 290.06, and 290.091 administered by the commissioner under Minnesota Statutes, chapters 289A and 290.

Subd. 2. [PAYMENT OF TAXES.] The commissioner may establish additional due dates, applicable to certain groups of taxpayers, for the payment of taxes. Unless the commissioner has the written consent of the taxpayer, the additional payment dates must not require the taxpayer to pay the tax earlier than the payment dates provided by statute or rule. The commissioner may accept various forms of payment, including, but not limited to, financial transaction cards and electronic funds transfer.

Subd. 3. [FILING OF RETURN.] The commissioner may establish additional due dates, applicable to certain groups of taxpayers, for the filing of tax returns. Unless the commissioner has the written consent of the taxpayer, the return due date must not be earlier than the due date provided by statute or rule. In conducting pilot studies, the commissioner may use tax return forms with varying formats, accept electronic filed returns, and waive the taxpayer signature requirements.

Subd. 4. [AGREEMENTS.] The commissioner may enter written agreements with taxpayers that provide for the payment of taxes or the filing of returns at dates earlier than provided by statute or rule. The commissioner and the taxpayer may also agree in writing to other changes from the statutory or rule requirements related to the administration of these taxes. If the taxpayer agrees to pay taxes at a date earlier than that provided by statute, the commissioner may negotiate payments to the taxpayer to compensate in part or in full for the loss incurred as a result of the accelerated payment.

Subd. 5. [PROCEDURE; APPROVAL.] Pilot studies proposed under these authorities must be presented to the chairs of the house of representatives tax committee and the senate committee on taxes and to the chairs of the committees on state government finance of the house of representatives and the senate. No study may be undertaken without the approval of both tax committee chairs. If either chair fails to respond within 15 days after the proposal is presented, that chair is considered to have approved the study. If the study is approved, the commissioner shall initially seek participation on a voluntary basis from within the targeted taxpayer group.

Subd. 6. [EXPIRATION DATE.] This section expires June 30, 2002, and all pilot projects under this section must be completed by June 30, 2002.

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

Sec. 36. [STUDY OF TAXPAYER ASSISTANCE SERVICES.]

The commissioner of revenue shall study the availability of taxpayer assistance services throughout the state and provide a written report to the legislature, in compliance with Minnesota Statutes, sections 3.195 and 3.197, by January 15, 2001. "Taxpayer assistance services" means accounting and tax preparation services provided by volunteers to low-income and disadvantaged Minnesota residents to help them file federal and state income tax returns and Minnesota property tax refund claims and to provide personal representation before the department of revenue and the Internal Revenue Service. The study must evaluate:

(1) ways of establishing a measure to evaluate the effectiveness of volunteers in achieving the department's mission of achieving compliance with the tax laws;

(2) the geographic distribution and number of volunteer tax preparation sites throughout the state, in comparison to the distribution of low-income, elderly, and nonnative English speakers;

(3) the income, language skills, and age-related screening criteria used at volunteer tax preparations sites in determining Minnesota residents' eligibility for taxpayer assistance services;

(4) the level of training, support, and coordination that the department provides to volunteers and the optimal level of training for volunteers to have an adequate understanding of Minnesota's tax forms;

(5) the effectiveness of grants awarded under Laws 1999, chapter 243, article 2, section 31; and

(6) the availability of volunteers to assist taxpayers in preparing Minnesota property tax refund claims after April 15.

The commissioner must invite testimony from organizations and government entities concerned with taxpayer assistance, both paid and volunteer. Organizations receiving grants under Laws 1999, chapter 243, article 2, section 31, must provide information necessary to the completion of the study to the commissioner on request.

The study must consider the role of current economic conditions, including the state unemployment rate, in training and retaining qualified volunteers, the adequacy of current taxpayer assistance services, the role of the department of revenue in assisting low-income, elderly, and nonnative English speakers, and must recommend ways for improving the availability and the quality of taxpayer assistance services.

Sec. 37. [REPORT ON ELECTRONIC CHECKOFF.]

The commissioner of revenue must report by February 1, 2001, to the committees on taxes of the house of representatives and the senate on implementing an electronic income tax checkoff program. The program must be designed to allow an individual who files an income tax return electronically to designate that a portion of the individual's tax liability reported on the return be deposited in one or more accounts established by law and dedicated to particular programs or purposes.

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

ARTICLE 5

PROPERTY TAXES

Section 1. Minnesota Statutes 1998, section 270.072, subdivision 2, is amended to read:

Subd. 2. [ASSESSMENT OF FLIGHT PROPERTY.] The flight property of all airline companies operating in Minnesota shall be assessed and appraised annually by the commissioner with reference to its value on January 2 of the assessment year in the manner prescribed by sections 270.071 to 270.079. Aircraft with a gross weight of less than 30,000 pounds and used on intermittent or irregularly timed flights shall be excluded from the provisions of sections 270.071 to 270.079.

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

Sec. 2. Minnesota Statutes 1998, section 270.072, is amended by adding a subdivision to read:

Subd. 6. [AIRFLIGHT PROPERTY TAX LIEN.] The tax imposed under sections 270.071 to 270.079 is a lien on all real and personal property within this state of the airline company in whose name the property is assessed. For purposes of sections 270.65 and 270.69, the date of assessment for the tax imposed under sections 270.071 to 270.079 is January 2 of each year for the taxes payable in the following year.

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

Sec. 3. Minnesota Statutes 1999 Supplement, section 272.02, subdivision 39, is amended to read:

Subd. 39. [ECONOMIC DEVELOPMENT; PUBLIC PURPOSE.] The holding of property by a political subdivision of the state for later resale for economic development purposes shall be considered a public purpose in accordance with subdivision 8 for a period not to exceed eight years, except that for property located in a city of 5,000 population or under that is located outside of the metropolitan area as defined in section 473.121, subdivision 2, the period must not exceed 15 years.

The holding of property by a political subdivision of the state for later resale (1) which is purchased or held for housing purposes, or (2) which meets the conditions described in section 469.174, subdivision 10, shall be considered a public purpose in accordance with subdivision 8.

The governing body of the political subdivision which acquires property which is subject to this subdivision shall after the purchase of the property certify to the city or county assessor whether the property is held for economic development purposes or housing purposes, or whether it meets the conditions of section 469.174, subdivision 10. If the property is acquired for economic development purposes and buildings or other improvements are constructed after acquisition of the property, and if more than one-half of the floor space of the buildings or improvements which is available for lease to or use by a private individual, corporation, or other entity is leased to or otherwise used by a private individual, corporation, or other entity the provisions of this subdivision shall not apply to the property. This subdivision shall not create an exemption from section 272.01, subdivision 2; 272.68; 273.19; or 469.040, subdivision 3; or other provision of law providing for the taxation of or for payments in lieu of taxes for publicly held property which is leased, loaned, or otherwise made available and used by a private person.

EFFECTIVE DATE: This section is effective for taxes levied in 2000, payable in 2001, and thereafter.

Sec. 4. Minnesota Statutes 1999 Supplement, section 272.02, is amended by adding a subdivision to read:

Subd. 44. [ELECTRIC GENERATION FACILITY PERSONAL PROPERTY.] Notwithstanding subdivision 9, clause (a), attached machinery and other personal property which is part of a simple-cycle combustion-turbine electric generation facility that exceeds 250 megawatts of installed capacity and that meets the requirements of this subdivision is exempt. At the time of construction, the facility must:

(1) utilize natural gas as a primary fuel;

(2) be located within 20 miles of parallel existing 16-inch and 12-inch (outside diameter) natural gas pipelines and a 345-kilovolt high-voltage electric transmission line; and

(3) be designed to provide peaking, emergency backup, or contingency services, and have received a certificate of need under section 216B.243 demonstrating demand for its capacity.

Construction of the facility must be commenced after January 1, 2000, and before January 1, 2004. Property eligible for this exemption does not include electric transmission lines and interconnections or gas pipelines and interconnections appurtenant to the property or the facility.

EFFECTIVE DATE: This section is effective for assessment year 2001 and thereafter.

Sec. 5. Minnesota Statutes 1998, section 272.115, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENT.] Except as otherwise provided in subdivision 5, whenever any real estate is sold for a consideration in excess of \$1,000, whether by warranty deed, quitclaim deed, contract for deed or any other method of sale, the grantor, grantee or the legal agent of either shall file a certificate of value with the county auditor in the county in which the property is located when the deed or other document is presented for recording. Contract for deeds are subject to recording under section 507.235, subdivision 1. Value shall, in the case of any deed not a gift, be the amount of the full actual consideration thereof, paid or to be paid, including the amount of any lien or liens assumed. The items and value of personal property transferred with the real property must be listed and deducted from the sale price. The certificate of value shall include the classification to which the property belongs for the purpose of determining the fair market value of the property. The certificate shall include financing terms and conditions of the sale which are necessary to determine the actual, present value of the sale price for purposes of the sales ratio study. The commissioner of revenue shall promulgate administrative rules specifying the financing terms and conditions which must be included on the certificate. Pursuant to the authority of the commissioner of revenue in section 270.066, the certificate of value must include the social security number or the federal employer identification number of the grantors and grantees. The identification numbers of the grantors and grantees are private data on individuals or nonpublic data as defined in section 13.02, subdivisions 9 and 12, but, notwithstanding that section, the private or nonpublic data may be disclosed to the commissioner of revenue for purposes of tax administration. The information required to be shown on the certificate of value is limited to the information required as of the date of the acknowledgment on the deed or other document to be recorded.

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

Sec. 6. Minnesota Statutes 1998, section 273.111, subdivision 3, is amended to read:

Subd. 3. [REQUIREMENTS.] (a) Real estate consisting of ten acres or more or a nursery or greenhouse, and qualifying for classification as class 1b, 2a, or 2b under section 273.13, subdivision 23, paragraph (d), shall be entitled to valuation and tax deferral under this section only if it is primarily devoted to agricultural use, and meets the qualifications in subdivision 6, and either:

(1) is the homestead of the owner, or of a surviving spouse, child, or sibling of the owner or is real estate which is farmed with the real estate which contains the homestead property; or

(2) has been in possession of the applicant, the applicant's spouse, parent, or sibling, or any combination thereof, for a period of at least seven years prior to application for benefits under the provisions of this section, or is real estate which is farmed with the real estate which qualifies under this clause and is within ~~two~~ four townships or cities or combination thereof from the qualifying real estate; or

(3) is the homestead of a shareholder in a family farm corporation as defined in section 500.24, notwithstanding the fact that legal title to the real estate may be held in the name of the family farm corporation; or

(4) is in the possession of a nursery or greenhouse or an entity owned by a proprietor, partnership, or corporation which also owns the nursery or greenhouse operations on the parcel or parcels.

(b) Valuation of real estate under this section is limited to parcels the ownership of which is in noncorporate entities except for:

(1) family farm corporations organized pursuant to section 500.24; and

(2) corporations that derive 80 percent or more of their gross receipts from the wholesale or retail sale of horticultural or nursery stock.

Corporate entities who previously qualified for tax deferment pursuant to this section and who continue to otherwise qualify under subdivisions 3 and 6 for a period of at least three years following the effective date of Laws 1983, chapter 222, section 8, will not be required to make payment of the previously deferred taxes, notwithstanding the provisions of subdivision 9. Special assessments are payable at the end of the three-year period or at time of sale, whichever comes first.

(c) Land that previously qualified for tax deferment under this section and no longer qualifies because it is not primarily used for agricultural purposes but would otherwise qualify under subdivisions 3 and 6 for a period of at least three years will not be required to make payment of the previously deferred taxes, notwithstanding the provisions of subdivision 9. Sale of the land prior to the expiration of the three-year period requires payment of deferred taxes as follows: sale in the year the land no longer qualifies requires payment of the current year's deferred taxes plus payment of deferred taxes for the two prior years; sale during the second year the land no longer qualifies requires payment of the current year's deferred taxes plus payment of the deferred taxes for the prior year; and sale during the third year the land no longer qualifies requires payment of the current year's deferred taxes. Deferred taxes shall be paid even if the land qualifies pursuant to subdivision 11a. When such property is sold or no longer qualifies under this paragraph, or at the end of the three-year period, whichever comes first, all deferred special assessments plus interest are payable in equal installments spread over the time remaining until the last maturity date of the bonds issued to finance the improvement for which the assessments were levied. If the bonds have matured, the deferred special assessments plus interest are payable within 90 days. The provisions of section 429.061, subdivision 2, apply to the collection of these installments. Penalties are not imposed on any such special assessments if timely paid.

EFFECTIVE DATE: This section is effective for taxes payable in 2000 and thereafter.

Sec. 7. Minnesota Statutes 1999 Supplement, section 273.124, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] (a) Residential real estate that is occupied and used for the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential homestead.

Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.

Dates for establishment of a homestead and homestead treatment provided to particular types of property are as provided in this section.

Property of ~~held by a trustee, beneficiary, or grantor of~~ under a trust is ~~not disqualified from receiving~~ eligible for homestead ~~benefits~~ classification if the ~~homestead~~ requirements under this chapter are satisfied.

The assessor shall require proof, as provided in subdivision 13, of the facts upon which classification as a homestead may be determined. Notwithstanding any other law, the assessor may at any time require a homestead application to be filed in order to verify that any property classified as a homestead continues to be eligible for homestead status. Notwithstanding any other law to the contrary, the department of revenue may, upon request from an assessor, verify whether an individual who is requesting or receiving homestead classification has filed a Minnesota income tax return as a resident for the most recent taxable year for which the information is available.

When there is a name change or a transfer of homestead property, the assessor may reclassify the property in the next assessment unless a homestead application is filed to verify that the property continues to qualify for homestead classification.

(b) For purposes of this section, homestead property shall include property which is used for purposes of the homestead but is separated from the homestead by a road, street, lot, waterway, or other similar intervening property. The term "used for purposes of the homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings commonly associated with a homestead, but shall not include vacant land held primarily for future development. In order to receive homestead treatment for the noncontiguous property, the owner must use the property for the purposes of the homestead, and must apply to the assessor, both by the deadlines given in subdivision 9. After initial qualification for the homestead treatment, additional applications for subsequent years are not required.

(c) Residential real estate that is occupied and used for purposes of a homestead by a relative of the owner is a homestead but only to the extent of the homestead treatment that would be provided if the related owner occupied the property. For purposes of this paragraph and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent, grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood or marriage. Property that has been classified as seasonal recreational residential property at any time during which it has been owned by the current owner or spouse of the current owner will not be reclassified as a homestead unless it is occupied as a homestead by the owner; this prohibition also applies to property that, in the absence of this paragraph, would have been classified as seasonal recreational residential property at the time when the residence was constructed. Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative. In the case of a residence located on agricultural land, only the house, garage, and immediately surrounding one acre of land shall be classified as a homestead under this paragraph, except as provided in paragraph (d).

(d) Agricultural property that is occupied and used for purposes of a homestead by a relative of the owner, is a homestead, only to the extent of the homestead treatment that would be provided if the related owner occupied the property, and only if all of the following criteria are met:

(1) the relative who is occupying the agricultural property is a son, daughter, grandson, granddaughter, father, or mother of the owner of the agricultural property or a son, ~~or~~ daughter, grandson, or granddaughter of the spouse of the owner of the agricultural property;

(2) the owner of the agricultural property must be a Minnesota resident;

(3) the owner of the agricultural property must not receive homestead treatment on any other agricultural property in Minnesota; and

(4) the owner of the agricultural property is limited to only one agricultural homestead per family under this paragraph.

Neither the related occupant nor the owner of the property may claim a property tax refund under chapter 290A for a homestead occupied by a relative qualifying under this paragraph. For purposes of this paragraph, "agricultural property" means the house, garage, other farm buildings and structures, and agricultural land.

Application must be made to the assessor by the owner of the agricultural property to receive homestead benefits under this paragraph. The assessor may require the necessary proof that the requirements under this paragraph have been met.

(e) In the case of property owned by a property owner who is married, the assessor must not deny homestead treatment in whole or in part if only one of the spouses occupies the property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2) legal separation, (3) employment or self-employment in another location, or (4) other personal circumstances causing the spouses to live separately, not including an intent to obtain two

homestead classifications for property tax purposes. To qualify under clause (3), the spouse's place of employment or self-employment must be at least 50 miles distant from the other spouse's place of employment, and the homesteads must be at least 50 miles distant from each other. Homestead treatment, in whole or in part, shall not be denied to the owner's spouse who previously occupied the residence with the owner if the absence of the owner is due to one of the exceptions provided in this paragraph.

(f) The assessor must not deny homestead treatment in whole or in part if:

(1) in the case of a property owner who is not married, the owner is absent due to residence in a nursing home or boarding care facility and the property is not otherwise occupied; or

(2) in the case of a property owner who is married, the owner or the owner's spouse or both are absent due to residence in a nursing home or boarding care facility and the property is not occupied or is occupied only by the owner's spouse.

(g) If an individual is purchasing property with the intent of claiming it as a homestead and is required by the terms of the financing agreement to have a relative shown on the deed as a coowner, the assessor shall allow a full homestead classification. This provision only applies to first-time purchasers, whether married or single, or to a person who had previously been married and is purchasing as a single individual for the first time. The application for homestead benefits must be on a form prescribed by the commissioner and must contain the data necessary for the assessor to determine if full homestead benefits are warranted.

(h) If residential or agricultural real estate is occupied and used for purposes of a homestead by a child of a deceased owner and the property is subject to jurisdiction of probate court, the child shall receive relative homestead classification under paragraph (c) or (d) to the same extent they would be entitled to it if the owner was still living, until the probate is completed. For purposes of this paragraph, "child" includes a relationship by blood or by marriage.

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

Sec. 8. Minnesota Statutes 1999 Supplement, section 273.124, subdivision 8, is amended to read:

Subd. 8. [~~HOMESTEAD OWNED BY OR LEASED TO FAMILY FARM CORPORATION, JOINT FARM VENTURE, LIMITED LIABILITY COMPANY, OR PARTNERSHIP OR LEASED TO FAMILY FARM CORPORATION OR PARTNERSHIP.~~] (a) Each family farm corporation, each joint farm venture, each limited liability company, and each partnership operating a family farm is entitled to class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a assessment for one homestead occupied by a shareholder, member, or partner thereof who is residing on the land except as provided in subdivision 14, paragraph (g), and actively engaged in farming of the land owned by the corporation, joint farm venture, limited liability company, or partnership. Homestead treatment applies even if legal title to the property is in the name of the corporation, joint farm venture, limited liability company, or partnership and not in the name of the person residing on it.

"Family farm corporation," ~~and~~ "family farm," and "farm partnership" have the meanings given in section 500.24, except that the number of allowable shareholders or partners under this subdivision shall not exceed 12. "Limited liability company" has the meaning contained in section 322B.03, subdivision 28. "Joint farm venture" means a cooperative agreement among two or more farm enterprises authorized to operate farm land under section 500.24.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations, joint farm ventures, limited liability companies, or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders, members, or partners who are actively engaged in farming on behalf of the corporation, joint farm venture, limited liability company, or partnership must also be assessed as class 2a property or as class 1b property under section 273.13, subdivision 22, paragraph (b).

(c) Agricultural property owned by a shareholder of a family farm corporation or joint farm venture, as defined in paragraph (a), or by a member of a limited liability company, or by a partner in a partnership operating a family farm and leased to the family farm corporation by the shareholder, or to a member of a limited liability company, or to the partnership by the partner, is eligible for classification as class 1b under section 273.13, subdivision 22, paragraph (b), or class 2a under section 273.13, subdivision 23, paragraph (a), if the owner is actually residing on the property except as provided in subdivision 14, paragraph (g), and is actually engaged in farming the land on behalf of the corporation, joint farm venture, limited liability company, or partnership. This paragraph applies without regard to any legal possession rights of the family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm under the lease.

EFFECTIVE DATE: This section is effective for taxes payable in 2001 and thereafter except that the references to a limited liability company or a member of a limited liability company are effective only if H. F. No. 3312 is enacted during the 2000 session.

Sec. 9. Minnesota Statutes 1999 Supplement, section 273.124, subdivision 14, is amended to read:

Subd. 14. [AGRICULTURAL HOMESTEADS; SPECIAL PROVISIONS.] (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the department of natural resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property consisting of at least 40 acres shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the owner, or the owner's son or daughter, is actively farming the agricultural property;

(2) the owner of the agricultural property is a Minnesota resident, and if the owner's son or daughter is actively farming the agricultural property under clause (1), that person must also be a Minnesota resident;

(3) neither the owner nor the spouse of the agricultural property owner claims another agricultural homestead in Minnesota; and

(4) the owner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, and if the owner's son or daughter is actively farming the agricultural property under clause (1), that person must also live within the four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Property containing the residence of an owner who owns qualified property under clause (i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(c) Except as provided in paragraph (e), noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property consisting of at least 40 acres of a family farm corporation, joint farm venture, limited liability company, or partnership as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the shareholder, member, or partner is actively farming the agricultural property;

(2) the shareholder, member, or partner of the agricultural property is a Minnesota resident;

(3) neither the shareholder, member, or partner, nor the spouse of the shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(4) the shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

EFFECTIVE DATE: This section is effective for taxes payable in 2001 and thereafter except that the references to a limited liability company or a member of a limited liability company are effective only if H. F. No. 3312 is enacted during the 2000 session.

Sec. 10. Minnesota Statutes 1998, section 273.124, is amended by adding a subdivision to read:

Subd. 21. [TRUST PROPERTY; HOMESTEAD.] Real property held by a trustee under a trust is eligible for classification as homestead property if:

(1) the grantor or surviving spouse of the grantor of the trust occupies and uses the property as a homestead;

(2) a relative or surviving relative of the grantor who meets the requirements of subdivision 1, paragraph (c), in the case of residential real estate; or subdivision 1, paragraph (d), in the case of agricultural property, occupies and uses the property as a homestead;

(3) a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm rents the property held by a trustee under a trust, and a shareholder, member, or partner of the corporation, joint farm venture, limited liability company, or partnership occupies and uses the property as a homestead, and is actively farming the property on behalf of the corporation, joint farm venture, limited liability company, or partnership; or

(4) a person who has received homestead classification for property taxes payable in 2000 on the basis of an unqualified legal right under the terms of the trust agreement to occupy the property as that person's homestead and who continues to use the property as a homestead.

For purposes of this subdivision, "grantor" is defined as the person creating or establishing a testamentary, inter vivos, revocable or irrevocable trust by written instrument or through the exercise of a power of appointment.

EFFECTIVE DATE: This section is effective for taxes payable in 2001 and thereafter except that the references to a limited liability company or a member of a limited liability company are effective only if H. F. No. 3312 is enacted during the 2000 session.

Sec. 11. Minnesota Statutes 1998, section 273.125, subdivision 8, is amended to read:

Subd. 8. [MANUFACTURED HOMES; SECTIONAL STRUCTURES.] (a) In this section, "manufactured home" means a structure transportable in one or more sections, which is built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and contains

the plumbing, heating, air conditioning, and electrical systems in it. Manufactured home includes any accessory structure that is an addition or supplement to the manufactured home and, when installed, becomes a part of the manufactured home.

(b) A manufactured home that meets each of the following criteria must be valued and assessed as an improvement to real property, the appropriate real property classification applies, and the valuation is subject to review and the taxes payable in the manner provided for real property:

(1) the owner of the unit holds title to the land on which it is situated;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the Manufactured Home Building Code in sections 327.31 to 327.34, and rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(c) A manufactured home that meets each of the following criteria must be assessed at the rate provided by the appropriate real property classification but must be treated as personal property, and the valuation is subject to review and the taxes payable in the manner provided in this section:

(1) the owner of the unit is a lessee of the land under the terms of a lease;

(2) the unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the Manufactured Home Building Code contained in sections 327.31 to 327.34, and the rules adopted under those sections, or is affixed to the land like other real property in the taxing district; and

(3) the unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(d) Sectional structures must be valued and assessed as an improvement to real property if the owner of the structure holds title to the land on which it is located or is a qualifying lessee of the land under section 273.19. In this paragraph "sectional structure" means a building or structural unit that has been in whole or substantial part manufactured or constructed at an off-site location to be wholly or partially assembled on-site alone or with other units and attached to a permanent foundation.

(e) The commissioner of revenue may adopt rules under the Administrative Procedure Act to establish additional criteria for the classification of manufactured homes and sectional structures under this subdivision.

(f) A storage shed, deck, or similar improvement constructed on property that is leased or rented as a site for a manufactured home, sectional structure, park trailer, or travel trailer is taxable as provided in this section. In the case of property that is leased or rented as a site for a travel trailer, a storage shed, deck, or similar improvement on the site that is considered personal property under this paragraph is taxable only if its total estimated market value is over \$500. The property is taxable as personal property to the lessee of the site if it is not owned by the owner of the site. The property is taxable as real estate if it is owned by the owner of the site. As a condition of permitting the owner of the manufactured home, sectional structure, park trailer, or travel trailer to construct improvements on the leased or rented site, the owner of the site must obtain the permanent home address of the lessee or user of the site. The site owner must provide the name and address to the assessor upon request.

EFFECTIVE DATE: This section is effective beginning with the 2000 assessment.

Sec. 12. Minnesota Statutes 1999 Supplement, section 273.13, subdivision 24, is amended to read:

Subd. 24. [CLASS 3.] (a) Commercial and industrial property and utility real and personal property is class 3a.

(1) Except as otherwise provided, each parcel of commercial, industrial, or utility real property has a class rate of 2.4 percent of the first tier of market value, and 3.4 percent of the remaining market value, ~~except that,~~ In the case of contiguous parcels of property owned by the same person or entity, only the value equal to the first-tier value

of the contiguous parcels qualifies for the reduced class rate, except that contiguous parcels owned by the same person or entity shall be eligible for the first-tier value class rate on each separate business operated by the owner of the property, provided the business is housed in a separate structure. For the purposes of this subdivision, the first tier means the first \$150,000 of market value. Real property owned in fee by a utility for transmission line right-of-way shall be classified at the class rate for the higher tier. ~~All personal property shall be classified at the class rate for the higher tier. For purposes of this subdivision "personal property" means tools, implements, and machinery of an electric generating, transmission, or distribution system, or a pipeline system transporting or distributing water, gas, crude oil, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures.~~

For purposes of this ~~paragraph~~ subdivision, parcels are considered to be contiguous even if they are separated from each other by a road, street, ~~vacant lot~~, waterway, or other similar intervening type of property. Connections between parcels that consist of power lines or pipelines do not cause the parcels to be contiguous. Property owners who have contiguous parcels of property that constitute separate businesses that may qualify for the first-tier class rate shall notify the assessor by July 1, for treatment beginning in the following taxes payable year.

(2) Personal property that is: (i) part of an electric generation, transmission, or distribution system; or (ii) part of a pipeline system transporting or distributing water, gas, crude oil, or petroleum products; and (iii) not described in clause (3), has a class rate as provided under clause (1) for the first tier of market value and the remaining market value. In the case of multiple parcels in one county that are owned by one person or entity, only one first tier amount is eligible for the reduced rate.

(3) The entire market value of personal property that is: (i) tools, implements, and machinery of an electric generation, transmission, or distribution system; (ii) tools, implements, and machinery of a pipeline system transporting or distributing water, gas, crude oil, or petroleum products; or (iii) the mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, has a class rate as provided under clause (1) for the remaining market value in excess of the first tier.

(b) Employment property defined in section 469.166, during the period provided in section 469.170, shall constitute class 3b. The class rates for class 3b property are determined under paragraph (a).

(c)(1) Subject to the limitations of clause (2), structures which are (i) located on property classified as class 3a, (ii) constructed under an initial building permit issued after January 2, 1996, (iii) located in a transit zone as defined under section 473.3915, subdivision 3, (iv) located within the boundaries of a school district, and (v) not primarily used for retail or transient lodging purposes, shall have a class rate equal to the lesser of 2.975 percent or the class rate of the second tier of the commercial property rate under paragraph (a) on any portion of the market value that does not qualify for the first tier class rate under paragraph (a). As used in item (v), a structure is primarily used for retail or transient lodging purposes if over 50 percent of its square footage is used for those purposes. A class rate equal to the lesser of 2.975 percent or the class rate of the second tier of the commercial property class rate under paragraph (a) shall also apply to improvements to existing structures that meet the requirements of items (i) to (v) if the improvements are constructed under an initial building permit issued after January 2, 1996, even if the remainder of the structure was constructed prior to January 2, 1996. For the purposes of this paragraph, a structure shall be considered to be located in a transit zone if any portion of the structure lies within the zone. If any property once eligible for treatment under this paragraph ceases to remain eligible due to revisions in transit zone boundaries, the property shall continue to receive treatment under this paragraph for a period of three years.

(2) This clause applies to any structure qualifying for the transit zone reduced class rate under clause (1) on January 2, 1999, or any structure meeting any of the qualification criteria in item (i) and otherwise qualifying for the transit zone reduced class rate under clause (1). Such a structure continues to receive the transit zone reduced class rate until the occurrence of one of the events in item (ii). Property qualifying under item (i)(D), that is located outside of a city of the first class, qualifies for the transit zone reduced class rate as provided in that item. Property qualifying under item (i)(E) qualifies for the transit zone reduced class rate as provided in that item.

(i) A structure qualifies for the rate in this clause if it is:

(A) property for which a building permit was issued before December 31, 1998; or

(B) property for which a building permit was issued before June 30, 2001, if:

(I) at least 50 percent of the land on which the structure is to be built has been acquired or is the subject of signed purchase agreements or signed options as of March 15, 1998, by the entity that proposes construction of the project or an affiliate of the entity;

(II) signed agreements have been entered into with one entity or with affiliated entities to lease for the account of the entity or affiliated entities at least 50 percent of the square footage of the structure or the owner of the structure will occupy at least 50 percent of the square footage of the structure; and

(III) one of the following requirements is met:

the project proposer has submitted the completed data portions of an environmental assessment worksheet by December 31, 1998; or

a notice of determination of adequacy of an environmental impact statement has been published by April 1, 1999; or

an alternative urban areawide review has been completed by April 1, 1999; or

(C) property for which a building permit is issued before July 30, 1999, if:

(I) at least 50 percent of the land on which the structure is to be built has been acquired or is the subject of signed purchase agreements as of March 31, 1998, by the entity that proposes construction of the project or an affiliate of the entity;

(II) a signed agreement has been entered into between the building developer and a tenant to lease for its own account at least 200,000 square feet of space in the building;

(III) a signed letter of intent is entered into by July 1, 1998, between the building developer and the tenant to lease the space for its own account; and

(IV) the environmental review process required by state law was commenced by December 31, 1998;

(D) property for which an irrevocable letter of credit with a housing and redevelopment authority was signed before December 31, 1998. The structure shall receive the transit zone reduced class rate during construction and for the duration of time that the original tenants remain in the building. Any unoccupied net leasable square footage that is not leased within 36 months after the certificate of occupancy has been issued for the building shall not be eligible to receive the reduced class rate. This reduced class rate applies only if ~~the~~ a qualifying entity ~~that constructed the structure~~ continues to own the property;

(E) property, located in a city of the first class, and for which the building permits for the excavation, the parking ramp, and the office tower were issued prior to April 1, 1999, shall receive the reduced class rate during construction and for the first five assessment years immediately following its initial occupancy provided that, when completed, at least 25 percent of the net leasable square footage must be occupied by ~~the~~ a qualifying entity ~~or the parent entity constructing the structure~~ each year during this time period. In order to receive the reduced class rate on the structure in any subsequent assessment years, at least 50 percent of the rentable square footage must be occupied by ~~the~~ a qualifying entity ~~or the parent entity that constructed the structure~~. This reduced class rate applies only if ~~the~~ a qualifying entity ~~or the parent entity that constructed the structure~~ continues to own the property.

(ii) A structure specified by this clause, other than a structure qualifying under clause (i)(D) or (E), shall continue to receive the transit zone reduced class rate until the occurrence of one of the following events:

(A) if the structure upon initial occupancy will be owner occupied by the entity initially constructing the structure or an affiliated entity, the structure receives the reduced class rate until the structure ceases to be at least 50 percent occupied by the entity or an affiliated entity, provided, if the portion of the structure occupied by that entity or an affiliate of the entity is less than 85 percent, the transit zone class rate reduction for the portion of structure not so occupied terminates upon the leasing of such space to any nonaffiliated entity; or

(B) if the structure is leased by a single entity or affiliated entity at the time of initial occupancy, the structure shall receive the reduced class rate until the structure ceases to be at least 50 percent occupied by the entity or an affiliated entity, provided, if the portion of the structure occupied by that entity or an affiliate of the entity is less than 85 percent, the transit zone class rate reduction for the portion of structure not so occupied shall terminate upon the leasing of such space to any nonaffiliated entity; or

(C) if the structure meets the criteria in item (i)(C), the structure shall receive the reduced class rate until the expiration of the initial lease term of the applicable tenants.

Percentages occupied or leased shall be determined based upon net leasable square footage in the structure. The assessor shall allocate the value of the structure in the same fashion as provided in the general law for portions of any structure receiving and not receiving the transit tax class reduction as a result of this clause.

(3) For purposes of paragraph (c), "qualifying entity" means the entity owning the property on September 1, 2000, or an affiliate of an entity that owned the property on September 1, 2000.

EFFECTIVE DATE: That portion of this section relating to the definition of real and personal utility property is effective for taxes payable in 2000 and thereafter. All other changes in the section are effective for taxes payable in 2001 and thereafter.

Sec. 13. Minnesota Statutes 1999 Supplement, section 273.13, subdivision 25, is amended to read:

Subd. 25. [CLASS 4.] (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. Class 4a property in a city with a population of 5,000 or less, that is (1) located outside of the metropolitan area, as defined in section 473.121, subdivision 2, or outside any county contiguous to the metropolitan area, and (2) whose city boundary is at least 15 miles from the boundary of any city with a population greater than 5,000 has a class rate of 2.15 percent of market value. All other class 4a property has a class rate of 2.4 percent of market value. For purposes of this paragraph, population has the same meaning given in section 477A.011, subdivision 3.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential, and recreational;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units;

(4) unimproved property that is classified residential as determined under subdivision 33.

Class 4b property has a class rate of 1.65 percent of market value.

(c) Class 4bb includes:

- (1) nonhomestead residential real estate containing one unit, other than seasonal residential, and recreational; and
- (2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb has a class rate of 1.2 percent on the first \$76,000 of market value and a class rate of 1.65 percent of its market value that exceeds \$76,000.

Property that has been classified as seasonal recreational residential property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real property devoted to temporary and seasonal residential occupancy for recreation purposes, including real property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. In order for a property to be classified as class 4c, seasonal recreational residential for commercial purposes, at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days and either (i) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or (ii) at least 20 percent of the annual gross receipts must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina services, launch services, and guide services, or the sale of bait and fishing tackle. For purposes of this determination, a paid booking of five or more nights shall be counted as two bookings. Class 4c also includes commercial use real property used exclusively for recreational purposes in conjunction with class 4c property devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Class 4c property classified in this clause also includes the remainder of class 1c resorts provided that the entire property including that portion of the property classified as class 1c also meets the requirements for class 4c under this clause; otherwise the entire property is classified as class 3. Owners of real property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c or 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located will be designated class 1c or 4c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 1c or 4c property must provide guest registers or other records demonstrating that the units for which class 1c or 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, and (4) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes shall not qualify for class 1c or 4c;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of one acre of land owned by a nonprofit community service oriented organization; provided that the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment and the property is not used for residential purposes on either a temporary or permanent basis. For purposes of this clause, a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (10), or (19) of the Internal Revenue Code of 1986, as amended through December 31, 1990. For purposes of this clause, "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises. Any portion of the property which is used for revenue-producing activities for more than six days in the calendar year preceding the year of assessment shall be assessed as class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity;

(4) post-secondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5) manufactured home parks as defined in section 327.14, subdivision 3; ~~and~~

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2; and

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, metropolitan airports commission, or group thereof, and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale.

Class 4c property has a class rate of 1.65 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5) have the same class rate as class 4b property, and (iii) property described in paragraph (d), clause (4), has the same class rate as the rate applicable to the first tier of class 4bb nonhomestead residential real estate under paragraph (c).

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the housing finance agency under sections 273.126 and 462A.071. Class 4d includes land in proportion to the total market value of the building that is qualifying low-income rental housing. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

Class 4d property has a class rate of one percent of market value.

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

Sec. 14. Minnesota Statutes 1999 Supplement, section 273.1382, subdivision 1b, is amended to read:

Subd. 1b. [EDUCATION AGRICULTURAL CREDIT.] Property classified as class 2a agricultural homestead or class 2b agricultural nonhomestead or timberland is eligible for education agricultural credit. The credit is equal to ~~54~~ 70 percent, in the case of agricultural homestead property up to \$600,000 in market value, or ~~50~~ 63 percent, in the case of all other agricultural nonhomestead property or timberland, of the property's net tax capacity times the education credit tax rate determined in subdivision 1. The net tax capacity portion of class 2a property attributable to consisting of the house, garage, and surrounding one acre of land is not eligible for the credit under this subdivision, nor does its market value count towards the valuation threshold contained in this subdivision.

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

Sec. 15. Minnesota Statutes 1998, section 273.37, subdivision 3, is amended to read:

Subd. 3. Taxable wind energy conversion systems, as defined in section 216C.06, subdivision 12, which are not owned, operated, and exclusively controlled by the owner of the land upon which the system is situated, must be listed and assessed by the commissioner of revenue as personal property in the name of the owner of the system in the taxing district where it is situated.

EFFECTIVE DATE: This section is effective for the 2000 assessment and thereafter.

Sec. 16. [273.372] [PROCEEDINGS AND APPEALS; UTILITY VALUATIONS.]

An appeal by a utility company concerning the exemption, valuation, or classification on property for which the commissioner of revenue has provided the county with commissioner's orders or recommended values must be brought against the commissioner in tax court or in district court of the county where the property is located, and not against the county or taxing district where the property is located. If the appeal to a court is of an order of the commissioner, it must be brought under chapter 271. If the appeal is brought under chapter 278, the procedures in that chapter apply. This provision applies to the property contained under sections 273.33, 273.35, 273.36, and 273.37, but only if the appealed values have remained unchanged from those provided to the county by the commissioner. If the exemption, valuation, or classification being appealed has been changed by the county, then the action must be brought under chapter 278 in the county where the property is located.

Upon filing of any appeal by a utility company against the commissioner, the commissioner shall give notice by first class mail to each county which would be affected by the appeal.

Companies that submit the reports under section 273.371 by the date specified in that section, or by the date specified by the commissioner in an extension, may appeal administratively to the commissioner under the procedures in section 270.11, subdivision 6, prior to bringing an action in tax court or in district court, however, instituting an administrative appeal with the commissioner does not change or modify the deadline in section 278.01 for bringing an action in tax court or district court.

EFFECTIVE DATE: This section is effective for appeals made on property for assessment year 1999 and thereafter.

Sec. 17. Minnesota Statutes 1998, section 275.066, is amended to read:

275.066 [SPECIAL TAXING DISTRICTS; DEFINITION.]

For the purposes of property taxation and property tax state aids, the term "special taxing districts" includes the following entities:

(1) watershed districts under chapter 103D;

- (2) sanitary districts under sections 115.18 to 115.37;
- (3) regional sanitary sewer districts under sections 115.61 to 115.67;
- (4) regional public library districts under section 134.201;
- (5) park districts under chapter 398;
- (6) regional railroad authorities under chapter 398A;
- (7) hospital districts under sections 447.31 to 447.38;
- (8) St. Cloud metropolitan transit commission under sections 458A.01 to 458A.15;
- (9) Duluth transit authority under sections 458A.21 to 458A.37;
- (10) regional development commissions under sections 462.381 to 462.398;
- (11) housing and redevelopment authorities under sections 469.001 to 469.047;
- (12) port authorities under sections 469.048 to 469.068;
- (13) economic development authorities under sections 469.090 to 469.1081;
- (14) metropolitan council under sections 473.123 to 473.549;
- (15) metropolitan airports commission under sections 473.601 to 473.680;
- (16) metropolitan mosquito control commission under sections 473.701 to 473.716;
- (17) Morrison county rural development financing authority under Laws 1982, chapter 437, section 1;
- (18) Croft Historical Park District under Laws 1984, chapter 502, article 13, section 6;
- (19) East Lake county medical clinic district under Laws 1989, chapter 211, sections 1 to 6;
- (20) Floodwood area ambulance district under Laws 1993, chapter 375, article 5, section 39; ~~and~~
- (21) Middle Mississippi river watershed management organization under sections 103B.211 and 103B.241; and
- (22) any other political subdivision of the state of Minnesota, excluding counties, school districts, cities, and towns, that has the power to adopt and certify a property tax levy to the county auditor, as determined by the commissioner of revenue.

EFFECTIVE DATE: This section is effective for taxes levied in 2000, payable in 2001, and thereafter.

Sec. 18. Minnesota Statutes 1998, section 276.19, subdivision 1, is amended to read:

Subdivision 1. [NOTICE OF OVERPAYMENT.] If an overpayment of property tax arises on a parcel ~~for any reason due to receipt of a payment that exceeds the total amount of the tax required to be paid on the property tax statement~~, the responsible county official shall promptly notify the payer by regular mail that the overpayment has occurred. The notice must state the amount of overpayment and identify the parcel on which the overpayment occurred. The notice must also instruct the payer how to claim the overpayment and advise that the overpayment is subject to forfeiture under this section. If the name or address of the payer is not known, the notice of unclaimed overpayment must be mailed to the taxpayer of record in the office of the county auditor.

EFFECTIVE DATE: This section is effective for overpayment of taxes made the day following final enactment and thereafter, and applies only to taxes levied in 1999, payable in 2000, and thereafter.

Sec. 19. [278.14] [REFUNDS OF MISTAKENLY BILLED TAXES.]

Subdivision 1. [APPLICABILITY.] A county must pay a refund of a mistakenly billed tax as provided in this section. As used in this section, "mistakenly billed tax" means an amount of property tax that was billed, to the extent the amount billed exceeds the accurate tax amount due to a misclassification of the owner's property under section 273.13 or a mathematical error in the calculation of the tax on the owner's property, together with any penalty or interest paid on that amount. This section applies only to taxes payable in the current year and the two prior years. As used in this section, "mathematical error" is limited to an error in:

(1) converting the market value of a property to tax capacity or to a referendum market value;

(2) application of the tax rate as computed by the auditor under sections 275.08, subdivisions 1b, 1c, and 1d; 276A.06, subdivisions 4 and 5; and 473F.07, subdivisions 4 and 5, to the property's tax capacity or referendum market value; or

(3) calculation of or eligibility for a credit.

The remedy provided under this section does not apply to a misclassification under section 273.13 that is due to the failure of the property owner to apply for the correct classification as required by law.

Subd. 2. [PROCEDURE.] A refund of mistakenly billed tax must be paid upon verification of a claim made in a written application by the owner of the property or upon discovery of the mistakenly billed tax by the county. Refunds of overpayments will be made as provided in section 278.12.

Subd. 3. [APPEALS.] If the county rejects a claim by a property owner under subdivision 2, it must notify the property owner of that decision within 90 days of receipt of the claim. The property owner may appeal that decision to the tax court within 60 days after receipt of a notice from the county of the decision. Relief granted by the tax court is limited to current year taxes, and taxes in the two prior years.

EFFECTIVE DATE: This section is effective for overpayment of taxes made the day following final enactment and thereafter, and applies only to taxes levied in 1999, payable in 2000, and thereafter.

Sec. 20. Minnesota Statutes 1999 Supplement, section 290B.03, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM QUALIFICATIONS.] The qualifications for the senior citizens' property tax deferral program are as follows:

(1) the property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, both of the spouses must be at least 65 years old at the time the first property tax deferral is granted, regardless of whether the property is titled in the name of one spouse or both spouses, or titled in another way that permits the property to have homestead status;

(2) the total household income of the qualifying homeowners, as defined in section 290A.03, subdivision 5, for the calendar year preceding the year of the initial application may not exceed \$60,000;

(3) the homestead must have been owned and occupied as the homestead of at least one of the qualifying homeowners for at least 15 years prior to the year the initial application is filed;

(4) ~~there are no delinquent property taxes, penalties, or interest on the homesteaded property;~~

(5) ~~there are no delinquent special assessments on the homesteaded property;~~

~~(6)~~ there are no state or federal tax liens or judgment liens on the homesteaded property;

~~(7)~~ (5) there are no mortgages or other liens on the property that secure future advances, except for those subject to credit limits that result in compliance with clause ~~(8)~~ (6); and

~~(8)~~ (6) the total unpaid balances of debts secured by mortgages and other liens on the property, including unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year, does not exceed ~~30~~ 75 percent of the assessor's estimated market value for the year.

Sec. 21. Minnesota Statutes 1998, section 290B.04, is amended by adding a subdivision to read:

Subd. 7. [PAYMENT OF DELINQUENT TAXES AND SPECIAL ASSESSMENTS.] Upon approval of a senior citizen's initial application, the commissioner of revenue shall pay to the treasurer of the county where the property is located the amount of any delinquent property taxes, penalties, interest, and delinquent special assessments and interest on the property which is the subject of the application.

Sec. 22. Minnesota Statutes 1999 Supplement, section 290B.05, subdivision 1, is amended to read:

Subdivision 1. [DETERMINATION BY COMMISSIONER.] The commissioner shall determine each qualifying homeowner's "annual maximum property tax amount" following approval of the homeowner's initial application and following the receipt of a resumption of eligibility certification. The "annual maximum property tax amount" equals three percent of the homeowner's total household income for the year preceding either the initial application or the resumption of eligibility certification, whichever is applicable. Following approval of the initial application, the commissioner shall determine the qualifying homeowner's "maximum allowable deferral." No tax may be deferred relative to the appropriate assessment year for any homeowner whose total household income for the previous year exceeds \$60,000. No tax shall be deferred in any year in which the homeowner does not meet the program qualifications in section 290B.03. The maximum allowable total deferral is equal to 75 percent of the assessor's estimated market value for the year, less the balance of any mortgage loans and other amounts secured by liens against the property at the time of application, including any unpaid and delinquent special assessments and interest and any delinquent property taxes, penalties, and interest, but not including property taxes payable during the year.

Sec. 23. Minnesota Statutes 1998, section 290B.05, subdivision 3, is amended to read:

Subd. 3. [CALCULATION OF DEFERRED PROPERTY TAX AMOUNT.] When final property tax amounts for the following year have been determined, the county auditor shall calculate the "deferred property tax amount." The deferred property tax amount is equal to the lesser of (1) the maximum allowable deferral for the year; or (2) the difference between the total amount of property taxes levied upon the qualifying homestead by all taxing jurisdictions and the maximum property tax amount. Any special assessments levied by any local unit of government must not be included in the total tax used to calculate the deferred tax amount. ~~No deferral of the current year's property taxes is allowed if there are any delinquent property taxes or delinquent special assessments for any previous year.~~ Any tax attributable to new improvements made to the property after the initial application has been approved under section 290B.04, subdivision 2, must be excluded when determining any subsequent deferred property tax amount. The county auditor shall annually, on or before April 15, certify to the commissioner of revenue the property tax deferral amounts determined under this subdivision by property and by owner.

Sec. 24. Minnesota Statutes 1998, section 290B.07, is amended to read:

290B.07 [LIEN; DEFERRED PORTION.]

(a) Payment by the state to the county treasurer of property taxes, penalties, interest, or special assessments and interest deferred under this ~~section~~ chapter is deemed a loan from the state to the program participant. The commissioner must compute the interest as provided in section 270.75, subdivision 5, but not to exceed five percent,

and maintain records of the total deferred amount and interest for each participant. Interest shall accrue beginning September 1 of the payable year for which the taxes are deferred. Any deferral made under this chapter shall not be construed as delinquent property taxes.

The lien created under section 272.31 continues to secure payment by the taxpayer, or by the taxpayer's successors or assigns, of the amount deferred, including interest, with respect to all years for which amounts are deferred. The lien for deferred taxes and interest has the same priority as any other lien under section 272.31, except that liens, including mortgages, recorded or filed prior to the recording or filing of the notice under section 290B.04, subdivision 2, have priority over the lien for deferred taxes and interest. A seller's interest in a contract for deed, in which a qualifying homeowner is the purchaser or an assignee of the purchaser, has priority over deferred taxes and interest on deferred taxes, regardless of whether the contract for deed is recorded or filed. The lien for deferred taxes and interest for future years has the same priority as the lien for deferred taxes and interest for the first year, which is always higher in priority than any mortgages or other liens filed, recorded, or created after the notice recorded or filed under section 290B.04, subdivision 2. The county treasurer or auditor shall maintain records of the deferred portion and shall list the amount of deferred taxes for the year and the cumulative deferral and interest for all previous years as a lien against the property. In any certification of unpaid taxes for a tax parcel, the county auditor shall clearly distinguish between taxes payable in the current year, deferred taxes and interest, and delinquent taxes. Payment of the deferred portion becomes due and owing at the time specified in section 290B.08. Upon receipt of the payment, the commissioner shall issue a receipt for it to the person making the payment upon request and shall notify the auditor of the county in which the parcel is located, within ten days, identifying the parcel to which the payment applies. Upon receipt by the commissioner of revenue of collected funds in the amount of the deferral, the state's loan to the program participant is deemed paid in full.

(b) If property for which taxes have been deferred under this chapter forfeits under chapter 281 for nonpayment of a nondeferred property tax amount, or because of nonpayment of amounts previously deferred following a termination under section 290B.08, the lien for the taxes deferred under this chapter, plus interest and costs, shall be canceled by the county auditor as provided in section 282.07. However, notwithstanding any other law to the contrary, any proceeds from a subsequent sale of the property under chapter 282 or another law, must be used to first reimburse the county's forfeited tax sale fund for any direct costs of selling the property or any costs directly related to preparing the property for sale, and then to reimburse the state for the amount of the canceled lien. Within 90 days of the receipt of any sale proceed to which the state is entitled under these provisions, the county auditor must pay those funds to the commissioner of revenue by warrant for deposit in the general fund. No other deposit, use, distribution, or release of gross sale proceeds or receipts may be made by the county until payments sufficient to fully reimburse the state for the canceled lien amount have been transmitted to the commissioner.

Sec. 25. Minnesota Statutes 1998, section 290B.08, subdivision 1, is amended to read:

Subdivision 1. [TERMINATION.] (a) The deferral of taxes granted under this chapter terminates when one of the following occurs:

- (1) the property is sold or transferred;
- (2) the death of ~~the~~ all qualifying ~~homeowner(s)~~ homeowners;
- (3) the homeowner notifies the commissioner in writing that the homeowner desires to discontinue the deferral;
or
- (4) the property no longer qualifies as a homestead.

(b) A property is not terminated from the program because no deferred property tax amount is determined on the homestead for any given year after the homestead's initial enrollment into the program.

EFFECTIVE DATE: This section is effective for deferrals of property taxes payable in 2001 and thereafter.

Sec. 26. Minnesota Statutes 1998, section 290B.08, subdivision 2, is amended to read:

Subd. 2. [PAYMENT UPON TERMINATION.] Upon the termination of the deferral under subdivision 1, the amount of deferred taxes ~~and, penalties, interest, and special assessments and interest,~~ plus the recording or filing fees under both section 290B.04, subdivision 2, and this subdivision becomes due and payable to the commissioner within 90 days of termination of the deferral for terminations under subdivision 1, paragraph (a), clauses (1) and (2), and within one year of termination of the deferral for terminations under subdivision 1, paragraph (a), clauses (3) and (4). No additional interest is due on the deferral if timely paid. On receipt of payment, the commissioner shall within ten days notify the auditor of the county in which the parcel is located, identifying the parcel to which the payment applies and shall remit the recording or filing fees under section 290B.04, subdivision 2, and this subdivision to the auditor. A notice of termination of deferral, containing the legal description and the recording or filing data for the notice of qualification for deferral under section 290B.04, subdivision 2, shall be prepared and recorded or filed by the county auditor in the same office in which the notice of qualification for deferral under section 290B.04, subdivision 2, was recorded or filed, and the county auditor shall mail a copy of the notice of termination to the property owner. The property owner shall pay the recording or filing fees. Upon recording or filing of the notice of termination of deferral, the notice of qualification for deferral under section 290B.04, subdivision 2, and the lien created by it are discharged. If the deferral is not timely paid, the penalty, interest, lien, forfeiture, and other rules for the collection of ad valorem property taxes apply.

Sec. 27. Minnesota Statutes 1998, section 290B.09, subdivision 2, is amended to read:

Subd. 2. [APPROPRIATION.] An amount sufficient to pay the total amount of property tax determined under subdivision 1, plus any amounts paid under section 290B.04, subdivision 7, is annually appropriated from the general fund to the commissioner of revenue.

Sec. 28. Minnesota Statutes 1999 Supplement, section 383D.74, subdivision 2, is amended to read:

Subd. 2. [EXPIRATION.] The authority to impose a penalty under this section expires on December 31, ~~2000~~ 2005.

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

Sec. 29. Minnesota Statutes 1998, section 429.011, subdivision 2a, is amended to read:

Subd. 2a. [MUNICIPALITY.] "Municipality" also includes a county in the case of construction, reconstruction, or improvement of a county state-aid highway or county highway as defined in section 160.02 including curbs and gutters and storm sewers ~~and includes;~~ a county exercising its powers and duties under section 444.075, subdivision 1; and a county for expenses not paid for under section 403.113, subdivision 3, paragraph (b), clause (3).

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

Sec. 30. Minnesota Statutes 1998, section 429.011, subdivision 5, is amended to read:

Subd. 5. [IMPROVEMENT.] "Improvement" means any type of improvement made under authority granted by section 429.021, and in the case of a county is limited to the construction, reconstruction, or improvement of a county state-aid highway or county highway including curbs and gutters and storm sewers, and to the purchase, installation, or maintenance of signs, posts, and markers for addressing related to the operation of enhanced 911 telephone service.

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

Sec. 31. Minnesota Statutes 1998, section 429.021, subdivision 1, is amended to read:

Subdivision 1. [IMPROVEMENTS AUTHORIZED.] The council of a municipality shall have power to make the following improvements:

(1) To acquire, open, and widen any street, and to improve the same by constructing, reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking strips of any material, or by grading, graveling, oiling, or otherwise improving the same, including the beautification thereof and including storm sewers or other street drainage and connections from sewer, water, or similar mains to curb lines.

(2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps, lift stations, service connections, and other appurtenances of a sewer system, within and without the corporate limits.

(3) To construct, reconstruct, extend, and maintain steam heating mains.

(4) To install, replace, extend, and maintain street lights and street lighting systems and special lighting systems.

(5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks, treatment plants, and other appurtenances of a water works system, within and without the corporate limits.

(6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational facilities within or without the corporate limits.

(7) To plant trees on streets and provide for their trimming, care, and removal.

(8) To abate nuisances and to drain swamps, marshes, and ponds on public or private property and to fill the same.

(9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

(10) To construct, reconstruct, extend, and maintain retaining walls and area walls.

(11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and promote a pedestrian skyway system. Such improvement may be made upon a petition pursuant to section 429.031, subdivision 3.

(12) To acquire, construct, reconstruct, extend, operate, maintain, and promote underground pedestrian concourses.

(13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public malls, plazas or courtyards.

(14) To construct, reconstruct, extend, and maintain district heating systems.

(15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection systems in existing buildings, but only upon a petition pursuant to section 429.031, subdivision 3.

(16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway sound barriers.

(17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution facilities owned by a municipal gas or electric utility.

(18) To purchase, install, and maintain signs, posts, and other markers for addressing related to the operation of enhanced 911 telephone service.

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

Sec. 32. Minnesota Statutes 1998, section 429.031, subdivision 1, is amended to read:

Subdivision 1. [PREPARATION OF PLANS, NOTICE OF HEARING.] (a) Before the municipality awards a contract for an improvement or orders it made by day labor, or before the municipality may assess any portion of the cost of an improvement to be made under a cooperative agreement with the state or another political subdivision for sharing the cost of making the improvement, the council shall hold a public hearing on the proposed improvement following two publications in the newspaper of a notice stating the time and place of the hearing, the general nature of the improvement, the estimated cost, and the area proposed to be assessed. The two publications must be a week apart, and the hearing must be at least three days after the second publication. Not less than ten days before the hearing, notice of the hearing must also be mailed to the owner of each parcel within the area proposed to be assessed and must contain a statement that a reasonable estimate of the impact of the assessment will be available at the hearing, but failure to give mailed notice or any defects in the notice does not invalidate the proceedings. For the purpose of giving mailed notice, owners are those shown as owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. For properties that are tax exempt or subject to taxation on a gross earnings basis and are not listed on the records of the county auditor or the county treasurer, the owners may be ascertained by any practicable means, and mailed notice must be given them as provided in this subdivision.

(b) Before the adoption of a resolution ordering the improvement, the council shall secure from the city engineer or some other competent person of its selection a report advising it in a preliminary way as to whether the proposed improvement is necessary, cost-effective, and feasible and as to whether it should best be made as proposed or in connection with some other improvement. The report must also include the estimated cost of the improvement as recommended. A reasonable estimate of the total amount to be assessed, and a description of the methodology used to calculate individual assessments for affected parcels, must be available at the hearing. No error or omission in the report invalidates the proceeding unless it materially prejudices the interests of an owner.

(c) If the report is not prepared by an employee of a municipality, the compensation for preparing the report under this subdivision must be based on the following factors:

- (1) the time and labor required;
- (2) the experience and knowledge of the preparer;
- (3) the complexity and novelty of the problems involved; and
- (4) the extent of the responsibilities assumed.

(d) The compensation must not be based primarily on a percentage of the estimated cost of the improvement.

(e) The council may also take other steps prior to the hearing, including, among other things, the preparation of plans and specifications and the advertisement for bids that will in its judgment provide helpful information in determining the desirability and feasibility of the improvement.

(f) The hearing may be adjourned from time to time, and a resolution ordering the improvement may be adopted at any time within six months after the date of the hearing by vote of a majority of all members of the council when the improvement has been petitioned for by the owners of not less than 35 percent in frontage of the real property abutting on the streets named in the petition as the location of the improvement. When there has been no such petition, the resolution may be adopted only by vote of four-fifths of all members of the council; provided that if the mayor of the municipality is a member of the council but has no vote or votes only in case of a tie, the mayor is not deemed to be a member for the purpose of determining a four-fifths majority vote.

(g) The resolution ordering the improvement may reduce, but not increase, the extent of the improvement as stated in the notice of hearing.

EFFECTIVE DATE: This section is effective for mailed notices and hearings held June 1, 2000, and thereafter.

Sec. 33. Minnesota Statutes 1998, section 469.040, is amended by adding a subdivision to read:

Subd. 5. [DESIGNATED HOUSING CORPORATION.] Property located within the exterior boundaries of the White Earth Indian Reservation that is owned by the tribe's designated housing entity as defined in United States Code, title 25, section 4103(21), and that is a housing project or a housing development project, as defined in section 469.002, subdivisions 13 and 15, is exempt from all real and personal property taxes of the city, the county, the state, or any political subdivision thereof, but the property is subject to subdivision 3. A copy of those portions of the annual reports submitted on behalf of the housing entity to the Secretary of the United States Department of Housing and Urban Development for the project that contain information sufficient to determine the amount due under subdivision 3 satisfies the reporting requirements of subdivision 3 for the project.

EFFECTIVE DATE: This section is effective for the 2000 assessment, taxes payable in 2001, and thereafter.

Sec. 34. Laws 1987, chapter 402, section 2, subdivision 1, is amended to read:

~~Subdivision 1. [AGREEMENT.] The city of Moose Lake and one or more of the towns of Moose Lake, Silver, and Windemere may by action of their city council and town boards establish the Moose Lake fire protection district. The town of Silver may provide that only a described part of its territory be included within the district. The district shall provide fire protection services throughout its territory and may exercise all the powers of the city and towns that relate to fire protection anywhere within its territory. Any other contiguous town or home rule charter or statutory city may join the district with the agreement of the cities and towns that comprise the district at the time of its application to join. Action to join the district may be taken by the city council or town board of the city or town.~~

EFFECTIVE DATE: Pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (a), this section is effective without local approval the day following final enactment.

Sec. 35. Laws 1987, chapter 402, section 2, subdivision 4, is amended to read:

~~Subd. 4. [TAX.] The district may impose a property tax on real property in the district in an amount sufficient to discharge its operating expenses and debt payable in each year. The tax shall be disregarded in the calculation of any levies or limits on levies provided by Minnesota Statutes, chapter 275, or other law. A city or town that joins the district may not incur expenses or debt for fire protection services for territory included in the district and may not impose taxes for that purpose. The town of Silver may impose a property tax on territory not included in the district to discharge costs or debt incurred to provide fire protection services to that territory.~~

EFFECTIVE DATE: Pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (a), this section is effective without local approval the day following final enactment.

Sec. 36. Laws 1987, chapter 402, section 2, subdivision 5, is amended to read:

~~Subd. 5. [PUBLIC INDEBTEDNESS.] The district may incur debt in the manner provided for a municipality by Minnesota Statutes, chapter 475, when necessary to accomplish a duty charged to it. The district may also issue certificates of indebtedness subject to debt limits for the district to purchase capital equipment having an expected useful life at least as long as the terms of the certificates. The certificates must be payable in not more than five years and must be issued on the terms and in the manner as the board may determine. Before issuing certificates in an amount exceeding .25 percent of the taxable property of the district, the board shall publish a resolution indicating its intent to issue the certificates in a newspaper of general circulation in the district. The certificates may be issued without an election unless within ten days of the publication a petition signed by the sum of at least ten percent of the voters in the member towns voting in the last regular town election and ten percent of the voters of the city voting in the last city general election requesting an election on their issuance is filed with the board. If a petition is filed, the certificates may not be issued unless their issuance is approved by a majority of the voters at a general or special~~

election in which all the residents of the city and member towns are eligible to vote. A tax levy shall be made against all property in the district to pay the principal and interest on the certificates, in accordance with Minnesota Statutes, section 475.61, as in the case of bonds.

EFFECTIVE DATE: Pursuant to Minnesota Statutes, section 645.023, subdivision 1, clause (a), this section is effective without local approval the day following final enactment.

Sec. 37. [EVELETH-GILBERT JOINT RECREATION BOARD TAX.]

The cities and towns who participate in the Eveleth-Gilbert joint recreation board may levy a tax on the taxable property within their taxing jurisdictions situated within the boundaries of independent school district No. 2154, Eveleth-Gilbert, as provided in this section. The maximum amount that may be levied by all participating cities and towns combined shall not exceed a total of \$125,000 per year, for a maximum of eight years. Property within the school district may be made subject to the tax permitted by this section by the agreement of the governing body or town board of the city or town where the property is located. The agreement may be by resolution of a governing body or town board or by a joint powers agreement under Minnesota Statutes, section 471.59. If levied, this tax is in addition to all other taxes permitted to be levied for park and recreation purposes by the participating cities and towns. It shall be disregarded in the calculation of all tax levy limitations imposed by charter and any general overall levy limitations. A city or town may withdraw its agreement to future taxes by notice to the recreation board and the county auditor unless provided otherwise by a joint powers agreement. The tax shall be collected by the St. Louis county treasurer and paid directly to the Eveleth-Gilbert joint recreation board.

This section applies in the cities of Eveleth, Gilbert, Leonidas, McKinley, and Iron Junction, and in the towns of Biwabik, Clinton, and Fayal, all located in St. Louis county.

EFFECTIVE DATE: This section is effective for taxes payable in 2001 through taxes payable in 2008.

Sec. 38. [STUDY OF TAXATION OF FOREST LAND.]

Subdivision 1. [STUDY.] The commissioner of revenue, in cooperation with the Minnesota forest resources council, shall study the taxation of forest land in this state. The study shall include a review of the current application of property taxes to these lands and a review and comparison with other forest land tax policies. It shall also include recommendations for changes in tax policy:

- (1) to encourage forest productivity;
- (2) to maintain land in forest cover;
- (3) to encourage the application of sustainable site level forest management guidelines;
- (4) to address impacts on local government revenues; and
- (5) for changes in tax rates.

The study shall be completed and transmitted to the chairs of the house and senate tax committees by December 1, 2000.

Subd. 2. [APPROPRIATION.] \$50,000 is appropriated from the general fund in fiscal year 2000 to the commissioner of revenue for completion of the study required in this section. This appropriation is available until December 31, 2000.

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

Sec. 39. [APPROPRIATION.]

Notwithstanding section 16A.1521, the balance of the property tax reform account as of July 1, 2000, is transferred to the general fund and any additional funds appropriated to the property tax reform account as a result of the November, 1999, forecast are canceled and the appropriation remains in the general fund.

Sec. 40. [REPEALER.]

(a) Minnesota Statutes 1998, sections 270.072, subdivision 5; and 270.075, subdivisions 3 and 4; are repealed.

(b) Minnesota Statutes 1998, section 273.127, is repealed.

(c) Minnesota Statutes 1998, section 273.1316, is repealed.

EFFECTIVE DATE: Paragraph (a) is effective for taxes payable in 2001 and thereafter. Paragraph (b) is effective for taxes payable in 2000 and thereafter. Paragraph (c) is effective the day following final enactment.

Sec. 41. [EFFECTIVE DATE.]

Sections 20 to 24, 26, and 27 apply to all homeowners and all property taxes deferred beginning in payable 2001, including those homeowners who initially qualified under this program for taxes payable in 1999 or 2000, except that if a homeowner did not qualify for any property tax deferral for payable 2000 because of the percentage threshold in Minnesota Statutes, section 290B.03, subdivision 1, paragraph (6), or the prohibition on qualification of owners of property with delinquent taxes or delinquent special assessments, and now qualifies for the program with the changes in those provisions, the homeowner may apply to the commissioner by July 1, 2000, and request a retroactive qualification into the program for taxes payable in 2000. The commissioner of revenue shall notify the county auditor of such eligible taxpayers. The commissioner shall make payment to the county for the appropriate amount due for taxes payable in 2000, and the county treasurer shall refund the taxpayer for any excess tax amount that the taxpayer has paid to the county.

ARTICLE 6

LEVY LIMITS AND AIDS TO LOCAL GOVERNMENT

Section 1. Minnesota Statutes 1998, section 97A.061, is amended by adding a subdivision to read:

Subd. 4. [OFFSET OF PAYMENTS.] Payments to a county or town under this section must be reduced by the amount of payment to that county or town under section 477A.12 for the same lands in the same year.

EFFECTIVE DATE: This section is effective for payments made in calendar year 2001 and thereafter.

Sec. 2. Minnesota Statutes 1998, section 97A.061, is amended by adding a subdivision to read:

Subd. 5. [ALLOCATION OF PAYMENTS.] Notwithstanding section 477A.14, the amounts paid to a county under section 477A.14 for lands that are also subject to payment under this section shall be allocated within the county in accordance with subdivision 2.

EFFECTIVE DATE: This section is effective for payments made in calendar year 2001 and thereafter.

Sec. 3. Minnesota Statutes 1999 Supplement, section 273.1398, subdivision 4a, is amended to read:

Subd. 4a. [AID OFFSET FOR COURT COSTS.] (a) By July 15, 1999, the supreme court shall determine and certify to the commissioner of revenue for each county, other than counties located in the eighth judicial district, the county's share of the costs assumed under Laws 1999, chapter 216, article 7, during the fiscal year beginning July 1, 2000, less an amount equal to the county's share of transferred fines collected by the district courts in the county during calendar year 1998.

(b) Payments to a county under subdivision 2 or section 273.166 for calendar year 2000 must be permanently reduced by an amount equal to 75 percent of the net cost to the state for assumption of district court costs as certified in paragraph (a).

(c) Payments to a county under subdivision 2 or section 273.166 for calendar year 2001 must be permanently reduced by an amount equal to 25 percent of the net cost to the state for assumption of district court costs as certified in paragraph (a).

(d) Payments to a county under subdivision 2 for calendar year 2001 are permanently increased by an amount equal to 7.5 percent of the county's share of transferred fines collected by the district courts in the county during calendar year 1998, as determined under paragraph (a). If the amount determined in paragraph (a) exceeds the amount of aid a county is scheduled to be paid under subdivision 2 in 2000, then the county shall not receive an aid increase under this paragraph.

EFFECTIVE DATE: This section is effective for aids payable in 2001 and thereafter.

Sec. 4. Minnesota Statutes 1999 Supplement, section 275.70, subdivision 5, is amended to read:

Subd. 5. [SPECIAL LEVIES.] "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota state armory building commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) for unreimbursed expenses related to flooding that occurred during the first half of calendar year 1997, as allowed by the commissioner of revenue under section 275.74, paragraph (b);

(6) for local units of government located in an area designated by the Federal Emergency Management Agency pursuant to a major disaster declaration issued for Minnesota by President Clinton after April 1, 1997, and before June 11, 1997, for the amount of tax dollars lost due to abatements authorized under section 273.123, subdivision 7, and Laws 1997, chapter 231, article 2, section 64, to the extent that they are related to the major disaster and to the extent that neither the state or federal government reimburses the local government for the amount lost;

(7) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(8) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 1997, or (ii) it is a new matching requirement that didn't exist prior to 1998;

(9) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the emergency services division of the state department of public safety, as allowed by the commissioner of revenue under section 275.74, paragraph (b);

(10) for the amount of tax revenue lost due to abatements authorized under section 273.123, subdivision 7, for damage related to the tornadoes of March 29, 1998, to the extent that neither the state or federal government provides reimbursement for the amount lost;

(11) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(12) to pay an abatement under section 469.1815;

(13) to pay the employer contribution to the local government correctional service retirement plan under section 353E.03, subdivision 2, to the extent that the employer contribution exceeds 5.49 percent of total salary; ~~and~~

(14) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (5), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the department of corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the department of corrections. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination; and

(15) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative.

EFFECTIVE DATE: Minnesota Statutes, section 275.70, subdivision 5, as amended by this section, is effective beginning with taxes levied in 2000, payable in 2001 and thereafter, for any year in which general levy limits are imposed, notwithstanding Laws 1997, chapter 231, article 3, section 9, as amended by Laws 1999, chapter 243, article 6, section 10.

Sec. 5. Minnesota Statutes 1999 Supplement, section 275.71, subdivision 4, is amended to read:

Subd. 4. [PROPERTY TAX LEVY LIMIT.] For taxes levied in ~~1998 and~~ 1999, the property tax levy limit for a local governmental unit is equal to its adjusted levy limit base determined under subdivision 3 plus any additional levy authorized under section 275.73, which is levied against net tax capacity, reduced by the sum of (1) the total amount of aids that the local governmental unit is certified to receive under sections 477A.011 to 477A.014, (2) homestead and agricultural aids it is certified to receive under section 273.1398, (3) local performance aid it is certified to receive under section 477A.05, (4) taconite aids under sections 298.28 and 298.282 including any aid which was required to be placed in a special fund for expenditure in the next succeeding year but excluding amounts allocated under section 298.28, subdivision 2, paragraph (b), (5) flood loss aid under section 273.1383, and (6) low-income housing aid under sections 477A.06 and 477A.065.

EFFECTIVE DATE: This section is effective for taxes levied in 1999, payable in 2000.

Sec. 6. Minnesota Statutes 1999 Supplement, section 477A.011, subdivision 36, is amended to read:

Subd. 36. [CITY AID BASE.] (a) Except as provided in paragraphs (b) to ~~(k)~~ (n), "city aid base" means, for each city, the sum of the local government aid and equalization aid it was originally certified to receive in calendar year 1993 under Minnesota Statutes 1992, section 477A.013, subdivisions 3 and 5, and the amount of disparity reduction aid it received in calendar year 1993 under Minnesota Statutes 1992, section 273.1398, subdivision 3.

(b) For aids payable in 1996 and thereafter, a city that in 1992 or 1993 transferred an amount from governmental funds to its sewer and water fund, which amount exceeded its net levy for taxes payable in the year in which the transfer occurred, has a "city aid base" equal to the sum of (i) its city aid base, as calculated under paragraph (a), and (ii) one-half of the difference between its city aid distribution under section 477A.013, subdivision 9, for aids payable in 1995 and its city aid base for aids payable in 1995.

(c) The city aid base for any city with a population less than 500 is increased by \$40,000 for aids payable in calendar year 1995 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$40,000 for aids payable in calendar year 1995 only, provided that:

- (i) the average total tax capacity rate for taxes payable in 1995 exceeds 200 percent;
- (ii) the city portion of the tax capacity rate exceeds 100 percent; and
- (iii) its city aid base is less than \$60 per capita.

(d) The city aid base for a city is increased by \$20,000 in 1998 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$20,000 in calendar year 1998 only, provided that:

- (i) the city has a population in 1994 of 2,500 or more;
- (ii) the city is located in a county, outside of the metropolitan area, which contains a city of the first class;
- (iii) the city's net tax capacity used in calculating its 1996 aid under section 477A.013 is less than \$400 per capita; and
- (iv) at least four percent of the total net tax capacity, for taxes payable in 1996, of property located in the city is classified as railroad property.

(e) The city aid base for a city is increased by \$200,000 in 1999 and thereafter and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 1999 only, provided that:

- (i) the city was incorporated as a statutory city after December 1, 1993;
- (ii) its city aid base does not exceed \$5,600; and
- (iii) the city had a population in 1996 of 5,000 or more.

(f) The city aid base for a city is increased by \$450,000 in 1999 to 2008 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$450,000 in calendar year 1999 only, provided that:

- (i) the city had a population in 1996 of at least 50,000;
- (ii) its population had increased by at least 40 percent in the ten-year period ending in 1996; and
- (iii) its city's net tax capacity for aids payable in 1998 is less than \$700 per capita.

(g) Beginning in 2002, the city aid base for a city is equal to the sum of its city aid base in 2001 and the amount of additional aid it was certified to receive under section 477A.06 in 2001. For 2002 only, the maximum amount of total aid a city may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by the amount it was certified to receive under section 477A.06 in 2001.

(h) The city aid base for a city is increased by \$150,000 for aids payable in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$150,000 in calendar year 2000 only, provided that:

(1) the city has a population that is greater than 1,000 and less than 2,500;

(2) its commercial and industrial percentage for aids payable in 1999 is greater than 45 percent; and

(3) the total market value of all commercial and industrial property in the city for assessment year 1999 is at least 15 percent less than the total market value of all commercial and industrial property in the city for assessment year 1998.

(i) The city aid base for a city is increased by \$200,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$200,000 in calendar year 2000 only, provided that:

(1) the city had a population in 1997 of 2,500 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$650 per capita;

(3) the pre-1940 housing percentage of the city used in calculating 1999 aid under section 477A.013 is greater than 12 percent;

(4) the 1999 local government aid of the city under section 477A.013 is less than 20 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent; and

(5) the city aid base of the city used in calculating aid under section 477A.013 is less than \$7 per capita.

(j) The city aid base for a city is increased by \$225,000 in calendar years 2000 to 2002 and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$225,000 in calendar year 2000 only, provided that:

(1) the city had a population of at least 5,000;

(2) its population had increased by at least 50 percent in the ten-year period ending in 1997;

(3) the city is located outside of the Minneapolis-St. Paul metropolitan statistical area as defined by the United States Bureau of the Census; and

(4) the city received less than \$30 per capita in aid under section 477A.013, subdivision 9, for aids payable in 1999.

(k) The city aid base for a city is increased by \$102,000 in 2000 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$102,000 in calendar year 2000 only, provided that:

(1) the city has a population in 1997 of 2,000 or more;

(2) the net tax capacity of the city used in calculating its 1999 aid under section 477A.013 is less than \$455 per capita;

(3) the net levy of the city used in calculating 1999 aid under section 477A.013 is greater than \$195 per capita; and

(4) the 1999 local government aid of the city under section 477A.013 is less than 38 percent of the amount that the formula aid of the city would have been if the need increase percentage was 100 percent.

(l) The city aid base for a city is increased by \$32,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$32,000 in calendar year 2001 only, provided that:

(1) the city has a population in 1998 that is greater than 200 but less than 500;

(2) the city's revenue need used in calculating aids payable in 2000 was greater than \$200 per capita;

(3) the city net tax capacity for the city used in calculating aids available in 2000 was equal to or less than \$200 per capita;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$65 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

(m) The city aid base for a city is increased by \$7,200 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$7,200 in calendar year 2001 only, provided that:

(1) the city had a population in 1998 that is greater than 200 but less than 500;

(2) the city's commercial industrial percentage used in calculating aids payable in 2000 was less than ten percent;

(3) more than 25 percent of the city's population was 60 years old or older according to the 1990 census;

(4) the city aid base of the city used in calculating aid under section 477A.013 is less than \$15 per capita; and

(5) the city's formula aid for aids payable in 2000 was greater than zero.

(n) The city aid base for a city is increased by \$45,000 in 2001 and thereafter, and the maximum amount of total aid it may receive under section 477A.013, subdivision 9, paragraph (c), is also increased by \$45,000 in calendar year 2001 only, provided that:

(1) the net tax capacity of the city used in calculating its 2000 aid under section 477A.013 is less than \$810 per capita;

(2) the population of the city declined more than two percent between 1988 and 1998;

(3) the net levy of the city used in calculating 2000 aid under section 477A.013 is greater than \$240 per capita; and

(4) the city received less than \$36 per capita in aid under section 477A.013, subdivision 9, for aids payable in 2000.

EFFECTIVE DATE: This section is effective beginning with aids payable in 2001 and thereafter.

Sec. 7. Minnesota Statutes 1999 Supplement, section 477A.03, subdivision 2, is amended to read:

Subd. 2. [ANNUAL APPROPRIATION.] (a) A sum sufficient to discharge the duties imposed by sections 477A.011 to 477A.014 is annually appropriated from the general fund to the commissioner of revenue.

(b) Aid payments to counties under section 477A.0121 are limited to \$20,265,000 in 1996. Aid payments to counties under section 477A.0121 are limited to \$27,571,625 in 1997. For aid payable in 1998 and thereafter, the total aids paid under section 477A.0121 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

(c)(i) For aids payable in 1998 and thereafter, the total aids paid to counties under section 477A.0122 are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3.

(ii) Aid payments to counties under section 477A.0122 in 2000 are further increased by an additional \$20,000,000 in 2000.

(d) Aid payments to cities in 1999 under section 477A.013, subdivision 9, are limited to \$380,565,489. For aids payable in 2000 ~~and 2001~~, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided in subdivision 3, and increased by the amount necessary to effectuate Laws 1999, chapter 243, article 5, section 48, paragraph (b). For aids payable in 2001 through 2003, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3. For aids payable in ~~2002~~ 2004, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3, and increased by the amount certified to be paid in ~~2001~~ 2003 under section 477A.06. For aids payable in ~~2003~~ 2005 and thereafter, the total aids paid under section 477A.013, subdivision 9, are the amounts certified to be paid in the previous year, adjusted for inflation as provided under subdivision 3. The additional amount authorized under subdivision 4 is not included when calculating the appropriation limits under this paragraph.

EFFECTIVE DATE: This section is effective for aids payable in 2000 and thereafter.

Sec. 8. Minnesota Statutes 1999 Supplement, section 477A.06, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) For assessment years ~~1998, 1999, and 2000~~, 2001, and 2002, for all class 4d property on which construction was begun before January 1, 1999, the assessor shall determine the difference between the actual net tax capacity and the net tax capacity that would be determined for the property if the class rates for assessment year 1997 were in effect.

(b) In calendar years ~~1999, 2000, and 2001~~, 2002, and 2003, each city shall be eligible for aid equal to (i) the amount by which the sum of the differences determined in clause (a) for the corresponding assessment year exceeds two percent of the city's total taxable net tax capacity for taxes payable in 1998, multiplied by (ii) the city government's average local tax rate for taxes payable in 1998.

Sec. 9. Minnesota Statutes 1998, section 477A.06, subdivision 3, is amended to read:

Subd. 3. [APPROPRIATION; PAYMENT.] (a) The commissioner shall pay each city its qualifying aid amount on or before July 20 of each year. An amount sufficient to pay the aid authorized under this section is appropriated to the commissioner of revenue from the property tax reform account in fiscal years 2000 and 2001, and from the general fund in fiscal ~~year years~~ years 2002, 2003, and 2004.

(b) For fiscal years 2001 ~~and 2002~~ through 2004, the amount of aid appropriated under this section may not exceed \$1,500,000 each year.

(c) If the total amount of aid that would otherwise be payable under the formula in this section exceeds the maximum allowed under paragraph (b), the amount of aid for each city is reduced proportionately to equal the limit.

Sec. 10. Minnesota Statutes 1998, section 477A.11, subdivision 1, is amended to read:

Subdivision 1. [TERMS.] For the purpose of ~~Laws 1979, Chapter 303, Article 8, Sections 1 to 5~~ sections 477A.11 to 477A.145, the terms defined in this section have the meanings given them.

EFFECTIVE DATE: This section applies to payments made in calendar year 2001 and thereafter.

Sec. 11. Minnesota Statutes 1998, section 477A.12, is amended to read:

477A.12 [ANNUAL APPROPRIATIONS; LANDS ELIGIBLE; CERTIFICATION OF ACREAGE.]

(a) ~~There is~~ As an offset for expenses incurred by counties and towns in support of natural resources lands, the following amounts are annually appropriated to the commissioner of natural resources from the general fund for ~~payment to counties within the state an amount equal to transfer to the commissioner of revenue. The commissioner of revenue shall pay the transferred funds to counties as required by sections 477A.11 to 477A.145. The amounts are:~~

(1) for acquired natural resources land, \$3, as adjusted for inflation under section 477A.145, multiplied by the total number of acres of acquired natural resources land or, ~~beginning July 1, 1996~~, at the county's option three-fourths of one percent of the appraised value of all acquired natural resources land in the county, whichever is greater;

(2) 75 cents, as adjusted for inflation under section 477A.145, multiplied by the number of acres of county-administered other natural resources land; and

(3) 37.5 cents, as adjusted for inflation under section 477A.145, multiplied by the number of acres of commissioner-administered other natural resources land located in each county as of July 1 of each year prior to the payment year.

(b) Lands for which payments in lieu are made pursuant to section 97A.061, subdivision 3, and Laws 1973, chapter 567, shall not be eligible for payments under this section. Each county auditor shall certify to the department of natural resources during July of each year prior to the payment year the number of acres of county-administered other natural resources land within the county. The department of natural resources may, in addition to the certification of acreage, require descriptive lists of land so certified. The commissioner of natural resources shall determine and certify to the commissioner of revenue by March 1 of the payment year:

(1) the number of acres and most recent appraised value of acquired natural resources land ~~and~~ within each county;

(2) the number of acres of commissioner-administered natural resources land within each county; and

(3) the number of acres of county-administered other natural resources land within each county, based on the reports filed by each county auditor with the commissioner of natural resources.

The commissioner of revenue shall determine the distributions provided for in this section using the number of acres and appraised values certified by the commissioner of natural resources by March 1 of the payment year.

(c) For the purposes of this section, the appraised value of acquired natural resources land is the purchase price for the first five years after acquisition. The appraised value of acquired natural resources land received as a donation is the value determined for the commissioner of natural resources by a licensed appraiser, or the county assessor's estimated market value if no appraisal is done. The appraised value must be determined by the county assessor every five years after the land is acquired.

EFFECTIVE DATE: This section applies to payments made in calendar year 2001 and thereafter.

Sec. 12. Minnesota Statutes 1998, section 477A.13, is amended to read:

477A.13 [TIME OF PAYMENT, DEDUCTIONS.]

Payments to the counties ~~shall of the amounts determined under section 477A.12~~ must be made by the commissioner of revenue from the general fund during the month of July of the year next following certification. ~~There shall be deducted from amounts paid any amounts paid to a county or township during the preceding year pursuant to sections 97A.061, subdivisions 1 and 2, and 272.68, subdivision 3, with respect to the lands certified pursuant to section 477A.12 at the time provided in section 477A.015 for the first installment of local government aid.~~

EFFECTIVE DATE: This section applies to payments made in calendar year 2001 and thereafter.

Sec. 13. Minnesota Statutes 1998, section 477A.14, is amended to read:

477A.14 [USE OF FUNDS.]

~~Forty~~ Except as provided in section 97A.061, subdivision 5, 40 percent of the total payment to the county shall be deposited in the county general revenue fund to be used to provide property tax levy reduction. The remainder shall be distributed by the county in the following priority:

(a) 37.5 cents, as adjusted for inflation under section 477A.145, for each acre of county-administered other natural resources land shall be deposited in a resource development fund to be created within the county treasury for use in resource development, forest management, game and fish habitat improvement, and recreational development and maintenance of county-administered other natural resources land. Any county receiving less than \$5,000 annually for the resource development fund may elect to deposit that amount in the county general revenue fund;

(b) From the funds remaining, within 30 days of receipt of the payment to the county, the county treasurer shall pay each organized township 30 cents ~~per~~, as adjusted for inflation under section 477A.145, for each acre of acquired natural resources land and 7.5 cents ~~per~~, as adjusted for inflation under section 477A.145, for each acre of other natural resources land located within its boundaries. Payments for natural resources lands not located in an organized township shall be deposited in the county general revenue fund. Payments to counties and townships pursuant to this paragraph shall be used to provide property tax levy reduction, except that of the payments for natural resources lands not located in an organized township, the county may allocate the amount determined to be necessary for maintenance of roads in unorganized townships. Provided that, if the total payment to the county pursuant to section 477A.12 is not sufficient to fully fund the distribution provided for in this clause, the amount available shall be distributed to each township and the county general revenue fund on a pro rata basis; and

(c) Any remaining funds shall be deposited in the county general revenue fund. Provided that, if the distribution to the county general revenue fund exceeds \$35,000, the excess shall be used to provide property tax levy reduction.

EFFECTIVE DATE: This section applies to payments made in calendar year 2001 and thereafter.

Sec. 14. [477A.145] [INFLATION ADJUSTMENT.]

In 2001 and each year thereafter, the amounts required to be adjusted for inflation in sections 477A.12 and 477A.14 shall be increased to an amount equal to: (1) the amount before the inflation adjustment multiplied by (2) one plus the percentage increase in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysis of the United States Department of Commerce for the period indicated below:

(i) the period starting with the first quarter of 1994 and ending with the third quarter of the calendar year prior to the year in which aid is paid, provided that lands acquired by the state under chapter 84A that are designated as state parks, state recreation areas, scientific and natural areas, or wildlife management areas are included in the definition of acquired natural resource land under section 477A.11 for calculating payments in calendar year 2001 and thereafter;

(ii) otherwise the period starting with the first quarter of 1987 and ending with the third quarter of the calendar year prior to the year in which the aid is paid.

These adjusted amounts must be rounded to the nearest one-tenth of a cent.

EFFECTIVE DATE: This section applies to payments made in calendar year 2001 and thereafter.

Sec. 15. Laws 1988, chapter 645, section 3, as amended by Laws 1999, chapter 243, article 6, section 9, is amended to read:

Sec. 3. [TAX; PAYMENT OF EXPENSES.]

(a) The tax levied by the hospital district under Minnesota Statutes, section 447.34, must not be levied at a rate that exceeds ~~.0063~~ 0.063 percent of taxable market value.

(b) ~~.0048~~ 0.048 percent of taxable market value of tax in paragraph (a) may be used only for acquisition, betterment, and maintenance of the district's hospital and nursing home facilities and equipment, and not for administrative or salary expenses.

(c) ~~.0015~~ 0.015 percent of taxable market value of the tax in paragraph (a) may be used solely for the purpose of capital expenditures as it relates to ambulance acquisitions for the Cook ambulance service and the Orr ambulance service and not for administrative or salary expenses.

The part of the levy referred to in paragraph (c) must be administered by the Cook Hospital and passed on directly to the Cook area ambulance service board and the city of Orr to be held in trust until funding for a new ambulance is needed by either the Cook ambulance service or the Orr ambulance service.

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

Sec. 16. Laws 1999, chapter 243, article 6, section 18, is amended to read:

Sec. 18. [EFFECTIVE DATE.]

Sections 3 to 6 and 10 are effective for taxes levied in 1999, and payable in 2000. Section 7 is effective the day following final enactment for taxes levied in 1999 and thereafter. Sections 8 and 17 are effective for taxes levied in 1999, payable in 2000, and thereafter.

The ~~.0015~~ 0.063 percent of market value levy described in section 9, paragraph (a), and the 0.015 percent of taxable market value levy described in section 9, paragraph (c), is are effective for the cities of Cook and Orr and the counties of St. Louis and Koochiching for affected parts of those counties on January 1, 2000, to be requested for levies certified in the year 2000, with the first payment to be received and taxes payable in 2001 and thereafter. The 0.048 percent market value levy described in section 9, paragraph (b), is effective for the cities of Cook and Orr and the counties of St. Louis and Koochiching for the affected parts of those counties on January 1, 1999, for levies certified in 1999 and taxes payable in 2000 and thereafter.

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

Sec. 17. [CAPITOL REGION WATERSHED DISTRICT LEVY LIMIT.]

The capitol region watershed district managers may levy an annual ad valorem tax of 0.02418 percent of taxable market value or \$200,000, whichever is less, under Minnesota Statutes, section 103D.905, subdivision 3, notwithstanding the maximum dollar limit for the administrative fund in that subdivision.

EFFECTIVE DATE: This section is effective for taxes levied in 2000, payable in 2001 and thereafter.

Sec. 18. [ADDITIONAL AID; LINCOLN COUNTY.]

Subdivision 1. [AID INCREASE.] For aids payable in 2000, Lincoln county shall receive an aid payment of up to \$150,000 under this section. The entire amount of this additional aid shall be paid from the appropriation for reimbursement for court-ordered counsel under section 477A.0121, subdivision 4, with the December 26 payment of other aids paid under Minnesota Statutes, section 477A.015, and shall be equal to the estimated amount of the appropriation under Minnesota Statutes, section 477A.0121, subdivision 4, up to \$150,000, that will not be spent for public defender costs under Minnesota Statutes, section 611.27, in fiscal year 2000.

For aids payable in 2001, Lincoln county shall receive an additional payment under this section of up to the difference between \$150,000 and what the county received under this provision in the previous year. The entire amount of this additional aid shall be paid from the appropriation for reimbursement for court-ordered counsel under section 477A.0121, subdivision 4, with the December 26 payment of other aids paid under Minnesota Statutes, section 477A.015, and shall be equal to the estimated amount of the appropriation under Minnesota Statutes, section 477A.0121, subdivision 4, up to the limit determined in this paragraph, that will not be spent for public defender costs under Minnesota Statutes, section 611.27, in fiscal year 2001.

The county is not limited to the purposes listed in Minnesota Statutes, section 477A.015, for spending this aid and may pay a portion of this aid to Lake Benton township to reimburse the township for losses due to the Wind Tower lawsuit settlement. The aid under this section must not be included in calculating any aids or any limitations on levies or expenditures under law.

EFFECTIVE DATE: This section is effective the day after timely compliance by the governing body of Lincoln county and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 19. [LOCAL GOVERNMENT AID TO CITIES; THE CITY OF ST. CLOUD AND ST. AUGUSTA TOWNSHIP (THE CITY OF VENTURA).]

Subdivision 1. [ADDITIONAL LOCAL GOVERNMENT AID.] For aids payable in 2001 only, an additional payment of \$32,000 shall be paid to the city of St. Cloud and an additional aid payment of \$75,000 shall be paid to St. Augusta township or its succeeding municipal government (the city of Ventura). This aid shall be paid out of the city aid appropriation under Minnesota Statutes, section 477A.03, subdivision 2, paragraph (d). The aid under this section must not be included in calculating aid paid under Minnesota Statutes, section 477A.013, subdivision 9, or any other law, or of any limitations on levies or expenditures.

EFFECTIVE DATE: This section is effective for aids payable in calendar year 2001 only for the city of St. Cloud, upon timely compliance by its governing body and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3. This section is effective for aids payable in calendar year 2001 only for St. Augusta township (city of Ventura), upon timely compliance by its governing body and its chief clerical officer with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 20. [LAKE OF THE WOODS AND KOOCHICHING COUNTIES; EXPENDITURES FOR ROAD AND BRIDGE PURPOSES.]

(a) Notwithstanding Minnesota Statutes, section 163.06, subdivisions 4 and 5, the county board of Lake of the Woods county, by resolution, may expend the proceeds of the levy under Minnesota Statutes, section 163.06, in any organized or unorganized township or portion thereof in the county.

(b) Notwithstanding Minnesota Statutes, section 163.06, subdivisions 4 and 5, the county board of Koochiching county, by resolution, may expend the proceeds of the levy under Minnesota Statutes, section 163.06, in any organized or unorganized township or portion thereof in the county.

EFFECTIVE DATES: This section is effective for Lake of the Woods county upon approval by and compliance with Minnesota Statutes, section 645.021, subdivision 3. This section is effective for Koochiching county upon approval by and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 21. [ST. LOUIS COUNTY; CAPITAL IMPROVEMENT PLAN DEFINITION.]

For St. Louis county, the St. Louis county heritage and arts center is included in the definition of "capital improvement" in Minnesota Statutes, section 373.40, subdivision 1, but only with respect to bonds issued before July 1, 2002.

EFFECTIVE DATE: This section is effective upon approval by the governing body of St. Louis county, and compliance with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 7

MOTOR VEHICLE REGISTRATION TAX

Section 1. Minnesota Statutes 1998, section 168.013, subdivision 1a, is amended to read:

Subd. 1a. [PASSENGER AUTOMOBILE; HEARSE.] (a) On passenger automobiles as defined in section 168.011, subdivision 7, and hearses, except as otherwise provided, the tax shall be \$10 plus an additional tax equal to 1.25 percent of the base value.

(b) Subject to the classification provisions herein, "base value" means the manufacturer's suggested retail price of the vehicle including destination charge using list price information published by the manufacturer or determined by the registrar if no suggested retail price exists, and shall not include the cost of each accessory or item of optional equipment separately added to the vehicle and the suggested retail price.

(c) If the manufacturer's list price information contains a single vehicle identification number followed by various descriptions and suggested retail prices, the registrar shall select from those listings only the lowest price for determining base value.

(d) If unable to determine the base value because the vehicle is specially constructed, or for any other reason, the registrar may establish such value upon the cost price to the purchaser or owner as evidenced by a certificate of cost but not including Minnesota sales or use tax or any local sales or other local tax.

(e) The registrar shall classify every vehicle in its proper base value class as follows:

FROM	TO
\$ 0	\$199.99
200	399.99

and thereafter a series of classes successively set in brackets having a spread of \$200 consisting of such number of classes as will permit classification of all vehicles.

(f) The base value for purposes of this section shall be the middle point between the extremes of its class.

(g) The registrar shall establish the base value, when new, of every passenger automobile and hearse registered prior to the effective date of Extra Session Laws 1971, chapter 31, using list price information published by the manufacturer or any nationally recognized firm or association compiling such data for the automotive industry. If unable to ascertain the base value of any registered vehicle in the foregoing manner, the registrar may use any other available source or method. The tax on all previously registered vehicles shall be computed upon the base value thus determined taking into account the depreciation provisions of paragraph (h).

(h) Except as provided in paragraph (i), the annual additional tax computed upon the base value as provided herein, during the first and second years of vehicle life shall be computed upon 100 percent of the base value; for the third and fourth years, 90 percent of such value; for the fifth and sixth years, 75 percent of such value; for the seventh year, 60 percent of such value; for the eighth year, 40 percent of such value; for the ninth year, 30 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

In no event shall the annual additional tax be less than \$25. The total tax under this subdivision shall not exceed \$189 for the first renewal period and shall not exceed \$99 for subsequent renewal periods. The total tax under this subdivision on any vehicle filing its initial registration in Minnesota in the second year of vehicle life shall not exceed \$189 and shall not exceed \$99 for subsequent renewal periods. The total tax under this subdivision on any vehicle filing its initial registration in Minnesota in the third or subsequent year of vehicle life shall not exceed \$99 and shall not exceed \$99 in any subsequent renewal period.

(i) The annual additional tax under paragraph (h) on a motor vehicle on which the first annual tax was paid before January 1, 1990, must not exceed the tax that was paid on that vehicle the year before.

EFFECTIVE DATE: This section is effective for taxes first due after June 30, 2000.

Sec. 2. Minnesota Statutes 1998, section 297B.09, subdivision 1, is amended to read:

Subdivision 1. [GENERAL FUND SHARE.] ~~(a) Money collected and received under this chapter must be deposited in the state treasury and credited to the general fund. The amounts collected and received shall be credited as provided in this subdivision, and transferred from the general fund on July 15 and February 15 of each fiscal year. The commissioner of finance must make each transfer based upon the actual receipts of the preceding six calendar months and include the interest earned during that six-month period. The commissioner of finance may establish a quarterly or other schedule providing for more frequent payments to the transit assistance fund if the commissioner determines it is necessary or desirable to provide for the cash flow needs of the recipients of money from the transit assistance fund.~~

~~(b) Twenty-five Thirty-two percent of the money collected and received under this chapter after June 30, 1990, and before July 1, 1991, must be transferred to the highway user tax distribution fund and the transit assistance fund for apportionment as follows: 75 percent must be transferred to deposited in the highway user tax distribution fund for apportionment in the same manner and for the same purposes as other money in that fund, and the remaining 25 68 percent of the money must be transferred to the transit assistance fund to be appropriated to the commissioner of transportation for transit assistance within the state and to the metropolitan council deposited in the general fund.~~

~~(c) The distributions under this subdivision to the highway user tax distribution fund until June 30, 1991, and to the trunk highway fund thereafter, must be reduced by the amount necessary to fund the appropriation under section 41A.09, subdivision 1. For the fiscal years ending June 30, 1988, and June 30, 1989, the commissioner of finance, before making the transfers required on July 15 and January 15 of each year, shall estimate the amount required to fund the appropriation under section 41A.09, subdivision 1, for the six-month period for which the transfer is being made. The commissioner shall then reduce the amount transferred to the highway user tax distribution fund by the amount of that estimate. The commissioner shall reduce the estimate for any six-month period by the amount by which the estimate for the previous six-month period exceeded the amount needed to fund the appropriation under section 41A.09, subdivision 1, for that previous six-month period. If at any time during a six-month period in those fiscal years the amount of reduction in the transfer to the highway user tax distribution fund is insufficient to fund the appropriation under section 41A.09, subdivision 1, for that period, the commissioner shall transfer to the general fund from the highway user tax distribution fund an additional amount sufficient to fund the appropriation for that period, but the additional amount so transferred to the general fund in a six-month period may not exceed the amount transferred to the highway user tax distribution fund for that six-month period.~~

EFFECTIVE DATE: This section is effective for money collected and received after June 30, 2002.

Sec. 3. [APPROPRIATION.]

For fiscal year 2001, \$149,804,000 is appropriated from the general fund to the highway user tax distribution fund. For fiscal year 2002, \$161,723,000 is appropriated from the general fund to the highway user tax distribution fund.

ARTICLE 8

SALES AND USE TAXES

Section 1. Minnesota Statutes 1999 Supplement, section 289A.20, subdivision 4, is amended to read:

Subd. 4. [SALES AND USE TAX.] (a) The taxes imposed by chapter 297A are due and payable to the commissioner monthly on or before the 20th day of the month following the month in which the taxable event occurred, or following another reporting period as the commissioner prescribes or as allowed under section 289A.18, subdivision 4, paragraph (f), except that use taxes due on an annual use tax return as provided under section 289A.11, subdivision 1, are payable by April 15 following the close of the calendar year.

(b) A vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit the June liability for the next year in the following manner:

(1) Two business days before June 30 of the year, the vendor must remit ~~75~~ 62 percent of the estimated June liability to the commissioner.

(2) On or before August 14 of the year, the vendor must pay any additional amount of tax not remitted in June.

(c) A vendor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit all liabilities on returns due for periods beginning in the subsequent calendar year by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the 14th day of the month following the month in which the taxable event occurred, or on or before the 14th day of the month following the month in which the sale is reported under section 289A.18, subdivision 4, except for ~~75~~ 62 percent of the estimated June liability, which is due two business days before June 30. The remaining amount of the June liability is due on August 14. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(d) If the vendor required to remit by electronic funds transfer as provided in paragraph (c) is unable due to reasonable cause to determine the actual sales and use tax due on or before the due date for payment, the vendor may remit an estimate of the tax owed using one of the following options:

(1) 100 percent of the tax reported on the previous month's sales and use tax return;

(2) 100 percent of the tax reported on the sales and use tax return for the same month in the previous calendar year; or

(3) 95 percent of the actual tax due.

Any additional amount of tax that is not remitted on or before the due date for payment, must be remitted with the return. If a vendor fails to remit the actual liability or does not remit using one of the estimate options by the due date for payment, the vendor must remit actual liability as provided in paragraph (c) in all subsequent periods. This paragraph does not apply to the June sales and use tax liability.

EFFECTIVE DATE: The portion of this section related to the percent of the June liability that must be filed by two business days before the end of June is effective beginning with the June 2002 liability. The remainder of this section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 1998, section 289A.60, subdivision 14, is amended to read:

Subd. 14. [PENALTY FOR USE OF SALES TAX EXEMPTION CERTIFICATES TO EVADE TAX.] A person who uses an exemption certificate to buy property or purchase services that will be used for purposes other than the exemption claimed, with the intent to evade payment of sales tax to the seller, is subject to a penalty of \$100 for each transaction where that use of an exemption certificate has occurred.

EFFECTIVE DATE: This section is effective for exemption certificates used on or after July 1, 2000.

Sec. 3. Minnesota Statutes 1998, section 289A.60, subdivision 15, is amended to read:

Subd. 15. [ACCELERATED PAYMENT OF JUNE SALES TAX LIABILITY; PENALTY FOR UNDERPAYMENT.] If a vendor is required by law to submit an estimation of June sales tax liabilities and 75 62 percent payment by a certain date, the vendor shall pay a penalty equal to ten percent of the amount of actual June liability required to be paid in June less the amount remitted in June. The penalty must not be imposed, however, if the amount remitted in June equals the lesser of 75 62 percent of the preceding May's liability or 75 62 percent of the average monthly liability for the previous calendar year.

EFFECTIVE DATE: This section is effective beginning with the June 2002 liability.

Sec. 4. Minnesota Statutes 1998, section 297A.01, subdivision 13, is amended to read:

Subd. 13. "Agricultural production," as used in section 297A.25, subdivision 9, includes, but is not limited to, horticulture; floriculture; maple syrup harvesting; raising of pets, fur bearing animals, research animals, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, and horses.

EFFECTIVE DATE: This section is effective for sales and purchases made after June 30, 2000.

Sec. 5. Minnesota Statutes 1998, section 297A.01, subdivision 15, is amended to read:

Subd. 15. "Farm machinery" means new or used machinery, equipment, implements, accessories, and contrivances used directly and principally in the production for sale, but not including the processing, of livestock, dairy animals, dairy products, poultry and poultry products, fruits, vegetables, trees and shrubs, forage, grains and bees and apiary products. "Farm machinery" includes:

(1) machinery for the preparation, seeding or cultivation of soil for growing agricultural crops and sod, harvesting and threshing of agricultural products, harvesting or mowing of sod, and certain machinery for dairy, livestock and poultry farms;

(2) barn cleaners, milking systems, grain dryers, automatic feeding systems and similar installations, whether or not the equipment is installed by the seller and becomes part of the real property;

(3) irrigation equipment sold for exclusively agricultural use, including pumps, pipe fittings, valves, sprinklers and other equipment necessary to the operation of an irrigation system when sold as part of an irrigation system, whether or not the equipment is installed by the seller and becomes part of the real property;

(4) logging equipment, including chain saws used for commercial logging;

(5) fencing used for the containment of farmed cervidae, as defined in section 17.451, subdivision 2;

(6) primary and backup generator units used to generate electricity for the purpose of operating farm machinery, as defined in this subdivision, or providing light or space heating necessary for the production of livestock, dairy animals, dairy products, or poultry and poultry products; ~~and~~

(7) aquaculture production equipment as defined in subdivision 19; and

(8) equipment used for maple syrup harvesting.

Repair or replacement parts for farm machinery shall not be included in the definition of farm machinery.

Tools, shop equipment, grain bins, feed bunks, fencing material except fencing material covered by clause (5), communication equipment and other farm supplies shall not be considered to be farm machinery. "Farm machinery" does not include motor vehicles taxed under chapter 297B, snowmobiles, snow blowers, lawn mowers except those used in the production of sod for sale, garden-type tractors or garden tillers and the repair and replacement parts for those vehicles and machines.

EFFECTIVE DATE: This section is effective for sales and purchases made after June 30, 2000.

Sec. 6. Minnesota Statutes 1998, section 297A.15, is amended by adding a subdivision to read:

Subd. 8. [REFUND; APPROPRIATION; AGRICULTURAL PROCESSING FACILITIES.] The tax on the gross receipts from the sale of items exempt under section 297A.25, subdivision 90 or 91, must be imposed and collected as if the sale were taxable and the rate under section 297A.02, subdivision 1, applied.

Upon application by the owner of the property on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the building materials and equipment must be paid to the owner. In the case of materials and equipment in which the tax was paid by a contractor, application must be made by the owner for the sales tax paid by the contractor. The application must include sufficient information to permit the commissioner to verify the sales tax paid for the project. The contractor must furnish to the owner a statement of the cost of building materials and equipment and the sales taxes paid on these items. The amount required to make the refunds is annually appropriated to the commissioner. Interest must be paid on the refund at the rate in section 270.76 from 60 days after the date the refund claim is filed with the commissioner.

EFFECTIVE DATE: This section is effective for applications for refund made after June 30, 2000.

Sec. 7. Minnesota Statutes 1998, section 297A.25, subdivision 5, is amended to read:

Subd. 5. [OUTSTATE TRANSPORT OR DELIVERY.] The gross receipts from the following sales of, and storage, use, or consumption of, tangible personal property are exempt:

(1) property which, without intermediate use, is shipped or transported outside Minnesota by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); provided that the property is not subject to tax in that state or country to which it is transported for storage or use and provided further that sales of tangible personal property to be used in other states or countries as part of a maintenance contract shall be specifically exempt; or

(2) property which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce; or

(3) aircraft, as defined in section 360.511 and approved by the Federal Aviation Administration, and which the seller delivers to a purchaser outside Minnesota or which, without intermediate use, is shipped or transported outside Minnesota by the purchaser, but only if the purchaser is not a resident of Minnesota and provided that the aircraft is not thereafter returned to a point within Minnesota, except in the course of interstate commerce or isolated and

occasional use and will be registered in another state or country upon its removal from Minnesota; this exemption applies even if the purchaser takes possession of the aircraft in Minnesota and uses the aircraft in the state exclusively for training purposes for a period not to exceed ten days prior to removing the aircraft from this state.

EFFECTIVE DATE: This section is effective for purchases made after the date of final enactment.

Sec. 8. Minnesota Statutes 1999 Supplement, section 297A.25, subdivision 9, is amended to read:

Subd. 9. [MATERIALS CONSUMED IN PRODUCTION.] The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced are exempt. Seeds, trees, fertilizers, and herbicides purchased for use by farmers in the Conservation Reserve Program under United States Code, title 16, section 590h, as amended through December 31, 1991, the Integrated Farm Management Program under section 1627 of Public Law Number 101-624, the Wheat and Feed Grain Programs under sections 301 to 305 and 401 to 405 of Public Law Number 101-624, and the conservation reserve program under sections 103F.505 to 103F.531, are included in this exemption. Sales to a veterinarian of materials used or consumed in the care, medication, and treatment of horses and agricultural production animals are exempt under this subdivision. Chemicals used for cleaning food processing machinery and equipment are included in this exemption. Materials, including chemicals, fuels, and electricity purchased by persons engaged in agricultural or industrial production to treat waste generated as a result of the production process are included in this exemption. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein. The following materials, tools, and equipment used in metalcasting are exempt under this subdivision: crucibles, thermocouple protection sheaths and tubes, stalk tubes, refractory materials, molten metal filters and filter boxes, ~~and~~ degassing lances, and base blocks. Electricity used to make snow for outdoor use for ski hills, ski slopes, or ski trails is included in this exemption. Petroleum and special fuels used in producing or generating power for propelling ready-mixed concrete trucks on the public highways of this state are not included in this exemption.

EFFECTIVE DATE: This section is effective for sales and purchases made after June 30, 2000.

Sec. 9. Minnesota Statutes 1999 Supplement, section 297A.25, subdivision 11, is amended to read:

Subd. 11. [SALES TO GOVERNMENT.] The gross receipts from all sales, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities, the University of Minnesota, state universities, community colleges, technical colleges, state academies, the Perpich center for arts education, an instrumentality of a political subdivision that is accredited as an optional/special function school by the North Central Association of Colleges and Schools, school districts, public libraries, public library systems, multicounty, multitype library systems as defined in section 134.001, county law libraries under chapter 134A, state agency libraries, the state library under section 480.09, and the legislative reference library are exempt.

As used in this subdivision, "school districts" means public school entities and districts of every kind and nature organized under the laws of the state of Minnesota, including, without limitation, school districts, intermediate school districts, education districts, service cooperatives, secondary vocational cooperative centers, special education cooperatives, joint purchasing cooperatives, telecommunication cooperatives, regional management information centers, and any instrumentality of a school district, as defined in section 471.59.

Sales exempted by this subdivision include sales under section 297A.01, subdivision 3, paragraph (f).

Sales to hospitals and nursing homes owned and operated by political subdivisions of the state are exempt under this subdivision.

Sales of supplies and equipment used in the operation of an ambulance service owned and operated by a political subdivision of the state are exempt under this subdivision provided that the supplies and equipment are used in the course of providing medical care. Sales to a political subdivision of repair and replacement parts for emergency rescue vehicles and fire trucks and apparatus are exempt under this subdivision.

Sales to a political subdivision of machinery and equipment, except for motor vehicles, used directly for mixed municipal solid waste management services at a solid waste disposal facility as defined in section 115A.03, subdivision 10, are exempt under this subdivision.

Sales to political subdivisions of chore and homemaking services to be provided to elderly or disabled individuals are exempt.

Sales to a town of gravel and of machinery, equipment, and accessories, except motor vehicles, used exclusively for road and bridge maintenance, and leases of motor vehicles exempt from tax under section 297B.03, clause (10), are exempt.

Sales of telephone services to the department of administration that are used to provide telecommunications services through the intertechnologies revolving fund are exempt under this subdivision.

This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities.

This exemption does not apply to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, except for leases entered into by the United States or its agencies or instrumentalities.

The tax imposed on sales to political subdivisions of the state under this section applies to all political subdivisions other than those explicitly exempted under this subdivision, notwithstanding section 115A.69, subdivision 6, 116A.25, 360.035, 458A.09, 458A.30, 458D.23, 469.101, subdivision 2, 469.127, 473.448, 473.545, or 473.608 or any other law to the contrary enacted before 1992.

Sales exempted by this subdivision include sales made to other states or political subdivisions of other states, if the sale would be exempt from taxation if it occurred in that state, but do not include sales under section 297A.01, subdivision 3, paragraphs (c) and (e).

EFFECTIVE DATE: This section is effective for sales and purchases occurring after June 30, 2000.

Sec. 10. Minnesota Statutes 1998, section 297A.25, subdivision 16, is amended to read:

Subd. 16. [SALES TO NONPROFIT GROUPS.] The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes if the property

purchased is to be used in the performance of charitable, religious, or educational functions, or any senior citizen group or association of groups that in general limits membership to persons who are either (1) age 55 or older, or (2) physically disabled, and is organized and operated exclusively for pleasure, recreation, and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders, are exempt. For purposes of this subdivision, charitable purpose includes the maintenance of a cemetery owned by a religious organization. Sales exempted by this subdivision include sales pursuant to section 297A.01, subdivision 3, paragraphs (d) and (f). This exemption shall not apply to building, construction, or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration, or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities. This exemption ~~does not apply~~ applies to the leasing of a motor vehicle as defined in section 297B.01, subdivision 5, only if the vehicle is:

(1) a truck, as defined in section 168.011, a bus, as defined in section 168.011, or a passenger automobile, as defined in section 168.011, if the automobile is designed and used for carrying more than nine persons including the driver; and

(2) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose.

EFFECTIVE DATE: This section is effective for sales and purchases occurring after June 30, 2000.

Sec. 11. Minnesota Statutes 1998, section 297A.25, subdivision 34, is amended to read:

Subd. 34. [MOTOR VEHICLES.] The gross receipts from the sale or use of any motor vehicle taxable under the provisions of the sales tax on motor vehicles laws of Minnesota shall be exempt from taxation under this chapter. Notwithstanding subdivision 11, the exemption provided under this subdivision remains in effect for motor vehicles purchased or leased by political subdivisions of the state if the vehicles are exempt from registration under section 168.012, subdivision 1, paragraph (b), or exempt from taxation under section 473.448.

EFFECTIVE DATE: This section is retroactively effective July 1, 1997.

Sec. 12. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 84. [MATERIALS USED TO MAKE RESIDENTIAL PROPERTY HANDICAPPED ACCESSIBLE.] The gross receipts from the sale to, and the storage, use, or consumption of building materials and equipment to a nonprofit organization is exempt if:

(1) the materials and equipment are used or incorporated into modifying an existing residential structure to make it handicapped accessible; and

(2) the materials and equipment used in the modification would qualify for an exemption under either subdivision 20 or 43 if made by the current owner of the residence.

For purposes of this subdivision, "nonprofit organization" means any nonprofit corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, educational, or civic purposes; or a veterans' group exempt from federal taxation under section 501(c), clause (19), of the Internal Revenue Code.

EFFECTIVE DATE: This section is effective for sales and purchases occurring after June 30, 2000.

Sec. 13. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 85. [MAINTENANCE OF CEMETERY GROUNDS.] Lawn care and related services used in the maintenance of cemetery grounds are exempt. For purposes of this subdivision, "lawn care and related services" means the services listed in section 297A.01, subdivision 3, paragraph (i), clause (vi), and "cemetery" means a cemetery for human burial.

EFFECTIVE DATE: This section is effective for sales and purchases occurring after June 30, 2000.

Sec. 14. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 86. [PATENT, TRADEMARK, AND COPYRIGHT DRAWINGS AND DOCUMENTS.] The gross receipts from the sale of, and use, storage, distribution, or consumption of a drawing, diagram, or similar or related document or a copy of such a document are exempt if the document:

(1) is produced and sold by a patent drafter; and

(2) is for use in:

(i) a patent, trademark, or copyright application to be filed with government agencies;

(ii) an application to the federal Food and Drug Administration for approval of a medical device; or

(iii) a judicial or quasi-judicial proceeding, including mediation and arbitration, relating to the validity of or legal rights under a patent, trademark, or copyright.

For purposes of this subdivision, a "patent drafter" is a person who prepares illustrative documents required in the preparation of intellectual property applications.

EFFECTIVE DATE: This section is effective for sales, use, storage, distribution, or consumption occurring after June 30, 2000.

Sec. 15. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 88. [MACHINERY AND EQUIPMENT FOR SKI AREAS.] The gross receipts from the sale, storage, use, or consumption of tangible personal property used or consumed primarily and directly for tramways at ski areas or in snowmaking and snow-grooming operations at ski hills, ski slopes, or ski trails, including machinery, equipment, fuel, electricity, and water additives used in the production and maintenance of machine-made snow, are exempt.

EFFECTIVE DATE: This section is effective for sales and purchases made after June 30, 2000.

Sec. 16. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 89. [FEED FOR POULTRY RAISED FOR HUMAN CONSUMPTION.] The gross receipts from the sale of, and storage, use, or consumption of poultry feed is exempt if the poultry is raised for human consumption.

EFFECTIVE DATE: This section is effective for sales and purchases made after June 30, 2000.

Sec. 17. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 90. [CONSTRUCTION MATERIALS AND EQUIPMENT; AGRICULTURAL PROCESSING FACILITY.] Materials, supplies, and equipment used or consumed in the construction and initial equipping of an agricultural pork processing facility are exempt from the tax imposed under this chapter provided that the following conditions are met:

(1) the construction and equipping of the facility will be at least \$4,000,000;

(2) the facility is owned and operated by a cooperative organized under chapter 308A; and

(3) the facility will have a maximum daily processing capacity of at least 400 hogs.

The exemption applies regardless of whether the materials, supplies, and equipment are purchased by the owner or by a contractor, subcontractor, or builder. The tax must be calculated and paid at the time of purchase and a refund applied for in the manner prescribed in section 297A.15, subdivision 8.

EFFECTIVE DATE: This section is effective for sales and purchases made after January 1, 2000, and before December 31, 2000.

Sec. 18. Minnesota Statutes 1998, section 297A.25, is amended by adding a subdivision to read:

Subd. 91. [CONSTRUCTION MATERIALS AND EQUIPMENT; PORK AND BEEF AGRICULTURAL PROCESSING FACILITY.] Materials, supplies, and equipment used or consumed in the construction and initial equipping of an agricultural processing facility are exempt from the tax imposed under this chapter provided that the following conditions are met:

(1) the construction and equipping of the facility will be at least \$1,500,000;

(2) the facility is owned and operated by a C corporation, as defined in section 1361(a)(2) of the Internal Revenue Code of 1986, with fewer than 20 shareholders of which at least one-half of them are full-time or part-time farmers;

(3) the facility will have a weekly processing capacity of at least 50 hogs and 30 beef animals. The exemption applies regardless of whether the materials, supplies, and equipment are purchased by the owner or by a contractor, subcontractor, or builder. The tax must be calculated and paid at the time of purchase and a refund applied for in the manner prescribed in section 297A.15, subdivision 8.

EFFECTIVE DATE: This section is effective for sales and purchases made after December 1, 1999, and before December 31, 2000.

Sec. 19. Minnesota Statutes 1998, section 297B.01, subdivision 7, is amended to read:

Subd. 7. [SALE, SELLS, SELLING, PURCHASE, PURCHASED, OR ACQUIRED.] "Sale," "sells," "selling," "purchase," "purchased," or "acquired" means any transfer of title of any motor vehicle, whether absolutely or conditionally, for a consideration in money or by exchange or barter for any purpose other than resale in the regular course of business. Any motor vehicle utilized by the owner only by leasing such vehicle to others or by holding it in an effort to so lease it, and which is put to no other use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale. The terms also shall include any transfer of title or ownership of a motor vehicle by way of gift or by any other manner or by any other means whatsoever, for or without consideration, except that these terms shall not include:

(a) the acquisition of a motor vehicle by inheritance from or by bequest of, a decedent who owned it;

(b) the transfer of a motor vehicle which was previously licensed in the names of two or more joint tenants and subsequently transferred without monetary consideration to one or more of the joint tenants;

(c) the transfer of a motor vehicle by way of gift between a husband and wife or parent and child individuals, when the transfer is with no monetary or other consideration or expectation of consideration and the parties to the transfer submit an affidavit to that effect at the time the title transfer is recorded;

(d) the voluntary or involuntary transfer of a motor vehicle between a husband and wife in a divorce proceeding;
or

(e) the transfer of a motor vehicle by way of a gift to an organization that is exempt from federal income taxation under section 501(c)(3) of the Internal Revenue Code, as amended through December 31, 1996, when the motor vehicle will be used exclusively for religious, charitable, or educational purposes.

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

Sec. 20. Minnesota Statutes 1998, section 297B.03, is amended to read:

297B.03 [EXEMPTIONS.]

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) Purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.25, subdivision 18.

(2) Purchase or use of any motor vehicle by any person who was a resident of another state at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota.

(3) Purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.211.

(4) Purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351 or, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code of 1986, as amended through December 31, ~~1988~~ 1999.

(5) Purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota based private or for hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce.

(6) Purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs.

(7) Purchase of a motor vehicle for use as an ambulance by an ambulance service licensed under section 144E.10.

(8) Purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle.

(9) Purchase of a ready-mixed concrete truck.

(10) Purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks.

(11) Purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, but only if the vehicle is:

(i) a truck, as defined in section 168.011, a bus, as defined in section 168.011, or a passenger automobile, as defined in section 168.011, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose.

EFFECTIVE DATE: This section is effective for sales and purchases occurring after June 30, 2000, except that the new language in clause (4) is effective the day following final enactment.

Sec. 21. [LOCAL TAXES ON MOTOR VEHICLES.]

Subdivision 1. [SALES TAX PROHIBITED; PHASE-OUT.] (a) Except as provided in paragraph (b), after June 30, 2000, no home rule charter or statutory city, county, or other political subdivision may impose a tax on the sale, transfer, or use of a motor vehicle that exceeds the tax authorized under subdivision 2.

(b) If, on March 8, 2000, a tax was in effect in a home rule charter or statutory city, county, or other political subdivision that exceeded the limit imposed under subdivision 2, the rate of that tax is reduced as follows:

(1) for sales or transfers after December 31, 2000, and before January 1, 2002, the tax rate in effect on March 8, 2000, is reduced by 25 percent;

(2) for sales or transfers after December 31, 2001, and before January 1, 2003, the tax rate in effect on March 8, 2000, is reduced by 50 percent; and

(3) for sales or transfers after December 31, 2002, and before January 1, 2004, the tax rate in effect on March 8, 2000, is reduced by 75 percent.

For sales or transfers after December 31, 2003, the political subdivision may impose no tax except as authorized under subdivision 2.

Subd. 2. [EXCISE TAX ON MOTOR VEHICLES AUTHORIZED.] Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if a sales and use tax on motor vehicles that was imposed by a political subdivision is terminated under subdivision 1, the political subdivision may impose by ordinance an excise tax of up to \$20 per motor vehicle, as defined by ordinance, that was purchased or acquired from any person engaged within the territory of the political subdivision in the business of selling motor vehicles at retail. The proceeds of the tax must be used for the purposes for which the tax terminated under subdivision 1 was used.

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

Sec. 22. [DEVELOPMENT OF SALES AND USE TAX COLLECTION SYSTEM.]

Subdivision 1. [AUTHORIZATION TO ENTER INTO MULTISTATE DISCUSSIONS.] The commissioner of revenue may enter into discussions with states regarding development of a multistate, voluntary, streamlined system for sales and use tax collection and administration. These discussions will focus on development of a system that is capable of determining whether a transaction is taxable or exempt, the appropriate tax rate applied to the transaction, and the total tax due on the transaction, and shall provide a method for collecting and remitting sales and use taxes to the state. The system may provide compensation for the costs of collecting and remitting sales and use taxes. Discussions between the department and other states may result in developing and issuing a joint request for information from public and private potential parties. The commissioner must publish the notices in the State Register.

Subd. 2. [LIMITED TEST AUTHORIZATION.] (a) The commissioner may participate in a sales tax pilot project with other states and selected businesses to test a means for simplifying sales and use tax administration, and may enter into joint agreements for that purpose.

(b) Agreements to participate in the test will establish provisions for the administration, imposition, and collection of sales and use taxes resulting in revenues paid by the taxpayer that are the same as would be paid under existing law.

(c) Parties to the agreements are excused from complying with the provisions of Minnesota Statutes, chapters 289A and 297A, except for provisions setting tax rates and providing for tax exemptions, to the extent a different procedure is required by the agreements.

(d) Agreements authorized under this section terminate no later than December 31, 2001.

Subd. 3. [DISCLOSURE.] Any agreements entered into under subdivision 1 or 2 are subject to the provisions of Minnesota Statutes, chapter 270B.

Subd. 4. [REPORT ON PROJECT.] By March 1, 2002, the commissioner shall report to the chairs of the house of representatives tax committee and the senate committee on taxes. The report must describe the status of multistate discussions conducted under subdivision 1 and, if a proposed system has been agreed upon by participating states, must also recommend whether the state should participate in the system.

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

ARTICLE 9

HEALTH CARE TAXES

Section 1. Minnesota Statutes 1998, section 60A.15, subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES.] (a) On or before April 1, June 1, and December 1 of each year, every domestic and foreign company, including town and farmers' mutual insurance companies, domestic mutual insurance companies, marine insurance companies, health maintenance organizations, community integrated service networks, and nonprofit health service plan corporations, shall pay to the commissioner of revenue installments equal to one-third of the insurer's total estimated tax for the current year. Except as provided in paragraphs (d), (e), (h), and (i), installments must be based on a sum equal to two percent of the premiums described in paragraph (b).

(b) Installments under paragraph (a), (d), or (e) are percentages of gross premiums less return premiums on all direct business received by the insurer in this state, or by its agents for it, in cash or otherwise, during such year.

(c) Failure of a company to make payments of at least one-third of either (1) the total tax paid during the previous calendar year or (2) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this section, unless the total tax for the current tax year is \$500 or less.

(d) For health maintenance organizations, nonprofit health service plan corporations, and community integrated service networks, the installments must be based on an amount determined under paragraph (h) or (i).

(e) For purposes of computing installments for town and farmers' mutual insurance companies and for mutual property casualty companies with total assets on December 31, 1989, of \$1,600,000,000 or less, the following rates apply:

(1) for all life insurance, two percent;

(2) for town and farmers' mutual insurance companies and for mutual property and casualty companies with total assets of \$5,000,000 or less, on all other coverages, one percent; and

(3) for mutual property and casualty companies with total assets on December 31, 1989, of \$1,600,000,000 or less, on all other coverages, 1.26 percent.

(f) If the aggregate amount of premium tax payments under this section and the fire marshal tax payments under section 299F.21 made during a calendar year is equal to or exceeds \$120,000, all tax payments in the subsequent calendar year must be paid by means of a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the payment is due. If the date the payment is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the payment is due.

(g) Premiums under medical assistance, general assistance medical care, the MinnesotaCare program, and the Minnesota comprehensive health insurance plan and all payments, revenues, and reimbursements received from the federal government for Medicare-related coverage as defined in section 62A.31, subdivision 3, paragraph (e), are not subject to tax under this section.

~~(h) For calendar years 1997, 1998, and 1999, the installments for health maintenance organizations, community integrated service networks, and nonprofit health service plan corporations must be based on an amount equal to one percent of premiums described under paragraph (b). Health maintenance organizations, community integrated service networks, and nonprofit health service plan corporations that have met the cost containment goals established under section 62J.04 in the individual and small employer market for calendar year 1996 are exempt from payment of the tax imposed under this section for premiums paid after March 30, 1997, and before April 1, 1998. Health maintenance organizations, community integrated service networks, and nonprofit health service plan corporations that have met the cost containment goals established under section 62J.04 in the individual and small employer market for calendar year 1997 are exempt from payment of the tax imposed under this section for premiums paid after March 30, 1998, and before April 1, 1999. Health maintenance organizations, community integrated service networks, and nonprofit health service plan corporations that have met the cost containment goals established under section 62J.04 in the individual and small employer market for calendar year 1998 are exempt from payment of the tax imposed under this section for premiums paid after March 30, 1999, and before January 1, 2000. Health maintenance organizations, community integrated service networks, and nonprofit health service plan corporations are exempt from the tax imposed under this section on premiums received in calendar years 2001 and 2002.~~

~~(i) For calendar years after 1999 2002, the commissioner of finance shall determine the balance of the health care access fund on September 1 of each year beginning September 1, 1999. If the commissioner determines that there is no structural deficit for the next fiscal year, no tax shall be imposed under paragraph (d) for the following calendar year. If the commissioner determines that there will be a structural deficit in the fund for the following fiscal year, then the commissioner, in consultation with the commissioner of revenue, shall determine the amount needed to eliminate the structural deficit and a tax shall be imposed under paragraph (d) for the following calendar year. The commissioner shall determine the rate of the tax as either one-quarter of one percent, one-half of one percent, three-quarters of one percent, or one percent of premiums described in paragraph (b), whichever is the lowest of those rates that the commissioner determines will produce sufficient revenue to eliminate the projected structural deficit. The commissioner of finance shall publish in the State Register by October 1 of each year the amount of tax to be imposed for the following calendar year. In determining the structural balance of the health care access fund for fiscal years 2000 and 2001, the commissioner shall disregard the transfer amount from the health care access fund to the general fund for expenditures associated with the services provided to pregnant women and children under the age of two enrolled in the MinnesotaCare program a rate of one percent applies to premiums of health maintenance organizations, community-integrated service networks, and nonprofit health service plan corporations.~~

(j) In approving the premium rates as required in sections 62L.08, subdivision 8, and 62A.65, subdivision 3, the commissioners of health and commerce shall ensure that any exemption from the tax as described in paragraphs (h) and (i) is reflected in the premium rate.

EFFECTIVE DATE: This section is effective for taxes on premiums received after December 31, 2000.

Sec. 2. Minnesota Statutes 1998, section 295.50, subdivision 9b, is amended to read:

Subd. 9b. [PATIENT SERVICES.] (a) "Patient services" means inpatient and outpatient services and other goods and services provided by hospitals, surgical centers, or health care providers. They include the following health care goods and services provided to a patient or consumer:

- (1) bed and board;
- (2) nursing services and other related services;
- (3) use of hospitals, surgical centers, or health care provider facilities;
- (4) medical social services;
- (5) drugs, biologicals, supplies, appliances, and equipment;
- (6) other diagnostic or therapeutic items or services;
- (7) medical or surgical services;
- (8) items and services furnished to ambulatory patients not requiring emergency care;
- (9) emergency services; and
- (10) covered services listed in section 256B.0625 and in Minnesota Rules, parts 9505.0170 to 9505.0475.

(b) "Patient services" does not include:

- (1) services provided to nursing homes licensed under chapter 144A; and
- (2) examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment, including reviews of medical records for those purposes.

EFFECTIVE DATE: This section is effective for payments received on or after January 1, 2000.

Sec. 3. Minnesota Statutes 1999 Supplement, section 295.53, subdivision 1, is amended to read:

Subdivision 1. [EXEMPTIONS.] (a) The following payments are excluded from the gross revenues subject to the hospital, surgical center, or health care provider taxes under sections 295.50 to 295.57:

(1) payments received for services provided under the Medicare program, including payments received from the government, and organizations governed by sections 1833 and 1876 of title XVIII of the federal Social Security Act, United States Code, title 42, section 1395, and enrollee deductibles, coinsurance, and copayments, whether paid by the Medicare enrollee or by a Medicare supplemental coverage as defined in section 62A.011, subdivision 3, clause (10). Payments for services not covered by Medicare are taxable;

(2) medical assistance payments including payments received directly from the government or from a prepaid plan;

(3) payments received for home health care services;

(4) payments received from hospitals or surgical centers for goods and services on which liability for tax is imposed under section 295.52 or the source of funds for the payment is exempt under clause (1), (2), (7), (8), (10), ~~or~~ (13), or (20);

(5) payments received from health care providers for goods and services on which liability for tax is imposed under this chapter or the source of funds for the payment is exempt under clause (1), (2), (7), (8), (10), ~~or~~ (13), or (20);

(6) amounts paid for legend drugs, other than nutritional products, to a wholesale drug distributor who is subject to tax under section 295.52, subdivision 3, reduced by reimbursements received for legend drugs under clauses (1), (2), (7), and (8);

(7) payments received under the general assistance medical care program including payments received directly from the government or from a prepaid plan;

(8) payments received for providing services under the MinnesotaCare program including payments received directly from the government or from a prepaid plan and enrollee deductibles, coinsurance, and copayments. For purposes of this clause, coinsurance means the portion of payment that the enrollee is required to pay for the covered service;

(9) payments received by a health care provider or the wholly owned subsidiary of a health care provider for care provided outside Minnesota;

(10) payments received from the chemical dependency fund under chapter 254B;

(11) payments received in the nature of charitable donations that are not designated for providing patient services to a specific individual or group;

(12) payments received for providing patient services incurred through a formal program of health care research conducted in conformity with federal regulations governing research on human subjects. Payments received from patients or from other persons paying on behalf of the patients are subject to tax;

(13) payments received from any governmental agency for services benefiting the public, not including payments made by the government in its capacity as an employer or insurer;

(14) payments received for services provided by community residential mental health facilities licensed under Minnesota Rules, parts 9520.0500 to 9520.0690, community support programs and family community support programs approved under Minnesota Rules, parts 9535.1700 to 9535.1760, and community mental health centers as defined in section 245.62, subdivision 2;

(15) government payments received by a regional treatment center;

(16) payments received for hospice care services;

(17) payments received by a health care provider for hearing aids and related equipment or prescription eyewear delivered outside of Minnesota;

(18) payments received by an educational institution from student tuition, student activity fees, health care service fees, government appropriations, donations, or grants. Fee for service payments and payments for extended coverage are taxable;

(19) payments received for services provided by: assisted living programs and congregate housing programs; and

~~(20) payments received from nursing homes licensed under chapter 144A for services provided to a nursing home; and~~

~~(21) payments received for examinations for purposes of utilization reviews, insurance claims or eligibility, litigation, and employment, including reviews of medical records for those purposes.~~

(20) payments received under the federal Employees Health Benefits Act, United States Code, title 5, section 8909(f), as amended by the Omnibus Reconciliation Act of 1990.

(b) Payments received by wholesale drug distributors for legend drugs sold directly to veterinarians or veterinary bulk purchasing organizations are excluded from the gross revenues subject to the wholesale drug distributor tax under sections 295.50 to 295.59.

EFFECTIVE DATE: This section is effective for payments received on or after January 1, 2000.

Sec. 4. Minnesota Statutes 1998, section 295.58, is amended to read:

295.58 [DEPOSIT OF REVENUES AND PAYMENT OF REFUNDS.]

The commissioner shall deposit all revenues, including penalties and interest, derived from the taxes imposed by sections 295.50 to 295.57 and from the insurance premiums tax on health maintenance organizations, community integrated service networks, and nonprofit health service plan corporations in the health care access fund in the state treasury. ~~Refunds of overpayments must be paid from the health care access fund in the state treasury.~~ There is annually appropriated from the health care access fund to the commissioner of revenue the amount necessary to make any refunds required under ~~section 295.54~~ this chapter.

EFFECTIVE DATE: This section is effective for refunds made on or after January 1, 1999.

ARTICLE 10

SPECIAL TAXES

Section 1. Minnesota Statutes 1998, section 115A.557, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY TO RECEIVE MONEY.] (a) To be eligible to receive money distributed by the director under this section, a county shall within one year of October 4, 1989:

(1) create a separate account in its general fund to credit the money; and

(2) set up accounting procedures to ensure that money in the separate account is spent only for the purposes in subdivision 2.

(b) In each following year, each county shall also:

(1) have in place an approved solid waste management plan or master plan including a recycling implementation strategy under section 115A.551, subdivision 7, and a household hazardous waste management plan under section 115A.96, subdivision 6, by the dates specified in those provisions;

(2) submit a report by April 1 of each year to the director detailing for the previous calendar year:

(i) how the money was spent including, but not limited to, specific information on the number of employees performing SCORE planning, oversight, and administration; the percentage of those employees' total work time allocated to SCORE planning, oversight, and administration; the specific duties and responsibilities of those employees; and the amount of staff salary for these SCORE duties and responsibilities of the employees; and (ii) the resulting gains achieved in solid waste management practices during the previous calendar year; and

(3) provide evidence to the director that local revenue equal to 25 percent of the money sought for distribution under this section will be spent for the purposes in subdivision 2.

(c) The director shall withhold all or part of the funds to be distributed to a county under this section if the county fails to comply with this subdivision and subdivision 2.

Sec. 2. Minnesota Statutes 1999 Supplement, section 287.01, subdivision 2, is amended to read:

Subd. 2. [AMENDMENT.] "Amendment" means generally a document that alters an existing mortgage without securing a new debt, or increasing the amount of an existing debt; and, that does not, in the case of a multistate mortgage described in section 287.05, subdivision 1, paragraph (b), result in an increased percentage of the real property encumbered by the mortgage being located in this state. ~~Specifically; A document is considered an amendment to the extent it merely does if it meets the definition in this subdivision, including documents that do any one or any combination more~~ of the following:

- (i) extends the time for payment of the unpaid portion of the original debt;
- (ii) changes the rate of interest applicable to the unpaid portion of the original debt;
- (iii) adds additional real property as security for the unpaid portion of the original debt;
- (iv) releases some but not all of the real property serving as security for the unpaid portion of the debt;
- (v) replaces all the real property serving as security for the unpaid portion of the debt with other real property regardless of value;
- (vi) replaces a party previously bound by the mortgage with a new party who becomes bound by the same amended mortgage; or
- (vii) reduces the amount of the debt secured by real property located in this state, or in the case of a multistate mortgage described in section 287.05, subdivision 1, paragraph (b), reduces the percentage of real property encumbered by the mortgage that is located in this state.

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

Sec. 3. Minnesota Statutes 1999 Supplement, section 297E.02, subdivision 1, is amended to read:

Subdivision 1. [IMPOSITION.] A tax is imposed on all lawful gambling other than (1) pull-tab deals or games; (2) tipboard deals or games; and (3) items listed in section 297E.01, subdivision 8, clauses (4) and (5), at the rate of ~~9~~ 8.5 percent on the gross receipts as defined in section 297E.01, subdivision 8, less prizes actually paid. The tax imposed by this subdivision is in lieu of the tax imposed by section 297A.02 and all local taxes and license fees except a fee authorized under section 349.16, subdivision 8, or a tax authorized under subdivision 5.

The tax imposed under this subdivision is payable by the organization or party conducting, directly or indirectly, the gambling.

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

Sec. 4. Minnesota Statutes 1998, section 297E.02, is amended by adding a subdivision to read:

Subd. 2a. [TAX CREDIT FOR CERTAIN RAFFLES.] An organization may claim a credit equal to the tax reported under subdivision 1 resulting from a raffle the net proceeds of which have been used exclusively for the purposes of section 349.12, subdivision 25, paragraph (a), clause (2). The organization claiming the credit must do so on the monthly gambling tax return on which the raffle activity is reported under subdivision 1.

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

Sec. 5. Minnesota Statutes 1999 Supplement, section 297E.02, subdivision 4, is amended to read:

Subd. 4. [PULL-TAB AND TIPBOARD TAX.] (a) A tax is imposed on the sale of each deal of pull-tabs and tipboards sold by a distributor. The rate of the tax is ~~4.8~~ 1.7 percent of the ideal gross of the pull-tab or tipboard deal. The sales tax imposed by chapter 297A on the sale of the pull-tabs and tipboards by the distributor is imposed on

the retail sales price less the tax imposed by this subdivision. The retail sale of pull-tabs or tipboards by the organization is exempt from taxes imposed by chapter 297A and is exempt from all local taxes and license fees except a fee authorized under section 349.16, subdivision 8.

(b) The liability for the tax imposed by this section is incurred when the pull-tabs and tipboards are delivered by the distributor to the customer or to a common or contract carrier for delivery to the customer, or when received by the customer's authorized representative at the distributor's place of business, regardless of the distributor's method of accounting or the terms of the sale.

The tax imposed by this subdivision is imposed on all sales of pull-tabs and tipboards, except the following:

- (1) sales to the governing body of an Indian tribal organization for use on an Indian reservation;
- (2) sales to distributors licensed under the laws of another state or of a province of Canada, as long as all statutory and regulatory requirements are met in the other state or province;
- (3) sales of promotional tickets as defined in section 349.12; and
- (4) pull-tabs and tipboards sold to an organization that sells pull-tabs and tipboards under the exemption from licensing in section 349.166, subdivision 2. A distributor shall require an organization conducting exempt gambling to show proof of its exempt status before making a tax-exempt sale of pull-tabs or tipboards to the organization. A distributor shall identify, on all reports submitted to the commissioner, all sales of pull-tabs and tipboards that are exempt from tax under this subdivision.

(c) A distributor having a liability of \$120,000 or more during a fiscal year ending June 30 must remit all liabilities in the subsequent calendar year by a funds transfer as defined in section 336.4A-104, paragraph (a). The funds transfer payment date, as defined in section 336.4A-401, must be on or before the date the tax is due. If the date the tax is due is not a funds transfer business day, as defined in section 336.4A-105, paragraph (a), clause (4), the payment date must be on or before the funds transfer business day next following the date the tax is due.

(d) Any customer who purchases deals of pull-tabs or tipboards from a distributor may file an annual claim for a refund or credit of taxes paid pursuant to this subdivision for unsold pull-tab and tipboard tickets. The claim must be filed with the commissioner on a form prescribed by the commissioner by March 20 of the year following the calendar year for which the refund is claimed. The refund must be filed as part of the customer's February monthly return. The refund or credit is equal to ~~1.8~~ 1.7 percent of the face value of the unsold pull-tab or tipboard tickets, provided that the refund or credit will be ~~1.85~~ 1.75 percent of the face value of the unsold pull-tab or tipboard tickets for claims for a refund or credit of taxes filed on the February ~~2000~~ 2001 monthly return. The refund claimed will be applied as a credit against tax owing under this chapter on the February monthly return. If the refund claimed exceeds the tax owing on the February monthly return, that amount will be refunded. The amount refunded will bear interest pursuant to section 270.76 from 90 days after the claim is filed.

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

Sec. 6. Minnesota Statutes 1999 Supplement, section 297E.02, subdivision 6, is amended to read:

Subd. 6. [COMBINED RECEIPTS TAX.] In addition to the taxes imposed under subdivisions 1 and 4, a tax is imposed on the combined receipts of the organization. As used in this section, "combined receipts" is the sum of the organization's gross receipts from lawful gambling less gross receipts directly derived from the conduct of bingo, raffles, and paddlewheels, as defined in section 297E.01, subdivision 8, for the fiscal year. The combined receipts of an organization are subject to a tax computed according to the following schedule:

If the combined receipts for the fiscal year are:	The tax is:
Not over \$500,000	zero

Over 500,000, but not over \$700,000	1.8 <u>1.7</u> percent of the amount over \$500,000, but not over \$700,000
Over \$700,000, but not over \$900,000	\$3,600 <u>\$3,400</u> plus 3.6 <u>3.4</u> percent of the amount over \$700,000, but not over \$900,000
Over \$900,000	\$10,800 <u>\$10,200</u> plus 5.4 <u>5.1</u> percent of the amount over \$900,000

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

Sec. 7. Minnesota Statutes 1998, section 297F.01, subdivision 7, is amended to read:

Subd. 7. [CONSUMER.] "Consumer" means ~~any person~~ an individual who has title to or possession of cigarettes or tobacco products ~~in storage, for use or other personal consumption in this state rather than for sale.~~

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

Sec. 8. Minnesota Statutes 1998, section 297F.01, is amended by adding a subdivision to read:

Subd. 9a. [INVOICE.] "Invoice" means a detailed list of cigarettes and tobacco products purchased or sold in this state that contains the following information:

(1) name of seller;

(2) name of purchaser;

(3) date of sale;

(4) invoice number;

(5) itemized list of goods sold including brands of cigarettes and number of cartons of each brand, unit price, and identification of tobacco products by name, quantity, and unit price; and

(6) any rebates, discounts, or other reductions.

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

Sec. 9. Minnesota Statutes 1998, section 297F.01, subdivision 14, is amended to read:

Subd. 14. [RETAILER.] "Retailer" means a person required to be licensed under chapter 461 engaged in this state in the business of selling, or offering to sell, cigarettes or tobacco products to consumers.

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

Sec. 10. Minnesota Statutes 1998, section 297F.01, subdivision 17, is amended to read:

Subd. 17. [STAMP.] "Stamp" means the adhesive stamp supplied by the commissioner of revenue for use on cigarette packages or any other indicia adopted by the commissioner to indicate that the tax has been paid.

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

Sec. 11. Minnesota Statutes 1998, section 297F.01, is amended by adding a subdivision to read:

Subd. 21a. [UNLICENSED SELLER.] "Unlicensed seller" means anyone who is not licensed under section 297F.03 or 461.12 to sell the particular product to the purchaser or possessor of the product.

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

Sec. 12. Minnesota Statutes 1998, section 297F.08, subdivision 2, is amended to read:

Subd. 2. [TAX DUE; CIGARETTES.] Notwithstanding any other provisions of this chapter, the tax due on the return is based upon actual ~~heat-applied~~ stamps purchased during the reporting period.

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

Sec. 13. Minnesota Statutes 1998, section 297F.08, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF PROCEEDS.] The commissioner shall use the amounts appropriated by law to purchase ~~heat-applied~~ stamps for resale. The commissioner shall charge the purchasers for the costs of the stamps along with the tax value plus shipping costs. The costs recovered along with shipping costs must be deposited into the general fund.

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

Sec. 14. Minnesota Statutes 1998, section 297F.08, subdivision 8, is amended to read:

Subd. 8. [SALE OF STAMPS.] The commissioner may sell ~~heat-applied~~ stamps on a credit basis under conditions prescribed by the commissioner. The commissioner shall sell the stamps at a price which includes the tax after giving effect to the discount provided in subdivision 7. The commissioner shall recover the actual costs of the stamps from the distributor. The commissioner shall annually establish the maximum amount of ~~heat-applied~~ stamps that may be purchased each month.

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

Sec. 15. Minnesota Statutes 1999 Supplement, section 297F.08, subdivision 8a, is amended to read:

Subd. 8a. [REVOLVING ACCOUNT.] A ~~heat-applied~~ cigarette tax stamp revolving account is created. The commissioner shall use the amounts in this fund to purchase ~~heat-applied~~ stamps for resale. The commissioner shall charge distributors for the tax value of the stamps they receive along with the commissioner's cost to purchase the stamps and ship them to the distributor. The stamp purchase and shipping costs recovered must be credited to the revolving account and are appropriated to the commissioner for the further purchases and shipping costs. The revolving account is initially funded by a \$40,000 transfer from the department of revenue.

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

Sec. 16. Minnesota Statutes 1998, section 297F.08, subdivision 9, is amended to read:

Subd. 9. [TAX STAMPING MACHINES.] The commissioner shall require any person licensed as a distributor to stamp packages with a ~~heat-applied~~ tax stamping machine, approved by the commissioner, which shall be provided by the distributor. The commissioner shall also supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 7. If the commissioner finds that a stamping machine is not affixing a legible stamp on the package, the commissioner may order the distributor to immediately cease the stamping process until the machine is functioning properly.

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

Sec. 17. Minnesota Statutes 1998, section 297F.09, subdivision 1, is amended to read:

Subdivision 1. [MONTHLY RETURN; CIGARETTE DISTRIBUTOR.] On or before the 18th day of each calendar month, a distributor with a place of business in this state shall file a return with the commissioner showing the quantity of cigarettes manufactured or brought in from outside the state or purchased during the preceding calendar month and the quantity of cigarettes sold or otherwise disposed of in this state and outside this state during that month. A licensed distributor outside this state shall in like manner file a return showing the quantity of cigarettes shipped or transported into this state during the preceding calendar month. Returns must be made in the form and manner prescribed by the commissioner and must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full unpaid tax liability shown by it. ~~The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.~~

EFFECTIVE DATE: This section is effective beginning with the June 2002 liability.

Sec. 18. Minnesota Statutes 1998, section 297F.09, subdivision 2, is amended to read:

Subd. 2. [MONTHLY RETURN; TOBACCO PRODUCTS DISTRIBUTOR.] On or before the 18th day of each calendar month, a distributor with a place of business in this state shall file a return with the commissioner showing the quantity and wholesale sales price of each tobacco product:

(1) brought, or caused to be brought, into this state for sale; and

(2) made, manufactured, or fabricated in this state for sale in this state, during the preceding calendar month.

Every licensed distributor outside this state shall in like manner file a return showing the quantity and wholesale sales price of each tobacco product shipped or transported to retailers in this state to be sold by those retailers, during the preceding calendar month. Returns must be made in the form and manner prescribed by the commissioner and must contain any other information required by the commissioner. The return must be accompanied by a remittance for the full tax liability shown, less 1.5 percent of the liability as compensation to reimburse the distributor for expenses incurred in the administration of this chapter. ~~The return for the May liability and 75 percent of the estimated June liability is due on the date payment of the tax is due.~~

EFFECTIVE DATE: This section is effective beginning with the June 2002 liability.

Sec. 19. Minnesota Statutes 1998, section 297F.13, subdivision 4, is amended to read:

Subd. 4. [RETAILER AND SUBJOBBER TO PRESERVE PURCHASE INVOICES.] Every retailer and subjobber shall procure itemized invoices of all cigarettes or tobacco products purchased. ~~The invoices shall show the name and address of the seller and the date of purchase.~~

The retailer and subjobber shall preserve a legible copy of each invoice for one year from the date of ~~purchase~~ the invoice. The retailer and subjobber shall preserve copies of the invoices at each retail location or at a central location provided that the invoice must be produced and made available at a retail location within one hour when requested by the commissioner or duly authorized agents and employees. Copies should be numbered and kept in chronological order.

To determine whether the business is in compliance with the provisions of this chapter and sections 325D.30 to 325D.42, at any time during usual business hours, the commissioner, or duly authorized agents and employees, may enter any place of business of a retailer or subjobber without a search warrant and inspect the premises, the records required to be kept under this chapter, and the packages of cigarettes, tobacco products, and vending devices contained on the premises.

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

Sec. 20. Minnesota Statutes 1998, section 297F.21, subdivision 1, is amended to read:

Subdivision 1. [CONTRABAND DEFINED.] The following are declared to be contraband and therefore subject to civil and criminal penalties under this chapter:

(a) Cigarette packages which do not have stamps affixed to them as provided in this chapter, including but not limited to (i) packages with illegible stamps and packages with stamps that are not complete or whole even if the stamps are legible, and (ii) all devices for the vending of cigarettes in which packages as defined in item (i) are found, including all contents contained within the devices.

(b) A device for the vending of cigarettes and all packages of cigarettes, where the device does not afford at least partial visibility of contents. Where any package exposed to view does not carry the stamp required by this chapter, it shall be presumed that all packages contained in the device are unstamped and contraband.

(c) A device for the vending of cigarettes to which the commissioner or authorized agents have been denied access for the inspection of contents. In lieu of seizure, the commissioner or an agent may seal the device to prevent its use until inspection of contents is permitted.

(d) A device for the vending of cigarettes which does not carry the name and address of the owner, plainly marked and visible from the front of the machine.

(e) A device including, but not limited to, motor vehicles, trailers, snowmobiles, airplanes, and boats used with the knowledge of the owner or of a person operating with the consent of the owner for the storage or transportation of more than 5,000 cigarettes which are contraband under this subdivision. When cigarettes are being transported in the course of interstate commerce, or are in movement from either a public warehouse to a distributor upon orders from a manufacturer or distributor, or from one distributor to another, the cigarettes are not contraband, notwithstanding the provisions of clause (a).

(f) Cigarette packages or tobacco products obtained from an unlicensed seller.

(g) Cigarette packages offered for sale or held as inventory in violation of section 297F.20, subdivision 7.

(h) Tobacco products on which the tax has not been paid by a licensed distributor.

(i) Any cigarette packages or tobacco products offered for sale or held as inventory for which there is not an invoice from a licensed seller as required under section 297F.13, subdivision 4.

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

Sec. 21. Minnesota Statutes 1998, section 297F.21, subdivision 3, is amended to read:

Subd. 3. [INVENTORY; JUDICIAL DETERMINATION; APPEAL; DISPOSITION OF SEIZED PROPERTY.]

(a) Within ten days after the seizure of any alleged contraband, the person making the seizure shall make available an inventory of the property seized to the person from whom the seizure was made, if known, and file a copy with the commissioner. Within ten days after the date of service of the inventory, the person from whom the property was seized or any person claiming an interest in the property may file with the commissioner a demand for a judicial determination of the question as to whether the property was lawfully subject to seizure and forfeiture. The commissioner, within 60 days, shall institute an action in the district court of the county where the seizure was made to determine the issue of forfeiture. The court shall decide whether the alleged contraband is contraband, as defined in subdivision 1.

(b) The action must be brought in the name of the state and must be prosecuted by the county attorney or by the attorney general. The court shall hear the action without a jury and shall try and determine the issues of fact and law involved.

(c) When a judgment of forfeiture is entered, the commissioner may, unless the judgment is stayed pending an appeal, either:

- (1) deliver the forfeited property to the commissioner of human services for use by patients in state institutions;
- (2) cause it to be destroyed; or
- (3) cause it to be sold at public auction as provided by law.

(d) If a demand for judicial determination is made and no action commenced as provided in this subdivision, the property must be released by the commissioner and returned to the person entitled to it. If no demand is made, the property seized is considered forfeited to the state by operation of law and may be disposed of by the commissioner as provided in the case of a judgment of forfeiture. ~~When the commissioner is satisfied that a person from whom property is seized was acting in good faith and without intent to evade the tax imposed by this chapter, the commissioner shall release the property seized without further legal proceedings.~~

EFFECTIVE DATE: This section is effective for alleged contraband seized on or after the day following final enactment.

Sec. 22. [REPEALER.]

(a) Minnesota Statutes 1998, section 270.083, is repealed.

(b) Minnesota Statutes 1998, sections 297F.09, subdivision 6; and 297G.09, subdivision 5, are repealed.

EFFECTIVE DATE: This section, paragraph (a), is effective the day following final enactment. This section, paragraph (b) is effective beginning with the June 2002 liability.

ARTICLE 11

LOCAL DEVELOPMENT

Section 1. Minnesota Statutes 1998, section 273.1399, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "Qualifying captured net tax capacity" means the following amounts:

(1) The captured net tax capacity of a new or the expanded part of an existing economic development tax increment financing district, for which certification was requested after April 30, 1990.

(2) The captured net tax capacity of a new or the expanded part of an existing tax increment financing district, other than an economic development district, for which certification was requested after April 30, 1990, multiplied by the following percentage based on the number of years that have elapsed since the assessment year of the original net tax capacity. In no case may the final amounts be less than zero or greater than the total captured net tax capacity of the district.

Number of years	Renewal and Renovation Districts	All other Districts
0 to 5	0	0
6	12.5	6.25
7	25	12.5

8	37.5	18.75
9	50	25
10	62.5	31.25
11	75	37.5
12	87.5	43.75
13	100	50
14	100	56.25
15	100	62.5
16	100	68.75
17	100	75
18	100	81.25
19	100	87.5
20	100	93.75
21 or more	100	100

(3) The following rules apply to a hazardous substance subdistrict. The applicable percentage under clause (2) must be determined under the "all other districts" category. The number of years must be measured from the date of certification of the subdistrict for purposes of the additional captured net tax capacity resulting from the reduction in the subdistrict's or site's original net tax capacity. After termination of the overlying district, captured net tax capacity includes the full amount that is captured by the subdistrict.

(4) Qualified captured tax capacity does not include the captured tax capacity of exempt districts under subdivisions 6 and 7.

(b) The terms defined in section 469.174 have the meanings given in that section.

(c) "Qualified housing district" means:

(1) a housing district for a residential rental project or projects in which the only properties receiving assistance from revenues derived from tax increments from the district meet all of the requirements for a low-income housing credit under section 42 of the Internal Revenue Code of 1986, as amended through December 31, 1992, regardless of whether the project actually receives a low-income housing credit; or

(2) a housing district for a single-family homeownership project or projects, if 95 percent or more of the homes receiving assistance from tax increments from the district are purchased by qualified purchasers. A qualified purchaser means the first purchaser of a home after the tax increment assistance is provided whose income is at or below 70 percent of the median gross income for a family of the same size as the purchaser. Median gross income is the greater of (i) area median gross income, or (ii) the statewide median gross income, as determined by the secretary of Housing and Urban Development.

EFFECTIVE DATE: This section is effective the day following final enactment, and applies to all districts that are subject to the underlying law.

Sec. 2. Minnesota Statutes 1998, section 428A.11, is amended by adding a subdivision to read:

Subd. 7. [AUTHORITY.] "Authority" means an economic development authority or housing and redevelopment authority created pursuant to section 469.003, 469.004, or 469.091 or another entity authorized by law to exercise the powers of an authority created pursuant to one of those sections.

Sec. 3. Minnesota Statutes 1998, section 428A.11, is amended by adding a subdivision to read:

Subd. 8. [IMPLEMENTING ENTITY.] "Implementing entity" means the city or authority designated in the enabling ordinance as responsible for implementing and administering the housing improvement area.

Sec. 4. Minnesota Statutes 1998, section 428A.13, subdivision 1, is amended to read:

Subdivision 1. [ORDINANCE.] The governing body of the city may adopt an ordinance establishing a one or more housing improvement area areas. The ordinance must specifically describe the portion of the city to be included in the area, the basis for the imposition of the fees, and the number of years the fee will be in effect. In addition, the ordinance must include findings that without the housing improvement area, the proposed improvements could not be made by the condominium associations or housing unit owners, and the designation is needed to maintain and preserve the housing units within the housing improvement area. The ordinance shall designate the implementing entity. The ordinance may not be adopted until a public hearing has been held regarding the ordinance. The ordinance may be amended by the governing body of the city, provided the governing body complies with the public hearing notice provisions of subdivision 2. Within 30 days after adoption of the ordinance under this subdivision, the governing body shall send a copy of the ordinance to the commissioner of revenue.

Sec. 5. Minnesota Statutes 1998, section 428A.13, subdivision 3, is amended to read:

Subd. 3. [PROPOSED HOUSING IMPROVEMENTS.] At the public hearing held under subdivision 2, the city proposed implementing entity shall provide a preliminary listing of the housing improvements to be made in the area. The listing shall identify those improvements, if any, that are proposed to be made to all or a portion of the common elements of a condominium. The listing shall also identify those housing units that have completed the proposed housing improvements and are proposed to be exempted from a portion of the fee. In preparing the list the city proposed implementing entity shall consult with the residents of the area and the condominium associations.

Sec. 6. Minnesota Statutes 1998, section 428A.14, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] Fees may be imposed by the city implementing entity on the housing units within the housing improvement area at a rate, term, or amount sufficient to produce revenue required to provide housing improvements in the area to reimburse the implementing entity for advances made to pay for the housing improvements or to pay principal of, interest on, and premiums, if any, on bonds issued by the implementing entity under section 428A.16. The fee can be imposed on the basis of the tax capacity of the housing unit, or the total amount of square footage of the housing unit, or a method determined by the council and specified in the resolution. Before the imposition of the fees, a hearing must be held and notice must be published in the official newspaper at least seven days before the hearing and shall be mailed at least seven days before the hearing to any housing unit owner subject to a fee. For purposes of this section, the notice must also include:

- (1) a statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed housing improvement fee;
- (2) the estimated cost of improvements including administrative costs to be paid for in whole or in part by the fee imposed under the ordinance;
- (3) the amount to be charged against the particular property;
- (4) the right of the property owner to prepay the entire fee;
- (5) the number of years the fee will be in effect; and
- (6) a statement that the petition requirements of section 428A.12 have either been met or do not apply to the proposed fee.

Within six months of the public hearing, the city implementing entity may adopt a resolution imposing a fee within the area not exceeding the amount expressed in the notice issued under this section.

Prior to adoption of the resolution approving the fee, the condominium associations located in the housing improvement area shall submit to the city implementing entity a financial plan prepared by an independent third party, acceptable to the city implementing entity and associations, that provides for the associations to finance maintenance and operation of the common elements in the condominium and a long-range plan to conduct and finance capital improvements.

Sec. 7. Minnesota Statutes 1998, section 428A.15, is amended to read:

428A.15 [COLLECTION OF FEES.]

The city implementing entity may provide for the collection of the housing improvement fees according to the terms of section 428A.05.

Sec. 8. Minnesota Statutes 1998, section 428A.16, is amended to read:

428A.16 [BONDS.]

At any time after a contract for the construction of all or part of an improvement authorized under sections 428A.11 to 428A.20 has been entered into or the work has been ordered, the ~~governing body of the city implementing entity~~ may issue obligations in the amount it deems necessary to defray in whole or in part the expense incurred and estimated to be incurred in making the improvement, including every item of cost from inception to completion and all fees and expenses incurred in connection with the improvement or the financing.

The obligations are payable primarily out of the proceeds of the fees imposed under section 428A.14, or from any other special assessments or revenues available to be pledged for their payment under charter or statutory authority, or from two or more of those sources. The ~~governing body of the city, or if the governing bodies are the same or consist of identical membership, the authority~~ may, by resolution adopted prior to the sale of obligations, pledge the full faith, credit, and taxing power of the city to ~~assure bonds issued by it to ensure~~ payment of the principal and interest if the proceeds of the fees in the area are insufficient to pay the principal and interest. The obligations must be issued in accordance with chapter 475, except that an election is not required, and the amount of the obligations are not included in determination of the net debt of the city under the provisions of any law or charter limiting debt.

Sec. 9. Minnesota Statutes 1998, section 428A.17, is amended to read:

428A.17 [ADVISORY BOARD.]

The ~~governing body of the city~~ implementing entity may create and appoint an advisory board for the housing improvement area in the city to advise the ~~governing body~~ implementing entity in connection with the planning and construction of housing improvements. In appointing the board, the ~~council~~ implementing entity shall consider for membership members of condominium associations located in the housing improvement area. The advisory board shall make recommendations to the ~~governing body~~ implementing entity to provide improvements or impose fees within the housing improvement area. Before the adoption of a proposal by the ~~governing body~~ implementing entity to provide improvements within the housing improvement area, the advisory board of the housing improvement area shall have an opportunity to review and comment upon the proposal.

Sec. 10. Minnesota Statutes 1998, section 428A.19, is amended to read:

428A.19 [ANNUAL REPORTS.]

Each condominium association located within the housing improvement area must, by August 15 annually, submit a copy of its audited financial statements to the city implementing entity. The city may also, as part of the enabling ordinance, require the submission of other relevant information from the associations.

Sec. 11. Minnesota Statutes 1998, section 428A.21, is amended to read:

428A.21 [SUNSET.]

No new housing improvement areas may be established under sections 428A.11 to 428A.20 after June 30, ~~2001~~ 2005. After June 30, ~~2001~~ 2005, a city may establish a housing improvement area, provided that it receives enabling legislation authorizing the establishment of the area.

Sec. 12. Minnesota Statutes 1998, section 469.115, is amended to read:

469.115 [POWERS OF AGENCIES.]

A local agency shall have all the powers necessary or convenient to carry out the purposes of sections 469.109 to 469.123; except that the agencies shall not levy and collect taxes or special assessments, nor exercise the power of eminent domain unless the governing body of the municipality or municipalities, in the case of a joint exercise of power, shall by resolution have expressly conferred that power on the agency. A local agency shall also have the following powers in addition to others granted in sections 469.109 to 469.123:

(1) to sue and be sued, to have a seal, which shall be judicially noticed, and to alter the same at pleasure; to have perpetual succession; and to make, amend, and repeal rules and regulations not inconsistent with these sections;

(2) to employ an executive director, technical experts, and officers, agents and employees, permanent and temporary, that it requires, and determine their qualifications, duties, and compensation; for legal service it may require, to call upon the chief law officer of the municipality or to employ its own counsel and legal staff; so far as practical, to use the services of local public bodies, in its area of operation. Those local bodies, if requested, shall make the services available;

(3) to delegate to one or more of its agents or employees the powers or duties it deems proper;

(4) upon proper application by a public body or private applicant, and after determining that the purpose of sections 469.109 to 469.123 will be accomplished by the establishment of the project in the redevelopment area to approve a redevelopment project;

(5) to sell, transfer, convey, or otherwise dispose of real or personal property or any interest therein, and to execute leases, deeds, conveyances, negotiable instruments, purchase agreements, and other contracts or instruments, and take action that is necessary or convenient to carry out the purposes of these sections;

(6) within its area of operation to acquire real or personal property or any interest therein by gift, grant, purchase, exchange, lease, transfer, bequest, devise, or otherwise. An agency may acquire real property which it deems necessary for its purposes by exercise of the power of eminent domain in the manner provided in chapter 117, after adoption of a resolution declaring that the acquisition of the real property is necessary to eliminate one or more of the conditions found to exist in the resolution adopted pursuant to section 469.111, subdivision 1;

(7) to designate redevelopment areas;

(8) to cooperate with industrial development corporations, state and federal agencies, and private persons or corporations in efforts to promote the expansion of recreational, commercial, industrial, and manufacturing activity in a redevelopment area;

(9) upon proper application by any public body or private applicant, to determine whether the declared public purpose of these sections has been accomplished or will be accomplished by the establishment of a redevelopment project in a redevelopment area;

(10) to obtain information necessary to the designation of a redevelopment area and the establishment of a redevelopment project therein;

(11) to cooperate with or act as agent for the federal government, the state, or any state public body or any agency or instrumentality thereof in carrying out the provisions of these sections or of any other related federal, state, or local legislation;

(12) to borrow money or other property and accept contributions, grants, gifts, services, or other assistance from the federal or state government to accomplish the purposes of sections 469.109 to 469.123;

~~(13) to conduct mined underground space development pursuant to sections 469.135 to 469.141;~~

~~(14)~~ (14) to include in any contract for financial assistance with the federal government any conditions which the federal government may attach to its financial aid of a redevelopment project;

~~(15)~~ (14) to issue bonds, notes, or other evidences of indebtedness as hereinafter provided, for any of its purposes and to secure them by mortgages upon property held or to be held by it, or by pledge of its revenues, including grants or contributions; and

~~(16)~~ (15) to invest any funds held in reserve or sinking funds, or any funds not required for immediate disbursement, in property or securities in which savings banks may legally invest funds subject to their control.

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

Sec. 13. Minnesota Statutes 1998, section 469.174, subdivision 9, is amended to read:

Subd. 9. [TAX INCREMENT FINANCING DISTRICT.] "Tax increment financing district" or "district" means a contiguous or noncontiguous geographic area within a project delineated in the tax increment financing plan, as provided by section 469.175, subdivision 1, for the purpose of financing redevelopment, ~~mined underground space development~~, housing or economic development in municipalities through the use of tax increment generated from the captured net tax capacity in the tax increment financing district.

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

Sec. 14. Minnesota Statutes 1998, section 469.174, subdivision 10, is amended to read:

Subd. 10. [REDEVELOPMENT DISTRICT.] (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one or more of the following conditions, reasonably distributed throughout the district, exists:

(1) parcels consisting of 70 percent of the area of the district are occupied by buildings, streets, utilities, or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) the property consists of vacant, unused, underused, inappropriately used, or infrequently used railyards, rail storage facilities, or excessive or vacated railroad rights-of-way; or

(3) tank facilities, or property whose immediately previous use was for tank facilities, as defined in section 115C.02, subdivision 15, if the tank facilities:

(i) have or had a capacity of more than 1,000,000 gallons;

(ii) are located adjacent to rail facilities; and

(iii) have been removed or are unused, underused, inappropriately used, or infrequently used.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance.

(c) A building is not structurally substandard if it is in compliance with the building code applicable to new buildings or could be modified to satisfy the building code at a cost of less than 15 percent of the cost of constructing a new structure of the same square footage and type on the site. The municipality may find that a building is not disqualified as structurally substandard under the preceding sentence on the basis of reasonably available evidence, such as the size, type, and age of the building, the average cost of plumbing, electrical, or structural repairs, or other similar reliable evidence. The municipality may not make such a determination without an interior inspection of the property, but need not have an independent, expert appraisal prepared of the cost of repair and rehabilitation of the building. An interior inspection of the property is not required, if the municipality finds that (1) the municipality or authority is unable to gain access to the property after using its best efforts to obtain permission from the party that owns or controls the property; and (2) the evidence otherwise supports a reasonable conclusion that the building is structurally substandard. Items of evidence that support such a conclusion include recent fire or police inspections, on-site property tax appraisals or housing inspections, exterior evidence of deterioration, or other similar reliable evidence. Written documentation of the findings and reasons why an interior inspection was not conducted must be made and retained under section 469.175, subdivision 3, clause (1).

(d) A parcel is deemed to be occupied by a structurally substandard building for purposes of the finding under paragraph (a) if all of the following conditions are met:

(1) the parcel was occupied by a substandard building within three years of the filing of the request for certification of the parcel as part of the district with the county auditor;

(2) the substandard building was demolished or removed by the authority or the demolition or removal was financed by the authority or was done by a developer under a development agreement with the authority;

(3) the authority found by resolution before the demolition or removal that the parcel was occupied by a structurally substandard building and that after demolition and clearance the authority intended to include the parcel within a district; and

(4) upon filing the request for certification of the tax capacity of the parcel as part of a district, the authority notifies the county auditor that the original tax capacity of the parcel must be adjusted as provided by section 469.177, subdivision 1, paragraph (h).

(e) For purposes of this subdivision, a parcel is not occupied by buildings, streets, utilities, or other improvements unless 15 percent of the area of the parcel contains improvements.

(f) For districts consisting of two or more noncontiguous areas, each area must qualify as a redevelopment district under paragraph (a) to be included in the district, and the entire area of the district must satisfy paragraph (a).

EFFECTIVE DATE: This section is effective for districts or additions to the geographic area of an existing district for which the request for certification was received by the county auditor after June 30, 2000.

Sec. 15. Minnesota Statutes 1998, section 469.174, subdivision 11, is amended to read:

Subd. 11. [HOUSING DISTRICT.] "Housing district" means a type of tax increment financing district which consists of a project, or a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts. A project district does not qualify as a housing district under this subdivision if the fair market value

of the improvements which are constructed in the district for commercial uses or for uses other than low and moderate income housing consists of more than 20 percent of the total fair market value of the planned improvements in the development plan or agreement. The fair market value of the improvements may be determined using the cost of construction, capitalized income, or other appropriate method of estimating market value. Housing project means a project, or a portion of a project, that meets all of qualifications of a housing district under this subdivision, whether or not actually established as a housing district.

EFFECTIVE DATE: This section is effective for districts and amendments adding geographic area to an existing district for which the request for certification was filed with the county after May 1, 1988.

Sec. 16. Minnesota Statutes 1998, section 469.174, subdivision 12, is amended to read:

Subd. 12. [ECONOMIC DEVELOPMENT DISTRICT.] "Economic development district" means a type of tax increment financing district which consists of any project, or portions of a project, not meeting the requirements found in the definition of redevelopment district, renewal and renovation district, soils condition district, ~~mined underground space development district~~, or housing district, but which the authority finds to be in the public interest because:

(1) it will discourage commerce, industry, or manufacturing from moving their operations to another state or municipality; or

(2) it will result in increased employment in the state; or

(3) it will result in preservation and enhancement of the tax base of the state.

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

Sec. 17. Minnesota Statutes 1998, section 469.174, subdivision 14, is amended to read:

Subd. 14. [ADMINISTRATIVE EXPENSES.] "Administrative expenses" means all expenditures of an authority other than:

(1) amounts paid for the purchase of land ~~or~~;

(2) amounts paid to contractors or others providing materials and services, including architectural and engineering services, directly connected with the physical development of the real property in the ~~district~~; project;

(3) relocation benefits paid to or services provided for persons residing or businesses located in the ~~district~~; or project;

(4) amounts used to pay principal or interest on, fund a reserve for, or sell at a discount bonds issued pursuant to section 469.178; or

(5) amounts used to pay other financial obligations to the extent those obligations were used to finance costs described in clauses (1) to (3).

For districts for which the requests for certifications were made before August 1, 1979, or after June 30, 1982, "administrative expenses" includes amounts paid for services provided by bond counsel, fiscal consultants, and planning or economic development consultants.

EFFECTIVE DATE: This section is effective for all tax increment financing districts, regardless of when the request for certification was made.

Sec. 18. Minnesota Statutes 1998, section 469.174, subdivision 22, is amended to read:

Subd. 22. [TOURISM FACILITY.] "Tourism facility" means property that:

(1) is located in a county where the median income is no more than 85 percent of the state median income;

(2) is located in a county in which, ~~excluding the cities of the first class in that county, the earnings on tourism-related activities are 15 percent or more of the total earnings in the county~~ development region 2, 3, 4, or 5, as defined in section 462.385;

(3) ~~is located outside the metropolitan area defined in section 473.121, subdivision 2;~~

(4) is not located in a city with a population in excess of 20,000; and

(5) (4) is acquired, constructed, or rehabilitated for use as a convention and meeting facility that is privately owned, amusement park, recreation facility, cultural facility, marina, park, hotel, motel, lodging facility, or nonhomestead dwelling unit that in each case is intended to serve primarily individuals from outside the county.

EFFECTIVE DATE: This section is effective for districts for which the request for certification was received by the county auditor after June 30, 2000, but the new clause (4) does not apply to (1) expenditures made under a binding contract entered before January 1, 2000; or (2) expenditures made under a binding contract entered pursuant to a letter of intent with the developer or contractor if the letter of intent was entered before January 1, 2000.

Sec. 19. Minnesota Statutes 1998, section 469.175, subdivision 1a, is amended to read:

Subd. 1a. [INCLUSION OF COUNTY ROAD COSTS.] (a) The county board may require the authority to pay all or a portion of the cost of county road improvements out of increment revenues, if the following conditions occur:

(1) the proposed tax increment financing plan or an amendment to the plan contemplates construction of a development that will, in the judgment of the county, substantially increase the use of county roads requiring construction of road improvements or other road costs; and

(2) the road improvements or other road costs are not scheduled for construction within five years under the county capital improvement plan or ~~other~~ within five years under another formally adopted county plan, and in the opinion of the county, would not reasonably be expected to be needed within the reasonably foreseeable future if the tax increment financing plan were not implemented.

(b) If the county elects to use increments to finance the road improvements, the county must notify the authority and municipality within ~~30~~ 45 days after receipt of the ~~information on the~~ proposed tax increment ~~district financing plan~~ under subdivision 2. The notice must include the estimated cost of the road improvements and schedule for construction and payment of the cost. The authority must include the improvements in the tax increment financing plan. The improvements may be financed with the proceeds of tax increment bonds or the authority and the county may agree that the county will finance the improvements with county funds to be repaid in installments, with or without interest, out of increment revenues. If the cost of the road improvements and other project costs exceed the projected amount of the increment revenues, the county and authority shall negotiate an agreement, modifying the development plan or proposed road improvements that will permit financing of the costs before the tax increment financing plan may be approved.

EFFECTIVE DATE: This section, paragraph (a), is effective for districts or expansions of the geographic area of districts, for which certification is requested after the day following final enactment of this act.

This section, paragraph (b), is effective for tax increment financing plans or amendments to plans approved after July 1, 2000.

Sec. 20. Minnesota Statutes 1998, section 469.175, subdivision 2, is amended to read:

Subd. 2. [CONSULTATIONS; COMMENT AND FILING.] Before formation of a tax increment financing district, the authority shall provide ~~an opportunity to the members of the county boards of commissioners of any county in which any portion of the proposed district is located and the members of the school board of any school district in which any portion of the proposed district is located to meet with the authority.~~ The authority shall present to the members of the county boards of commissioners and the school boards its the county auditor and clerk of the school board with the proposed tax increment financing plan for the district and the authority's estimate of the fiscal and economic implications of the proposed tax increment financing district. The authority must provide the proposed tax increment financing plan and the information on the fiscal and economic implications of the plan ~~must be provided~~ to the county auditor and the clerk of the school district boards board at least 30 days before the public hearing required by subdivision 3. The information on the fiscal and economic implications may be included in or as part of the tax increment financing plan. The county auditor and clerk of the school board shall provide copies to the members of the boards, as directed by their respective boards. The 30-day requirement is waived if the boards of the county and school district submit written comments on the proposal and any modification of the proposal to the authority after receipt of the information. ~~The members of the county boards of commissioners and the school boards may present their comments at the public hearing on the tax increment financing plan required by subdivision 3.~~ Upon adoption of the tax increment financing plan, the authority shall file a copy of the plan with the commissioner of revenue. The authority must also file with the commissioner a copy of the development plan for the project area.

EFFECTIVE DATE: This section is effective for tax increment financing plans approved after July 1, 2000.

Sec. 21. Minnesota Statutes 1998, section 469.175, subdivision 2a, is amended to read:

Subd. 2a. [HOUSING DISTRICTS; REDEVELOPMENT DISTRICTS.] In the case of a proposed housing district or redevelopment district, in addition to the requirements of subdivision 2, at least 30 days before the publication of the notice for public hearing under subdivision 3, the authority shall deliver written notice of the proposed district to each county commissioner who represents part of the area proposed to be included in the district. The notice must contain a general description of the boundaries of the proposed district and the proposed activities to be financed by the district, an offer by the authority to meet and discuss the proposed district with the county commissioner, and a solicitation of the commissioner's comments with respect to the district. The commissioner may waive the 30-day requirement by submitting written comments on the proposal and any modification of the proposal to the authority after receipt of the information.

EFFECTIVE DATE: This section is effective for tax increment financing districts for which the requests for certification is made after May 31, 1993.

Sec. 22. Minnesota Statutes 1998, section 469.175, subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY APPROVAL.] A county auditor shall not certify the original net tax capacity of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority that proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. The published notice must include a map of the area of the district from which increments may be collected and, if the project area includes additional area, a map of the project area in which the increments may be expended. The hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(1) that the proposed tax increment financing district is a redevelopment district, a renewal or renovation district, ~~a mined underground space development district~~, a housing district, a soils condition district, or an economic development district; if the proposed district is a redevelopment district or a renewal or renovation district, the reasons and supporting facts for the determination that the district meets the criteria of section 469.174, subdivision 10, paragraph (a), clauses (1) and (2), or subdivision 10a, must be documented in writing and retained and made available to the public by the authority until the district has been terminated.

(2) that the proposed development or redevelopment, in the opinion of the municipality, would not reasonably be expected to occur solely through private investment within the reasonably foreseeable future and that the increased market value of the site that could reasonably be expected to occur without the use of tax increment financing would be less than the increase in the market value estimated to result from the proposed development after subtracting the present value of the projected tax increments for the maximum duration of the district permitted by the plan. The requirements of this clause do not apply if the district is a qualified housing district, as defined in section 273.1399, subdivision 1.

(3) that the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(4) that the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

(5) that the municipality elects the method of tax increment computation set forth in section 469.177, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, ~~or the plan shall be deemed approved~~. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for the financing.

EFFECTIVE DATE: This section is effective for tax increment financing plans approved after June 30, 2000.

Sec. 23. Minnesota Statutes 1998, section 469.175, subdivision 5, is amended to read:

Subd. 5. [ANNUAL DISCLOSURE.] ~~(a) The authority shall annually submit to the county board, the county auditor, the school board, state auditor and, if the authority is other than the municipality, the governing body of the municipality, a report of the status of the district. The report shall include the following information: the amount and the source of revenue in the account, the amount and purpose of expenditures from the account, the amount of any pledge of revenues, including principal and interest on any outstanding bonded indebtedness, the original net tax capacity of the district and any subdistrict, the captured net tax capacity retained by the authority, the captured net tax capacity shared with other taxing districts, the tax increment received, and any additional information necessary to demonstrate compliance with any applicable tax increment financing plan. The authority must submit the annual report for a year on or before August 1 of the next year.~~

~~(b) An annual statement showing the tax increment received and expended in that year, the original net tax capacity, captured net tax capacity, amount of outstanding bonded indebtedness, the amount of the district's and any subdistrict's increments paid to other governmental bodies, the amount paid for administrative costs, the sum of increments paid, directly or indirectly, for activities and improvements located outside of the district, for each district the information required to be reported under subdivision 6, paragraph (c), clauses (1), (2), (3), (11), (12), (20), and (21); the amounts of tax increment received and expended in the reporting period; and any additional information the authority deems necessary shall must be published in a newspaper of general circulation in the municipality that approved the tax increment financing plan. If the fiscal disparities contribution under chapter 276A or 473F for the district is computed under section 469.177, subdivision 3, paragraph (a), the annual statement must disclose that fact~~

and indicate the amount of increased property tax imposed on other properties in the municipality as a result of the fiscal disparities contribution. ~~The commissioner of revenue shall prescribe the form of this statement and the method for calculating the increased property taxes. The annual statement must inform readers that additional information regarding each district may be obtained from the authority, and must explain how the additional information may be requested.~~ The authority must publish the annual statement for a year no later than August 15 of the next year. The authority must identify the newspaper of general circulation in the municipality to which the annual statement has been or will be submitted for publication and provide a copy of the annual statement to the county board, the county auditor, the school board, the state auditor, and, if the authority is other than the municipality, the governing body of the municipality on or before August 1 of the year in which the statement must be published.

(c) The disclosure ~~and reporting~~ requirements imposed by this subdivision apply to districts certified before, on, or after August 1, 1979.

EFFECTIVE DATE: This section is effective for reports due in 2001 and subsequent years.

Sec. 24. Minnesota Statutes 1998, section 469.175, subdivision 6, is amended to read:

Subd. 6. [ANNUAL FINANCIAL REPORTING.] (a) The state auditor shall develop a uniform system of accounting and financial reporting for tax increment financing districts. The system of accounting and financial reporting shall, as nearly as possible:

- (1) provide for full disclosure of the sources and uses of public funds in the district;
- (2) permit comparison and reconciliation with the affected local government's accounts and financial reports;
- (3) permit auditing of the funds expended on behalf of a district, including a single district that is part of a multidistrict project or that is funded in part or whole through the use of a development account funded with tax increments from other districts or with other public money;
- (4) be consistent with generally accepted accounting principles.

(b) The authority must annually submit to the state auditor a financial report in compliance with paragraph (a). Copies of the report must also be provided to the county ~~and school district boards~~ auditor and to the governing body of the municipality, if the authority is not the municipality. To the extent necessary to permit compliance with the requirement of financial reporting, the county and any other appropriate local government unit or private entity must provide the necessary records or information to the authority or the state auditor as provided by the system of accounting and financial reporting developed pursuant to paragraph (a). The authority must submit the annual report for a year on or before August 1 of the next year.

(c) The annual financial report must also include the following items:

- (1) the original net tax capacity of the district and any subdistrict under section 469.177, subdivision 1;
- (2) the net tax capacity for the reporting period of the district and any subdistrict;
- ~~(3) the captured net tax capacity of the district, including the amount of any captured net tax capacity shared with other taxing districts;~~
- ~~(4) any fiscal disparity deduction from the captured net tax capacity under section 469.177, subdivision 3;~~
- (5) the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (a), clause (1);

(6) any captured net tax capacity distributed among affected taxing districts under section 469.177, subdivision 2, paragraph (a), clause (2);

(7) the type of district;

(8) the date the municipality approved the tax increment financing plan and the date of approval of any modification of the tax increment financing plan, the approval of which requires notice, discussion, a public hearing, and findings under subdivision 4, paragraph (a);

(9) the date the authority first requested certification of the original net tax capacity of the district and the date of the request for certification regarding any parcel added to the district;

(10) the date the county auditor first certified the original net tax capacity of the district and the date of certification of the original net tax capacity of any parcel added to the district;

(11) the month and year in which the authority has received or anticipates it will receive the first increment from the district;

(12) the date the district must be decertified;

(13) for the reporting period and prior years of the district, the actual amount received from, at least, the following categories:

(i) tax increments paid by the captured net tax capacity retained for tax increment financing under section 469.177, subdivision 2, paragraph (a), clause (1), but excluding any excess taxes;

(ii) tax increments that are interest or other investment earnings on or from tax increments;

(iii) tax increments that are proceeds from the sale or lease of property, tangible or intangible, purchased by the authority with tax increments;

(iv) tax increments that are repayments of loans or other advances made by the authority with tax increments;

(v) bond or loan proceeds;

(vi) special assessments;

(vii) grants; and

(viii) transfers from funds not exclusively associated with the district;

(14) for the reporting period and for the duration prior years of the district, the amount budgeted under the tax increment financing plan, and the actual amount expended for, at least, the following categories:

(i) acquisition of land and buildings through condemnation or purchase;

(ii) site improvements or preparation costs;

(iii) installation of public utilities, parking facilities, streets, roads, sidewalks, or other similar public improvements;

(iv) administrative costs, including the allocated cost of the authority;

(v) public park facilities, facilities for social, recreational, or conference purposes, or other similar public improvements; and

(vi) transfers to funds not exclusively associated with the district;

~~(4) (15) for properties sold to developers, the total cost of the property to the authority and the price paid by the developer; and~~

~~(5) the amount of increments rebated or paid to developers or property owners for privately financed improvements or other qualifying costs.~~

(16) the amount of any payments and the value of any in-kind benefits, such as physical improvements and the use of building space, that are paid or financed with tax increments and are provided to another governmental unit other than the municipality during the reporting period;

(17) the amount of any payments for activities and improvements located outside of the district that are paid for or financed with tax increments;

(18) the amount of payments of principal and interest that are made during the reporting period on any nondefeased:

(i) general obligation tax increment financing bonds;

(ii) other tax increment financing bonds; and

(iii) notes and pay-as-you-go contracts;

(19) the principal amount, at the end of the reporting period, of any nondefeased:

(i) general obligation tax increment financing bonds;

(ii) other tax increment financing bonds; and

(iii) notes and pay-as-you-go contracts;

(20) the amount of principal and interest payments that are due for the current calendar year on any nondefeased:

(i) general obligation tax increment financing bonds;

(ii) other tax increment financing bonds; and

(iii) notes and pay-as-you-go contracts;

(21) if the fiscal disparities contribution under chapter 276A or 473F for the district is computed under section 469.177, subdivision 3, paragraph (a), the amount of increased property taxes imposed on other properties in the municipality that approved the tax increment financing plan as a result of the fiscal disparities contribution;

(22) whether the tax increment financing plan or other governing document permits increment revenues to be expended:

(i) to pay bonds, the proceeds of which were or may be expended on activities outside of the district;

(ii) for deposit into a common bond fund from which money may be expended on activities located outside of the district; or

(iii) to otherwise finance activities located outside of the tax increment financing district; and

(23) any additional information the state auditor may require.

(d) The commissioner of revenue shall prescribe the method of calculating the increased property taxes under paragraph (c), clause (21), and the form of the statement disclosing this information on the annual statement under subdivision 5.

(e) The reporting requirements imposed by this subdivision apply to districts certified before, on, and after August 1, 1979.

EFFECTIVE DATE: This section is effective for reports due in 2001 and subsequent years.

Sec. 25. Minnesota Statutes 1998, section 469.176, subdivision 1b, is amended to read:

Subd. 1b. [DURATION LIMITS; TERMS.] (a) No tax increment shall in any event be paid to the authority

~~(1) after 25 years from date of receipt by the authority of the first tax increment for a mined underground space development district,~~

~~(2) after 15 years after receipt by the authority of the first increment for a renewal and renovation district,~~

~~(3) (2) after 20 years after receipt by the authority of the first increment for a soils condition district,~~

~~(4) (3) after nine eight years from the date of the after receipt, or 11 years from approval of the tax increment financing plan, whichever is less, by the authority of the first increment for an economic development district,~~

~~(5) (4) for a housing district or a redevelopment district, after 20 years from the date of receipt by the authority of the first tax increment by the authority pursuant to section 469.175, subdivision 1, paragraph (b); or, if no provision is made under section 469.175, subdivision 1, paragraph (b), after 25 years from the date of receipt by the authority of the first increment.~~

(b) For purposes of determining a duration limit under this subdivision or subdivision 1e that is based on the receipt of an increment, any increments from taxes payable in the year in which the district terminates shall be paid to the authority. This paragraph does not affect a duration limit calculated from the date of approval of the tax increment financing plan or based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

(c) Except as authorized by section 469.175, subdivision 1, paragraph (b), an action by the authority to waive or decline to accept an increment has no effect for purposes of computing a duration limit based on the receipt of increment under this subdivision or any other provision of law. The authority is deemed to have received an increment for any year in which it waived or declined to accept an increment, regardless of whether the increment was paid to the authority.

EFFECTIVE DATE: This section is effective for districts for which the request for certification was received by the county auditor after June 30, 2000, and does not apply to amendments adding geographic area to a district for which the request for certification was received before July 1, 2000.

Sec. 26. Minnesota Statutes 1998, section 469.176, is amended by adding a subdivision to read:

Subd. 4k. [ASSISTING HOUSING OUTSIDE PROJECT AREA.] Notwithstanding the definition of a project under section 469.174, increments may be spent to assist housing that meets the requirements under section 469.1763, subdivision 2, paragraph (d), regardless of whether the housing is located within the boundaries of the project area.

EFFECTIVE DATE: This section is effective for increments spent after July 1, 2000, from districts for which certification was requested after May 1, 1990.

Sec. 27. Minnesota Statutes 1998, section 469.1761, subdivision 4, is amended to read:

Subd. 4. [NONCOMPLIANCE; ENFORCEMENT.] Failure to comply with the requirements of this section results in application of the duration limits for economic development districts to the district. ~~If at the time of the noncompliance the district has exceeded the duration limits for an economic development district, the district must be decertified effective for taxes assessed in the next calendar year. The commissioner of revenue shall enforce the provisions of this section is subject to section 469.1771. The commissioner may waive insubstantial violations. Appeal of the commissioner's orders of noncompliance must be made to the tax court in the manner provided in section 271.06.~~

EFFECTIVE DATE: This section is effective for violations occurring after July 1, 2000.

Sec. 28. Minnesota Statutes 1998, section 469.1763, subdivision 2, is amended to read:

Subd. 2. [EXPENDITURES OUTSIDE DISTRICT.] (a) For each tax increment financing district, an amount equal to at least 75 percent of the revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code;

(2) not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

(3) be used to:

(i) acquire and prepare the site of the housing;

(ii) acquire, construct, or rehabilitate the housing; or

(iii) make public improvements directly related to the housing.

EFFECTIVE DATE: This section is effective for increments spent after July 1, 2000, from districts for which certification was requested after May 1, 1990.

Sec. 29. Minnesota Statutes 1998, section 469.177, subdivision 1, is amended to read:

Subdivision 1. [ORIGINAL NET TAX CAPACITY.] (a) Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original net tax capacity of the tax increment financing district and that portion of the district overlying any subdistrict as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original net tax capacity has increased or decreased as a result of a change in tax exempt status of property within the district and any subdistrict, reduction or enlargement of the district or changes pursuant to subdivision 4.

~~(b) In the case of a mined underground space development district the county auditor shall certify the original net tax capacity as zero, plus the net tax capacity, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04.~~

~~(c)~~ (e) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the classification under section 273.13 of property located in a district changes to a classification that has a different assessment ratio, the original net tax capacity of that property must be redetermined at the time when its use is changed as if the property had originally been classified in the same class in which it is classified after its use is changed.

~~(d)~~ (c) The amount to be added to the original net tax capacity of the district as a result of previously tax exempt real property within the district becoming taxable equals the net tax capacity of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the net tax capacity assessed by the assessor at the time of the transfer. If substantial taxable improvements were made to a parcel after certification of the district and if the property later becomes tax exempt, in whole or part, as a result of the authority acquiring the property through foreclosure or exercise of remedies under a lease or other revenue agreement or as a result of tax forfeiture, the amount to be added to the original net tax capacity of the district as a result of the property again becoming taxable is the amount of the parcel's value that was included in original net tax capacity when the parcel was first certified. The amount to be added to the original net tax capacity of the district as a result of enlargements equals the net tax capacity of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 469.175, subdivision 4.

~~(e)~~ (d) For districts approved under section 469.175, subdivision 3, or parcels added to existing districts after May 1, 1988, if the net tax capacity of a property increases because the property no longer qualifies under the Minnesota Agricultural Property Tax Law, section 273.111; the Minnesota Open Space Property Tax Law, section 273.112; or the Metropolitan Agricultural Preserves Act, chapter 473H, or because platted, unimproved property is improved or three years pass after approval of the plat under section 273.11, subdivision 1, the increase in net tax capacity must be added to the original net tax capacity.

~~(f) Each year the auditor shall also add to the original net tax capacity of each economic development district an amount equal to the original net tax capacity for the preceding year multiplied by the average percentage increase in the market value of all property included in the economic development district during the five years prior to certification of the district. In computing the average percentage increase in market value, the auditor shall exclude the market value, as estimated by the assessor, that is attributable to new construction; extension of sewer, water, roads, or other public utilities; or platting of the land.~~

~~(g)~~ (e) The amount to be subtracted from the original net tax capacity of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original net tax capacity initially attributed to the property becoming tax exempt or being removed from the district. If the net tax capacity of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor

or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original net tax capacity of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured net tax capacity of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor may specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 469.175, subdivision 4.

(f) If a parcel of property contained a substandard building that was demolished or removed and if the authority elects to treat the parcel as occupied by a substandard building under section 469.174, subdivision 10, paragraph (b), the auditor shall certify the original net tax capacity of the parcel using the greater of (1) the current net tax capacity of the parcel, or (2) the estimated market value of the parcel for the year in which the building was demolished or removed, but applying the class rates for the current year.

EFFECTIVE DATE: This section is effective for districts for which the request for certification was received by the county auditor after June 30, 2000, and does not apply to amendments adding geographic area to a district for which the request for certification was received before July 1, 2000.

Sec. 30. Minnesota Statutes 1999 Supplement, section 469.1771, subdivision 1, is amended to read:

Subdivision 1. [ENFORCEMENT.] (a) The owner of taxable property located in the city, town, school district, or county in which the tax increment financing district is located may bring suit for equitable relief or for damages, as provided in subdivisions 2, 3, and 4, arising out of a failure of a municipality or authority to comply with the provisions of sections 469.174 to 469.179, or related provisions of this chapter. The prevailing party in a suit filed under the preceding sentence is entitled to costs, including reasonable attorney fees.

(b) The state auditor may examine and audit political subdivisions' use of tax increment financing. Without previous notice, the state auditor may examine or audit accounts and records on a random basis as the auditor deems to be in the public interest. If the state auditor finds evidence that an authority or municipality has violated a provision of the law for which a remedy is provided under this section, the state auditor shall forward the relevant information to the county attorney. The county attorney may bring an action to enforce the provisions of sections 469.174 to 469.179 or related provisions of this chapter, for matters referred by the state auditor or on behalf of the county. If the county attorney determines not to bring an action or if the county attorney has not brought an action within 12 months after receipt of the initial notification by the state auditor of the violation, the county attorney shall notify the state auditor in writing.

(c) If the state auditor finds an authority is not in compliance with sections 469.174 to 469.179 or related provisions of law, the auditor shall notify the governing body of the municipality that approved the tax increment financing district of its findings. The governing body of the municipality must respond in writing to the state auditor within 60 days after receiving the notification. Its written response must state whether the municipality accepts, in whole or part, the auditor's findings. If the municipality does not accept the findings, the statement must indicate the basis for its disagreement. The state auditor shall annually summarize the responses it receives under this section and send the summary and copies of the responses to the chairs of the committees of the legislature with jurisdiction over tax increment financing.

(d) The state auditor shall notify the attorney general in writing and provide supporting materials for a violation found by the auditor, if the:

(1) auditor receives notification from the county attorney under paragraph (b) or receives no notification for a 12-month period after initially notifying the county attorney and the state auditor confirms with the county attorney or the municipality that no action has been brought regarding the matter; and

(2) municipality or development authority have not eliminated or resolved the violation to the satisfaction of the state auditor.

The auditor shall provide the municipality and development authority a copy of the notification sent to the attorney general.

EFFECTIVE DATE: This section is effective for violations occurring after the date of final enactment.

Sec. 31. Minnesota Statutes 1998, section 469.1771, subdivision 2a, is amended to read:

Subd. 2a. [SUSPENSION OF DISTRIBUTION OF TAX INCREMENT.] (a) If an authority fails to make a disclosure or to submit a report containing the information required by section 469.175, subdivisions 5 and 6, regarding a tax increment financing district within the time provided in section 469.175, subdivisions 5 and 6, ~~or if a municipality fails to submit a report containing the information required of section 469.175, subdivision 6a, regarding a tax increment financing district within the time provided in section 469.175, subdivision 6a,~~ the state auditor shall mail to the authority a written notice that it or the municipality has failed to make the required disclosure or to submit a required report with respect to a particular district. The state auditor shall mail the notice on or before the third Tuesday of August of the year in which the disclosure or report was required to be made or submitted. The notice must describe the consequences of failing to disclose or submit a report as provided in paragraph (b). If the state auditor has not received a copy of a disclosure or a report described in this paragraph on or before the third Tuesday of November of the year in which the disclosure or report was required to be made or submitted, the state auditor shall mail a written notice to the county auditor to hold the distribution of tax increment from a particular district.

(b) Upon receiving written notice from the state auditor to hold the distribution of tax increment, the county auditor shall hold:

(1) 25 percent of the amount of tax increment that otherwise would be distributed, if the distribution is made after the third Friday in November but during the year in which the disclosure or report was required to be made or submitted; or

(2) 100 percent of the amount of tax increment that otherwise would be distributed, if the distribution is made after December 31 of the year in which the disclosure or report was required to be made or submitted.

(c) Upon receiving the copy of the disclosure and all of the reports described in paragraph (a) with respect to a district regarding which the state auditor has mailed to the county auditor a written notice to hold distribution of tax increment, the state auditor shall mail to the county auditor a written notice lifting the hold and authorizing the county auditor to distribute to the authority or municipality any tax increment that the county auditor had held pursuant to paragraph (b). The state auditor shall mail the written notice required by this paragraph within five working days after receiving the last outstanding item. The county auditor shall distribute the tax increment to the authority or municipality within 15 working days after receiving the written notice required by this paragraph.

(d) Notwithstanding any law to the contrary, any interest that accrues on tax increment while it is being held by the county auditor pursuant to paragraph (b) is not tax increment and may be retained by the county.

(e) For purposes of sections 469.176, subdivisions 1a to 1g, and 469.177, subdivision 11, tax increment being held by the county auditor pursuant to paragraph (b) is considered distributed to or received by the authority or municipality as of the time that it would have been distributed or received but for paragraph (b).

EFFECTIVE DATE: This section is effective for reports due in 2001 and later years.

Sec. 32. Minnesota Statutes 1998, section 469.1771, is amended by adding a subdivision to read:

Subd. 4a. [INCREMENTS RECEIVED AFTER DURATION LIMIT.] (a) This subdivision applies to payments made by the county auditor as tax increments that:

(1) were received by the authority before July 1, 2000, for a tax increment financing district after the maximum duration limit for the district; and

(2) were not permitted to be made under section 469.176, subdivision 1f, or any other provision of law as tax increments after the duration limit for the district.

(b) The authority or the municipality may enter an agreement with the county to repay these amounts in installments, without interest, over a period not to exceed three years.

(c) If a repayment agreement is entered or the authority or municipality otherwise voluntarily repays these amounts, then distributions of these repayments under subdivision 5 must be made to each of the taxing jurisdictions, including the municipality.

EFFECTIVE DATE: This section is effective the day following final enactment and applies to tax increment financing districts, regardless of whether the request for certification was made before, on, or after August 1, 1979.

Sec. 33. Minnesota Statutes 1999 Supplement, section 469.1813, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] The governing body of a political subdivision may grant an abatement of the taxes imposed by the political subdivision on a parcel of property, or defer the payments of the taxes and abate the interest and penalty that otherwise would apply, if:

(a) it expects the benefits to the political subdivision of the proposed abatement agreement to at least equal the costs to the political subdivision of the proposed agreement or intends the abatement to phase in a property tax increase, as provided in clause (b)(7); and

(b) it finds that doing so is in the public interest because it will:

(1) increase or preserve tax base;

(2) provide employment opportunities in the political subdivision;

(3) provide or help acquire or construct public facilities;

(4) help redevelop or renew blighted areas;

(5) help provide access to services for residents of the political subdivision; ~~or~~

(6) finance or provide public infrastructure; or

(7) phase in a property tax increase on the parcel resulting from an increase of 50 percent or more in one year on the estimated market value of the parcel, other than increase attributable to improvement of the parcel.

EFFECTIVE DATE: This section is effective beginning with taxes payable in 2001.

Sec. 34. Minnesota Statutes 1998, section 469.1813, subdivision 4, is amended to read:

Subd. 4. [PROPERTY LOCATED IN TAX INCREMENT FINANCING DISTRICTS.] The governing body of a ~~governmental~~ political subdivision may not enter into a property tax abatement agreement under sections 469.1812 to 469.1815 ~~if the property that provides for abatement of taxes on a parcel, if the abatement will occur while the parcel~~ is located in a tax increment financing district.

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

Sec. 35. Minnesota Statutes 1999 Supplement, section 469.1813, subdivision 6, is amended to read:

Subd. 6. [DURATION LIMIT.] (a) A political subdivision may grant an abatement for a period no longer than ten years, except as provided under paragraph (b). The subdivision may specify in the abatement resolution a shorter duration. If the resolution does not specify a period of time, the abatement is for eight years. If an abatement has been granted to a parcel of property and the period of the abatement has expired, the political subdivision that granted the abatement may not grant another abatement for eight years after the expiration of the first abatement. This prohibition does not apply to improvements added after and not subject to the first abatement.

(b) A political subdivision proposing to abate taxes for a parcel may request, in writing, that the other political subdivisions in which the parcel is located grant an abatement for the property. If one of the other political subdivisions declines, in writing, to grant an abatement or if 90 days pass after receipt of the request to grant an abatement without a written response from one of the political subdivisions, the duration limit for an abatement for the parcel is increased to 15 years. If the political subdivision which declined to grant an abatement later grants an abatement for the parcel, the 15-year duration limit is reduced by one year for each year that the declining political subdivision grants an abatement for the parcel during the period of the abatement granted by the requesting political subdivision. The duration limit may not be reduced below the limit under paragraph (a).

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

Sec. 36. Laws 1997, chapter 231, article 1, section 19, is amended by adding a subdivision to read:

Subd. 2a. [DEFINITION OF INCREMENT.] For purposes of this section, "tax increments" and "revenues derived from tax increments" have the meaning given in Minnesota Statutes, section 469.174, subdivision 25, except that the definition applies to all tax increment financing districts, regardless of when the request for certification was made and regardless of when the revenues were received, notwithstanding the effective date of Minnesota Statutes, section 469.174, subdivision 25.

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

Sec. 37. [BROOKLYN PARK EDA; TIF DISTRICT NO. 18.]

The 1998 amendments to Minnesota Statutes, section 469.176, subdivision 7, as set forth in Laws 1998, chapter 389, article 11, section 6, apply to the Brooklyn Park economic development authority's tax increment financing district No. 18, notwithstanding the effective date of the amendments.

EFFECTIVE DATE: This section is effective the day after the governing body of the city of Brooklyn Park and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 38. [CITY OF FOUNTAIN; TIF DURATION EXTENSION.]

The governing body of the city of Fountain may extend the duration of tax increment financing district 1-1 through December 31, 2008, notwithstanding the provision of Minnesota Statutes, section 469.176, subdivision 1b. The extension under this section is intended to correct an error in calculation of the increment after a division of a parcel in the tax increment financing district. As a result, the provisions of Minnesota Statutes, section 469.1782, subdivision 1, do not apply to the district.

EFFECTIVE DATE: This section is effective the day after the governing bodies of the city, county, and school district, and their chief clerical officers, timely complete their compliance with Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivisions 2 and 3.

Sec. 39. [MENDOTA HEIGHTS TAX INCREMENT FINANCING DISTRICT; CONTINUATION.]

Notwithstanding the provisions of Minnesota Statutes, section 469.1764, or any other law, tax increment financing district No. 1 established by the city of Mendota Heights in 1981 shall continue in effect for its original authorized duration, subject to the condition that, except for expenditures to pay preexisting obligations described in Minnesota Statutes, section 469.1764, subdivision 5, paragraphs (b) and (c), all future expenditures of tax increment shall not exceed \$4,500,000 and shall be limited to the city's freeway road project substantially as described in the city's application for a grant from the livable communities demonstration account of the metropolitan livable communities fund.

EFFECTIVE DATE: This section is effective the day after approval by the governing body of the city of Mendota Heights and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 40. [ST. PAUL HOUSING AND REDEVELOPMENT AUTHORITY; HOUSING DISTRICT.]

Subdivision 1. [AUTHORIZATION.] The governing body of the housing and redevelopment authority of the city of St. Paul may create a tax increment financing housing district as provided in this section for a development containing both owner-occupied and residential rental units for mixed income occupancy.

Subd. 2. [AREA.] The housing district authorized in this section may only be created in the northeast quadrant of downtown St. Paul, which is defined as the approximately 15-acre area bounded by Interstate 94 on the north and east, Jackson Street on the west, and Seventh Street on the south, together with the west side of Jackson Street to midblock between Interstate 94 and Seventh Street.

Subd. 3. [INCOME REQUIREMENTS FOR COMBINED OWNER-OCCUPIED AND RESIDENTIAL RENTAL DEVELOPMENT.] (a) Notwithstanding the income requirements in Minnesota Statutes, section 469.174, subdivision 11, or 469.1761, a housing district in the northeast quadrant means a type of tax increment financing district that consists of a project, or a portion of a project, intended for occupancy, in part, by persons of low and moderate income as defined in chapter 462A, Title II, of the National Housing Act of 1934; the National Housing Act of 1959; the United States Housing Act of 1937, as amended; Title V of the Housing Act of 1949, as amended; any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts, as further set forth in this section. Twenty percent of the units in the development in the housing district must be occupied by individuals whose family income is equal to or less than 50 percent of area median gross income and an additional 60 percent of the units in the development in the housing district must be occupied by individuals whose family income is equal to or less than 115 percent of area median gross income. Twenty percent of the units in the development in the housing district shall not be subject to any income limitations.

(b) For purposes of this section, family income means the median gross income for the area as determined under section 42 of the Internal Revenue Code of 1986, as amended. The income requirements of this subdivision shall be deemed to be satisfied if the sum of qualified owner-occupied units and qualified residential rental units equals the required total number of qualified units. Owner-occupied units must be initially purchased and occupied by individuals whose family income satisfies the income requirements of this subdivision. For residential rental property, the income requirements of this subdivision apply for the duration of the tax increment district.

(c) The development in the housing district, but not the project, does not qualify under this subdivision if the fair market value of the improvements which are constructed for commercial uses or for uses other than owner-occupied and rental mixed-income housing consists of more than 20 percent of the total fair market value of the planned improvements in the development plan or agreement. The fair market value of the improvements may be determined using the cost of construction, capitalized income, or other appropriate method of estimating market value.

EFFECTIVE DATE: This section is effective the day after the governing body of the city of St. Paul and its chief clerical officer timely comply with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 41. [WINONA TAX INCREMENT FINANCING DISTRICT; RATIFICATION OF EXPENDITURE.]

For tax increment financing district No. 2, approved by the city of Winona on August 1, 1980, the expenditure of tax increments before January 1, 1998, to finance, in part, the construction of improvements to the existing municipal wastewater treatment plant is ratified and deemed an expenditure within the geographic area of the tax increment financing district, and Minnesota Statutes, section 469.1764, does not apply to the tax increment financing district.

EFFECTIVE DATE: This section is effective upon approval by the Winona city council and compliance with Minnesota Statutes, section 645.021.

Sec. 42. [REDEVELOPMENT GRANTS; RICHFIELD.]

(a) For fiscal year 2001, \$5,000,000 is appropriated from the general fund to the commissioner of trade and economic development for a redevelopment grant or grants to the city of Richfield under Minnesota Statutes, sections 116J.561 to 116J.566.

(b) Grants made under this authority may only be used for acquisition and site preparation of residential property in the city of Richfield, located within an area consisting of no more than two blocks immediately to the west of trunk highway 77, bounded on the north by trunk highway 62 and on the south by 77th street. A property qualifies as a residential property only if the land is improved with a building and at least 75 percent of the square footage of the building is for single family or multiunit residential uses.

(c) For purposes of this grant, the local match requirement under Minnesota Statutes, section 116J.566, and the requirements to repay sales proceeds under section 116J.567, do not apply.

(d) The city of Richfield must submit a report to the chairs of the tax committees of the house of representatives and senate by no later than December 15, 2000, on the redevelopment plans. This report must include details on the plans for and, to the extent available, the actual use of the grant money, including, but not limited to, information on:

- (1) residential units purchased or to be purchased, by location and type of unit;
- (2) the cost of acquisition or the estimated cost of acquisition of the units;
- (3) the cost of demolition or relocation of buildings, including any offsetting savings from buildings to be relocated or other salvage;
- (4) the cost of relocation of utilities;
- (5) the cost of any other site preparation for development;
- (6) plans for sale and use of the cleared land, including estimates of the value of the land after clearance and site preparation; and
- (7) the plans for the ultimate use of the properties acquired or to be acquired.

Sec. 43. [MINNESOTA MINERALS 21ST CENTURY FUND.]

Subdivision 1. [TRANSFER.] \$30,000,000 is appropriated in fiscal year 2001 from the general fund for transfer to the Minnesota Minerals 21st Century Fund.

Subd. 2. [INFRASTRUCTURE MUST BE MADE AVAILABLE.] Any entity controlling the infrastructure created by an investment from the Minnesota Minerals 21st Century Fund from money transferred under this section shall make the infrastructure available to be utilized by other businesses or public authorities at costs reasonably designed to meet operating and maintenance needs of the infrastructure. The utilization of this infrastructure by others only pertains to the infrastructure capacity not needed by the primary recipient of the investments by the Minnesota Minerals 21st Century Fund.

Sec. 44. [REPEALER.]

(a) Minnesota Statutes 1998, sections 469.055, subdivision 5; 469.101, subdivision 21; 469.135; 469.136; 469.137; 469.138; 469.139; 469.140; 469.174, subdivision 13; and 469.176, subdivision 4a, are repealed.

(b) Minnesota Statutes 1998, section 469.175, subdivision 6a, is repealed.

EFFECTIVE DATE: Paragraph (a) is effective the day following final enactment. Paragraph (b) is effective for reports due beginning in 2001.

ARTICLE 12

FEDERAL UPDATE

Section 1. Minnesota Statutes 1999 Supplement, section 289A.02, subdivision 7, is amended to read:

Subd. 7. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1998~~ 1999.

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

Sec. 2. Minnesota Statutes 1999 Supplement, section 290.01, subdivision 19, is amended to read:

Subd. 19. [NET INCOME.] The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

- (1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;
- (2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and
- (3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through December 31, 1986, shall be in effect for taxable years beginning after December 31, 1986. The provisions of sections 10104, 10202, 10203, 10204, 10206, 10212, 10221, 10222, 10223, 10226, 10227, 10228, 10611, 10631, 10632, and 10711 of the Omnibus Budget Reconciliation Act of 1987, Public Law Number 100-203, the provisions of sections 1001, 1002, 1003, 1004, 1005, 1006, 1008, 1009, 1010, 1011, 1011A, 1011B, 1012, 1013, 1014, 1015, 1018, 2004, 3041, 4009, 6007, 6026, 6032, 6137, 6277, and 6282 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7811, 7816, and 7831 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provisions of sections 1305, 1704(r), and 1704(c)(1) of the Small Business Job Protection Act, Public Law Number 104-188, and the provisions of sections 975 and 1604(d)(2) and (e) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, and the provisions of section 4004 of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277 shall be effective at the time they become effective for federal income tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1987, shall be in effect for taxable years beginning after December 31, 1987. The provisions of sections 4001, 4002, 4011, 5021, 5041, 5053, 5075, 6003, 6008, 6011, 6030, 6031, 6033, 6057, 6064, 6066, 6079, 6130, 6176, 6180, 6182, 6280, and 6281 of the Technical and Miscellaneous Revenue Act of 1988, Public Law Number 100-647, the provisions of sections 7815 and 7821 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, and the provisions of section 11702 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1988, shall be in effect for taxable years beginning after December 31, 1988. The provisions of sections 7101, 7102, 7104, 7105, 7201, 7202, 7203, 7204, 7205, 7206, 7207, 7210, 7211, 7301, 7302, 7303, 7304, 7601, 7621, 7622, 7641, 7642, 7645, 7647, 7651, and 7652 of the Omnibus Budget Reconciliation Act of 1989, Public Law Number 101-239, the provision of section 1401 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, Public Law Number 101-73, the provisions of sections 11701 and 11703 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, and the provisions of sections 1702(g) and 1704(f)(2)(A) and (B) of the Small Business Job Protection Act, Public Law Number 104-188, shall become effective at the time they become effective for federal tax purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1989, shall be in effect for taxable years beginning after December 31, 1989. The provisions of sections 11321, 11322, 11324, 11325, 11403, 11404, 11410, and 11521 of the Revenue Reconciliation Act of 1990, Public Law Number 101-508, and the provisions of sections 13224 and 13261 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1990, shall be in effect for taxable years beginning after December 31, 1990.

The provisions of section 13431 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, shall become effective at the time they became effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1991, shall be in effect for taxable years beginning after December 31, 1991.

The provisions of sections 1936 and 1937 of the Comprehensive National Energy Policy Act of 1992, Public Law Number 102-486, the provisions of sections 13101, 13114, 13122, 13141, 13150, 13151, 13174, 13239, 13301, and 13442 of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, and the provisions of section 1604(a)(1), (2), and (3) of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1992, shall be in effect for taxable years beginning after December 31, 1992:

The provisions of sections ~~13116, 13121, 13206, 13210, 13222, 13223, 13231, 13232, 13233, 13239, 13262, and 13321~~ of the Omnibus Budget Reconciliation Act of 1993, Public Law Number 103-66, the provisions of sections ~~1703(a), 1703(d), 1703(i), 1703(l), and 1703(m)~~ of the Small Business Job Protection Act, Public Law Number 104-188, and the provision of section ~~1604(c)~~ of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes:

The Internal Revenue Code of 1986, as amended through December 31, 1993, shall be in effect for taxable years beginning after December 31, 1993:

The provision of section ~~741~~ of Legislation to Implement Uruguay Round of General Agreement on Tariffs and Trade, Public Law Number 103-465, the provisions of sections ~~1, 2, and 3~~, of the Self-Employed Health Insurance Act of 1995, Public Law Number 104-7, the provision of section ~~501(b)(2)~~ of the Health Insurance Portability and Accountability Act, Public Law Number 104-191, the provisions of sections ~~1604 and 1704(p)(1) and (2)~~ of the Small Business Job Protection Act, Public Law Number 104-188, and the provisions of sections ~~1011, 1211(b)(1), and 1602(f)~~ of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes:

The Internal Revenue Code of 1986, as amended through December 31, 1994, shall be in effect for taxable years beginning after December 31, 1994:

The provisions of sections ~~1119(a), 1120, 1121, 1202(a), 1444, 1449(b), 1602(a), 1610(a), 1613, and 1805~~ of the Small Business Job Protection Act, Public Law Number 104-188, the provision of section ~~511~~ of the Health Insurance Portability and Accountability Act, Public Law Number 104-191, and the provisions of sections ~~1174 and 1601(i)(2)~~ of the Taxpayer Relief Act of 1997, Public Law Number 105-34, shall become effective at the time they become effective for federal purposes:

The Internal Revenue Code of 1986, as amended through March 22, 1996, is in effect for taxable years beginning after December 31, 1995:

The provisions of sections ~~1113(a), 1117, 1206(a), 1313(a), 1402(a), 1403(a), 1443, 1450, 1501(a), 1605, 1611(a), 1612, 1616, 1617, 1704(l), and 1704(m)~~ of the Small Business Job Protection Act, Public Law Number 104-188, the provisions of Public Law Number 104-117, the provisions of sections ~~313(a) and (b)(1), 602(a), 913(b), 941, 961, 971, 1001(a) and (b), 1002, 1003, 1012, 1013, 1014, 1061, 1062, 1081, 1084(b), 1086, 1087, 1111(a), 1131(b) and (c), 1211(b), 1213, 1530(c)(2), 1601(f)(5) and (h), and 1604(d)(1)~~ of the Taxpayer Relief Act of 1997, Public Law Number 105-34, the provisions of section ~~6010~~ of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, and the provisions of section ~~4003~~ of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1996, shall be in effect for taxable years beginning after December 31, 1996:

The provisions of sections ~~202(a) and (b), 221(a), 225, 312, 313, 913(a), 934, 962, 1004, 1005, 1052, 1063, 1084(a) and (c), 1089, 1112, 1171, 1204, 1271(a) and (b), 1305(a), 1306, 1307, 1308, 1309, 1501(b), 1502(b), 1504(a), 1505, 1527, 1528, 1530, 1601(d), (e), (f), and (i) and 1602(a), (b), (c), and (e)~~ of the Taxpayer Relief Act of 1997, Public Law Number 105-34, the provisions of sections ~~6004, 6005, 6012, 6013, 6015, 6016, 7002, and 7003~~ of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, ~~and~~ the provisions of section ~~3001~~ of the Omnibus Consolidated and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, and the provisions of section 3001 of the Miscellaneous Trade and Technical Corrections Act of 1999, Public Law Number 106-36, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1997, shall be in effect for taxable years beginning after December 31, 1997.

The provisions of sections 5002, 6009, 6011, and 7001 of the Internal Revenue Service Restructuring and Reform Act of 1998, Public Law Number 105-206, the provisions of section 9010 of the Transportation Equity Act for the 21st Century, Public Law Number 105-178, the provisions of sections 1004, 4002, and 5301 of the Omnibus Consolidation and Emergency Supplemental Appropriations Act, 1999, Public Law Number 105-277, ~~and~~ the provision of section 303 of the Ricky Ray Hemophilia Relief Fund Act of 1998, Public Law Number 105-369, and the provisions of sections 532, 534, 536, 537, and 538 of the Ticket to Work and Work Incentives Improvement Act of 1999, Public Law Number 160-170, shall become effective at the time they become effective for federal purposes.

The Internal Revenue Code of 1986, as amended through December 31, 1998, shall be in effect for taxable years beginning after December 31, 1998.

The Internal Revenue Code of 1986, as amended through December 31, 1999, shall be in effect for taxable years beginning after December 31, 1999.

Except as otherwise provided, references to the Internal Revenue Code in subdivisions 19a to 19g mean the code in effect for purposes of determining net income for the applicable year.

EFFECTIVE DATE: This section is effective the day following final enactment except that the striking of text is effective for taxable years beginning after December 31, 1999.

Sec. 3. Minnesota Statutes 1999 Supplement, section 290.01, subdivision 31, is amended to read:

Subd. 31. [INTERNAL REVENUE CODE.] Unless specifically defined otherwise, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1998~~ 1999.

EFFECTIVE DATE: This section is effective for tax years beginning after December 31, 1999.

Sec. 4. Minnesota Statutes 1999 Supplement, section 290A.03, subdivision 15, is amended to read:

Subd. 15. [INTERNAL REVENUE CODE.] "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, ~~1998~~ 1999.

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

Sec. 5. Minnesota Statutes 1999 Supplement, section 291.005, subdivision 1, is amended to read:

Subdivision 1. Unless the context otherwise clearly requires, the following terms used in this chapter shall have the following meanings:

(1) "Federal gross estate" means the gross estate of a decedent as valued and otherwise determined for federal estate tax purposes by federal taxing authorities pursuant to the provisions of the Internal Revenue Code.

(2) "Minnesota gross estate" means the federal gross estate of a decedent after (a) excluding therefrom any property included therein which has its situs outside Minnesota and (b) including therein any property omitted from the federal gross estate which is includable therein, has its situs in Minnesota, and was not disclosed to federal taxing authorities.

(3) "Personal representative" means the executor, administrator or other person appointed by the court to administer and dispose of the property of the decedent. If there is no executor, administrator or other person appointed, qualified, and acting within this state, then any person in actual or constructive possession of any property having a situs in this state which is included in the federal gross estate of the decedent shall be deemed to be a personal representative to the extent of the property and the Minnesota estate tax due with respect to the property.

(4) "Resident decedent" means an individual whose domicile at the time of death was in Minnesota.

(5) "Nonresident decedent" means an individual whose domicile at the time of death was not in Minnesota.

(6) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death.

(7) "Commissioner" means the commissioner of revenue or any person to whom the commissioner has delegated functions under this chapter.

(8) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through December 31, ~~1998~~ 1999.

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

ARTICLE 13

MISCELLANEOUS

Section 1. Minnesota Statutes 1998, section 8.30, is amended to read:

8.30 [COMPROMISE OF TAX AND FEE CLAIMS.]

Notwithstanding any other provisions of law to the contrary, the attorney general shall have authority to compromise taxes, fees, surcharges, assessments, penalties, and interest in any case referred to the attorney general by the commissioner of revenue, whether reduced to judgment or not, where, in the attorney general's opinion, it shall be in the best interests of the state to do so. ~~Such a compromise of a tax debt shall~~ must be in such a form as prescribed by the attorney general ~~shall prescribe~~ and shall be in writing signed by the attorney general, the taxpayer or taxpayer's representative, and the commissioner of revenue.

EFFECTIVE DATE: This section is effective for compromises entered into after the date of final enactment.

Sec. 2. Minnesota Statutes 1998, section 16A.46, is amended to read:

16A.46 [LOST OR DESTROYED WARRANT DUPLICATE; INDEMNITY.]

The commissioner may issue a duplicate to an owner if the loss or destruction of an unpaid warrant is documented by affidavit. When the duplicate is issued, the original is void. The commissioner may require an indemnity bond from the applicant to the state for double the amount of the warrant for anyone damaged by the issuance of the duplicate. The commissioner may refuse to issue a duplicate of an unpaid state warrant. If the commissioner acts in good faith the commissioner is not liable, whether the application is granted or denied. For an unpaid refund or rebate issued under a tax law administered by the commissioner of revenue that has been lost or destroyed, an affidavit is not required for the commissioner to issue a duplicate if the duplicate is issued to the same name and social security number as the original warrant and that information is verified on a tax return filed by the recipient.

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

Sec. 3. Minnesota Statutes 1999 Supplement, section 16D.09, subdivision 2, is amended to read:

Subd. 2. [NOTIFICATION OF ACTION BY DEPARTMENT OF REVENUE.] When the department of revenue has determined that a debt is uncollectible and has written off that debt as provided in subdivision 1, the commissioner of revenue must make a reasonable attempt to notify the debtor of that action and of the release of any

liens imposed under section 270.69 related to that debt, within 30 days after the determination has been reported to the commissioner of finance. A lien imposed under section 270.69 need not be released unless after the write-off of uncollectible debt there is no remaining collectible liability recorded on the lien.

EFFECTIVE DATE: This section is effective for debts written off on or after the day following final enactment.

Sec. 4. Minnesota Statutes 1999 Supplement, section 168.012, subdivision 1, is amended to read:

Subdivision 1. [VEHICLES EXEMPT FROM TAX AND REGISTRATION FEES.] (a) The following vehicles are exempt from the provisions of this chapter requiring payment of tax and registration fees, except as provided in subdivision 1c:

(1) vehicles owned and used solely in the transaction of official business by the federal government, the state, or any political subdivision;

(2) vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from such institutions;

(3) vehicles used solely in driver education programs at nonpublic high schools;

(4) vehicles owned by nonprofit charities and used exclusively to transport disabled persons for educational purposes;

(5) vehicles owned and used by honorary consul;

(6) ambulances owned by ambulance services licensed under section 144E.10, the general appearance of which is unmistakable; and

(7) vehicles owned by a commercial driving school licensed under section 171.34, or an employee of a commercial driving school licensed under section 171.34, and the vehicle is used exclusively for driver education and training.

(b) Vehicles owned by the federal government, municipal fire apparatuses including fire-suppression support vehicles, police patrols and ambulances, the general appearance of which is unmistakable, shall not be required to register or display number plates.

(c) Unmarked vehicles used in general police work, liquor investigations, arson investigations, and passenger automobiles, pickup trucks, and buses owned or operated by the department of corrections shall be registered and shall display appropriate license number plates which shall be furnished by the registrar at cost. Original and renewal applications for these license plates authorized for use in general police work and for use by the department of corrections must be accompanied by a certification signed by the appropriate chief of police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle, the commissioner of corrections if issued to a department of corrections vehicle, or the appropriate officer in charge if issued to a vehicle of any other law enforcement agency. The certification must be on a form prescribed by the commissioner and state that the vehicle will be used exclusively for a purpose authorized by this section.

(d) Unmarked vehicles used by the departments of revenue and labor and industry, fraud unit, in conducting seizures or criminal investigations must be registered and must display passenger vehicle classification license number plates which shall be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be accompanied by a certification signed by the commissioner of revenue or the commissioner of labor and industry. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the purposes authorized by this section.

(e) Unmarked vehicles used by the division of disease prevention and control of the department of health must be registered and must display passenger vehicle classification license number plates. These plates must be furnished at cost by the registrar. Original and renewal applications for these passenger vehicle license plates must be

accompanied by a certification signed by the commissioner of health. The certification must be on a form prescribed by the commissioner and state that the vehicles will be used exclusively for the official duties of the division of disease prevention and control.

(f) All other motor vehicles shall be registered and display tax-exempt number plates which shall be furnished by the registrar at cost, except as provided in subdivision 1c. All vehicles required to display tax-exempt number plates shall have the name of the state department or political subdivision, nonpublic high school operating a driver education program, or licensed commercial driving school, on the vehicle plainly displayed on both sides thereof in letters not less than 2-1/2 inches high and one-half inch wide; except that each state hospital and institution for the mentally ill and mentally retarded may have one vehicle without the required identification on the sides of the vehicle, and county social service agencies may have vehicles used for child and vulnerable adult protective services without the required identification on the sides of the vehicle. Such identification shall be in a color giving contrast with that of the part of the vehicle on which it is placed and shall endure throughout the term of the registration. The identification must not be on a removable plate or placard and shall be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision or to a nonpublic high school driver education program.

Sec. 5. Minnesota Statutes 1998, section 270.063, is amended by adding a subdivision to read:

Subd. 4. [FEDERAL TAX REFUND OFFSET FEES.] For fees charged by the department of the treasury of the United States for the offset of federal tax refunds that are deducted from the refund amounts remitted to the commissioner, the unpaid debts of the taxpayers whose refunds are being offset to satisfy the debts are reduced only by the actual amount of the refund payments received by the commissioner.

EFFECTIVE DATE: This section is effective for offsets of refunds made on or after the day following final enactment.

Sec. 6. Minnesota Statutes 1999 Supplement, section 270.65, is amended to read:

270.65 [DATE OF ASSESSMENT; DEFINITION.]

For purposes of taxes administered by the commissioner, the term "date of assessment" means the date a liability reported on a return was filed entered into the records of the commissioner or the date a return should have been filed, whichever is later; or, in the case of taxes determined by the commissioner, "date of assessment" means the date of the order assessing taxes or date of the return made by the commissioner; or, in the case of an amended return filed by the taxpayer, the assessment date is the date additional liability reported on the return, if any, was filed with entered into the records of the commissioner; or, in the case of a check from a taxpayer that is dishonored and results in an erroneous refund being given to the taxpayer, remittance of the check is deemed to be an assessment and the "date of assessment" is the date the check was received by the commissioner.

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

Sec. 7. Minnesota Statutes 1999 Supplement, section 270A.03, subdivision 2, is amended to read:

Subd. 2. [CLAIMANT AGENCY.] "Claimant agency" means any state agency, as defined by section 14.02, subdivision 2, the regents of the University of Minnesota, any district court of the state, any county, any statutory or home rule charter city presenting a claim for a municipal hospital or a public library or a municipal ambulance service, a hospital district, a private nonprofit hospital that leases its building from the county in which it is located, any public agency responsible for child support enforcement, any public agency responsible for the collection of court-ordered restitution, and any public agency established by general or special law that is responsible for the administration of a low-income housing program.

EFFECTIVE DATE: This section is effective for claims submitted after June 30, 2000.

Sec. 8. Minnesota Statutes 1998, section 270A.03, subdivision 7, is amended to read:

Subd. 7. [REFUND.] "Refund" means an individual income tax refund or political contribution refund, pursuant to chapter 290, or a property tax credit or refund, pursuant to chapter 290A.

For purposes of this chapter, lottery prizes, as set forth in section 349A.08, subdivision 8, and amounts granted to persons by the legislature on the recommendation of the joint senate-house of representatives subcommittee on claims shall be treated as refunds.

In the case of a joint property tax refund payable to spouses under chapter 290A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total income determined under section 290A.03, subdivision 3. In the case of a joint income tax refund under chapter 289A, the refund shall be considered as belonging to each spouse in the proportion of the total refund that equals each spouse's proportion of the total taxable income determined under section 290.01, subdivision 29. The commissioner shall remit the entire refund to the claimant agency, which shall, upon the request of the spouse who does not owe the debt, determine the amount of the refund belonging to that spouse and refund the amount to that spouse. For court fines, fees, and surcharges and court-ordered restitution under section 611A.04, subdivision 2, the notice provided by the commissioner of revenue under section 270A.07, subdivision 2, paragraph (b), serves as the appropriate legal notice to the spouse who does not owe the debt.

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

Sec. 9. Minnesota Statutes 1998, section 270A.07, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION REQUIREMENT.] Any claimant agency, seeking collection of a debt through setoff against a refund due, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 270A.04, subdivision 3.

For each setoff of a debt against a refund due, the commissioner shall charge a fee of \$10. ~~The claimant agency may add the fee to the amount of the debt.~~

The claimant agency shall notify the commissioner when a debt has been satisfied or reduced by at least \$200 within 30 days after satisfaction or reduction.

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

Sec. 10. Minnesota Statutes 1999 Supplement, section 270A.07, subdivision 2, is amended to read:

Subd. 2. [SETOFF PROCEDURES.] (a) The commissioner, upon receipt of notification, shall initiate procedures to detect any refunds otherwise payable to the debtor. When the commissioner determines that a refund is due to a debtor whose debt was submitted by a claimant agency, the commissioner shall first deduct the fee in subdivision 1 and then remit the refund or the amount claimed, whichever is less, to the agency. In transferring or remitting moneys to the claimant agency, the commissioner shall provide information indicating the amount applied against each debtor's obligation and the debtor's address listed on the tax return.

(b) The commissioner shall remit to the debtor the amount of any refund due in excess of the debt submitted for setoff by the claimant agency. Notice of the amount setoff and address of the claimant agency shall accompany any disbursement to the debtor of the balance of a refund, or shall be sent to the debtor at the time of setoff if the entire refund is set off. The notice shall also advise the debtor of the right to contest the validity of the claim, other than a claim based upon child support under section 518.171, 518.54, 518.551, or chapter 518C at a hearing, subject to the restrictions in this paragraph. The debtor must assert this right by written request to the claimant agency, which request the claimant agency must receive within 45 days of the date of the notice. This right does not apply to (1) issues relating to the validity of the claim that have been previously raised at a hearing under this section or section 270A.09; (2) issues relating to the validity of the claim that were not timely raised by the debtor under section

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 20. [INSTRUCTION TO REVISOR.]

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

Sec. 21. [REPEALER.]

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

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

Delete the title and insert:

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

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

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

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

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

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

The Speaker resumed the Chair.

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

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

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

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

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

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

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

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

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

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

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

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

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

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

PATRICK E. FLAHAVEN, Secretary of the Senate

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

ANNOUNCEMENT BY THE SPEAKER

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

Haake, Abrams and Westerberg.

MESSAGES FROM THE SENATE, Continued

The following message was received from the Senate:

Mr. Speaker:

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

S. F. No. 2845.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2845

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

May 4, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

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

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

Delete everything after the enacting clause and insert:

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

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

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

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

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

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

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

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

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

- (a) require the child to pay a fine of up to \$100;
- (b) require the child to participate in a community service project;
- (c) require the child to participate in a drug awareness program;
- (d) place the child on probation for up to six months;
- (e) order the child to undergo a chemical dependency evaluation and if warranted by this evaluation, order participation by the child in an outpatient chemical dependency treatment program;
- (f) order the child to make restitution to the victim; or
- (g) perform any other activities or participate in any other outpatient treatment programs deemed appropriate by the court.

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

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

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

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

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

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

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

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

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

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

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

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

340A.702 [GROSS MISDEMEANORS.]

It is a gross misdemeanor:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 10. [EFFECTIVE DATE.]

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

Delete the title and insert:

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

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

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

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

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

A roll call was requested and properly seconded.

The Speaker called McElroy to the Chair.

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

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

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

The motion prevailed.

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

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

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

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

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

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2516

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

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

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

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

Delete everything after the enacting clause and insert:

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

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

(a) "Harassment" includes:

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

(2) targeted residential picketing; and

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

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

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

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

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

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

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

(1) the name of the alleged harassment victim;

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

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

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

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

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

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

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

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

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

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

Sec. 4. [EFFECTIVE DATE.]

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

Delete the title and insert:

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

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

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

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

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

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

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

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

Those who voted in the affirmative were:

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

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

MESSAGES FROM THE SENATE, Continued

The following message was received from the Senate:

Mr. Speaker:

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

S. F. No. 1288.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1288

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

May 9, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

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

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

Delete everything after the enacting clause and insert:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

97B.051 [TRANSPORTATION OF ARCHERY BOWS.]

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

(1) unstrung;

(2) completely contained in a case; or

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

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

97B.071 [BLAZE ORANGE REQUIREMENTS.]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) the following criteria are met:

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

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

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

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

(2) the following criteria are met:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 21. [APPROPRIATIONS.]

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

Sec. 22. [EFFECTIVE DATE.]

Section 20 is effective the day following final enactment."

Delete the title and insert:

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

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

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

Senate Conferees: BOB LESSARD AND JANE KRENTZ.

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

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

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

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

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

Those who voted in the affirmative were:

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

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

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

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

RECESS

RECONVENED

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

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3800

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

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

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

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

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

FAMILY AND EARLY CHILDHOOD EDUCATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(5) agreements with all participating service providers.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) management and program design;

(7) volunteer training and use of volunteers;

(8) staff development services;

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

(10) program expenditures that qualify for aid;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Each consortium's designated fiscal agent must:

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

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

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

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

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

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

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

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

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

(2) the lesser of:

(i) 1.08, or

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) a teacher is in the building;

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

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

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

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

(d) This subdivision sunsets June 30, 2003.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 38. [COOPERATIVE LANGUAGE INSTRUCTION.]

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

Sec. 39. [INTENSIVE ESL GRANTS.]

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

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

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

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

Sec. 41. [FAMILY PROVIDER PARTICIPATION.]

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 43. [GENERAL FUND APPROPRIATIONS.]

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

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

\$700,000 ***** 2001

This is a one-time appropriation and is not to be added to the base for 2002 and 2003.

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

\$100,000 ***** 2001

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

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

\$25,000 ***** 2001

This is a one-time appropriation.

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

\$622,000 ***** 2001

This is a one-time appropriation.

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

\$250,000 ***** 2001

This is a one-time appropriation.

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

\$40,000 ***** 2001

Sec. 44. [TANF APPROPRIATIONS.]

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

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

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

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

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

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

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

Sec. 45. [FEDERAL TANF TRANSFERS.]

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

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

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

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

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

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

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

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

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

Sec. 46. [REPEALER.]

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

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

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

ARTICLE 2

KINDERGARTEN THROUGH GRADE 12 GENERAL EDUCATION

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

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

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

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

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

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

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

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

(2) the sum of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) budget items cannot be approved unless they are part of any overall desegregation plan approved by the district for isolated sites or by the multidistrict collaboration council and participation individual members;

(2) the budget must indicate how revenue expenditures will be used specifically to support increased opportunities for interracial contact;

(3) components of the budget to be considered by the department, including staffing, curriculum, transportation, facilities, materials, and equipment and reasonable planning costs, as determined by the department; and

(4) if plans are proposed to enhance existing programs, the total budget being appropriated to the program must be included, indicating what part is to be funded using integration revenue and what part is to be funded using other revenues.

Sec. 8. Minnesota Statutes 1998, section 124D.86, is amended by adding a subdivision to read:

Subd. 1b. [PLAN COMPONENTS.] Plans submitted by each district under Minnesota Rules, parts 3535.0160 and 3535.0170, must be approved by the district's board each year before integration revenue will be awarded. If a district is applying for revenue for a plan that is part of a multidistrict council, the individual district shall not receive revenue unless it ratifies the plan adopted by its multidistrict council or approves a modified plan with a written explanation of any modifications. Each plan shall contain:

(1) an identification of the integration issues at the sites or districts covered by Minnesota Rules, parts 3535.0100 to 3535.0180;

(2) a description of the community outreach that preceded the integration plan, such that the commissioner can determine whether the membership of the planning councils complied with the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180; and

(3) the specific goals of the integration plan.

By June 30 of the subsequent fiscal year, each district shall report to the commissioner in writing about the extent to which the integration goals identified in the plan were met.

Sec. 9. Minnesota Statutes 1999 Supplement, section 124D.86, subdivision 3, is amended to read:

Subd. 3. [INTEGRATION REVENUE.] For fiscal year 2000 and later fiscal years, integration revenue equals the following amounts:

(1) for independent school district No. 709, Duluth, \$207 times the adjusted pupil units for the school year;

(2) for independent school district No. 625, St. Paul, \$446 times the adjusted pupil units for the school year;

(3) for special school district No. 1, Minneapolis, \$536 times the adjusted pupil units for the school year; and

(4) for a district not listed in clause (1), (2), or (3) that is required to implement a plan according to the requirements of Minnesota Rules, parts 3535.0100 to 3535.0180, ~~as proposed in 23 State Register 1344, December 7, 1998~~; the lesser of

(i) the actual cost of implementing the plan during the fiscal year minus the aid received under subdivision 6, or

(ii) \$93 times the adjusted pupil units for the school year.

Any money received by districts in clauses (1) to (3) which exceeds the amount received in fiscal year 2000 shall be subject to the budget requirements in subdivision 1a.

Sec. 10. Minnesota Statutes 1998, section 124D.86, subdivision 6, is amended to read:

Subd. 6. [ALTERNATIVE ATTENDANCE PROGRAMS.] (a) The integration aid under subdivision 5 must be adjusted for each pupil residing in a district eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and attending a nonresident district under sections 123A.05 to 123A.08, 124D.03, 124D.06, 124D.07, and 124D.08, that is not eligible for integration revenue under subdivision 3, clause (1), (2), or (3), and has implemented a plan under Minnesota Rules, parts 3535.0100 to 3535.0180, if the enrollment of the pupil in the nonresident district contributes to desegregation or integration purposes. The adjustments must be made according to this subdivision.

(b) Aid paid to the district of the pupil's residence must be reduced by an amount equal to the revenue per resident pupil unit of the resident district times the number of resident pupil units attributable to the pupil for the time the pupil is enrolled in a nonresident district.

(c) Aid paid to a district serving nonresidents must be increased by an amount equal to the ~~aid reduction to the resident district under paragraphs (b) and (d)~~ revenue per pupil unit of the resident district under subdivision 3, clause (1), (2), or (3), minus the revenue attributable to the pupil in the nonresident district under subdivision 3, clause (4), for the time the pupil is enrolled in the nonresident district.

(d) ~~If the amount of the reduction to be made from the aid of a district is greater than the amount of aid otherwise due the district, the excess reduction must be made from other state aids due the district.~~

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 11. Minnesota Statutes 1999 Supplement, section 124D.87, is amended to read:

124D.87 [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION AID.]

(a) A district that provides transportation of pupils to and from an interdistrict program for desegregation or integration purposes is eligible for state aid to ~~cover~~ reimburse the additional costs of transportation during the preceding fiscal year.

(b) A district in the metropolitan area may apply to the commissioner for state aid to ~~cover~~ reimburse the costs of transporting pupils who are enrolled under section 124D.03 during the preceding fiscal year if the enrollment of the student in the nonresident district contributes to desegregation or integration purposes. The commissioner shall develop the form and manner of applications for state aid, the criteria to be used to determine when transportation is for desegregation or integration purposes, and the accounting procedure to be used to determine excess costs. In determining aid amounts, the commissioner shall consider other revenue received by the district for transportation for desegregation or integration purposes.

(c) ~~Aid must be paid under paragraph (b) only if aid amounts under paragraph (a) have been fully funded.~~

EFFECTIVE DATE: This section is effective July 1, 2001.

Sec. 12. Minnesota Statutes 1999 Supplement, section 126C.05, subdivision 5, is amended to read:

Subd. 5. [ADJUSTED PUPIL UNITS.] (a) Adjusted pupil units for a district or charter school means the sum of:

(1) the number of pupil units served, according to subdivision 7, plus

(2) pupil units according to subdivision 1 for whom the district or charter school pays tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65, minus

(3) pupil units according to subdivision 1 for whom the district or charter school receives tuition under section 123A.18, 123A.22, 123A.30, 123A.32, 123A.44, 123A.488, 123B.88, subdivision 4, 124D.04, 124D.05, 125A.03 to 125A.24, 125A.51, or 125A.65.

(b) Adjusted marginal cost pupil units means the greater of:

(1) the sum of $\text{−} .77$ times the pupil units defined in paragraph (a) for the current school year and $\text{+} .23$ times the pupil units defined in paragraph (a) for the previous school year; or

(2) the number of adjusted pupil units defined in paragraph (a) for the current school year.

Sec. 13. Minnesota Statutes 1999 Supplement, section 126C.05, subdivision 6, is amended to read:

Subd. 6. [RESIDENT PUPIL UNITS.] (a) Resident pupil units for a district means the number of pupil units according to subdivision 1 residing in the district.

(b) Resident marginal cost pupil units means the greater of:

(1) the sum of $\text{−} .77$ times the pupil units defined in paragraph (a) for the current year and $\text{+} .23$ times the pupil units defined in paragraph (a) for the previous school year; or

(2) the number of resident pupil units defined in paragraph (a) for the current school year.

Sec. 14. Minnesota Statutes 1999 Supplement, section 126C.052, is amended to read:

126C.052 [CLASS SIZE, ALL-DAY KINDERGARTEN, AND SPECIAL EDUCATION STUDENT-TO-INSTRUCTOR RATIO RESERVE.]

A district is required to reserve \$3 in fiscal year 2000 and \$11 in fiscal year 2001 and later per adjusted marginal cost pupil unit for class size reduction, all-day kindergarten, or for reducing special education student-to-instructor ratios. The school board of each district must pass a resolution stating which one of these three programs will be funded with this reserve. The reserve amount under this section must be allocated to the education site as defined in section 123B.04, subdivision 1, according to a plan adopted by the school board.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 15. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 2, is amended to read:

Subd. 2. [BASIC REVENUE.] The basic revenue for each district equals the formula allowance times the ~~resident~~ adjusted marginal cost pupil units for the school year. The formula allowance for fiscal year 1998 is \$3,581. The formula allowance for fiscal year 1999 is \$3,530. The formula allowance for fiscal year 2000 is \$3,740. The formula allowance for fiscal year 2001 and subsequent fiscal years is ~~\$3,875~~ \$3,964.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 16. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 14, is amended to read:

Subd. 14. [USES OF TOTAL OPERATING CAPITAL REVENUE.] Total operating capital revenue may be used only for the following purposes:

- (1) to acquire land for school purposes;
- (2) to acquire or construct buildings for school purposes;
- (3) to rent or lease buildings, including the costs of building repair or improvement that are part of a lease agreement;
- (4) to improve and repair school sites and buildings, and equip or reequip school buildings with permanent attached fixtures, including library media centers;
- (5) for a surplus school building that is used substantially for a public nonschool purpose;
- (6) to eliminate barriers or increase access to school buildings by individuals with a disability;
- (7) to bring school buildings into compliance with the Uniform Fire Code adopted according to chapter 299F;
- (8) to remove asbestos from school buildings, encapsulate asbestos, or make asbestos-related repairs;
- (9) to clean up and dispose of polychlorinated biphenyls found in school buildings;
- (10) to clean up, remove, dispose of, and make repairs related to storing heating fuel or transportation fuels such as alcohol, gasoline, fuel oil, and special fuel, as defined in section 296A.01;
- (11) for energy audits for school buildings and to modify buildings if the audit indicates the cost of the modification can be recovered within ten years;
- (12) to improve buildings that are leased according to section 123B.51, subdivision 4;
- (13) to pay special assessments levied against school property but not to pay assessments for service charges;
- (14) to pay principal and interest on state loans for energy conservation according to section 216C.37 or loans made under the Northeast Minnesota Economic Protection Trust Fund Act according to sections 298.292 to 298.298;
- (15) to purchase or lease interactive telecommunications equipment;
- (16) by board resolution, to transfer money into the debt redemption fund to: (i) pay the amounts needed to meet, when due, principal and interest payments on certain obligations issued according to chapter 475; or (ii) pay principal and interest on debt service loans or capital loans according to section 126C.70;
- (17) to pay operating capital-related assessments of any entity formed under a cooperative agreement between two or more districts;
- (18) to purchase or lease computers and related materials, copying machines, telecommunications equipment, and other noninstructional equipment;
- (19) to purchase or lease assistive technology or equipment for instructional programs;
- (20) to purchase textbooks;

(21) to purchase new and replacement library ~~books~~ media resources or technology;

(22) to purchase vehicles;

(23) to purchase or lease telecommunications equipment, computers, and related equipment for integrated information management systems for:

(i) managing and reporting learner outcome information for all students under a results-oriented graduation rule;

(ii) managing student assessment, services, and achievement information required for students with individual education plans; and

(iii) other classroom information management needs; and

(24) to pay personnel costs directly related to the acquisition, operation, and maintenance of telecommunications systems, computers, related equipment, and network and applications software.

EFFECTIVE DATE: This section is effective for the 2000-2001 and later school years.

Sec. 17. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 23, is amended to read:

Subd. 23. [REFERENDUM OFFSET ADJUSTMENT.] A district that qualifies for the referendum allowance reduction under section 126C.17, subdivision 12, and whose referendum allowance under section 126C.17, subdivision 1, as adjusted under section 126C.17, subdivisions 2 and 12, does not exceed the referendum allowance limit under section 126C.17, subdivision 2, clause (2), shall receive a referendum offset adjustment. In fiscal year 2000 and thereafter, the referendum offset adjustment is equal to \$25 per ~~resident~~ adjusted marginal cost pupil unit.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 18. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 24, is amended to read:

Subd. 24. [EQUITY REVENUE.] (a) A school district qualifies for equity revenue if the school district's adjusted marginal cost pupil unit amount of basic revenue, supplemental revenue, transition revenue, and referendum revenue is less than the value of the school district at or immediately above the 90th percentile of school districts in its equity region for those revenue categories and the school district's administrative offices are not located in a city of the first class on July 1, 1999.

(b) Equity revenue for a qualifying district that receives referendum revenue under section 126C.17, subdivision 4, equals the product of (1) the district's adjusted marginal cost pupil units for that year; times (2) the sum of (i) \$10, plus (ii) \$30, times the school district's equity index computed under ~~section 126C.10~~, subdivision ~~6~~ 27.

(c) Equity revenue for a qualifying district that does not receive referendum revenue under section 126C.17, subdivision 4, equals the product of the district's adjusted marginal cost pupil units for that year times \$10.

EFFECTIVE DATE: This section is effective for revenue in fiscal year 2000.

Sec. 19. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 25, is amended to read:

Subd. 25. [REGIONAL EQUITY GAP.] The regional equity gap equals the difference between the value of the school district at or immediately above the fifth percentile of adjusted general revenue per adjusted marginal cost pupil unit and the value of the school district at or immediately above the 90th percentile of adjusted general revenue per adjusted marginal cost pupil unit.

EFFECTIVE DATE: This section is effective for revenue in fiscal year 2000.

Sec. 20. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 26, is amended to read:

Subd. 26. [DISTRICT EQUITY GAP.] A district's equity gap equals the greater of zero or the difference between the district's adjusted general revenue and the value of the school district at or immediately above the regional 90th percentile of adjusted general revenue per adjusted marginal cost pupil unit.

EFFECTIVE DATE: This section is effective for revenue in fiscal year 2000.

Sec. 21. Minnesota Statutes 1999 Supplement, section 126C.12, subdivision 1, is amended to read:

Subdivision 1. [REVENUE.] Of a district's general education revenue for fiscal year 2000 and thereafter each school district shall reserve an amount equal to the formula allowance multiplied by the following calculation:

(1) the sum of adjusted marginal cost ~~pupil units~~ pupils in average daily membership, according to section 126C.05, subdivision 5, in kindergarten times .057; plus

(2) the sum of adjusted marginal cost ~~pupil units~~ pupils in average daily membership, according to section 126C.05, subdivision 5, in grades 1 to 3 times .115; plus

(3) the sum of adjusted marginal cost ~~pupil units~~ pupils in average daily membership, according to section 126C.05, subdivision 5, in grades 4 to 6 times .06.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 22. Minnesota Statutes 1998, section 126C.16, subdivision 3, is amended to read:

Subd. 3. [PER PUPIL REVENUE CONVERSION.] (a) The department must convert each district's referendum revenue authority for fiscal year 2002 and later years to an allowance per pupil unit as follows: the revenue allowance equals the amount determined by dividing the district's maximum revenue under section 126C.17, for fiscal year 2001 by the district's 2000-2001 resident marginal cost pupil units. A district's maximum revenue for all later years for which the revenue is authorized equals the revenue allowance times the district's resident marginal cost pupil units for that year.

(b) The referendum allowance reduction must be applied first to the authority with the earliest expiration date.

Sec. 23. Minnesota Statutes 1999 Supplement, section 126C.17, subdivision 9, is amended to read:

Subd. 9. [REFERENDUM REVENUE.] (a) The revenue authorized by section 126C.10, subdivision 1, may be increased in the amount approved by the voters of the district at a referendum called for the purpose. The referendum may be called by the board or shall be called by the board upon written petition of qualified voters of the district. The referendum must be conducted one or two calendar years before the increased levy authority, if approved, first becomes payable. Only one election to approve an increase may be held in a calendar year. Unless the referendum is conducted by mail under paragraph (g), the referendum must be held on the first Tuesday after the first Monday in November. The ballot must state the maximum amount of the increased revenue per resident marginal cost pupil unit, the estimated referendum tax rate as a percentage of referendum market value in the first year it is to be levied, and that the revenue must be used to finance school operations. The ballot may state a schedule, determined by the board, of increased revenue per resident marginal cost pupil units unit that differs from year to year over the number of years for which the increased revenue is authorized. If the ballot contains a schedule showing different amounts, it must also indicate the estimated referendum tax rate as a percent of referendum market value for the amount specified for the first year and for the maximum amount specified in the schedule. The ballot may state that existing referendum levy authority is expiring. In this case, the ballot may also compare the proposed levy authority to the existing expiring levy authority, and express the proposed increase as the amount, if any, over the expiring referendum levy authority. The ballot must designate the specific number of years, not to exceed ten, for which the referendum authorization applies. The notice required under section 275.60 may be modified to read, in cases of renewing existing levies:

"BY VOTING "YES" ON THIS BALLOT QUESTION, YOU MAY BE VOTING FOR A PROPERTY TAX INCREASE."

The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:

"Shall the increase in the revenue proposed by (petition to) the board of, School District No. . . , be approved?"

If approved, an amount equal to the approved revenue per resident marginal cost pupil unit times the resident marginal cost pupil units for the school year beginning in the year after the levy is certified shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(b) The board must prepare and deliver by first class mail at least 15 days but no more than 30 days before the day of the referendum to each taxpayer a notice of the referendum and the proposed revenue increase. The board need not mail more than one notice to any taxpayer. For the purpose of giving mailed notice under this subdivision, owners must be those shown to be owners on the records of the county auditor or, in any county where tax statements are mailed by the county treasurer, on the records of the county treasurer. Every property owner whose name does not appear on the records of the county auditor or the county treasurer is deemed to have waived this mailed notice unless the owner has requested in writing that the county auditor or county treasurer, as the case may be, include the name on the records for this purpose. The notice must project the anticipated amount of tax increase in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the school district.

The notice for a referendum may state that an existing referendum levy is expiring and project the anticipated amount of increase over the existing referendum levy in the first year, if any, in annual dollars and annual percentage for typical residential homesteads, agricultural homesteads, apartments, and commercial-industrial property within the district.

The notice must include the following statement: "Passage of this referendum will result in an increase in your property taxes." However, in cases of renewing existing levies, the notice may include the following statement: "Passage of this referendum may result in an increase in your property taxes."

(c) A referendum on the question of revoking or reducing the increased revenue amount authorized pursuant to paragraph (a) may be called by the board and shall be called by the board upon the written petition of qualified voters of the district. A referendum to revoke or reduce the levy amount must be based upon the dollar amount, local tax rate, or amount per resident marginal cost pupil unit, that was stated to be the basis for the initial authorization. Revenue approved by the voters of the district pursuant to paragraph (a) must be received at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one revocation or reduction referendum may be held to revoke or reduce referendum revenue for any specific year and for years thereafter.

(d) A petition authorized by paragraph (a) or (c) is effective if signed by a number of qualified voters in excess of 15 percent of the registered voters of the district on the day the petition is filed with the board. A referendum invoked by petition must be held on the date specified in paragraph (a).

(e) The approval of 50 percent plus one of those voting on the question is required to pass a referendum authorized by this subdivision.

(f) At least 15 days before the day of the referendum, the district must submit a copy of the notice required under paragraph (b) to the commissioner and to the county auditor of each county in which the district is located. Within 15 days after the results of the referendum have been certified by the board, or in the case of a recount, the certification of the results of the recount by the canvassing board, the district must notify the commissioner of the results of the referendum.

(g) Except for a referendum held under subdivision 11, any referendum under this section held on a day other than the first Tuesday after the first Monday in November must be conducted by mail in accordance with section 204B.46. Notwithstanding paragraph (b) to the contrary, in the case of a referendum conducted by mail under this paragraph, the notice required by paragraph (b) must be prepared and delivered by first class mail at least 20 days before the referendum.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 24. Minnesota Statutes 1999 Supplement, section 126C.44, as amended by Laws 2000, chapter 254, section 44, is amended to read:

126C.44 [CRIME-RELATED COSTS LEVY.]

Each district may make a levy on all taxable property located within the district for the purposes specified in this ~~subdivision~~ section. The maximum amount which may be levied for all costs under this ~~subdivision~~ section shall be equal to ~~\$1.50~~ \$11.00 multiplied by the ~~population of the school district~~ district's adjusted marginal cost pupil units for the school year. ~~For purposes of this subdivision, "population" of the school district means the same as contained in section 275.14.~~ The proceeds of the levy must be used for directly funding the following purposes or for reimbursing the cities and counties who contract with the district for the following purposes: (1) to pay the costs incurred for the salaries, benefits, and transportation costs of peace officers and sheriffs for liaison in services in the district's ~~middle and secondary~~ schools; (2) to pay the costs for a drug abuse prevention program as defined in section 609.101, subdivision 3, paragraph (e), in the elementary schools; (3) to pay the costs for a gang resistance education training curriculum in the ~~middle~~ district's schools; ~~or~~ (4) to pay the costs for security in the districts' schools and on school property; or (5) to pay the costs for other crime prevention ~~and~~ drug abuse, student and staff safety, and violence prevention measures taken by the school district. The district must initially attempt to contract for services to be provided by peace officers or sheriffs with the police department of each city or the sheriff's department of the county within the district containing the school receiving the services. If a local police department or a county sheriff's department does not wish to provide the necessary services, the district may contract for these services with any other police or sheriff's department located entirely or partially within the school district's boundaries. The levy authorized under this ~~subdivision~~ section is not included in determining the school district's levy limitations.

EFFECTIVE DATE: This section is effective July 1, 2000, for levies for taxes payable in 2001 and later.

Sec. 25. Minnesota Statutes 1999 Supplement, section 127A.45, subdivision 12a, is amended to read:

Subd. 12a. [FORWARD SHIFTED AID PAYMENTS.] (a) Nineteen percent of the state aid in fiscal year 1999, and 31 percent of the state aid in fiscal years 2000 and later received under section 124D.86 must be paid by the state to the recipient school district on July 15 of that year. The recipient school district must recognize this aid in the same fiscal year as the levy is recognized.

(b) One hundred percent of the state aid in fiscal years 2003 and later received under section 124D.87 must be paid by the state to the recipient school district on August 30 of that year. The recipient school district must recognize this aid in the previous fiscal year.

Sec. 26. Minnesota Statutes 1999 Supplement, section 127A.51, is amended to read:

127A.51 [STATEWIDE AVERAGE REVENUE.]

By October 1 of each year the commissioner must estimate the statewide average adjusted general revenue per adjusted marginal cost pupil unit and the disparity in adjusted general revenue among pupils and districts by computing the ratio of the ninety-fifth percentile to the fifth percentile of adjusted general revenue. The commissioner must provide that information to all districts.

If the disparity in adjusted general revenue as measured by the ratio of the ninety-fifth percentile to the fifth percentile increases in any year, the commissioner shall recommend to the legislature options for change in the general education formula that will limit the disparity in adjusted general revenue to no more than the disparity for the previous school year. The commissioner must submit the recommended options to the education committees of the legislature by January 15.

For purposes of this section and section 126C.10, adjusted general revenue means the sum of basic revenue under section 126C.10, subdivision 2; supplemental revenue under section 126C.10, subdivisions 9 and 12; transition revenue under section 126C.10, subdivision 20; and referendum revenue under section 126C.17.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 27. Minnesota Statutes 1998, section 128D.11, subdivision 3, is amended to read:

Subd. 3. [NO ELECTION.] Subject to the provisions of subdivisions 7 to 10, the school district may also by a two-thirds majority vote of all the members of its board of education and without any election by the voters of the district, issue and sell in each calendar year general obligation bonds of the district in an amount not to exceed 5-1/10 per cent of the net tax capacity of the taxable property in the district (plus, for calendar years 1990 to 2003, an amount not to exceed \$7,500,000, and for calendar years 2004 to 2008 an amount not to exceed \$15,000,000; with an additional provision that any amount of bonds so authorized for sale in a specific year and not sold can be carried forward and sold in the year immediately following).

Sec. 28. Laws 1992, chapter 499, article 7, section 31, as amended by Laws 1998, chapter 398, article 1, section 39, and Laws 1999, chapter 241, article 1, section 31, is amended to read:

Sec. 31. [REPEALER.]

Minnesota Statutes 1990, sections 124A.02, subdivision 24; 124A.23, subdivisions 2 and 3; 124A.26, subdivisions 2 and 3; 124A.27; 124A.28; and 124A.29, subdivision 2; and Minnesota Statutes 1991 Supplement, sections 124A.02, subdivisions 16 and 23; 124A.03, subdivisions 1b, 1c, 1d, 1e, 1f, 1g, 1h, and 1i; 124A.04; 124A.22, subdivisions 2, 3, 4, 4a, 4b, 8, and 9; 124A.23, subdivisions 1, 4, and 5; 124A.24; 124A.26, subdivision 1; and 124A.29, subdivision 1, are repealed effective June 30, ~~2004~~ 2004; Laws 1991, chapter 265, article 7, section 35, is repealed.

Sec. 29. Laws 1992, chapter 499, article 7, section 32, is amended to read:

Sec. 32. [EFFECTIVE DATE.]

Sections 1, 9, 14, 18, 19, 20, 21, 22, 23, and 30 are effective the day following final enactment. Sections 4 to 8 are effective for revenue for fiscal year ~~2000~~ 2002.

Sec. 30. Laws 1999, chapter 241, article 1, section 68, subdivision 2, is amended to read:

Subd. 2. [GENERAL AND SUPPLEMENTAL EDUCATION AID.] For general and supplemental education aid:

\$3,062,321,000 <u>\$3,066,166,000</u>	. . . . .	2000
\$3,160,518,000 <u>\$3,247,635,000</u>	. . . . .	2001

The 2000 appropriation includes \$272,186,000 for 1999 and ~~\$2,790,135,000~~ \$2,793,980,000 for 2000.

The 2001 appropriation includes ~~\$310,015,000~~ \$310,442,000 for 2000 and ~~\$2,850,503,000~~ \$2,937,193,000 for 2001.

Sec. 31. Laws 1999, chapter 241, article 1, section 68, subdivision 4, is amended to read:

Subd. 4. [TRANSPORTATION AID FOR ENROLLMENT OPTIONS.] For transportation of pupils attending post-secondary institutions according to Minnesota Statutes, section 124D.09, or for transportation of pupils attending nonresident districts according to Minnesota Statutes, section 124D.03:

\$102,000 <u>\$70,000</u>	.....	2000
\$102,000 <u>\$70,000</u>	.....	2001

Any balance in the first year does not cancel but is available in the second year.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 32. Laws 1999, chapter 241, article 1, section 68, subdivision 5, is amended to read:

Subd. 5. [DISTRICT COOPERATION REVENUE.] For district cooperation revenue aid:

\$5,940,000 <u>\$5,881,000</u>	.....	2000
\$563,000 <u>\$556,000</u>	.....	2001

The 2000 appropriation includes \$869,000 for 1999 and ~~\$5,071,000~~ \$5,012,000 for 2000.

The 2001 appropriation includes ~~\$563,000~~ \$556,000 for 2000 and \$0 for 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 33. Laws 1999, chapter 241, article 1, section 70, is amended to read:

Sec. 70. [EFFECTIVE DATES.]

Sections 13, 14, 26, 30, 37, and 39 are effective for revenue for fiscal year 2000 and later. Section 41 is effective for revenue for fiscal year 2001 and later. Sections 46, 47, and 55 to 60 are effective the day following final enactment. Section 61 is effective for taxes payable in 2000 and later.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 34. [TRAINING AND EXPERIENCE REPLACEMENT REVENUE.]

(a) For fiscal year 2001 only, a school district's training and experience replacement revenue equals the sum of the following:

(1) the ratio of the amount of training and experience revenue the district would have received for fiscal year 1999 calculated using the training and experience index in Minnesota Statutes 1996, section 124A.04, to its resident pupil units for that year, times the district's adjusted marginal cost pupil units for fiscal year 2001, times .06; plus

(2) the difference between .47 times the training and experience revenue the district would have received for fiscal year 1999, calculated using the training and experience index in Minnesota Statutes 1996, section 124A.04, and the amount calculated in Minnesota Statutes, section 126C.10, subdivision 5, for fiscal year 2001, but not less than zero.

(b) This revenue is paid entirely in fiscal year 2001.

Sec. 35. [LEVY RECOGNITION FOR INTEGRATION LEVY ADJUSTMENT.]

Notwithstanding Minnesota Statutes, section 123B.75, subdivision 5, the full amount of integration levy for taxes payable in 2001, attributable to fiscal year 2001, for school districts receiving revenue under Minnesota Statutes, section 124D.86, subdivision 3, clause (4), shall be recognized in fiscal year 2001.

Sec. 36. [FISCAL YEARS 2003 TO 2007 AIRPORT RUNWAY IMPACT PUPIL UNIT AID; RICHFIELD.]

Subdivision 1. [AIRPORT IMPACT ZONE PUPIL UNITS, DEFINITION.] For the purposes of this section, "airport impact zone pupil units" means the number of pupil units, according to Minnesota Statutes 1999 Supplement, section 126C.05, subdivision 1, in school year 1998-1999 that were attributable to the airport impact zone, as defined in Laws 1999, chapter 243, article 16, section 35, subdivision 1.

Subd. 2. [FISCAL YEAR 2003.] For fiscal year 2003 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 70 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2003.

Subd. 3. [FISCAL YEAR 2004.] For fiscal year 2004 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 70 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2004.

Subd. 4. [FISCAL YEAR 2005.] For fiscal year 2005 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 52.5 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2005.

Subd. 5. [FISCAL YEAR 2006.] For fiscal year 2006 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 35 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2006.

Subd. 6. [FISCAL YEAR 2007.] For fiscal year 2007 only, independent school district No. 280, Richfield, is eligible for declining pupil unit aid equal to the product of 17.5 percent of the airport impact zone pupil units times the general education formula allowance for fiscal year 2007.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 37. [SPARSITY CORRECTION REVENUE.]

Subdivision 1. [QUALIFICATION FOR REVENUE.] A school district qualifies for sparsity correction revenue if it qualifies for sparsity revenue, according to Minnesota Statutes, section 126C.10, subdivisions 7 and 8, in fiscal year 2000 or 2001 and the amount of sparsity revenue it received in those years is less than the amount it would have received in fiscal year 2000 or 2001 prior to the passage of Laws 1999, chapter 241, article 1, sections 18 and 19.

Subd. 2. [FISCAL YEAR 2000 CALCULATION.] For fiscal year 2000, a school district's sparsity correction revenue equals the difference between sparsity revenue in fiscal year 2000 calculated according to Laws 1999, chapter 241, article 1, sections 18 and 19, and the sparsity revenue the district would have received for fiscal year 2000 had these sections of law not been approved.

Subd. 3. [FISCAL YEAR 2001 CALCULATION.] For fiscal year 2001, a school district's sparsity correction revenue equals .5 times the difference between sparsity revenue in fiscal year 2001 calculated according to Laws 1999, chapter 241, article 1, sections 18 and 19, and the sparsity revenue the district would have received for fiscal year 2001 had these sections of law not been approved.

Sec. 38. [SEVERANCE LEVY; MESABI EAST.]

Independent school district No. 2711, Mesabi East, may levy an amount up to \$250,000 each year for a period of five years for severance and early retirement incentives for licensed employees who have retired early as a result of the district's combination that was effective July 1, 1991.

EFFECTIVE DATE: This section is effective for taxes payable in 2001 and later years.

Sec. 39. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [SPARSITY CORRECTION REVENUE.] For sparsity correction revenue:

<u>\$1,030,000</u>	: : : : :	<u>2000</u>
<u>\$515,000</u>	: : : : :	<u>2001</u>

Subd. 3. [TRAINING AND EXPERIENCE REPLACEMENT REVENUE.] For training and experience replacement revenue:

<u>\$30,794,000</u>	: : : : :	<u>2001</u>
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EFFECTIVE DATE: This section is effective the day following final enactment.

ARTICLE 3

KINDERGARTEN THROUGH GRADE 12 EDUCATION
SPECIAL PROGRAMS

Section 1. Minnesota Statutes 1999 Supplement, section 122A.31, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS FOR AMERICAN SIGN LANGUAGE/ENGLISH INTERPRETERS.] (a) In addition to any other requirements that a school district establishes, any person employed to provide American sign language/English interpreting or sign transliterating services on a full-time or part-time basis for a school district after July 1, 2000, must:

(1) hold current interpreter and transliterator certificates awarded by the Registry of Interpreters for the Deaf (RID), or the general level interpreter proficiency certificate awarded by the National Association of the Deaf (NAD), or a comparable state certification from the commissioner of children, families, and learning; and

(2) satisfactorily complete an interpreter/transliterator training program affiliated with an accredited educational institution.

(b) To provide American sign language/English interpreting or transliterating services on a full-time or part-time basis, a person employed in a school district during the 1999-2000 school year must only comply with paragraph (a), clause (1). The commissioner shall grant a nonrenewable, one-year provisional certificate to individuals who have not attained a current applicable transliterator certificate pursuant to paragraph (a), clause (1). During the one-year provisional period, the interpreter/transliterator must develop and implement an education plan in collaboration with a mentor under paragraph (d). This paragraph shall expire on June 30, 2001.

(c) Graduates of an interpreter/transliterator program affiliated with an accredited education institution shall be granted a two-year provisional certificate by the commissioner. During the two-year provisional period, the interpreter/transliterator must develop and implement an education plan in collaboration with a mentor under paragraph (d). This paragraph applies to spring semester 2000 graduates and thereafter.

(d) A mentor of a provisionally certified interpreter/transliterator must be an interpreter/transliterator who has either NAD level IV or V certification or RID certified interpreter and certified transliterator certification and have at least three years interpreting/transliterating experience in any educational setting. The mentor, in collaboration with the provisionally certified interpreter/transliterator, shall develop and implement an educational plan designed to meet the requirements of paragraph (a), clause (1), and include a weekly on-site mentoring process.

(e) A school district may not employ an interpreter/transliterator who has not been certified under paragraphs (a), (b), or (c).

Sec. 2. Minnesota Statutes 1998, section 122A.31, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENT.] (a) For purposes of revenue under sections ~~125A.77~~ and section 125A.78, the department of children, families, and learning must only reimburse school districts for the services of those interpreters/transliterators who satisfy the standards of competency under this section.

(b) Notwithstanding paragraph (a), a district shall be reimbursed for the services of interpreters with a nonrenewable provisional certificate and interpreters/transliterators employed to mentor the provisional certified interpreters.

Sec. 3. Minnesota Statutes 1999 Supplement, section 124D.68, subdivision 9, is amended to read:

Subd. 9. [ENROLLMENT VERIFICATION.] (a) For a pupil attending an eligible program full time under subdivision 3, paragraph (d), the department must pay 90 percent of the district's average general education revenue less basic skills revenue to the eligible program and ten percent of the district's average general education revenue less basic skills revenue to the ~~resident contracting~~ district within 30 days after the eligible program verifies enrollment using the form provided by the department. For a pupil attending an eligible program part time, revenue shall be reduced proportionately, according to the amount of time the pupil attends the program, and the payments to the eligible program and the ~~resident contracting~~ district shall be reduced accordingly. A pupil for whom payment is made according to this section may not be counted by any district for any purpose other than computation of general education revenue. If payment is made for a pupil under this subdivision, a district shall not reimburse a program under section 124D.69 for the same pupil. Basic skills revenue shall be paid according to section 126C.10, subdivision 4.

(b) The department must pay up to 100 percent of the revenue to the eligible program if there is an agreement to that effect between the school district and the eligible program.

(c) Notwithstanding paragraphs (a) and (b), for an eligible program that provides chemical treatment services to students, the department must pay 100 percent of the revenue to the eligible program.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 1999 Supplement, section 124D.84, subdivision 1, is amended to read:

Subdivision 1. [AWARDS.] The commissioner, with the advice and counsel of the Minnesota Indian scholarship committee, may award scholarships to any Minnesota resident student who is of one-fourth or more Indian ancestry, who has applied for other existing state and federal scholarship and grant programs, and who, in the opinion of the commissioner, has the capabilities to benefit from further education. Scholarships must be for ~~advanced or specialized education~~ accredited degree programs in accredited colleges or universities or for courses in accredited or approved colleges or in business, technical, or vocational schools. Scholarships shall be used to defray the total

cost of education including tuition, incidental fees, books, supplies, transportation, other related school costs and the cost of board and room and shall be paid directly to the college or school concerned. The total cost of education includes all tuition and fees for each student enrolling in a public institution and the portion of tuition and fees for each student enrolling in a private institution that does not exceed the tuition and fees at a comparable public institution. Each student shall be awarded a scholarship based on the total cost of the student's education and a standardized need analysis. The amount and type of each scholarship shall be determined through the advice and counsel of the Minnesota Indian scholarship committee.

When an Indian student satisfactorily completes the work required by a certain college or school in a school year the student is eligible for additional scholarships, if additional training is necessary to reach the student's educational and vocational objective. Scholarships may not be given to any Indian student for more than five years of study without special approval of the Minnesota Indian scholarship committee.

Sec. 5. Minnesota Statutes 1999 Supplement, section 124D.88, subdivision 3, is amended to read:

Subd. 3. [GRANT APPLICATION PROCESS.] (a) Any group of school districts that meets the criteria required under paragraph (b)(1) may apply for a magnet school grant in an amount not to exceed ~~\$20,800,000~~ for the approved costs or expansion of a magnet school facility.

(b)(1) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 123B.71, and the commissioner shall prepare a review and comment on the proposed magnet school facility, regardless of the amount of the capital expenditure required to design, acquire, construct, remodel, improve, furnish, or equip the facility. The commissioner must not approve an application for a magnet school grant for any facility unless the facility receives a favorable review and comment under section 123B.71 and the participating districts:

(i) establish a joint powers board under section 471.59 to represent all participating districts and govern the magnet school facility;

(ii) design the planned magnet school facility to meet the applicable requirements contained in Minnesota Rules, chapter 3535;

(iii) submit a statement of need, including reasons why the magnet school will facilitate integration and improve learning;

(iv) prepare an educational plan that includes input from both community and professional staff; and

(v) develop an education program that will improve learning opportunities for students attending the magnet school.

(2) The districts may develop a plan that permits social service, health, and other programs serving students and community residents to be located within the magnet school facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(c) When two or more districts enter into an agreement establishing a joint powers board to govern the magnet school facility, all member districts shall have the same powers.

(d) A joint powers board of participating school districts established under paragraphs (b) and (c) that intends to apply for a grant must adopt a resolution stating the costs of the proposed project, the purpose for which the debt is to be incurred, and an estimate of the dates when the contracts for the proposed project will be completed. A copy of the resolution must accompany any application for a state grant under this section.

(e)(1) The commissioner shall examine and consider all grant applications. If the commissioner finds that any joint powers district is not a qualified grant applicant, the commissioner shall promptly notify that joint powers board. The commissioner shall make awards to no more than two qualified applicants whose applications have been on file with the commissioner more than 30 days.

(2) A grant award is subject to verification by the joint powers board under paragraph (f). A grant award must not be made until the participating districts determine the site of the magnet school facility. If the total amount of the approved applications exceeds the amount of grant funding that is or can be made available, the commissioner shall allot the available amount equally between the approved applicant districts. The commissioner shall promptly certify to each qualified joint powers board the amount, if any, of the grant awarded to it.

(f) Each grant must be evidenced by a contract between the joint powers board and the state acting through the commissioner. The contract obligates the state to pay to the joint powers board an amount computed according to paragraph (e)(2) and a schedule, and terms and conditions acceptable to the commissioner of finance.

(g) Notwithstanding the provisions of section 123B.02, subdivision 3, the joint powers and its individual members may enter into long-term lease agreements as part of the magnet school program.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 1998, section 124D.88, is amended by adding a subdivision to read:

Subd. 4. [START-UP COSTS.] During the first two years of a metropolitan magnet school's operation, the school is eligible for aid to pay for start-up costs and additional operating costs. Start-up cost aid equals \$500 times the magnet school's pupil units served for that year.

Sec. 7. Minnesota Statutes 1998, section 124D.892, subdivision 3, is amended to read:

Subd. 3. [ADVISORY BOARD.] The commissioner shall establish an advisory board composed of:

(1) ~~eight nine~~ superintendents, ~~each of whom eight~~ shall be selected by the superintendents of the school districts located in whole or in part within each of the eight metropolitan districts established under section 473.123, subdivision 3c, and one superintendent of a district outside the seven-county metropolitan area and is from a district that is considered racially isolated or has a racially isolated school site according to Minnesota Rules, part 3535.0110; and

(2) one person each selected by the Indian affairs council, the council on Asian-Pacific Minnesotans, the council on Black Minnesotans, and the council on affairs of Chicano/Latino people; and

(3) the superintendent of independent school district No. 709, Duluth.

The advisory board shall advise the office on complying with the requirements under subdivision 1. The advisory board may solicit comments from teachers, parents, students, and interested community organizations and others.

Sec. 8. Minnesota Statutes 1999 Supplement, section 125A.027, subdivision 3, is amended to read:

Subd. 3. [IMPLEMENTATION TIMELINE.] By July 1, 2000, the individual interagency intervention plan must be available and by January 1, 2001, all governing boards of interagency early intervention committees statewide must implement a coordinated service system for children up to age five with disabilities consistent with the requirements of this section and section 125A.023 and the evaluation results from the demonstration projects under section 125A.023, subdivision 5. Children with disabilities up to the age of 21 shall be eligible for coordinated services and their eligibility to receive such services under this section shall be phased in over a four-year period as follows:

(1) July 1, 2001, children up to age nine become eligible;

(2) July 1, 2002, children up to age 14 become eligible; and

(3) July 1, 2003, children up to age 21 become eligible.

Sec. 9. Minnesota Statutes 1999 Supplement, section 125A.15, is amended to read:

125A.15 [PLACEMENT IN ANOTHER DISTRICT; RESPONSIBILITY.]

The responsibility for special instruction and services for a child with a disability temporarily placed in another district for care and treatment shall be determined in the following manner:

(a) The district of residence of a child shall be the district in which the child's parent resides, if living, or the child's guardian, or the district designated by the commissioner if neither parent nor guardian is living within the state.

(b) When a child is temporarily placed for care and treatment in a day program located in another district and the child continues to live within the district of residence during the care and treatment, the district of residence is responsible for providing transportation to and from the care and treatment facility and an appropriate educational program for the child. Transportation shall only be provided by the district during regular operating hours of the district. The district may provide the educational program at a school within the district of residence, at the child's residence, or in the district in which the day treatment center is located by paying tuition to that district.

(c) When a child is temporarily placed in a residential program for care and treatment, the nonresident district in which the child is placed is responsible for providing an appropriate educational program for the child and necessary transportation while the child is attending the educational program; and must bill the district of the child's residence for the actual cost of providing the program, as outlined in section 125A.11, except as provided in paragraph (d). However, the board, lodging, and treatment costs incurred in behalf of a child with a disability placed outside of the school district of residence by the commissioner of human services or the commissioner of corrections or their agents, for reasons other than providing for the child's special educational needs must not become the responsibility of either the district providing the instruction or the district of the child's residence. For the purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.

(d) A privately owned and operated residential facility may enter into a contract to obtain appropriate educational programs for special education children and services with a joint powers entity. The entity with which the private facility contracts for special education services shall be the district responsible for providing students placed in that facility an appropriate educational program in place of the district in which the facility is located. If a privately owned and operated residential facility does not enter into a contract under this paragraph, then paragraph (c) applies.

(e) The district of residence shall pay tuition and other program costs, not including transportation costs, to the district providing the instruction and services. The district of residence may claim general education aid for the child as provided by law. Transportation costs must be paid by the district responsible for providing the transportation and the state must pay transportation aid to that district.

Sec. 10. Minnesota Statutes 1999 Supplement, section 125A.51, is amended to read:

125A.51 [PLACEMENT OF CHILDREN WITHOUT DISABILITIES; EDUCATION AND TRANSPORTATION.]

The responsibility for providing instruction and transportation for a pupil without a disability who has a short-term or temporary physical or emotional illness or disability, as determined by the standards of the commissioner, and who is temporarily placed for care and treatment for that illness or disability, must be determined as provided in this section.

- (a) The school district of residence of the pupil is the district in which the pupil's parent or guardian resides.
- (b) When parental rights have been terminated by court order, the legal residence of a child placed in a residential or foster facility for care and treatment is the district in which the child resides ~~when parental rights have been terminated.~~
- (c) Before the placement of a pupil for care and treatment, the district of residence must be notified and provided an opportunity to participate in the placement decision. When an immediate emergency placement is necessary and time does not permit resident district participation in the placement decision, the district in which the pupil is temporarily placed, if different from the district of residence, must notify the district of residence of the emergency placement within 15 days of the placement.
- (d) When a pupil without a disability is temporarily placed for care and treatment in a day program and the pupil continues to live within the district of residence during the care and treatment, the district of residence must provide instruction and necessary transportation to and from the treatment facility for the pupil. Transportation shall only be provided by the district during regular operating hours of the district. The district may provide the instruction at a school within the district of residence, at the pupil's residence, or in the case of a placement outside of the resident district, in the district in which the day treatment program is located by paying tuition to that district. The district of placement may contract with a facility to provide instruction by teachers licensed by the state board of teaching.
- (e) When a pupil without a disability is temporarily placed in a residential program for care and treatment, the district in which the pupil is placed must provide instruction for the pupil and necessary transportation while the pupil is receiving instruction, and in the case of a placement outside of the district of residence, the nonresident district must bill the district of residence for the actual cost of providing the instruction for the regular school year and for summer school, excluding transportation costs. When a pupil without a disability is temporarily placed in a residential program outside the district of residence, the administrator of the court placing the pupil must send timely written notice of the placement to the district of residence. The district of placement may contract with a residential facility to provide instruction by teachers licensed by the state board of teaching. For purposes of this section, the state correctional facilities operated on a fee-for-service basis are considered to be residential programs for care and treatment.
- (f) The district of residence must include the pupil in its residence count of pupil units and pay tuition as provided in section 123A.488 to the district providing the instruction. Transportation costs must be paid by the district providing the transportation and the state must pay transportation aid to that district. For purposes of computing state transportation aid, pupils governed by this subdivision must be included in the disabled transportation category.

Sec. 11. Minnesota Statutes 1999 Supplement, section 125A.76, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the definitions in this subdivision apply.

- (a) "Base year" for fiscal year 1998 and later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.
- (b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.
- (c) "Essential personnel" means teachers, related services, and support services staff providing direct services to students.
- (d) "Average daily membership" has the meaning given it in section 126C.05.
- (e) "Program growth factor" means ~~1.012~~ 1.08 for fiscal year 2002, and 1.047 for fiscal year 2003 and later.

Sec. 12. Minnesota Statutes 1999 Supplement, section 125A.76, subdivision 2, is amended to read:

Subd. 2. [SPECIAL EDUCATION BASE REVENUE.] (a) The special education base revenue equals the sum of the following amounts computed using base year data:

(1) 68 percent of the salary of each essential person employed in the district's program for children with a disability during the fiscal year, not including the share of salaries for personnel providing health-related services counted in clause (8), whether the person is employed by one or more districts or a Minnesota correctional facility operating on a fee-for-service basis;

(2) for the Minnesota state academy for the deaf or the Minnesota state academy for the blind, 68 percent of the salary of each instructional aide assigned to a child attending the academy, if that aide is required by the child's individual education plan;

(3) for special instruction and services provided to any pupil by contracting with public, private, or voluntary agencies other than school districts, in place of special instruction and services provided by the district, 52 percent of the difference between the amount of the contract and the basic revenue of the district for that pupil for the fraction of the school day the pupil receives services under the contract;

(4) for special instruction and services provided to any pupil by contracting for services with public, private, or voluntary agencies other than school districts, that are supplementary to a full educational program provided by the school district, 52 percent of the amount of the contract for that pupil;

(5) for supplies and equipment purchased or rented for use in the instruction of children with a disability, not including the portion of the expenses for supplies and equipment used to provide health-related services counted in clause (8), an amount equal to 47 percent of the sum actually expended by the district, or a Minnesota correctional facility operating on a fee-for-service basis, but not to exceed an average of \$47 in any one school year for each child with a disability receiving instruction;

(6) for fiscal years 1997 and later, special education base revenue shall include amounts under clauses (1) to (5) for special education summer programs provided during the base year for that fiscal year; and

(7) for fiscal years 1999 and later, the cost of providing transportation services for children with disabilities under section 123B.92, subdivision 1, paragraph (b), clause (4); ~~and~~

~~(8) for fiscal years 2001 and later, the cost of salaries, supplies and equipment, and other related costs actually expended by the district for the nonfederal share of medical assistance services according to section 256B.0625, subdivision 26.~~

The department shall establish procedures through the uniform financial accounting and reporting system to identify and track all revenues generated from third-party billings as special education revenue at the school district level; include revenue generated from third-party billings as special education revenue in the annual cross-subsidy report; and exclude third-party revenue from calculation of excess cost aid to the districts.

(b) If requested by a school district operating a special education program during the base year for less than the full fiscal year, or a school district in which is located a Minnesota correctional facility operating on a fee-for-service basis for less than the full fiscal year, the commissioner may adjust the base revenue to reflect the expenditures that would have occurred during the base year had the program been operated for the full fiscal year.

(c) Notwithstanding paragraphs (a) and (b), the portion of a school district's base revenue attributable to a Minnesota correctional facility operating on a fee-for-service basis during the facility's first year of operating on a fee-for-service basis shall be computed using current year data.

Sec. 13. Minnesota Statutes 1999 Supplement, section 125A.79, subdivision 2, is amended to read:

Subd. 2. [EXCESS COST AID, FISCAL YEARS 2000 AND 2001.] For fiscal years 2000 and 2001, a district's special education excess cost aid equals the greatest of:

(a) 75 percent of the difference between (1) the district's unreimbursed special education cost and (2) ~~4.4~~ 4.36 percent of the district's general revenue;

(b) 70 percent of the difference between (1) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (2) 1.6 percent of the district's general revenue; or

(c) zero.

Sec. 14. Minnesota Statutes 1999 Supplement, section 125A.79, subdivision 5, is amended to read:

Subd. 5. [INITIAL EXCESS COST AID.] For fiscal years 2002 and later, a district's initial excess cost aid equals the greatest of:

(1) 75 percent of the difference between (i) the district's unreimbursed special education cost and (ii) ~~4.4~~ 4.36 percent of the district's general revenue;

(2) 70 percent of the difference between (i) the increase in the district's unreimbursed special education cost between the base year as defined in section 125A.76, subdivision 1, and the current year and (ii) 1.6 percent of the district's general revenue; or

(3) zero.

Sec. 15. Minnesota Statutes 1999 Supplement, section 127A.42, subdivision 3, is amended to read:

Subd. 3. [ASSURANCE OF COMPLIANCE.] ~~(a) After consultation with the commissioner of human rights, the commissioner of children, families, and learning shall adopt rules in conformance with chapter 14. The rules must direct districts to file with the commissioner of children, families, and learning assurances of compliance with state and federal laws prohibiting discrimination and specify the information required to be submitted in support of the assurances. The commissioner shall provide copies of the assurances and the supportive information to the commissioner of human rights.~~ The assurances must be provided in a form and manner prescribed by the commissioner.

~~(b) If, after reviewing the assurances and the supportive information it appears that one or more violations of the Minnesota Human Rights Act are occurring in the a district, the commissioner of human rights shall notify the commissioner of the violations, and the commissioner of children, families, and learning may then proceed pursuant to subdivision 4.~~

Sec. 16. Laws 1999, chapter 216, article 4, section 12, is amended to read:

Sec. 12. [SELECTION OF VENDOR TO OPERATE EDUCATIONAL PROGRAM AT MCF-RED WING.]

The assessment for excellence task force, appointed by the commissioner of corrections, shall assist the commissioner of administration in developing a request for proposals from vendors to operate the educational program at the Minnesota correctional facility - Red Wing. The commissioner of administration shall issue the request for proposals by November 1, 1999, and shall select a vendor who shall begin operating the program by January 1, 2000. The commissioner shall issue a new request for proposals by November 1, 2005, and shall issue a new request for proposals every other year thereafter. The department of corrections may respond to the request for proposals.

Sec. 17. Laws 1999, chapter 241, article 2, section 60, subdivision 7, is amended to read:

Subd. 7. [TRIBAL CONTRACT SCHOOLS.] For tribal contract school aid according to Minnesota Statutes, section 124D.83:

\$2,706,000 <u>\$1,671,000</u>	.....	2000
\$2,790,000 <u>\$1,882,000</u>	.....	2001

The 2000 appropriation includes \$283,000 for 1999 and ~~\$2,423,000~~ \$1,388,000 for 2000.

The 2001 appropriation includes ~~\$269,000~~ \$154,000 for 2000 and ~~\$2,521,000~~ \$1,728,000 for 2001.

Sec. 18. Laws 1999, chapter 241, article 2, section 60, subdivision 9, is amended to read:

Subd. 9. [MAGNET SCHOOL GRANTS.] For magnet school and program grants under Laws 1994, chapter 647, article 8, section 38:

\$1,750,000	.....	2000
\$1,750,000	.....	2001

These amounts may be used for magnet school programs according to Minnesota Statutes, section 124D.88. The budget base for this program for fiscal year 2003 and each year thereafter is \$1,050,000.

Sec. 19. Laws 1999, chapter 241, article 2, section 60, subdivision 12, is amended to read:

Subd. 12. [AID FOR CHILDREN WITH A DISABILITY.] For aid according to Minnesota Statutes, section 125A.75, subdivision 3, for children with a disability placed in residential facilities within the district boundaries for whom no district of residence can be determined:

\$443,000 <u>\$433,000</u>	.....	2000
\$1,064,000 <u>\$4,263,000</u>	.....	2001

If the appropriation for either year is insufficient, the appropriation for the other year is available. Any balance in the first year does not cancel but is available in the second year.

Sec. 20. Laws 1999, chapter 241, article 2, section 60, subdivision 13, is amended to read:

Subd. 13. [TRAVEL FOR HOME-BASED SERVICES.] For aid for teacher travel for home-based services according to Minnesota Statutes, section 125A.75, subdivision 1:

\$133,000 <u>\$125,000</u>	.....	2000
\$139,000 <u>\$130,000</u>	.....	2001

The 2000 appropriation includes \$11,000 for 1999 and ~~\$122,000~~ \$114,000 for 2000.

The 2001 appropriation includes \$13,000 for 2000 and ~~\$126,000~~ \$117,000 for 2001.

Sec. 21. Laws 1999, chapter 241, article 2, section 60, subdivision 14, is amended to read:

Subd. 14. [SPECIAL EDUCATION EXCESS COST AID.] For excess cost aid:

\$60,498,000 <u>\$66,032,000</u>	.....	2000
\$79,405,000 <u>\$89,072,000</u>	.....	2001

The 2000 appropriation includes \$4,693,000 for 1999 and ~~\$55,805,000~~ \$61,339,000 for 2000.

The 2001 appropriation includes ~~\$6,200,000~~ \$6,815,000 for 2000 and ~~\$73,205,000~~ \$82,257,000 for 2001.

Sec. 22. Laws 1999, chapter 241, article 2, section 60, subdivision 17, is amended to read:

Subd. 17. [INTEGRATION AID.] For integration aid:

\$37,182,000 <u>\$37,610,000</u>	.....	2000
\$43,787,000 <u>\$55,828,000</u>	.....	2001

The 2000 appropriation includes \$2,902,000 for 1999 and ~~\$34,280,000~~ \$34,708,000 for 2000.

The 2001 appropriation includes ~~\$3,809,000~~ \$3,856,000 for 2000 and ~~\$39,978,000~~ \$51,972,000 for 2001.

Sec. 23. Laws 1999, chapter 241, article 2, section 60, subdivision 19, is amended to read:

Subd. 19. [INTERDISTRICT DESEGREGATION OR INTEGRATION TRANSPORTATION AID.] (a) For interdistrict desegregation or integration transportation aid under Minnesota Statutes, section 124D.87:

\$970,000	.....	2000
\$970,000	.....	2001

Any balance in the first year does not cancel but is available in the second year.

(b) For fiscal year 2003 and later, the budget base for this program is the forecasted cost of fully reimbursing districts according to Minnesota Statutes, section 124D.87.

Sec. 24. [SPECIAL EDUCATION CROSS-SUBSIDY REVENUE.]

For fiscal year 2000, a school district shall receive an amount of revenue equal to \$8.15 times the district's adjusted marginal cost pupil units. For fiscal year 2001, a school district shall receive an amount of revenue equal to \$19 times the district's adjusted marginal cost pupil units. Special education cross-subsidy revenue must be used to pay for a district's unfunded special education costs that are currently cross-subsidized by a district's general education revenue.

Sec. 25. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sums indicated in this section are appropriated from the general fund to the department of children, families, and learning for the fiscal years designated.

Subd. 2. [LITTLE FALLS; REVENUE REIMBURSEMENT.] For independent school district No. 482, Little Falls, for partial reimbursement of revenue returned to the state as a result of a finding that the district had over-counted kindergarten pupils in earlier years:

<u>\$300,000</u>	<u>2000</u>
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Revenue appropriated to the district under this subdivision must be used for all-day kindergarten services. This is a one-time appropriation.

Subd. 3. [NORTHLAND LEARNING CENTER.] For a grant to the Northland joint powers board for start-up costs associated with the delay of special education funding for the Northland learning center:

<u>\$200,000</u>	: : : : :	<u>2001</u>
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This is a one-time appropriation.

Subd. 4. [MAGNET SCHOOL START-UP AID.] For magnet school start-up aid under Minnesota Statutes, section 124D.88:

<u>\$225,000</u>	: : : : :	<u>2001</u>
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Subd. 5. [SPECIAL EDUCATION CROSS-SUBSIDY REVENUE.] For special education cross-subsidy revenue:

<u>\$7,898,000</u>	: : : : :	<u>2000</u>
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<u>\$18,396,000</u>	: : : : :	<u>2001</u>
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Subd. 6. [GRANT TO INDEPENDENT SCHOOL DISTRICT NO. 707, NETT LAKE.] (a) For a grant to independent school district No. 707, Nett Lake, to pay obligations of the school district for unemployment compensation:

<u>\$30,000</u>	: : : : :	<u>2001</u>
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(b) This appropriation must be paid to the appropriate state agency for the purposes of paragraph (a) in the name of the school district. This is a one-time appropriation.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 26. [REPEALER.]

Minnesota Rules, part 3535.9920, is repealed.

EFFECTIVE DATE: This section is effective the day following final enactment.

ARTICLE 4

KINDERGARTEN THROUGH GRADE 12 EDUCATION EMPLOYMENT AND TRANSITIONS

Section 1. Minnesota Statutes 1998, section 124D.44, is amended to read:

124D.44 [MATCH REQUIREMENTS.]

Youth works grant funds must be used for the living allowance, cost of employer taxes under sections 3111 and 3301 of the Internal Revenue Code of 1986, workers' compensation coverage, ~~and~~ health benefits for each program participant, and administrative expenses, which must not exceed five percent of total program costs. Youthworks grant funds may also be used to supplement applicant resources to fund postservice benefits for program participants. Applicant resources, from sources and in a form determined by the commission ~~and, beginning January 1, 1997, the council,~~ must be used to provide for all other program costs, including the portion of the

applicant's obligation for postservice benefits that is not covered by state or federal grant funds and such costs as supplies, materials, transportation, and salaries and benefits of those staff directly involved in the operation, internal monitoring, and evaluation of the program. ~~Administrative expenses must not exceed five percent of total program costs.~~

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 1999 Supplement, section 124D.453, subdivision 3, is amended to read:

Subd. 3. [CAREER AND TECHNICAL AID.] A district's career and technical education aid for fiscal ~~year~~ years 2000 and 2001 equals the lesser of:

(a) \$73 times the district's average daily membership in grades 10 to 12; or

(b) 25 percent of approved expenditures for the following:

(1) salaries paid to essential, licensed personnel providing direct instructional services to students in that fiscal year for services rendered in the district's approved career and technical education programs;

(2) contracted services provided by a public or private agency other than a Minnesota school district or cooperative center under subdivision 7;

(3) necessary travel between instructional sites by licensed career and technical education personnel;

(4) necessary travel by licensed career and technical education personnel for vocational student organization activities held within the state for instructional purposes;

(5) curriculum development activities that are part of a five-year plan for improvement based on program assessment;

(6) necessary travel by licensed career and technical education personnel for noncollegiate credit bearing professional development; and

(7) specialized vocational instructional supplies.

(c) Up to ten percent of a district's career and technical aid may be spent on equipment purchases. Districts using career and technical aid for equipment purchases must report to the department on the improved learning opportunities for students that result from the investment in equipment.

Sec. 3. Minnesota Statutes 1998, section 124D.454, subdivision 4, is amended to read:

Subd. 4. [~~ADJUSTED SECONDARY VOCATIONAL-DISABLED~~ TRANSITION-DISABLED BASE REVENUE.] For fiscal year 1996 and later, a district's adjusted ~~secondary vocational-disabled~~ transition-disabled base revenue equals the district's ~~secondary vocational-disabled~~ transition-disabled base revenue times the ratio of the district's average daily membership for the current school year to the district's average daily membership for the base year.

Sec. 4. Minnesota Statutes 1998, section 124D.454, subdivision 6, is amended to read:

Subd. 6. [~~SCHOOL DISTRICT SECONDARY VOCATIONAL-DISABLED~~ TRANSITION-DISABLED REVENUE.] (a) A school district's ~~secondary vocational-disabled~~ transition-disabled revenue for fiscal year 1996 and later equals the state total ~~secondary vocational-disabled~~ transition-disabled revenue, minus the amount determined under paragraph (b), times the ratio of the district's adjusted ~~secondary vocational-disabled~~ transition-disabled base revenue to the state total adjusted ~~secondary vocational-disabled~~ transition-disabled base revenue.

(b) Notwithstanding paragraph (a), if the ~~secondary vocational-disabled transition-disabled~~ base revenue for a district equals zero and no district residents were enrolled in ~~secondary vocational-disabled transition-disabled~~ programs during the base year, the ~~secondary vocational-disabled transition-disabled~~ revenue equals the amount computed according to subdivision 3 using current year data.

Sec. 5. Minnesota Statutes 1998, section 124D.454, subdivision 7, is amended to read:

Subd. 7. [SCHOOL DISTRICT ~~SECONDARY VOCATIONAL-DISABLED TRANSITION-DISABLED~~ AID.] A school district's ~~secondary vocational-disabled transition-disabled~~ aid for fiscal year 1996 and later equals the district's ~~secondary vocational-disabled transition-disabled~~ revenue times the aid percentage factor for that year.

Sec. 6. Laws 1997, chapter 157, section 71, as amended by Laws 1998, chapter 398, article 3, section 11, is amended to read:

Sec. 71. [SCHOOL ~~BANK PILOT PROJECT~~ BANKS.]

(a) A school bank sponsored by independent school district No. 31, Bemidji, independent school district No. 316, Greenway-Coleraine, independent school district No. 2170, Staples-Motley, or by independent school district No. 508, St. Peter, that meets all requirements of paragraph (b) is not subject to Minnesota Statutes, section 47.03, subdivision 1, or to any other statute or rule that regulates banks, other financial institutions, or currency exchanges.

(b) To qualify under paragraph (a), the school bank must:

- (1) be operated as part of a high school educational program and under guidelines adopted by the school board;
- (2) be advised on a regular basis by one or more ~~state-chartered state chartered or federally-chartered~~ federally chartered financial institutions, but not owned or operated by any financial institution;
- (3) be located on school premises and have as customers only students enrolled in, or employees of, the school in which it is located; and
- (4) have a written commitment from the school board, guaranteeing reimbursement of any depositor's funds lost due to insolvency of the school bank.

(c) Funds of a school bank that meets the requirements of this section are not school district or other public funds for purposes of any state law governing the use or investment of school district or other public funds.

(d) The school district shall annually file with the commissioner of commerce a report, prepared by the students and teachers involved, summarizing the operation of the school bank.

~~(e) This section expires June 30, 2000. The commissioner of commerce shall, no later than December 15, 1999, provide a written report to the legislature regarding this pilot project and any recommended legislation regarding school banks.~~

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 7. Laws 1999, chapter 241, article 3, section 3, subdivision 2, is amended to read:

Subd. 2. [SECONDARY VOCATIONAL EDUCATION AID.] For secondary vocational education aid according to Minnesota Statutes, section 124D.453:

\$11,335,000 <u>\$12,413,000</u>	. . . . .	2000
\$1,130,000 <u>\$12,417,000</u>	. . . . .	2001

The 2000 appropriation includes \$1,159,000 for 1999 and ~~\$10,176,000~~ \$11,254,000 for 2000. The 2001 appropriation includes ~~\$1,130,000~~ \$1,250,000 for 2000 and \$11,167,000 for 2001.

Any balance in the first year does not cancel but is available in the second year.

Sec. 8. Laws 1999, chapter 241, article 3, section 3, subdivision 4, is amended to read:

Subd. 4. [EDUCATION AND EMPLOYMENT TRANSITIONS PROGRAM GRANTS.] For education and employment transitions programming under Minnesota Statutes, section 124D.46:

\$3,225,000	.....	2000
\$3,225,000 <u>\$2,225,000</u>	.....	2001

\$200,000 each year is for the development and implementation of the ISEEK Internet-based education and employment information system.

\$1,000,000 ~~each~~ in fiscal year 2000 is for an employer rebate program for qualifying employers who offer youth internships to educators.

\$500,000 each year is for youth entrepreneurship grants.

\$750,000 each year is for youth apprenticeship grants.

\$300,000 each year is for grants to programs in cities of the first class to expand the number of at-risk students participating in school-to-work projects.

\$350,000 each year is for agricultural school-to-work grants.

\$125,000 each year is to conduct a high school follow-up survey to include first, third, and sixth year graduates of Minnesota schools.

Any balance in the first year does not cancel but is available in the second year.

Sec. 9. Laws 1999, chapter 241, article 3, section 5, is amended to read:

Sec. 5. [REPEALER.]

Minnesota Statutes 1998, section 124D.453, is repealed effective for revenue for fiscal year ~~2001~~ 2002.

EFFECTIVE DATE: This section is effective the day following final enactment.

ARTICLE 5

KINDERGARTEN THROUGH GRADE 12 EDUCATION FACILITIES AND TECHNOLOGY

Section 1. Minnesota Statutes 1998, section 123A.485, subdivision 4, is amended to read:

Subd. 4. [NEW DISTRICTS.] If a district consolidates with another district that has received aid under section 123A.39, subdivision 3, or 123A.485 for a combination or consolidation taking effect within six years of the effective date of the new consolidation, only the pupil units in the district or districts not previously reorganized must be counted for aid purposes under subdivision 2. If two or more districts consolidate and all districts received aid under subdivision 2 for a consolidation taking effect within six years of the effective date of the new consolidation, only one quarter of the pupil units in the newly created district must be used to determine aid under subdivision 2.

Sec. 2. Minnesota Statutes 1998, section 123B.51, subdivision 6, is amended to read:

Subd. 6. [PROCEEDS OF SALE OR EXCHANGE.] (a) Proceeds of the sale or exchange of school buildings or real property of the district must be used as provided in this subdivision.

(b) In districts with outstanding bonds, the proceeds of the sale or exchange shall first be deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds which is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property which is sold.

(c) After satisfying the requirements of paragraph (b), a district with outstanding bonds may deposit proceeds of the sale or exchange in its ~~capital expenditure fund~~ general fund reserved for operating capital account if the amount deposited is used for the following:

(1) for expenditures for the cleanup of polychlorinated biphenyls, if the method for cleanup is approved by the department;

(2) for capital expenditures for the betterment, as defined in section 475.51, subdivision 8, of district-owned school buildings; or

(3) to replace the building or property sold.

(d) In a district with outstanding bonds, the amount of the proceeds of the sale or exchange remaining after the application of paragraphs (b) and (c), which is sufficient to meet when due that percentage of the principal and interest payments for the district's outstanding bonds which is not governed by paragraph (b), shall be deposited in the debt retirement fund.

(e) Any proceeds of the sale or exchange remaining in districts with outstanding bonds after the application of paragraphs (b), (c), and (d), and all proceeds of the sale or exchange in districts without outstanding bonds shall be deposited in the ~~capital expenditure~~ general fund reserved for operating capital account of the district.

(f) Notwithstanding paragraphs (c) and (d), a district with outstanding bonds may deposit in its ~~capital expenditure~~ general fund reserved for operating capital account and use for any lawful operating capital expenditure without the reduction of any levy limitation the same percentage of the proceeds of the sale or exchange of a building or property as the percentage of the initial cost of purchasing or constructing the building or property which was paid using revenue from the ~~capital expenditure~~ general fund reserved for operating capital account.

Sec. 3. Minnesota Statutes 1998, section 123B.52, is amended by adding a subdivision to read:

Subd. 6. [DISPOSING OF SURPLUS SCHOOL COMPUTERS.] Notwithstanding section 471.345, governing school district contracts made upon sealed bid or otherwise complying with the requirements for competitive bidding, other provisions of this section governing school district contracts, or other law to the contrary, a school district under this subdivision may dispose of a surplus school computer and related equipment if the district disposes of the surplus property by conveying the property and title to:

(1) another school district;

(2) the state department of corrections;

(3) the board of trustees of the Minnesota state colleges and universities; or

(4) the family of a student residing in the district whose total family income meets the federal definition of poverty.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 1999 Supplement, section 123B.54, is amended to read:

123B.54 [DEBT SERVICE APPROPRIATION.]

(a) ~~\$33,165,000~~ \$33,141,000 in fiscal year 2000, ~~\$32,057,000~~ \$29,400,000 in fiscal year 2001, ~~and \$31,280,000~~ \$26,934,000 in fiscal year 2002, and \$25,540,000 in fiscal year 2003 and each year thereafter is appropriated from the general fund to the commissioner of children, families, and learning for payment of debt service equalization aid under section 123B.53. ~~The 2002 appropriation includes \$3,201,000 for 2001 and \$29,079,000 for 2002.~~

(b) The appropriations in paragraph (a) must be reduced by the amount of any money specifically appropriated for the same purpose in any year from any state fund.

Sec. 5. Minnesota Statutes 1998, section 123B.57, subdivision 1, is amended to read:

Subdivision 1. [HEALTH AND SAFETY PROGRAM.] To receive health and safety revenue for any fiscal year a district must submit to the commissioner an application for aid and levy by the date determined by the commissioner. The application may be for hazardous substance removal, fire and life safety code repairs, labor and industry regulated facility and equipment violations, and health, safety, and environmental management, including indoor air quality management. The application must include a health and safety program adopted by the school district board. The program must include the estimated cost, per building, of the program by fiscal year. Upon approval through the adoption of a resolution by each of an intermediate district's member school district boards and the approval of the department of children, families, and learning, a school district may include its proportionate share of the costs of health and safety projects for an intermediate district in its application.

EFFECTIVE DATE: This section is effective for revenue for fiscal year 2002 and thereafter.

Sec. 6. Minnesota Statutes 1998, section 123B.71, subdivision 10, is amended to read:

Subd. 10. [INDOOR AIR QUALITY.] A school board seeking a review and comment under this section must submit information demonstrating to the commissioner's satisfaction that:

- (1) indoor air quality issues have been considered; and
- (2) the architects and engineers designing the facility will have professional liability insurance.

Plans submitted under subdivisions 3 and 4 for projects to be placed in service after July 1, 2002, must demonstrate that:

(a) the facility's heating, ventilation, and air conditioning systems meet or exceed the standards established by code; and

(b) the facility's design will provide the ability for monitoring of outdoor airflow and total airflow of ventilation systems in new school facilities.

Sec. 7. Minnesota Statutes 1998, section 123B.72, subdivision 3, is amended to read:

Subd. 3. [CERTIFICATION.] Prior to occupying or reoccupying a school facility affected by this section, a school board or its designee shall submit a document prepared by a system inspector to the building official or to the commissioner, verifying that the facility's heating, ventilation, and air conditioning system has been installed and operates according to design specifications and code, according to section 123B.71, subdivision 10, clause (3). A systems inspector shall also verify that the facility's design will provide the ability for monitoring of outdoor airflow and total airflow of ventilation systems in new school facilities and that any heating, ventilation, or air conditioning system that is installed or modified for a project subject to this section must provide a filtration system with a current ASHRAE standard.

EFFECTIVE DATE: This section is effective on July 1, 2002.

Sec. 8. [125B.25] [TELECOMMUNICATIONS ACCESS REVENUE.]

Subdivision 1. [COSTS TO BE SUBMITTED.] A district shall submit its outstanding ongoing or recurring telecommunications access costs associated with data lines and video links to the department of children, families, and learning. Costs of telecommunications hardware or equipment must not be included in the costs submitted by districts to the department. A district may include installation charges associated with new lines or upgraded lines, but may not include costs of hardware or equipment.

Subd. 2. [GUARANTEED MINIMUM ACCESS.] (a) The ongoing or recurring telecommunications access costs submitted to the department by each district under this section are limited to the operation costs equal to the greater of:

(1) one data line or video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second for each elementary school, middle school, or high school under section 120A.05, subdivisions 9, 11, and 13; or

(2) one data line or video link that relies on a transport medium that operates at a minimum speed of 1.544 megabytes per second for each district.

(b) A district may include costs associated with cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in its geographic region. A district may continue to purchase its ongoing or recurring telecommunications access services through existing contracts.

Subd. 3. [E-RATES.] To be eligible for revenue under this section, a district is required to file an e-rate application either separately or through their telecommunications grant cluster. Discounts received on telecommunications expenditures shall be used to offset the amount submitted to the department for per pupil revenue under this section.

Subd. 4. [CALCULATION OF COSTS.] By December 15 of each year, the commissioner shall calculate the ongoing or recurring telecommunications access cost per adjusted marginal cost pupil unit submitted by each school district under subdivisions 1 and 2 for the year in which the data is submitted minus the reserved revenue under section 126C.10, subdivision 13, paragraph (d). Districts shall submit their anticipated ongoing or recurring telecommunications access costs, adjusted for any e-rate revenue received to the department based on contracts entered into by the district for that school year. Districts shall also submit their actual telecommunications access costs by August 15 of each year and adjusted for any e-rate revenue received to the department as prescribed by the commissioner.

Subd. 5. [DISTRICT REVENUE.] A district shall receive an amount equal to the amount as calculated by the commissioner under subdivision 4, times the adjusted marginal cost pupil units for that year, times 65 percent.

Subd. 6. [REVENUE FOR CHARTER SCHOOLS.] (a) Each charter school shall receive revenue equal to the greater of:

(1) the per marginal cost pupil unit amount for the district in which the charter school is located as determined by the commissioner according to subdivision 4; or

(2) \$5;

times the adjusted marginal cost pupil units for that year, times 65 percent.

(b) A charter school's revenue under this subdivision must be used to pay for ongoing or recurring telecommunication access costs, including access to data lines, video lines, or Internet access.

Subd. 7. [TELECOMMUNICATION ACCESS SERVICES FOR NONPUBLIC SCHOOLS.] (a) Districts shall provide each year upon formal request by or on behalf of a nonpublic school, not including home schools, located in that district or area, ongoing or recurring telecommunication access services to the nonpublic school either through existing district providers or through separate providers.

(b) The amount of district revenue for telecommunication access services for each nonpublic school under this subdivision is equal to:

(1) \$5; plus

(2) the per marginal cost pupil unit amount for the district as determined in subdivision 5; times the number of pupils who are enrolled at the nonpublic school as of October 1 of the current school year.

(c) Each year, a district providing services under paragraph (a) may claim up to five percent of the revenue determined in paragraph (b) for costs of administering this subdivision. No district may expend an amount for these telecommunication access services which exceeds the amount allocated under this subdivision. The nonpublic school is responsible for the telecommunications access costs not covered by this section.

(d) At the request of a nonpublic school, districts may allocate the amount determined in paragraph (b) directly to the nonpublic school to pay for or offset the nonpublic school's costs for telecommunication access services, however, the amount allocated directly to the nonpublic school may not exceed the actual amount of the school's ongoing or recurring telecommunication access costs.

Subd. 8. [REIMBURSEMENT CRITERIA.] The commissioner, working with the commissioner of administration and the Minnesota education telecommunications council, shall develop reimbursement criteria that schools must address when submitting ongoing or recurring telecommunications costs as determined in subdivisions 1 and 2. The criteria must assist schools to procure telecommunications access services in the most efficient and cost effective manner possible.

Subd. 9. [EXPIRATION.] This section expires on July 1, 2002.

Subd. 10. [SEVERABILITY.] If any portion of this section is found by a court to be unconstitutional, the remaining portions of the section shall remain in effect.

Sec. 9. Minnesota Statutes 1999 Supplement, section 126C.10, subdivision 13, is amended to read:

Subd. 13. [TOTAL OPERATING CAPITAL REVENUE.] (a) For fiscal year 2000 and thereafter, total operating capital revenue for a district equals the amount determined under paragraph (b) or (c), plus ~~\$68~~ \$73 times the adjusted marginal cost pupil units for the school year. The revenue must be placed in a reserved account in the general fund and may only be used according to paragraph (d) or subdivision 14.

(b) For fiscal years 2000 and later, capital revenue for a district equals \$100 times the district's maintenance cost index times its adjusted marginal cost pupil units for the school year.

(c) For fiscal years 2000 and later, the revenue for a district that operates a program under section 124D.128, is increased by an amount equal to \$30 times the number of marginal cost pupil units served at the site where the program is implemented.

(d) For fiscal years 2001 and 2002, the district must reserve an amount equal to \$5 per adjusted marginal cost pupil unit for telecommunication access costs. Reserve revenue under this paragraph must first be used to pay for ongoing or recurring telecommunication access costs, including access to data lines, video lines, or Internet access. Any revenue remaining after covering all ongoing or recurring access costs may be used for computer hardware or equipment.

Sec. 10. Minnesota Statutes 1998, section 126C.40, subdivision 1, is amended to read:

Subdivision 1. [TO LEASE BUILDING OR LAND.] (a) When a district finds it economically advantageous to rent or lease a building or land for any instructional purposes or for school storage or furniture repair, and it determines that the operating capital revenue authorized under section 126C.10, subdivision 13, is insufficient for this purpose, it may apply to the commissioner for permission to make an additional capital expenditure levy for this purpose. An application for permission to levy under this subdivision must contain financial justification for the proposed levy, the terms and conditions of the proposed lease, and a description of the space to be leased and its proposed use.

(b) The criteria for approval of applications to levy under this subdivision must include: the reasonableness of the price, the appropriateness of the space to the proposed activity, the feasibility of transporting pupils to the leased building or land, conformity of the lease to the laws and rules of the state of Minnesota, and the appropriateness of the proposed lease to the space needs and the financial condition of the district. The commissioner must not authorize a levy under this subdivision in an amount greater than the cost to the district of renting or leasing a building or land for approved purposes. The proceeds of this levy must not be used for custodial or other maintenance services. A district may not levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself.

(c) For agreements finalized after July 1, 1997, a district may not levy under this subdivision for the purpose of leasing: (1) a newly constructed building used primarily for regular kindergarten, elementary, or secondary instruction; or (2) a newly constructed building addition or additions used primarily for regular kindergarten, elementary, or secondary instruction that contains more than 20 percent of the square footage of the previously existing building.

(d) Notwithstanding paragraph (b), a district may levy under this subdivision for the purpose of leasing or renting a district-owned building or site to itself only if the amount is needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, and the levy meets the requirements of paragraph (c). A levy authorized for a district by the commissioner under this paragraph may be in the amount needed by the district to make payments required by a lease purchase agreement, installment purchase agreement, or other deferred payments agreement authorized by law, provided that any agreement include a provision giving the school districts the right to terminate the agreement annually without penalty.

(e) The total levy under this subdivision for a district for any year must not exceed \$100 times the resident pupil units for the fiscal year to which the levy is attributable.

(f) For agreements for which a review and comment have been submitted to the department of children, families, and learning after April 1, 1998, the term "instructional purpose" as used in this subdivision excludes expenditures on stadiums.

(g) The commissioner of children, families, and learning may authorize a school district to exceed the limit in paragraph (e) if the school district petitions the commissioner for approval. The commissioner shall grant approval to a school district to exceed the limit in paragraph (e) for not more than five years if the district meets the following criteria:

(1) the school district has been experiencing pupil enrollment growth in the preceding five years;

(2) the purpose of the increased levy is in the long-term public interest;

(3) the purpose of the increased levy promotes collocation of government services; and

(4) the purpose of the increased levy is in the long-term interest of the district by avoiding over construction of school facilities.

Sec. 11. Minnesota Statutes 1999 Supplement, section 126C.40, subdivision 6, is amended to read:

Subd. 6. [LEASE PURCHASE; INSTALLMENT BUYS.] (a) Upon application to, and approval by, the commissioner in accordance with the procedures and limits in subdivision 1, paragraphs (a) and (b), a district, as defined in this subdivision, may:

(1) purchase real or personal property under an installment contract or may lease real or personal property with an option to purchase under a lease purchase agreement, by which installment contract or lease purchase agreement title is kept by the seller or vendor or assigned to a third party as security for the purchase price, including interest, if any; and

(2) annually levy the amounts necessary to pay the district's obligations under the installment contract or lease purchase agreement.

(b) The obligation created by the installment contract or the lease purchase agreement must not be included in the calculation of net debt for purposes of section 475.53, and does not constitute debt under other law. An election is not required in connection with the execution of the installment contract or the lease purchase agreement.

(c) The proceeds of the levy authorized by this subdivision must not be used to acquire a facility to be primarily used for athletic or school administration purposes.

(d) For the purposes of this subdivision, "district" means:

(1) a school district required to have a comprehensive plan for the elimination of segregation whose plan has been determined by the commissioner to be in compliance with department of children, families, and learning rules relating to equality of educational opportunity and school desegregation and, for a district eligible for revenue under section 124D.86, subdivision 3, clause (4), where the acquisition of property under this subdivision is determined by the commissioner to contribute to the implementation of the desegregation plan; or

(2) a school district that participates in a joint program for interdistrict desegregation with a district defined in clause (1) if the facility acquired under this subdivision is to be primarily used for the joint program and the commissioner determines that the joint programs are being undertaken to implement the districts' desegregation plan.

(e) Notwithstanding subdivision 1, the prohibition against a levy by a district to lease or rent a district-owned building to itself does not apply to levies otherwise authorized by this subdivision.

(f) For the purposes of this subdivision, any references in subdivision 1 to building or land shall include personal property.

EFFECTIVE DATE: This section is effective for taxes payable in 2001 and later.

Sec. 12. Minnesota Statutes 1998, section 126C.69, subdivision 15, is amended to read:

Subd. 15. [BOND SALE LIMITATIONS.] A district having an outstanding state loan must not issue and sell any bonds on the public market, except to refund state loans, unless it agrees to make the maximum effort debt service levy in each later year at the higher rate provided in section 126C.63, subdivision 8, and unless it schedules the maturities of the bonds according to section 475.54, subdivision 2. A district that refunds bonds at a lower interest rate may continue to make the maximum effort debt service levy in each later year at the current rate provided in section 126C.63, subdivision 8, if the district can demonstrate to the commissioner's satisfaction that the district's repayments of the state loan will not be reduced below the previous year's level. The district must report each sale to the commissioner.

After a district's capital loan has been outstanding for ~~20~~ 30 years, the district must not issue bonds on the public market except to refund the loan.

Sec. 13. Laws 1999, chapter 241, article 4, section 27, subdivision 2, is amended to read:

Subd. 2. [HEALTH AND SAFETY AID.] For health and safety aid according to Minnesota Statutes, section 123B.57, subdivision 5:

\$14,528,000 <u>\$14,015,000</u>	.....	2000
\$14,957,000 <u>\$14,450,000</u>	.....	2001

The 2000 appropriation includes \$1,415,000 for 1999 and ~~\$13,113,000~~ \$12,600,000 for 2000.

The 2001 appropriation includes ~~\$1,456,000~~ \$1,400,000 for 2000 and ~~\$13,501,000~~ \$13,050,000 for 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 14. Laws 1999, chapter 241, article 4, section 27, subdivision 3, is amended to read:

Subd. 3. [DEBT SERVICE AID.] For debt service aid according to Minnesota Statutes, section 123B.53, subdivision 6:

\$33,165,000 <u>\$33,141,000</u>	.....	2000
\$32,084,000 <u>\$29,400,000</u>	.....	2001

The 2000 appropriation includes \$3,842,000 for 1999 and ~~\$29,323,000~~ \$29,299,000 for 2000.

The 2001 appropriation includes ~~\$3,256,000~~ \$3,255,000 for 2000 and ~~\$28,828,000~~ \$26,145,000 for 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 15. Laws 1999, chapter 241, article 4, section 27, subdivision 4, is amended to read:

Subd. 4. [INTERACTIVE TELEVISION (ITV) AID.] For interactive television (ITV) aid under Minnesota Statutes, section 126C.40, subdivision 4:

\$4,197,000 <u>\$4,194,000</u>	.....	2000
\$2,851,000 <u>\$2,761,000</u>	.....	2001

The 2000 appropriation includes \$405,000 for 1999 and ~~\$3,792,000~~ \$3,789,000 for 2000.

The 2001 appropriation includes \$421,000 for 2000 and ~~\$2,430,000~~ \$2,340,000 for 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 16. Laws 1999, chapter 241, article 4, section 27, subdivision 5, is amended to read:

Subd. 5. [ALTERNATIVE FACILITIES BONDING AID.] For alternative facilities bonding aid, according to Minnesota Statutes, section 123B.59:

\$19,058,000 <u>\$18,920,000</u>	.....	2000
\$19,286,000 <u>\$19,134,000</u>	.....	2001

The 2000 appropriation includes \$1,700,000 for ~~2000~~ 1999 and ~~\$17,358,000~~ \$17,220,000 for ~~2001~~ 2000.

The 2001 appropriation includes ~~\$1,928,000~~ \$1,913,000 for 2000 and ~~\$17,358,000~~ \$17,221,000 for 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 17. Laws 1999, chapter 241, article 4, section 27, subdivision 10, is amended to read:

Subd. 10. [DECLINING PUPIL AID; ST. PETER.] For a grant to independent school district No. 508, St. Peter, to ameliorate general fund operating losses associated with the March, 1998 tornado:

\$105,000 <u>\$75,000</u>	.....	2000
\$278,000 <u>\$115,000</u>	.....	2001

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 18. Laws 1999, chapter 241, article 4, section 27, subdivision 11, is amended to read:

Subd. 11. [FLOODS; DECLINING PUPIL AID.] For declining pupil aid under section 23:

\$2,132,000 <u>\$2,087,000</u>	.....	2000
\$1,758,000 <u>\$1,639,000</u>	.....	2001

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 19. Laws 1999, chapter 241, article 4, section 29, is amended to read:

Sec. 29. [REPEALER.]

(a) Minnesota Statutes 1998, ~~sections 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.57, subdivisions 4, 5, and 7; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; section 123B.66; 123B.67; 123B.68; and 123B.69, are, is~~ repealed effective the day following final enactment.

(b) ~~Minnesota Statutes 1998, section 123B.58, is repealed effective July 1, 2004.~~

(c) Minnesota Statutes 1998, section 123B.64, subdivision 4, is repealed effective for revenue for fiscal year 2000.

(d) Minnesota Statutes 1998, section 123B.64, subdivisions 1, 2, and 3, are repealed effective for revenue for fiscal year 2001.

(e) Minnesota Rules, parts 3500.3900; 3500.4000; 3500.4100; 3500.4200; and 3500.4300, are repealed.

EFFECTIVE DATE: Paragraph (a) is effective retroactive to May 26, 1999.

Sec. 20. [DECLINING PUPIL UNITS; ST. PETER.]

For purposes of Laws 1999, chapter 241, article 4, section 22, the St. Peter school district's marginal cost pupil units for the 1996-1997 school year must be calculated using the pupil weights in effect for fiscal year 2000.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 21. [ONE-TIME DEFERRED MAINTENANCE AID.]

(a) For fiscal year 2001 only, a district's one-time deferred maintenance aid is equal to:

(1) \$10 times the adjusted marginal cost pupil units for the school year; plus

(2) \$21.90 times the adjusted marginal cost pupil units for the school year for a district that does not qualify for alternative facilities bonding under Minnesota Statutes, section 123B.59, or under Laws 1999, chapter 241, article 4, section 25.

(b) Aid received under this section must be used for deferred maintenance, to make accessibility improvements, or to make fire, safety, or health repairs.

Sec. 22. [PROJECT QUALIFICATION; TRITON.]

Subdivision 1. [ELIGIBILITY.] Notwithstanding Minnesota Statutes, section 123B.57, independent school district No. 2125, Triton, may include all unreimbursed costs associated with the testing, evaluation, removal, and replacement of building fixtures and equipment necessitated by the discovery of mold in a school building in its health and safety plan not to exceed \$400,000.

Subd. 2. [COST RECOVERY.] Independent school district No. 2125, Triton, must pursue all reasonable options to recover expenses resulting from the mold from its insurance company, the subcontractors, and any other parties responsible for the damage caused by the mold.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 23. [COMMISSIONER RECOMMENDATION.]

By February 1, 2002, the commissioner of children, families, and learning, in cooperation with the commissioner of administration and the Minnesota education telecommunication council, shall recommend to the legislature a permanent method for funding telecommunications access as part of the general education revenue formula under Minnesota Statutes, section 126C.10. The commissioner shall consider the following in making the recommendation:

(1) the range of costs for providing a minimum level of telecommunications access for all students;

(2) the flexibility that is necessary to accommodate emerging technological advances in the telecommunications field; and

(3) other related efforts within the state, including the state's higher education and public library systems.

Sec. 24. [CHISHOLM SCHOOL DISTRICT BONDS.]

Subdivision 1. [AUTHORIZATION.] Independent school district No. 695, Chisholm, may issue bonds in an aggregate principal amount not exceeding \$4,250,000.

Subd. 2. [USES; PROCESS.] The bonds authorized under subdivision 1 may be issued in addition to any bonds already issued or authorized. The proceeds of the bonds shall be used to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings and to pay any architect, engineer and legal fees incidental to those purposes or to the sale of bonds. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A referendum on the question of issuing the bonds authorized under subdivision 1 is required. A resolution of the board levying taxes for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

Subd. 3. [APPROPRIATION.] There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to Minnesota Statutes, section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued under subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 4. [DISTRICT OBLIGATIONS.] Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received under subdivision 3, they shall be satisfied by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 5. [DISTRICT LEVY.] The school board of the school district authorized to issue bonds under subdivision 1 shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 6. [LEVY LIMITATIONS.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 7. [BONDING LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 8. [TERMINATION OF APPROPRIATION.] The appropriation authorized in subdivision 3 terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 9. [BOND ISSUE REQUIREMENT.] No bonds may be issued under this section after April 30, 2002, unless they are issued under a contract in effect on or before April 30, 2002.

Subd. 10. [LOCAL APPROVAL.] This section is effective for independent school district No. 695 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 25. [GREENWAY-COLERAINE SCHOOL DISTRICT BONDS.]

Subdivision 1. [AUTHORIZATION.] Independent school district No. 316, Greenway-Coleraine, may issue bonds in an aggregate principal amount not exceeding \$2,500,000.

Subd. 2. [USES; PROCESS.] The bonds authorized under subdivision 1 may be issued in addition to any bonds already issued or authorized. The proceeds of the bonds shall be used to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings and to pay any architect, engineer and legal fees incidental to those purposes or to the sale of bonds. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A referendum on the question of issuing the bonds authorized under subdivision 1 is required. A resolution of the board levying taxes for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

Subd. 3. [APPROPRIATION.] There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to Minnesota Statutes, section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued under subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 4. [DISTRICT OBLIGATIONS.] Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received under subdivision 3, they shall be satisfied by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 5. [DISTRICT LEVY.] The school board of the school district authorized to issue bonds under subdivision 1 shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 6. [LEVY LIMITATIONS.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 7. [BONDING LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 8. [TERMINATION OF APPROPRIATION.] The appropriation authorized in subdivision 3 terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 9. [BOND ISSUE REQUIREMENT.] No bonds may be issued under this section after April 30, 2002, unless they are issued under a contract in effect on or before April 30, 2002.

Subd. 10. [LOCAL APPROVAL.] This section is effective for independent school district No. 316 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 26. [LAKE SUPERIOR SCHOOL DISTRICT BONDS.]

Subdivision 1. [AUTHORIZATION.] Independent school district No. 381, Lake Superior, may issue bonds in an aggregate principal amount not exceeding \$6,000,000.

Subd. 2. [USES; PROCESS.] The bonds authorized under subdivision 1 may be issued in addition to any bonds already issued or authorized. The proceeds of the bonds shall be used to provide funds to design, construct, equip, furnish, remodel, rehabilitate, and acquire land for school facilities and buildings and to pay any architect, engineer and legal fees incidental to those purposes or to the sale of bonds. Except as permitted by this section, the bonds shall be authorized, issued, sold, executed, and delivered in the manner provided by Minnesota Statutes, chapter 475. A referendum on the question of issuing the bonds authorized under subdivision 1 is required. A resolution of the board levying taxes for the payment of the bonds and interest on them shall be deemed to be in compliance with the provisions of Minnesota Statutes, chapter 475, with respect to the levying of taxes for their payment.

Subd. 3. [APPROPRIATION.] There is annually appropriated from the distribution of taconite production tax revenues to the taconite environmental protection fund pursuant to Minnesota Statutes, section 298.28, subdivision 11, and to the northeast Minnesota economic protection trust pursuant to Minnesota Statutes, section 298.28, subdivisions 9 and 11, in equal shares, an amount sufficient to pay when due 80 percent of the principal and interest on the bonds issued under subdivision 1. If the annual distribution to the northeast Minnesota economic protection trust is insufficient to pay its share after fulfilling any obligations of the trust under Minnesota Statutes, section 298.225 or 298.293, the deficiency shall be appropriated from the taconite environmental protection fund.

Subd. 4. [DISTRICT OBLIGATIONS.] Bonds issued under authority of this section shall be the general obligations of the school district, for which its full faith and credit and unlimited taxing powers shall be pledged. If there are any deficiencies in the amount received under subdivision 3, they shall be satisfied by general levies, not subject to limit, on all taxable properties in the district in accordance with Minnesota Statutes, section 475.74. If any deficiency levies are necessary, the school board may effect a temporary loan or loans on certificates of indebtedness issued in anticipation of them to meet payments of principal or interest on the bonds due or about to become due.

Subd. 5. [DISTRICT LEVY.] The school board of the school district authorized to issue bonds under subdivision 1 shall by resolution levy on all property in the school district subject to the general ad valorem school tax levies, and not subject to taxation under Minnesota Statutes, sections 298.23 to 298.28, a direct annual ad valorem tax for each year of the term of the bonds in amounts that, if collected in full, will produce the amounts needed to meet when due 20 percent of the principal and interest payments on the bonds. A copy of the resolution shall be filed, and the necessary taxes shall be extended, assessed, collected, and remitted in accordance with Minnesota Statutes, section 475.61.

Subd. 6. [LEVY LIMITATIONS.] Taxes levied pursuant to this section shall be disregarded in the calculation of any other tax levies or limits on tax levies provided by other law.

Subd. 7. [BONDING LIMITATIONS.] Bonds may be issued under authority of this section notwithstanding any limitations upon the indebtedness of a district, and their amounts shall not be included in computing the indebtedness of a district for any purpose, including the issuance of subsequent bonds and the incurring of subsequent indebtedness.

Subd. 8. [TERMINATION OF APPROPRIATION.] The appropriation authorized in subdivision 3 terminates upon payment or maturity of the last of the bonds issued under this section.

Subd. 9. [BOND ISSUE REQUIREMENT.] No bonds may be issued under this section after April 30, 2002, unless they are issued under a contract in effect on or before April 30, 2002.

Subd. 10. [LOCAL APPROVAL.] This section is effective for independent school district No. 381 the day after its governing body complies with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 27. [REPEALER WITHOUT EFFECT.]

The repeal of Minnesota Statutes 1998, sections 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.57, subdivisions 4, 5, and 7; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; 123B.67; 123B.68; and 123B.69, by Laws 1999, chapter 241, article 4, section 29, with an effective date of May 26, 1999, is without effect and Minnesota Statutes 1998, sections 123A.44; 123A.441; 123A.442; 123A.443; 123A.444; 123A.445; 123A.446; 123B.57, subdivisions 4, 5, and 7; 123B.59, subdivision 7; 123B.63, subdivisions 1 and 2; 123B.67; 123B.68; and 123B.69, remain in effect after May 25, 1999.

EFFECTIVE DATE: This section is effective retroactive to May 26, 1999.

- (4) recent trends in the field of advanced placement and international baccalaureate programs;
- (5) expenditures for each category in this section; and
- (6) other recommendations for the state program.

Sec. 2. Minnesota Statutes 1999 Supplement, section 120B.30, subdivision 1, is amended to read:

Subdivision 1. [STATEWIDE TESTING.] (a) The commissioner, with advice from experts with appropriate technical qualifications and experience and stakeholders, shall include in the comprehensive assessment system, for each grade level to be tested, a single statewide norm-referenced or criterion-referenced test, or a combination of a norm-referenced and a criterion-referenced test, which shall be highly correlated with the state's graduation standards and administered annually to all students in the third, fifth, and eighth grades. The commissioner shall establish one or more months during which schools shall administer the tests to students each school year. Only Minnesota basic skills tests in reading, mathematics, and writing shall fulfill students' testing requirements for a passing state notation. The passing scores of the state tests in reading and mathematics are the equivalent of:

(1) 70 percent correct for students entering grade 9 in 1996; and

(2) 75 percent correct for students entering grade 9 in 1997 and thereafter, as based on the first uniform test administration of February 1998.

(b) In addition, at the secondary level, districts shall assess student performance in all required learning areas and selected required standards within each area of the profile of learning. The testing instruments and testing process shall be determined by the commissioner. The results shall be aggregated at the site and district level. The testing shall be administered beginning in the 1999-2000 school year and thereafter.

(c) The comprehensive assessment system shall include an evaluation of school site and school district performance levels during the 1997-1998 school year and thereafter using an established performance baseline developed from students' test scores under this section that records, at a minimum, students' unweighted mean test scores in each tested subject, a second performance baseline that reports, at a minimum, the same unweighted mean test scores of only those students enrolled in the school by January 1 of the previous school year, and a third performance baseline that reports the same unweighted test scores of all students except those students receiving limited English proficiency instruction. The evaluation also shall record separately, in proximity to the performance baselines, the percentages of students who are eligible to receive a free or reduced price school meal, demonstrate limited English proficiency, or are eligible to receive special education services.

(d) In addition to the testing and reporting requirements under paragraphs (a), (b), and (c), the commissioner shall include the following components in the statewide educational accountability and public reporting system:

(1) uniform statewide testing of all third, fifth, eighth, and post-eighth grade students with exemptions, only with parent or guardian approval, from the testing requirement only for those very few students for whom the student's individual education plan team under sections 125A.05 and 125A.06, determines that the student is incapable of taking a statewide test, or a limited English proficiency student under section 124D.59, subdivision 2, if the student has been in the United States for fewer than 12 months and for whom special language barriers exist, such as the student's native language does not have a written form or the district does not have access to appropriate interpreter services for the student's native language;

(2) educational indicators that can be aggregated and compared across school districts and across time on a statewide basis;

(3) students' scores on the American College Test;

(4) participation in the National Assessment of Educational Progress so that the state can benchmark its performance against the nation and other states, and, where possible, against other countries, and contribute to the national effort to monitor achievement; and

(5) basic skills and advanced competencies connecting teaching and learning to high academic standards, assessment, and transitions to citizenship and employment.

(e) Districts must report exemptions under paragraph (d), clause (1), to the commissioner consistent with a format provided by the commissioner.

EFFECTIVE DATE: This section is effective the day following final enactment and applies to test administrations beginning in February 2000.

Sec. 3. [121A.582] [STUDENT DISCIPLINE; REASONABLE FORCE.]

Subdivision 1. [REASONABLE FORCE STANDARD.] (a) A teacher, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to correct or restrain a student or prevent bodily harm or death to another.

(b) A school employee, school bus driver, or other agent of a district, in exercising the person's lawful authority, may use reasonable force when it is necessary under the circumstances to restrain a student or prevent bodily harm or death to another.

(c) Paragraphs (a) and (b) do not authorize conduct prohibited under sections 121A.58 and 121A.67.

Subd. 2. [CIVIL LIABILITY.] (a) A teacher who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (a), has a defense against a civil action for damages under section 123B.25.

(b) A school employee, bus driver, or other agent of a district who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (b), has a defense against a civil action for damages under section 123B.25.

Subd. 3. [CRIMINAL PROSECUTION.] (a) A teacher who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (a), has a defense against a criminal prosecution under section 609.06, subdivision 1.

(b) A school employee, bus driver, or other agent of a district who, in the exercise of the person's lawful authority, uses reasonable force under the standard in subdivision 1, paragraph (b), has a defense against a criminal prosecution under section 609.06, subdivision 1.

Subd. 4. [SUPPLEMENTARY RIGHTS AND DEFENSES.] Any right or defense in this section is supplementary to those specified in section 121A.58, 121A.67, 123B.25, or 609.06, subdivision 1.

EFFECTIVE DATE: This section is effective for the 2000-2001 school year and later.

Sec. 4. Minnesota Statutes 1998, section 121A.61, subdivision 3, is amended to read:

Subd. 3. [POLICY COMPONENTS.] The policy must include at least the following components:

(a) rules governing student conduct and procedures for informing students of the rules;

(b) the grounds for removal of a student from a class;

(c) the authority of the classroom teacher to remove students from the classroom pursuant to procedures and rules established in the district's policy;

(d) the procedures for removal of a student from a class by a teacher, school administrator, or other school district employee;

(e) the period of time for which a student may be removed from a class, which may not exceed five class periods for a violation of a rule of conduct;

(f) provisions relating to the responsibility for and custody of a student removed from a class;

(g) the procedures for return of a student to the specified class from which the student has been removed;

(h) the procedures for notifying a student and the student's parents or guardian of violations of the rules of conduct and of resulting disciplinary actions;

(i) any procedures determined appropriate for encouraging early involvement of parents or guardians in attempts to improve a student's behavior;

(j) any procedures determined appropriate for encouraging early detection of behavioral problems;

(k) any procedures determined appropriate for referring a student in need of special education services to those services;

(l) the procedures for consideration of whether there is a need for a further assessment or of whether there is a need for a review of the adequacy of a current individual education plan of a student with a disability who is removed from class;

(m) procedures for detecting and addressing chemical abuse problems of a student while on the school premises;

(n) the minimum consequences for violations of the code of conduct; ~~and~~

(o) procedures for immediate and appropriate interventions tied to violations of the code; and

(p) a provision that states that a teacher, school employee, school bus driver, or other agent of a district may use reasonable force in compliance with section 121A.582 and other laws.

EFFECTIVE DATE: This section is effective for the 2001-2002 school year and thereafter.

Sec. 5. Minnesota Statutes 1999 Supplement, section 122A.23, is amended to read:

122A.23 [APPLICANTS TRAINED IN OTHER STATES.]

Subdivision 1. [PREPARATION EQUIVALENCY.] When a license to teach is authorized to be issued to any holder of a diploma or a degree of a Minnesota state university, or of the University of Minnesota, or of a liberal arts university, or a technical training institution, such license may also, in the discretion of the board of teaching or the commissioner of children, families, and learning, whichever has jurisdiction, be issued to any holder of a diploma or a degree of a teacher training institution of equivalent rank and standing of any other state. The diploma or degree must be granted by virtue of the completion of a course in teacher preparation essentially equivalent in content to that required by such Minnesota state university or the University of Minnesota or a liberal arts university in Minnesota or a technical training institution as preliminary to the granting of a diploma or a degree of the same rank and class.

Subd. 2. [APPLICANTS LICENSED IN OTHER STATES.] (a) Subject to the requirements of sections 122A.18, subdivision 8, and 123B.03, the board of teaching must issue a teaching license or a temporary teaching license under paragraphs (b) to (e) to an applicant who holds at least a baccalaureate degree from a regionally accredited college or university and holds or held a similar out-of-state teaching license that requires the applicant to successfully complete a teacher preparation program approved by the issuing state, which includes field-specific teaching methods and student teaching or essentially equivalent experience.

(b) The board of teaching must issue a teaching license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the board of teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels if the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license.

(c) The board of teaching, consistent with board rules, must issue up to three one-year temporary teaching licenses to an applicant who holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license, but has not successfully completed all exams and human relations preparation components required by the board of teaching.

(d) The board of teaching, consistent with board rules, must issue up to three one-year temporary teaching licenses to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the board of teaching; and

(2) holds or held an out-of-state teaching license to teach the same content field and grade levels, where the scope of the out-of-state license is no more than one grade level less than a similar Minnesota license, but has not completed field-specific teaching methods, or student teaching or equivalent experience.

The applicant may complete field-specific teaching methods and student teaching or equivalent experience by successfully participating in a one-year school district mentorship program consistent with board-adopted standards of effective practice and Minnesota graduation requirements.

(e) The board of teaching must issue a temporary teaching license for a term of up to three years only in the content field or grade levels specified in the out-of-state license to an applicant who:

(1) successfully completed all exams and human relations preparation components required by the board of teaching; and

(2) holds or held an out-of-state teaching license where the out-of-state license is more limited in the content field or grade levels than a similar Minnesota license.

(f) The board of teaching must not issue to an applicant more than three one-year temporary teaching licenses under this subdivision.

(g) The board of teaching must not issue a license under this subdivision if the applicant has not attained the additional degrees, credentials, or licenses required in a particular licensure field.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 1998, section 123B.04, subdivision 2, is amended to read:

Subd. 2. [AGREEMENT.] (a) Either the school board or the school site decision-making team may request that the school board enter into an agreement with a school site decision-making team concerning the governance, management, or control of the school. A school site decision-making team may include the school principal, teachers in the school or their designee, other employees in the school, parents of pupils in the school, representatives of pupils in the school, or other members in the community. The school site decision-making team shall include the school principal or other person having general control and supervision of the school. The site decision-making team must reflect the diversity of the education site. No more than one-half of the members shall be employees of the district, unless an employee is the parent of a student enrolled in the school site, in which case the employee may elect to serve as a parent member of the site team.

(b) School site decision-making agreements must delegate powers, duties, and broad management responsibilities to site teams and involve staff members, students as appropriate, and parents in decision making.

(c) An agreement shall include a statement of powers, duties, responsibilities, and authority to be delegated to and within the site.

(d) An agreement may include:

(1) an achievement contract according to subdivision 4;

(2) a mechanism to allow principals, or other persons having general control and supervision of the school, to make decisions regarding how financial and personnel resources are best allocated at the site and from whom goods or services are purchased;

(3) a mechanism to implement parental involvement programs under section 124D.895 and to provide for effective parental communication and feedback on this involvement at the site level;

(4) a provision that would allow the team to determine who is hired into licensed and nonlicensed positions;

(5) a provision that would allow teachers to choose the principal or other person having general control;

(6) an amount of revenue allocated to the site under subdivision 3; and

(7) any other powers and duties determined appropriate by the board.

The school board of the district remains the legal employer under clauses (4) and (5).

(e) Any powers or duties not delegated to the school site management team in the school site management agreement shall remain with the school board.

(f) Approved agreements shall be filed with the commissioner. If a school board denies a request to enter into a school site management agreement, it shall provide a copy of the request and the reasons for its denial to the commissioner.

EFFECTIVE DATE: This section is effective July 1, 2000.

Sec. 7. [123B.055] [CONTRACTS FOR COMPUTERS OR RELATED EQUIPMENT OR SERVICE.]

(a) The school board of a school district may not enter into a contract or permit a school within the district to enter into a contract for the use of a computer or related equipment or service that requires advertising to be disseminated to students unless the school board:

- (1) enters into the contract at a public hearing of the school board;
 - (2) makes a finding that the offered electronic product or service is an integral component of students' education;
 - (3) provides written notice to students' parents that advertising will be used in the classroom, media center, computer lab, or other areas of learning, whether data will be collected on students, and how that data will be used;
 - (4) as part of normal, ongoing district communications with parents, allows parents to request in writing that (i) their student not be exposed to the program that contains the advertising for the current school year, or that (ii) any or all data relating to the student that is collected as a result of this contract is not disclosed; and
 - (5) honors parents' request, under clause (4), that their student not be exposed to the advertising program or that data relating to the student is not disclosed and allows parents to withdraw their request at any time.
- (b) Advertising under this section does not include:
- (1) the identification of the source of the document or information; and
 - (2) advertising that is generally available to the public viewing a particular site or application and is not directed specifically to students benefiting from a contract under paragraph (a).

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 1998, section 123B.143, subdivision 1, is amended to read:

Subdivision 1. [CONTRACT; DUTIES.] All districts maintaining a classified secondary school must employ a superintendent who shall be an ex officio nonvoting member of the school board. The authority for selection and employment of a superintendent must be vested in the board in all cases. An individual employed by a board as a superintendent shall have an initial employment contract for a period of time no longer than three years from the date of employment. Any subsequent employment contract must not exceed a period of three years. A board, at its discretion, may or may not renew an employment contract. A board must not, by action or inaction, extend the duration of an existing employment contract. Beginning 365 days prior to the expiration date of an existing employment contract, a board may negotiate and enter into a subsequent employment contract to take effect upon the expiration of the existing contract. A subsequent contract must be contingent upon the employee completing the terms of an existing contract. If a contract between a board and a superintendent is terminated prior to the date specified in the contract, the board may not enter into another superintendent contract with that same individual that has a term that extends beyond the date specified in the terminated contract. A board may terminate a superintendent during the term of an employment contract for any of the grounds specified in section 122A.40, subdivision 9 or 13. A superintendent shall not rely upon an employment contract with a board to assert any other continuing contract rights in the position of superintendent under section 122A.40. Notwithstanding the provisions of sections 122A.40, subdivision 10 or 11, 123A.32, 123A.75, or any other law to the contrary, no individual shall have a right to employment as a superintendent based on order of employment in any district. If two or more districts enter into an agreement for the purchase or sharing of the services of a superintendent, the contracting districts have the absolute right to select one of the individuals employed to serve as superintendent in one of the contracting districts and no individual has a right to employment as the superintendent to provide all or part of the services based on order of employment in a contracting district. The superintendent of a district shall perform the following:

- (1) visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;
- (2) recommend to the board employment and dismissal of teachers;
- (3) superintend school grading practices and examinations for promotions;

(4) make reports required by the commissioner;

(5) by January 10, submit an annual report to the commissioner in a manner prescribed by the commissioner, in consultation with school districts, identifying the expenditures that the district requires to ensure an 80 percent and a 90 percent student passage rate on the basic standards test taken in the eighth grade, identifying the amount of expenditures that the district requires to ensure a 99 percent student passage rate on the basic standards test by 12th grade, and how much the district is cross-subsidizing programs with special education, ~~compensatory basic skills~~, and general education revenue; and

(6) perform other duties prescribed by the board.

Sec. 9. Minnesota Statutes 1998, section 123B.77, subdivision 3, is amended to read:

Subd. 3. [STATEMENT FOR COMPARISON AND CORRECTION.] By November 30 of the calendar year of the submission of the unaudited financial data, the district must provide to the commissioner audited financial data for the preceding fiscal year. The audit must be conducted in compliance with generally accepted governmental auditing standards, the federal Single Audit Act, and the Minnesota legal compliance guide issued by the office of the state auditor. An audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited financial data shall be submitted to the commissioner and the state auditor by December 31. The audited financial statement must also provide a statement of assurance pertaining to uniform financial accounting and reporting standards compliance and a copy of the management letter submitted to the district by the school district's auditor.

Sec. 10. Minnesota Statutes 1998, section 123B.79, subdivision 7, is amended to read:

Subd. 7. [ACCOUNT TRANSFER FOR CERTAIN SEVERANCE PAY.] A district may maintain in a ~~designated~~ reserve for certain severance pay account not more than 50 percent of the amount necessary to meet the obligations for the portion of severance pay that constitutes compensation for accumulated sick leave to be used for payment of premiums for group insurance provided for former employees by the district. The amount necessary must be calculated according to standards established by the ~~advisory council on uniform financial accounting and reporting standards~~ department.

Sec. 11. Minnesota Statutes 1999 Supplement, section 123B.83, subdivision 4, is amended to read:

Subd. 4. [SPECIAL OPERATING PLAN.] (1) If the net negative ~~unappropriated operating~~ unreserved general fund balance ~~as defined in section 126C.01, subdivision 11,~~ calculated in accordance with the uniform financial accounting and reporting standards for Minnesota school districts, as of June 30 each year, is more than 2-1/2 percent of the year's expenditure amount, the district must, prior to January 31 of the next fiscal year, submit a special operating plan to reduce the district's deficit expenditures to the commissioner for approval. The commissioner may also require the district to provide evidence that the district meets and will continue to meet all high school graduation requirements.

Notwithstanding any other law to the contrary, a district submitting a special operating plan to the commissioner under this clause which is disapproved by the commissioner must not receive any aid pursuant to chapters 120B, 122A, 123A, 123B, 124D, 125A, 126C, and 127A until a special operating plan of the district is so approved.

(2) A district must receive aids pending the approval of its special operating plan under clause (1). A district which complies with its approved operating plan must receive aids as long as the district continues to comply with the approved operating plan.

Sec. 12. Minnesota Statutes 1998, section 123B.88, subdivision 3, is amended to read:

Subd. 3. [TRANSPORTATION SERVICES CONTRACTS.] The board may contract for the furnishing of authorized transportation under ~~rules established by the commissioner~~ section 123B.52, and may purchase gasoline and furnish same to a contract carrier for use in the performance of a contract with the school district for transportation of school children to and from school.

Sec. 13. Minnesota Statutes 1998, section 123B.90, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL BUS SAFETY WEEK.] The third week of school is designated as school bus safety week.

~~A school board may designate one day of school bus safety week as school bus driver day.~~

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 14. Minnesota Statutes 1999 Supplement, section 123B.90, subdivision 2, is amended to read:

Subd. 2. [STUDENT TRAINING.] (a) Each district must provide public school pupils enrolled in grades kindergarten through 10 with age-appropriate school bus safety training. The training must be results-oriented and shall consist of both classroom instruction and practical training using a school bus. Upon completing the training, a student shall be able to demonstrate knowledge and understanding of at least the following competencies and concepts:

- (1) transportation by school bus is a privilege and not a right;
- (2) district policies for student conduct and school bus safety;
- (3) appropriate conduct while on the school bus;
- (4) the danger zones surrounding a school bus;
- (5) procedures for safely boarding and leaving a school bus;
- (6) procedures for safe street or road crossing;
- (7) school bus evacuation and other emergency procedures; and
- (8) appropriate training on the use of lap belts or lap and shoulder belts, if the district uses buses equipped with lap belts or lap and shoulder belts.

(b) Each nonpublic school located within the district must provide all nonpublic school pupils enrolled in grades kindergarten through 10 who are transported by school bus at public expense and attend school within the district's boundaries with training as required in paragraph (a). The school district shall make a bus available for the practical training if the district transports the nonpublic students. Each nonpublic school shall provide the instruction.

(c) All students enrolled in grades kindergarten through 3 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the school bus safety training competencies by the end of the third week of school. All students enrolled in grades 4 through 10 who are transported by school bus and are enrolled during the first or second week of school must demonstrate achievement of the competencies by the end of the sixth week of school. Students enrolled in grades kindergarten through 10 who enroll in a school after the second week of school and are transported by school bus shall undergo school bus safety training and demonstrate achievement of the school bus safety competencies within four weeks of the first day of attendance. The ~~pupil school~~ transportation safety director in each district must certify to the commissioner annually that all students transported by school bus within the district have satisfactorily demonstrated knowledge and understanding of the school bus safety competencies according to this section or provide an explanation for a student's failure to demonstrate the competencies. The principal or other chief administrator of each nonpublic school must certify annually to the ~~public school~~ transportation safety director of the district in which the school is located that all of the school's students transported by school bus at public expense have received training. A district may deny transportation to a student who fails to demonstrate the competencies, unless the student is unable to achieve the competencies due to a disability, or to a student who attends a nonpublic school that fails to provide training as required by this subdivision.

(d) A district and a nonpublic school with students transported by school bus at public expense must, to the extent possible, provide kindergarten pupils with bus safety training before the first day of school.

(e) A district and a nonpublic school with students transported by school bus at public expense must also provide student safety education for bicycling and pedestrian safety, for students enrolled in grades kindergarten through 5.

(f) A district and a nonpublic school with students transported by school bus at public expense must make reasonable accommodations for the school bus, bicycle, and pedestrian safety training of pupils known to speak English as a second language and pupils with disabilities.

Sec. 15. Minnesota Statutes 1999 Supplement, section 123B.91, subdivision 1, is amended to read:

Subdivision 1. [COMPREHENSIVE POLICY.] (a) Each district ~~must~~ shall develop and implement a comprehensive, written policy governing pupil transportation safety, including transportation of nonpublic school students, when applicable. The policy ~~shall~~, at minimum, must contain:

- (1) provisions for appropriate student bus safety training under section 123B.90;
- (2) rules governing student conduct on school buses and in school bus loading and unloading areas;
- (3) a statement of parent or guardian responsibilities relating to school bus safety;
- (4) provisions for notifying students and parents or guardians of their responsibilities and the rules, including the district's seat belt policy, if applicable;
- (5) an intradistrict system for reporting school bus accidents or misconduct and a system for dealing with local law enforcement officials in cases of criminal conduct on a school bus;
- (6) a discipline policy to address violations of school bus safety rules, including procedures for revoking a student's bus riding privileges in cases of serious or repeated misconduct;
- (7) a system for integrating school bus misconduct records with other discipline records;
- (8) a statement of bus driver duties;
- (9) ~~planned expenditures for safety activities under section 123B.89 and~~, where applicable, provisions governing bus monitor qualifications, training, and duties;
- (10) rules governing the use and maintenance of type III vehicles, drivers of type III vehicles, qualifications to drive a type III vehicle, qualifications for a type III vehicle, and the circumstances under which a student may be transported in a type III vehicle;
- (11) operating rules and procedures;
- (12) provisions for annual bus driver in-service training and evaluation;
- (13) emergency procedures;
- (14) a system for maintaining and inspecting equipment;
- (15) requirements of the school district, if any, that exceed state law minimum requirements for school bus operations; and

(16) requirements for basic first aid training, which must include the Heimlich maneuver and procedures for dealing with obstructed airways, shock, bleeding, and seizures.

(b) Districts are encouraged to use the model policy developed by the Minnesota school boards association, the department of public safety, and the department of children, families, and learning, as well as the current edition of the "National Standards for School Buses and Operations Transportation," published by the National Safety Council, in developing safety policies. Each district shall review its policy annually and make appropriate amendments, which must be submitted to the school bus safety advisory committee within one month of approval by the school board to ensure that it conforms to law.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 16. Minnesota Statutes 1998, section 124D.03, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] (a) An enrollment options program is established to enable any pupil to attend a school or program in a district in which the pupil does not reside, subject to the limitations in this section.

(b) A district may refuse to allow a pupil who is expelled under section 121A.45 to enroll during the term of the expulsion if the student was expelled for:

(1) possessing a dangerous weapon, as defined by United States Code, title 18, section 930, paragraph (g)(2), at school or a school function;

(2) possessing or using an illegal drug at school or a school function;

(3) selling or soliciting the sale of a controlled substance while at school or a school function; or

(4) committing a third-degree assault as described in section 609.223, subdivision 1.

EFFECTIVE DATE: This section is effective for the 2000-2001 school year and later.

Sec. 17. Minnesota Statutes 1998, section 124D.081, subdivision 6, is amended to read:

Subd. 6. [PREPAREDNESS REVENUE.] (a) A qualifying school district is eligible for first-grade preparedness revenue equal to the basic formula allowance for that year times the number of children five years of age or older enrolled in a kindergarten program at the site on October 1 of the previous year times .53.

(b) This revenue must supplement and not replace compensatory revenue that the district uses for the same or similar purposes under chapters 120B, 123A, 123B, 124D, 126C, and 127A.

(c) A pupil enrolled in the first grade preparedness program at a qualifying school site is eligible for transportation under section 123B.88, subdivision 1.

(d) First grade preparedness revenue paid to a charter school for which a school district is providing transportation according to section 124D.10, subdivision 16, shall be decreased by an amount equal to the product of ~~\$170~~ the formula allowance according to section 126C.10, subdivision 2, times .0485 times the pupil units calculated according to paragraph (a). This amount shall be paid to the school district for transportation costs.

Sec. 18. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 3, is amended to read:

Subd. 3. [SPONSOR.] A school board; intermediate school district school board; education districts district organized under sections 123A.15 to 123A.19; charitable organization under section 501(c)(3) of the Internal Revenue Code of 1986 that is a member of the Minnesota council of nonprofits or the Minnesota council on foundations, registered with the attorney general's office, and reports an end-of-year fund balance of at

least \$2,000,000; Minnesota private college; that grants two- or four-year degrees and is registered with the higher education services office under chapter 136A; community college, state university, or technical college, governed by the board of trustees of the Minnesota state colleges and universities; or the University of Minnesota may sponsor one or more charter schools.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 19. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 8, is amended to read:

Subd. 8. [STATE AND LOCAL REQUIREMENTS.] (a) A charter school shall meet all applicable state and local health and safety requirements.

(b) A school sponsored by a school board may be located in any district, unless the school board of the district of the proposed location disapproves by written resolution. If such a board denies a request to locate within its boundaries a charter school sponsored by another school board, the sponsoring school board may appeal to the commissioner. If the commissioner authorizes the school, the commissioner must sponsor the school.

(c) A charter school must be nonsectarian in its programs, admission policies, employment practices, and all other operations. A sponsor may not authorize a charter school or program that is affiliated with a nonpublic sectarian school or a religious institution.

(d) Charter schools must not be used as a method of providing education or generating revenue for students who are being home-schooled.

(e) The primary focus of a charter school must be to provide a comprehensive program of instruction for at least one grade or age group from five through 18 years of age. Instruction may be provided to people younger than five years and older than 18 years of age.

(f) A charter school may not charge tuition.

(g) A charter school is subject to and must comply with chapter 363 and section 121A.04.

(h) A charter school is subject to and must comply with The Pupil Fair Dismissal Act, sections 121A.40 to 121A.56, and the Minnesota Public School Fee law, sections 123B.34 to 123B.39.

(i) A charter school is subject to the same financial audits, audit procedures, and audit requirements as a district. The audit must ~~be consistent~~ comply with the requirements of sections 123B.75 to 123B.83, except to the extent deviations are necessary because of the program at the school. The department of children, families, and learning, state auditor, or legislative auditor may conduct financial, program, or compliance audits. A charter school determined to be in statutory operating debt under sections 123B.81 to 123B.83 must submit a plan under section 123B.81, subdivision 4.

(j) A charter school is a district for the purposes of tort liability under chapter 466.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 20. Minnesota Statutes 1998, section 124D.10, subdivision 9, is amended to read:

Subd. 9. [ADMISSION REQUIREMENTS.] A charter school may limit admission to:

(1) pupils within an age group or grade level;

(2) people who are eligible to participate in the graduation incentives program under section 124D.68; or

(3) residents of a specific geographic area where the percentage of the population of non-Caucasian people of that area is greater than the percentage of the non-Caucasian population in the congressional district in which the geographic area is located, and as long as the school reflects the racial and ethnic diversity of the specific area.

A charter school shall enroll an eligible pupil who submits a timely application, unless the number of applications exceeds the capacity of a program, class, grade level, or building. In this case, pupils must be accepted by lot. If a charter school is the only school located in a town serving pupils within a particular grade level, then pupils that are residents of the town must be given preference for enrollment before accepting pupils by lot. If a pupil lives within two miles of a charter school and the next closest public school is more than five miles away, the charter school must give those pupils preference for enrollment before accepting other pupils by lot.

A charter school shall give preference for enrollment to a sibling of an enrolled pupil and to a foster child of that pupil's parents before accepting other pupils by lot.

A charter school may not limit admission to pupils on the basis of intellectual ability, measures of achievement or aptitude, or athletic ability.

Sec. 21. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 11, is amended to read:

Subd. 11. [EMPLOYMENT AND OTHER OPERATING MATTERS.] A charter school must employ or contract with necessary teachers, as defined by section 122A.15, subdivision 1, who hold valid licenses to perform the particular service for which they are employed in the school. The charter school's state aid may be reduced under section 127A.42 if the school employs a teacher who is not appropriately licensed or approved by the board of teaching. The school may employ necessary employees who are not required to hold teaching licenses to perform duties other than teaching and may contract for other services. The school may discharge teachers and nonlicensed employees. A person, without holding a valid administrator's license, may perform administrative, supervisory, or instructional leadership duties.

The board of directors also shall decide matters related to the operation of the school, including budgeting, curriculum and operating procedures.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 22. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 15, is amended to read:

Subd. 15. [REVIEW AND COMMENT.] The department must review and comment on the evaluation, by the ~~chartering school district sponsor~~, of the performance of a charter school before the charter school's contract is renewed. A sponsor shall monitor and evaluate the fiscal and student performance of the school, and may for this purpose annually assess the school up to \$10 per student up to a maximum of \$3,500. The information ~~from for~~ the review and comment shall be reported by the sponsor to the commissioner of children, families, and learning in a timely manner. Periodically, the commissioner shall report trends or suggestions based on the evaluation of charter school contracts to the education committees of the state legislature.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 23. Minnesota Statutes 1999 Supplement, section 124D.10, subdivision 23, is amended to read:

Subd. 23. [CAUSES FOR NONRENEWAL OR TERMINATION OF CHARTER SCHOOL CONTRACT.] (a) The duration of the contract with a sponsor must be for the term contained in the contract according to subdivision 6. The sponsor may or may not renew a contract at the end of the term for any ground listed in paragraph (b). A sponsor may unilaterally terminate a contract during the term of the contract for any ground listed in paragraph (b). At least 60 days before not renewing or terminating a contract, the sponsor shall notify the board of directors of the charter school of the proposed action in writing. The notice shall state the grounds for the proposed action in reasonable detail and that the charter school's board of directors may request in writing an informal hearing before

the sponsor within 14 days of receiving notice of nonrenewal or termination of the contract. Failure by the board of directors to make a written request for a hearing within the 14-day period shall be treated as acquiescence to the proposed action. Upon receiving a timely written request for a hearing, the sponsor shall give reasonable notice to the charter school's board of directors of the hearing date. The sponsor shall conduct an informal hearing before taking final action. The sponsor shall take final action to renew or not renew a contract by the last day of classes in the school year. If the sponsor is a local board, the school's board of directors may appeal the sponsor's decision to the commissioner.

(b) A contract may be terminated or not renewed upon any of the following grounds:

- (1) failure to meet the requirements for pupil performance contained in the contract;
- (2) failure to meet generally accepted standards of fiscal management;
- (3) violations of law; or
- (4) other good cause shown.

If a contract is terminated or not renewed, the school must be dissolved according to the applicable provisions of chapter 308A or 317A, except when the commissioner approves the decision of a different eligible sponsor to authorize the charter school.

(c) The commissioner, after providing reasonable notice to the board of directors of a charter school and the existing sponsor, and after providing an opportunity for a public hearing, may terminate the existing sponsorial relationship if the charter school has a history of:

- (1) financial mismanagement; or
- (2) repeated violations of the law.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 24. Minnesota Statutes 1999 Supplement, section 124D.11, subdivision 6, is amended to read:

Subd. 6. [OTHER AID, GRANTS, REVENUE.] (a) A charter school is eligible to receive other aids, grants, and revenue according to chapters 120A to 129C, as though it were a district.

(b) Notwithstanding paragraph (a), a charter school may not receive aid, a grant, or revenue if a levy is required to obtain the money, except as otherwise provided in this section.

(c) Federal aid received by the state must be paid to the school, if it qualifies for the aid as though it were a school district.

(d) A charter school may receive money from any source for capital facilities needs. In the year-end report to the commissioner of children, families, and learning, the charter school shall report the total amount of funds received from grants and other outside sources.

(e) Notwithstanding paragraph (a) or (b), a charter school ~~is eligible~~ may apply for a grant to receive the aid portion of integration revenue under section 124D.86, subdivision 3, for enrolled students who are residents of a district that is eligible for integration revenue ~~if the enrollment of the pupil in the charter school contributes to desegregation or integration purposes. The commissioner shall determine grant recipients and may adopt application guidelines. The grants must be competitively determined and must demonstrate that enrolling pupils in the charter school contributes to desegregation or integration purposes as determined by the commissioner.~~ If the charter school has elected not to provide transportation under section 124D.10, subdivision 16, the aid shall be reduced by the amount per pupil unit specified for the district where the charter school is located under section 123B.92, subdivision 8.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 25. [125B.22] [INTERNET ACCESS FOR STUDENTS.]

(a) Recognizing the difference between school libraries, school computer labs, and school media centers, which serve unique educational purposes, and public libraries, which are designed for public inquiry, all computers at a school site with access to the Internet available for student use must be equipped to restrict, including by use of available software filtering technology or other effective methods, all student access to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) A school site is not required to purchase filtering technology if the school site would incur more than incidental expense in making the purchase.

(c) A school district receiving technology revenue under section 125B.25 must prohibit, including through use of available software filtering technology or other effective methods, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography.

(d) A school district, its agents or employees, are immune from liability for failure to comply with this section if they have made a good faith effort to comply with the requirements of this section.

(e) "School site" means an education site as defined in section 123B.04, subdivision 1, or charter school under section 124D.10.

Sec. 26. Minnesota Statutes 1999 Supplement, section 127A.05, subdivision 6, is amended to read:

Subd. 6. [SURVEY OF DISTRICTS.] The commissioner of children, families, and learning shall survey the state's school districts and teacher preparation programs and report to the education committees of the legislature by January 15 of each odd-numbered year on the status of teacher early retirement patterns, the teacher shortage, and the substitute teacher shortage, including patterns and shortages in subject areas and regions of the state. The report must also include how districts are making progress in hiring teachers and substitutes in the areas of shortage and a five-year projection of teacher demand for each district.

Sec. 27. [134.77] [INTERNET ACCESS; LIBRARIES.]

(a) Recognizing the difference between public libraries, which are designed for public inquiry, and school libraries, school computer labs, and school media centers, which serve unique educational purposes, all public library computers with access to the Internet available for use by children under the age of 17 must be equipped to restrict, including by use of available software filtering technology or other effective methods, all access by children to material that is reasonably believed to be obscene or child pornography or material harmful to minors under federal or state law.

(b) A public library is not required to purchase filtering technology if the public library would incur more than incidental expense in making the purchase.

(c) A public library that receives state money must prohibit, including through the use of available software filtering technology or other effective methods, adult access to material that under federal or state law is reasonably believed to be obscene or child pornography. A public library may remove a person from the library if the person gains access or attempts to gain access to materials prohibited under this section by intentionally bypassing the filtering technology or other method used by the library.

(d) A public library, its agents or employees, are immune from liability for failure to comply with this section if they have made a good faith effort to comply with the requirements of this section.

(e) This section does not apply to the libraries of post-secondary institutions.

Sec. 28. Minnesota Statutes 1998, section 169.447, is amended by adding a subdivision to read:

Subd. 2a. [PASSENGER LAP AND SHOULDER BELTS.] (a) In addition to the requirements in section 169.4501, subdivision 1, a school bus may be equipped with an approved lap belt or an approved lap and shoulder belt installed for each passenger-seating position on the bus. The design and installation of lap belts and lap and shoulder belts required under this paragraph must meet the standards of the commissioner established under paragraph (b).

(b) The commissioner shall consider all concerns necessary to properly integrate lap belts or lap and shoulder belts into the current compartmentalization safety system and prescribe standards for the design and installation of lap and shoulder belts required under paragraph (a). The standards are not subject to chapter 14 and are specifically not subject to section 14.386.

(c) This subdivision does not apply to specially equipped school buses under section 169.4504.

(d) A passenger on a school bus equipped with lap belts or lap and shoulder belts must use these lap belts or lap and shoulder belts unless the passenger, or if the passenger is a minor, the passenger's parent or guardian, has notified the school district in writing that the passenger does not intend to wear the lap belt or lap and shoulder belt.

(e) In an action for personal injury or wrongful death against a school district, a school bus operator under contract with a school district, or any agent or employee of a school district or operator, or against a volunteer, no such person or entity shall be held liable solely because the injured party was not wearing a safety belt; provided, however, that nothing contained herein shall be construed to grant immunity from liability for failure to:

(1) maintain in operating order any equipment required by statute, rule, or school district policy; or

(2) comply with an applicable statute, rule, or school district policy.

(f) In an action for personal injury or wrongful death, a school district, a school bus contract operator, any agent or employee of a school district or operator, or a volunteer is not liable for failing to assist any child with the adjustment, fastening, unfastening, or other use of the lap belt or lap and shoulder belt.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 29. Minnesota Statutes 1998, section 169.448, subdivision 3, is amended to read:

Subd. 3. [HEAD START VEHICLE.] Notwithstanding subdivision 1, a vehicle used to transport passengers students under Public Law Number 99-425, the Head Start Act, may be equipped as a school bus or Head Start bus.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 30. Minnesota Statutes 1999 Supplement, section 169.974, subdivision 2, is amended to read:

Subd. 2. [LICENSE ENDORSEMENT AND PERMIT REQUIREMENTS.] (a) No person shall operate a motorcycle on any street or highway without having a valid standard driver's license with a two-wheeled vehicle endorsement as provided by law. ~~No such~~ The commissioner of public safety shall issue a two-wheeled vehicle endorsement shall be issued unless the person applying therefor only if the applicant (1) has in possession a valid two-wheeled vehicle instruction permit as provided herein in paragraph (b), (2) has passed a written examination and road test administered by the department of public safety for such the endorsement, and; (3) in the case of applicants under 18 years of age, ~~shall present~~ presents a certificate or other evidence of having successfully completed an approved two-wheeled vehicle driver's safety course in this or another state, in accordance with rules ~~promulgated adopted~~ adopted by the commissioner of children, families, and learning for courses offered through the public schools, or rules promulgated by the commissioner of public safety for courses offered by a public, private, or commercial school or institute. The commissioner of public safety may waive the road test for any applicant on determining that the applicant possesses a valid license to operate a two-wheeled vehicle issued by a jurisdiction that requires a comparable road test for license issuance.

(b) ~~The commissioner of public safety shall issue~~ a two-wheeled vehicle instruction permit ~~shall be issued~~ to any person over 16 years of age; who (1) is in possession of a valid driver's license, ~~who~~ (2) is enrolled in an approved two-wheeled vehicle driver's safety course, and ~~who~~ (3) has passed a written examination for ~~such the~~ permit and ~~has paid such a fee as prescribed by the commissioner of public safety shall prescribe~~. A two-wheeled vehicle instruction permit ~~shall be~~ is effective for one year; and may be renewed under rules ~~to be~~ prescribed by the commissioner of public safety.

(c) No person who is operating by virtue of a two-wheeled vehicle instruction permit shall:

(a) (1) carry any passengers on the streets and highways of this state on the motorcycle ~~which~~ while the person is operating the motorcycle;

(b) (2) drive the motorcycle at ~~nighttime~~ night;

(c) (3) drive the motorcycle on any highway marked ~~by the commissioner~~ as an interstate highway pursuant to title 23 of the United States Code; or

(d) (4) drive the motorcycle without wearing protective headgear that complies with standards established by the commissioner of public safety.

(d) Notwithstanding ~~the provisions of this subdivision paragraph (a), (b), or (c)~~, the commissioner of public safety may, ~~however~~, issue a special motorcycle permit, restricted or qualified ~~in such manner~~ as the commissioner of public safety ~~shall deem~~ deems proper, to any person demonstrating a need ~~therefor for the permit~~ and unable to qualify for a standard driver's license.

Sec. 31. Minnesota Statutes 1999 Supplement, section 171.05, subdivision 2, is amended to read:

Subd. 2. [PERSON LESS THAN 18 YEARS OF AGE.] (a) Notwithstanding any provision in subdivision 1 to the contrary, the department, ~~upon application therefor~~, may issue an instruction permit to an applicant who is 15, 16, or 17 years of age and ~~the applicant who~~:

(1) has completed a course of driver education in another state, has a previously issued valid license from another state, or is enrolled in ~~one of the following types of driver education programs either~~:

(i) a public, private, or commercial driver education program ~~offered through the public schools that is approved by the commissioner of public safety and that includes classroom and behind-the-wheel training and that has been approved by the commissioner of children, families, and learning; or~~

(ii) ~~a course offered by a private, commercial driver education school or institute that includes classroom and behind-the-wheel training and that has been approved by the department of public safety; or~~

(iii) an approved behind-the-wheel driver education program when the student is receiving full-time instruction in a home school within the meaning of sections 120A.22 and 120A.24, the student is working toward a home-school diploma, the student's status as a home-school student has been certified by the superintendent of the school district in which the student resides, and the student is taking home-classroom driver training with classroom materials approved by the commissioner of public safety;

(2) has completed the classroom phase of instruction in the driver education program;

(3) has passed a test of the applicant's eyesight;

(4) has passed a department-administered test of the applicant's knowledge of traffic laws, ~~which test must be administered by the department~~;

(5) has completed the required application, which must be approved by (i) either parent when both reside in the same household as the minor applicant or, if otherwise, then (ii) the parent or spouse of the parent having custody or, in the event there is no court order for custody, then (iii) the parent or spouse of the parent with whom the minor is living or, if items (i) to (iii) do not apply, then (iv) the guardian having custody of the minor or, in the event a person under the age of 18 has no living father, mother, or guardian, then (v) the applicant's employer; provided, that the approval required by this clause contains a verification of the age of the applicant and the identity of the parent, guardian, or employer; and

(6) has paid the fee required in section 171.06, subdivision 2.

(b) The instruction permit is valid for one year from the date of application and may be renewed upon payment of a fee equal to the fee for issuance of an instruction permit under section 171.06, subdivision 2.

Sec. 32. Minnesota Statutes 1998, section 171.06, subdivision 2, is amended to read:

Subd. 2. [FEES.] (a) The fees for a license and Minnesota identification card are as follows:

Classified Driver's License	D-\$18.50	C-\$22.50	B-\$29.50	A-\$37.50
Classified Under-21 D.L.	D-\$18.50	C-\$22.50	B-\$29.50	A-\$17.50
Instruction Permit				\$ 9.50
Provisional License				\$ 9.50
Duplicate License or duplicate identification card				\$ 8.00
Minnesota identification card or Under-21 Minnesota identification card, other than duplicate, except as otherwise provided in section 171.07, subdivisions 3 and 3a				\$12.50

(b) Notwithstanding paragraph (a), a person who holds a provisional license and has a driving record free of (1) convictions for a violation of section 169.121, 169.1218, 169.122, or 169.123, (2) convictions for crash-related moving violations, and (3) convictions for moving violations that are not crash related, shall have a \$3.50 credit toward the fee for any classified under-21 driver's license. "Moving violation" has the meaning given it in section 171.04, subdivision 1.

(c) In addition to the driver's license fee required under paragraph (a), the registrar shall collect an additional \$4 processing fee from each new applicant or person renewing a license with a school bus endorsement to cover the costs for processing an applicant's initial and biennial physical examination certificate. The department shall not charge these applicants any other fee to receive or renew the endorsement.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 33. Minnesota Statutes 1998, section 171.321, subdivision 2, is amended to read:

Subd. 2. [RULES.] (a) The commissioner of public safety shall prescribe rules governing the physical qualifications of school bus drivers and tests required to obtain a school bus endorsement. The rules must provide that an applicant for a school bus endorsement or renewal is exempt from the physical qualifications and medical examination required to operate a school bus upon providing evidence of being medically examined and certified within the preceding 24 months as physically qualified to operate a commercial motor vehicle, pursuant to Code of Federal Regulations, title 49, part 391, subpart E, or rules of the commissioner of transportation incorporating those federal regulations. The commissioner shall accept physical examinations for school bus drivers conducted by medical examiners authorized as provided by the Code of Federal Regulations, title 49, chapter 3, part 391, subpart E.

(b) The commissioner of public safety, in conjunction with the commissioner of economic security, shall adopt rules prescribing a training program for Head Start bus drivers. The program must provide for initial classroom and behind-the-wheel training, and annual in-service training. The program must provide training in defensive driving, human relations, emergency and accident procedures, vehicle maintenance, traffic laws, and use of safety equipment. The program must provide that the training will be conducted by the contract operator for a Head Start agency, the Head Start grantee, a licensed driver training school, or by another person or entity approved by both commissioners.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 34. Minnesota Statutes 1998, section 171.321, subdivision 3, is amended to read:

Subd. 3. [RECORDS CHECK OF APPLICANT.] (a) Before issuing or renewing a school bus endorsement, the commissioner shall conduct a criminal and driver's license records check of the applicant. The commissioner may also conduct the check at any time while a person is so licensed. The check ~~shall~~ must consist of a criminal records check of the state criminal records repository and a check of the driver's license records system. If the applicant has resided in Minnesota for less than five years, the check ~~shall~~ must also include a criminal records check of information from the state law enforcement agencies in the states where the person resided during the five years before moving to Minnesota, and of the national criminal records repository including the criminal justice data communications network. The applicant's failure to cooperate with the commissioner in conducting the records check is reasonable cause to deny an application or cancel a school bus endorsement. The commissioner may not release the results of the records check to any person except the applicant or the applicant's designee in writing.

(b) The commissioner may issue to an otherwise qualified applicant a temporary school bus endorsement, effective for no more than 180 days, upon presentation of (1) an affidavit by the applicant that the applicant has not been convicted of a disqualifying offense and (2) a criminal history check from each state of residence for the previous five years. The criminal history check may be conducted and prepared by any public or private source acceptable to the commissioner. The commissioner may reissue the temporary endorsement if the National Criminal Records Repository check is timely submitted but not completed within the 180-day period.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 35. Minnesota Statutes 1998, section 171.321, subdivision 4, is amended to read:

Subd. 4. [TRAINING.] (a) No person shall drive a class A, B, C, or D school bus when transporting school children to or from school or upon a school-related trip or activity without having demonstrated sufficient skills and knowledge to transport students in a safe and legal manner.

(b) A bus driver must have training or experience that allows the driver to meet at least the following competencies:

- (1) safely operate the type of school bus the driver will be driving;
- (2) understand student behavior, including issues relating to students with disabilities;
- (3) encourage orderly conduct of students on the bus and handle incidents of misconduct appropriately;
- (4) know and understand relevant laws, rules of the road, and local school bus safety policies;
- (5) handle emergency situations; and
- (6) safely load and unload students.

(c) The commissioner of public safety, in conjunction with the commissioner of children, families, and learning, shall develop a comprehensive model school bus driver training program and model assessments for school bus driver training competencies, which are not subject to chapter 14. A school district may use alternative assessments for bus driver training competencies with the approval of the commissioner of public safety. The employer shall keep the assessment for the current period available for inspection by representatives of the commissioner.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 36. Minnesota Statutes 1998, section 171.321, subdivision 5, is amended to read:

Subd. 5. [ANNUAL EVALUATION.] A school district's pupil transportation safety director, the chief administrator of a nonpublic school, or a private contractor shall certify annually to the ~~commissioner of public safety~~ school board or governing board of a nonpublic school that, at minimum, each school bus driver meets the school bus driver training competencies under subdivision 4 ~~and shall report the number of hours of in-service training completed by each driver.~~ A school district, nonpublic school, or private contractor also shall provide in-service training annually to each school bus driver. ~~A district, nonpublic school, or private contractor also shall check the license of each person who transports students for the district with the National Drivers Register or the department of public safety annually. The school board must approve and forward the competency certification and in-service report to the commissioner of public safety.~~

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 37. Minnesota Statutes 1999 Supplement, section 260C.143, subdivision 4, is amended to read:

Subd. 4. [TRUANT.] When a peace officer or probation officer has probable cause to believe that a child is ~~currently under age 16 and~~ absent from school without lawful excuse, consistent with section 120A.22, subdivisions 5 and 8, the officer may:

- (1) transport the child to the child's home and deliver the child to the custody of the child's parent or guardian;
- (2) transport the child to the child's school of enrollment and deliver the child to the custody of a school superintendent or teacher ~~or~~;
- (3) transport the child to a truancy service center under section 260A.04, subdivision 3; or
- (4) transport the child from the child's home to the child's school of enrollment or to a truancy service center.

Sec. 38. Minnesota Statutes 1998, section 471.15, is amended to read:

471.15 [RECREATIONAL FACILITIES BY MUNICIPALITY, VETERANS; BONDS.]

(a) Any home rule charter or statutory city or any town, county, school district, or any board thereof, or any incorporated post of the American Legion or any other incorporated veterans' organization, may expend not to exceed \$800 in any one year, for the purchase of awards and trophies and may operate a program of public recreation and playgrounds; acquire, equip, and maintain land, buildings, or other recreational facilities, including an outdoor or indoor swimming pool; and expend funds for the operation of such program pursuant to the provisions of sections 471.15 to 471.19. The city, town, county or school district may issue bonds pursuant to chapter 475 for the purpose of carrying out the powers granted by this section. The city, town, county or school district may operate the program and facilities directly or establish one or more recreation boards to operate all or various parts of them.

(b) A home rule charter or statutory city, a county, or a town may expend funds for the purpose of supporting student academic or extracurricular activities sponsored by the local school district.

Sec. 39. Laws 1999, chapter 241, article 5, section 18, subdivision 5, is amended to read:

Subd. 5. [CHARTER SCHOOL BUILDING LEASE AID.] For building lease aid according to Minnesota Statutes, section 124D.11, subdivision 4:

\$2,992,000 <u>\$5,981,000</u>	.....	2000
\$3,616,000 <u>\$10,807,000</u>	.....	2001

The 2000 appropriation includes \$194,000 for 1999 and ~~\$2,798,000~~ \$5,787,000 for 2000.

The 2001 appropriation includes ~~\$311,000~~ \$643,000 for 2000 and ~~\$3,305,000~~ \$10,164,000 for 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 40. Laws 1999, chapter 241, article 5, section 18, subdivision 6, is amended to read:

Subd. 6. [CHARTER SCHOOL START-UP GRANTS.] For charter school start-up cost aid under Minnesota Statutes, section 124D.11:

\$1,789,000 <u>\$1,955,000</u>	.....	2000
\$1,876,000 <u>\$2,926,000</u>	.....	2001

The 2000 appropriation includes \$100,000 for 1999 and ~~\$1,689,000~~ \$1,855,000 for 2000.

The 2001 appropriation includes ~~\$188,000~~ \$206,000 for ~~1999~~ 2000 and ~~\$1,688,000~~ \$2,720,000 for 2001.

Any balance in the first year does not cancel but is available in the second year. This appropriation may also be used for grants to convert existing schools into charter schools.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 41. [RESIDENTIAL ACADEMIES.]

In the event that a recipient who has been awarded a grant under Laws 1998, chapter 398, article 5, section 46, has received approval for updated capital and operating plans after June 1, 1999, and has not substantially performed pursuant to the terms and conditions of its award by June 30, 2002, the commissioner shall reopen the application process with respect to any funds available.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 42. [MINNESOTA NEW TEACHER PROJECT.]

Subdivision 1. [ESTABLISHMENT; PARTICIPATION.] The Minnesota new teacher project is established in the department of children, families, and learning in order to retain new teachers in the profession and to provide models for supporting the professional development of first-year and second-year teachers. In order for a school district to participate in the new teacher project, a school board and an exclusive representative of the teachers in the district, or for a charter school the majority of the teachers, must agree to participate in the new teacher project and to the district plan under subdivision 2.

Subd. 2. [DISTRICT PLAN.] A district that participates in the new teacher project must submit a plan for the project to the commissioner for approval. The new teacher project plan must be consistent with the knowledge and skills required in the teacher licensure rules adopted by the board of teaching and the state graduation requirements

and include curricula of best practice activities such as one-on-one mentoring, intensive summer orientation, first-year and second-year training workshops, peer review, mutual observation between new and experienced teachers, classroom management techniques, cultural diversity, reading strategies, lighter workloads, and first-year residency. The plan must include the participation of a teacher preparation program approved by the board of teaching.

Districts receiving a grant under this section must report to the board of teaching regarding its chosen new teacher project plan.

Subd. 3. [STATE MATCH.] A district that has an approved new teacher project plan is eligible to receive \$3,000 of state money for each new teacher participating in the project. The district must contribute \$2,000 of district money for each new teacher participating in the project.

Sec. 43. [TASK FORCE ON SCHOOL GOVERNANCE AND MANAGEMENT.]

Subdivision 1. [ESTABLISHMENT.] The task force on school governance and management is established to examine the existing constitutional and statutory provisions that dictate the governance responsibilities and authority of the respective components of the state's public education system.

Subd. 2. [MEMBERSHIP; STAFFING.] (a) The task force on school governance and management must be composed of nine members, with three members appointed by the governor, three members appointed by the speaker of the house of representatives, and three members appointed by the subcommittee on committees of the senate committee on rules and administration. Members should represent the business community, education stakeholders, parents, or other interested community members.

(b) The executive branch through the office of the governor shall make staff available to assist the task force.

Subd. 3. [REPORT.] (a) The task force on school governance and management must report to the governor and the appropriate committees of the house and senate no later than December 1, 2000.

(b) The task force must do the following:

(1) identify any governance or organizational barriers that inhibit or preclude schools or school districts from:

(i) ensuring all students meet state and local graduation standards;

(ii) ensuring instructional programs are available to meet individual student's academic needs;

(iii) making efficient changes in instructional and noninstructional program and service delivery; and

(iv) delegating instructional and general operating decision-making to the school level; and

(2) make recommendations regarding the statutory changes needed to enable school districts to:

(i) continuously identify changes to meet the needs of student cohorts;

(ii) provide a variety of instructional opportunities to meet individual student needs;

(iii) measure individual student academic achievement; and

(iv) modify or expand instructional programs if student achievement does not meet expectations.

Subd. 4. [EXPIRATION.] The task force on school governance and management expires on December 31, 2000.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 44. [2000-2001 SCHOOL YEAR START DATE.]

Subdivision 1. [LABOR DAY START.] Notwithstanding Minnesota Statutes, section 120A.40, for the 2000-2001 school year only, a district must not begin the elementary or secondary school year prior to Labor Day.

Subd. 2. [MABEL-CANTON INDEPENDENT SCHOOL DISTRICT NO. 238.] Notwithstanding subdivision 1 and Minnesota Statutes, section 120A.40, for the 2000-2001 school year only, independent school district No. 238, Mabel-Canton, may start the school year up to five weekdays before Labor Day for the purpose of scheduling an additional academic term during the regular school year.

Subd. 3. [BROWNS VALLEY INDEPENDENT SCHOOL DISTRICT NO. 801.] Notwithstanding subdivision 1 and Minnesota Statutes, section 120A.40, for the 2000-2001 school year only, independent school district No. 801, Browns Valley, may start the school year up to five weekdays before Labor Day for the purpose of scheduling an additional academic term during the regular school year.

Sec. 45. [CHARTER SCHOOL BUILDING LEASE AID REVIEW.]

The department of children, families, and learning shall work with charter school operators and other interested parties to create recommendations for appropriate criteria for charter school building lease aid and report its findings to the education committees of the legislature by January 15, 2001.

Sec. 46. [APPROPRIATIONS.]

Subdivision 1. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.] The sum indicated in this section is appropriated from the general fund to the department of children, families, and learning for the fiscal year indicated.

Subd. 2. [PROFESSIONAL TEACHING STANDARDS.] For grant awards for national board for professional teaching standards certification according to Laws 1997, First Special Session chapter 4, article 5, section 22:

<u>\$150,000</u>	<u>2001</u>
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This is a one-time appropriation.

ARTICLE 7

KINDERGARTEN THROUGH GRADE 12 EDUCATION
NUTRITION AND OTHER PROGRAMS; FUND TRANSFERS

Section 1. [123B.575] [PESTICIDE APPLICATION AT SCHOOLS.]

Subdivision 1. [PARENTS' RIGHT-TO-KNOW ACT.] Subdivisions 2 to 14 may be cited as the Janet B. Johnson Parents' Right-to-Know Act of 2000.

Subd. 2. [PESTICIDE APPLICATION NOTIFICATION.] A school that plans to apply a pesticide which is a toxicity category I, II, or III pesticide product, as classified by the United States Environmental Protection Agency, or a restricted use pesticide, as designated under the Federal Insecticide, Fungicide, and Rodenticide Act, on school property, must provide a notice to parents and employees that it applies such pesticides. The notice required under subdivision 3 must:

(1) provide that an estimated schedule of the pesticide applications is available for review or copying at the school offices where such pesticides are applied;

(2) state that long-term health effects on children from the application of such pesticides or the class of chemicals to which they belong may not be fully understood;

(3) inform parents that a parent may request the school notify him or her in the manner specified in subdivision 6 before any application of a pesticide listed in this subdivision.

Subd. 3. [NOTICE; TIMING; DISTRIBUTION.] The notice must be provided no later than September 15 of each school year during which pesticides listed in subdivision 2 are planned to be applied. The notice may be included with other notices provided by the school, but must be separately identified and clearly visible to the reader.

Subd. 4. [SCHOOL HANDBOOK OR STATEMENT OF POLICIES.] In addition to the notice provided according to subdivision 3, a school that is required to provide notice under this section shall include in an official school handbook or official school policy guide of a general nature a section informing parents that an estimated schedule of applications of pesticides listed in subdivision 2 is available for review or copying at the school offices, and that a parent may receive prior notice of each application if specifically requested.

Subd. 5. [NOTICE AVAILABILITY.] A school that uses a pesticide listed in subdivision 2 must keep a copy of all notifications required under subdivisions 2 and 3 for at least six years in a manner available to the public.

Subd. 6. [NOTIFICATION FOR INDIVIDUAL PARENTS.] A parent of a student at a school may request that the school principal or other person having general control and supervision of the school notify the parent prior to the application of any pesticides listed in subdivision 2 at the school on a day different from the days specified in the notice under subdivision 3. The school principal or other person having general control and supervision of the school must provide reasonable notice to a parent who has requested such notification prior to applying such pesticides. The notice may be waived for emergency applications required only by appropriate state or local health officials. The notice must include the pesticide to be applied, the time of the planned application, and the location at the school of the planned application. A school may request reimbursement for the school's reasonable costs of providing notice under this subdivision, including any costs of mailing, from individuals requesting notification under this subdivision.

Subd. 7. [MODEL NOTICE.] The department of health, in consultation with the department of children, families, and learning, the office of environmental assistance, and University of Minnesota extension service, shall develop and make available to schools by August 1, 2000, a model notice in a form that can be used by a school if it chooses to do so. The model notice must include the information required by this section. The department of health must provide an opportunity for environmental groups, interested parents, public health organizations, and other parties to work with the department in developing the model notice.

Subd. 8. [PLAN.] A school is not required to adopt an integrated pest management plan. A school board may only notify students, parents, or employees that it has adopted an integrated pest management plan if the plan is a managed pest control program designed to minimize the risk to human health and the environment and to reduce the use of chemical pesticides, and which ranks the district's response to pests in the following manner:

(1) identifying pests which need to be controlled;

(2) establishing tolerable limits of each identified pest;

(3) designing future buildings and landscapes to prevent identified pests;

(4) excluding identified pests from sites and buildings using maintenance practices;

(5) adapting cleaning activities and best management practices to minimize the number of pests;

(6) using mechanical methods of controlling identified pests; and

(7) controlling identified pests using the least toxic pesticides with the least exposure to persons as is practicable.

Subd. 9. [PESTICIDE DEFINED; CLEANING PRODUCTS EXCLUDED.] For purposes of this section, the term "pesticide" has the meaning given it in section 18B.01, subdivision 18, except that it does not include any disinfectants, sanitizers, deodorizers, or antimicrobial agents used for general cleaning purposes.

Subd. 10. [PEST DEFINED.] For purposes of this section, the term "pest" has the meaning given it in section 18B.01, subdivision 17.

Subd. 11. [SCHOOL DEFINED.] For the purposes of this section, "school" means a school as defined in section 120A.22, subdivision 4, excluding home schools.

Subd. 12. [IMMUNITY FROM LIABILITY.] No cause of action may be brought against a school district, a school, or the districts or school's employees or agents for any failure to comply with the requirements under this section.

Subd. 13. [EVIDENCE OF FAILURE TO COMPLY EXCLUDED.] A failure to comply with the requirements of this section may not be presented as evidence in any lawsuit based upon physical injury resulting from exposure to pesticides applied at a school.

Subd. 14. [NO SPECIAL RIGHTS.] Nothing in this section affects the duty of a parent or a student to comply with the compulsory attendance law or the duty of a school employee to comply with the provisions of an applicable employment contract or policy.

EFFECTIVE DATE: This section is effective August 1, 2000.

Sec. 2. Minnesota Statutes 1998, section 124D.111, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.] Each school year, the state must pay districts participating in the national school lunch program the amount of ~~6.5~~ eight cents for each full paid, reduced, and free student lunch served to students in the district.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 3. Minnesota Statutes 1999 Supplement, section 124D.1155, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY.] An applicant for a grant must be a public or nonpublic elementary school that participates in the federal school breakfast and lunch programs. The commissioner must give first priority to schools where at least 33 percent of the lunches the school served to children during the second preceding school year were provided free or at a reduced price. The commissioner must give second priority to all other public or nonpublic elementary schools.

Sec. 4. Laws 1999, chapter 241, article 6, section 14, subdivision 2, is amended to read:

Subd. 2. [ABATEMENT AID.] For abatement aid according to Minnesota Statutes, section 127A.49:

\$9,110,000 <u>\$9,577,000</u>	.....	2000
\$8,947,000 <u>\$8,279,000</u>	.....	2001

The 2000 appropriation includes \$1,352,000 for 1999 and ~~\$7,758,000~~ \$8,225,000 for 2000.

The 2001 appropriation includes ~~\$861,000~~ \$914,000 for 2000 and ~~\$8,086,000~~ \$7,365,000 for 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 5. Laws 1999, chapter 241, article 6, section 14, subdivision 3, is amended to read:

Subd. 3. [NONPUBLIC PUPIL AID.] For nonpublic pupil education aid according to Minnesota Statutes, sections 123B.40 to 123B.48 and 123B.87:

\$10,996,000	.....	2000
\$11,878,000 <u>\$13,448,000</u>	.....	2001

The 2000 appropriation includes \$970,000 for 1999 and \$10,026,000 for 2000.

The 2001 appropriation includes ~~\$1,114,000~~ \$1,175,000 for 2000 and ~~\$10,764,000~~ \$12,273,000 for 2001.

The department shall recompute the maximum allotments established on March 1, 1999, for fiscal year 2000 under Minnesota Statutes, sections 123B.42, subdivision 3, and 123B.44, subdivision 6, to reflect the amount appropriated in this subdivision for fiscal year 2000.

The department shall recompute the maximum allotments established on March 1, 2000, for fiscal year 2001 under Minnesota Statutes, sections 123B.42, subdivision 3, and 123B.44, subdivision 6, to reflect the amount appropriated in this subdivision for fiscal year 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 6. Laws 1999, chapter 241, article 6, section 14, subdivision 4, is amended to read:

Subd. 4. [CONSOLIDATION TRANSITION AID.] For districts consolidating under Minnesota Statutes, section 123A.485:

\$451,000 <u>\$563,000</u>	.....	2000
\$375,000 <u>\$455,000</u>	.....	2001

The 2000 appropriation includes \$113,000 for 1999 and ~~\$338,000~~ \$450,000 for 2000.

The 2001 appropriation includes ~~\$37,000~~ \$50,000 for 2000 and ~~\$338,000~~ \$405,000 for 2001.

Any balance in the first year does not cancel but is available in the second year.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 7. Laws 1999, chapter 241, article 6, section 14, subdivision 5, is amended to read:

Subd. 5. [NONPUBLIC PUPIL TRANSPORTATION.] For nonpublic pupil transportation aid under Minnesota Statutes, section 123B.92, subdivision 9:

\$18,586,000 <u>\$20,358,000</u>	.....	2000
\$20,922,000 <u>\$21,333,000</u>	.....	2001

The 2000 appropriation includes \$1,848,000 for ~~2000~~ 1999 and ~~\$16,738,000~~ \$18,510,000 for ~~2001~~ 2000.

The 2001 appropriation includes ~~\$1,860,000~~ \$2,057,000 for 2000 and ~~\$19,062,000~~ \$19,276,000 for 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 8. Laws 1999, chapter 241, article 7, section 2, subdivision 2, is amended to read:

Subd. 2. [SCHOOL LUNCH AID.] (a) For school lunch aid according to Minnesota Statutes, section 124D.111, and Code of Federal Regulations, title 7, section 210.17, and for school milk aid according to Minnesota Statutes, section 124D.118:

\$8,200,000 <u>\$8,340,000</u>	.....	2000
\$8,200,000 <u>\$8,566,000</u>	.....	2001

(b) Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of free, reduced, and fully paid federally reimbursable student lunches served during that school year.

(c) ~~If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.~~

(d) Not more than \$800,000 of the amount appropriated each year may be used for school milk aid.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 9. Laws 1999, chapter 241, article 7, section 2, subdivision 5, is amended to read:

Subd. 5. [SCHOOL BREAKFAST.] To operate the school breakfast program according to Minnesota Statutes, sections 124D.115 and 124D.117:

\$456,000 <u>\$713,000</u>	.....	2000
\$456,000 <u>\$713,000</u>	.....	2001

~~If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student breakfast shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.~~ Any unexpended balance remaining shall be used to subsidize the payments made for school lunch aid per Minnesota Statutes, section 124D.111.

Up to one percent of the program funding can be used by the department of children, families, and learning for technical and administrative assistance.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 10. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING WEB SITE.]

The department of children, families, and learning must maintain a list of pesticides that will enable a school district to identify whether the district is using a pesticide that is classified as toxicity category I, II, or III pesticide products or as restricted use pesticides under the Federal Insecticide, Fungicide, and Rodenticide Act for purposes of providing notice required by Minnesota Statutes, section 123B.575. To the extent practicable, the list maintained shall include the name under which the pesticide is registered by the environmental protection agency and the common brand names by which it is sold. The department must maintain the list on its Web site or as a prominent link on its Web site to another state or federal agency's Web site.

EFFECTIVE DATE: This section is effective August 1, 2000.

Sec. 11. [PESTICIDE REPORTING.]

(a) The commissioner of agriculture, in cooperation with the University of Minnesota extension service; the commissioners of administration; children, families, and learning; health; transportation; natural resources; and the pollution control agency; and other interested parties, must review the use of pesticide and integrated pest management techniques and practices as they are applied to the use and storage of pesticides in and around a representative sample of buildings owned by the state and buildings and grounds used for kindergarten through grade 12 public education. Recommendations by the commissioner of agriculture on the use and avoidance of pesticides and comprehensive integrated pest management practices in state buildings and kindergarten through grade 12 public school buildings, including the training of building managers and school personnel, must be presented to the environmental policy and finance committees of the legislature by January 15, 2001.

(b) For purposes of the review and report in paragraph (a), the term "pesticide" has the meaning given in Minnesota Statutes, section 18B.01, subdivision 18, except that it does not include disinfectants, sanitizers, deodorizers, or antimicrobial agents for general cleaning purposes.

Sec. 12. [FUND TRANSFERS.]

Subdivision 1. [LAKEVILLE.] Notwithstanding Minnesota Statutes, section 123B.79 or 123B.80, independent school district No. 194, Lakeville, may transfer up to \$1,000,000 from its reserved account for operating capital to the unreserved, undesignated general fund. When independent school district No. 194, Lakeville, attains a positive unreserved, undesignated general fund balance greater than ten percent of the most recent fiscal year's expenditures, the district shall transfer the amount exceeding ten percent to its reserve account for operating capital until an amount is transferred back that is equal to the amount transferred under this authority. This subdivision expires on December 31, 2014.

Subd. 2. [CHOKIO-ALBERTA.] (a) Notwithstanding Minnesota Statutes, section 123B.58, 123B.79, or 123B.80, on June 30, 2000, upon approval of the commissioner of children, families, and learning, independent school district No. 771, Chokio-Alberta, may permanently transfer up to \$121,000 from its reserved account for disabled accessibility to its undesignated general fund balance.

(b) Prior to making the fund transfer, independent school district No. 771, Chokio-Alberta, must demonstrate to the commissioner's satisfaction that the district's school buildings are accessible to students or employees with disabilities.

Subd. 3. [MAHTOMEDI.] Notwithstanding Minnesota Statutes, sections 123B.80, 123B.912, and 475.61, subdivision 4, on June 30, 2000, independent school district No. 832, Mahtomedi, may permanently transfer up to \$525,000 from its debt redemption fund to its capital account in its general fund without making a levy reduction to purchase land for a school facility.

Subd. 4. [NORMAN COUNTY EAST.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 2000, independent school district No. 2215, Norman County East, may permanently transfer up to \$419,000 from its building construction fund to the reserved account for operating capital in the general fund without making a levy reduction.

Subd. 5. [ST. FRANCIS.] Notwithstanding Minnesota Statutes, section 123B.53, on June 30, 2000, independent school district No. 15, St. Francis, may permanently transfer \$543,000 from its debt service fund to the general fund to help the district out of statutory operating debt without making a levy reduction. This transfer is contingent upon the district maintaining 105 percent of principal and interest against the debt service fund liabilities.

Subd. 6. [STAPLES-MOTLEY.] Notwithstanding Minnesota Statutes, sections 123B.79; 123B.80; and 475.61, subdivision 4, on May 31, 2000, independent school district No. 2170, Staples-Motley, may permanently transfer up to \$71,000 from the debt service account of the former independent school district No. 483, Motley, to independent school district No. 2170, Staples-Motley's, operating capital fund without making a levy reduction.

Subd. 7. [FERGUS FALLS.] Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, independent school district No. 544, Fergus Falls, on June 30, 2000, may permanently transfer up to \$200,000 from the debt redemption fund to the general fund without making a levy reduction.

Subd. 8. [CROOKSTON.] Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, independent school district No. 593, Crookston, on June 30, 2000, may permanently transfer up to \$400,000 from the debt redemption fund to the general fund without making a levy reduction.

Subd. 9. [LAKEVIEW SCHOOLS.] Notwithstanding any law to the contrary, independent school district No. 2167, Lakeview schools, is authorized to retain a cooperative facilities grant awarded in fiscal year 1995, and may permanently transfer that amount to its reserve account for operating capital.

Subd. 10. [PARKERS PRAIRIE.] Notwithstanding Minnesota Statutes, section 123B.79, 123B.80, or 475.61, subdivision 4, independent school district No. 547, Parkers Prairie, on June 30, 2000, may permanently transfer up to \$105,000 from the debt redemption fund to the reserved account for operating capital in the general fund without making a levy reduction.

Subd. 11. [GRAND MEADOW.] Notwithstanding Minnesota Statutes, sections 123B.79; 123B.80; and 475.61, subdivision 4, independent school district No. 495, Grand Meadow, may permanently transfer up to \$300,000 from its disabled access account in the general fund to its capital fund. This transfer is contingent upon the school district's successful construction of a new kindergarten through grade 12 school.

Subd. 12. [WIN-E-MAC.] At the completion of the consolidation of independent school district No. 604, Mentor, and independent school district No. 2609, Win-E-Mac, up to \$125,000 may be transferred from the former Mentor school district health and safety reserve fund to the Win-E-Mac health and safety reserve fund.

Subd. 13. [BROWERVILLE.] Notwithstanding Minnesota Statutes, sections 123B.79, 123B.80, and 475.61, subdivision 4, on June 30, 2000, independent school district No. 787, Browerville, may permanently transfer up to \$110,000 from its debt redemption fund to its general fund without making a levy reduction.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 13. [LEVY RESTORATION; INDEPENDENT SCHOOL DISTRICT NO. 2859, GLENCOE-SILVER LAKE.]

(a) Due to the special circumstances of its consolidation, independent school district No. 2859, Glencoe-Silver Lake, may levy up to one-third of the total of the sum from paragraph (b) in each of the fiscal years 2002, 2003, and 2004 due to under-levy in the period immediately following the district's consolidation.

(b) For each of the fiscal years of 1999, 2000, and 2001, the amount of the levy is equal to the sum of:

(1) the difference between the maximum amount of levy authorized by law for the fiscal year and the amount of levy certified by independent school district No. 2859, Glencoe-Silver Lake, under Minnesota Statutes 1996 and 1997 Supplement, section 124.2725;

(2) the difference between the maximum amount of levy authorized by law for the fiscal year and the amount of levy certified by independent school district No. 2859, Glencoe-Silver Lake, under Minnesota Statutes, section 126C.42; and

(3) the difference between the maximum amount of levy authorized by law for the fiscal year and the amount of levy certified by independent school district No. 2859, Glencoe-Silver Lake, under Minnesota Statutes, section 126C.22.

EFFECTIVE DATE: This section is effective for taxes payable in 2001.

Subd. 2. [APPROVALS.] Operation of the public library is contingent upon the governing bodies of cities, towns, and unorganized townships within the geographical boundaries of independent school district No. 319, except for the city of Keewatin, entering into a joint powers agreement under Minnesota Statutes 1998, section 471.59, to accomplish the purpose of this section. The joint powers agreement must provide for continuing the library project if one party or more parties to the agreement withdraws from or fails to enter into the agreement. For the purposes of this subdivision, the Itasca county board is designated as the governing body for the unorganized townships.

Subd. 3. [BOARD; APPOINTMENTS.] The joint powers agreement in subdivision 2 shall provide for a library board of up to seven members as follows: two members appointed by the school board of independent school district No. 319, one member appointed by each town board located within independent school district No. 319 boundaries that is a signatory to the joint powers agreement, one member appointed by the council of the city of Nashwauk, and one member appointed by the Itasca county board to represent the unorganized towns within the school district territory.

Subd. 4. [BOARD TERMS; COMPENSATION.] The library board members shall serve for the term of the library project or to a maximum of three consecutive three-year terms. An appointing authority may remove for misconduct or neglect any member it has appointed to the board and may replace that member by appointment. Board members shall receive no compensation for their services but may be reimbursed for actual and necessary travel expenses incurred in the discharge of library board duties and activities.

Subd. 5. [FUNDING.] For taxes payable in ~~1998, 1999, 2000~~, 2001, 2002, and 2003 only, and provided that the joint powers agreement under subdivision 2 has been executed by September 1 of the previous calendar year, the library board may levy a tax in an amount up to \$25,000 annually on property located within the boundaries of independent school district No. 319, except the city of Keewatin. The Itasca county auditor shall collect the tax and distribute it to the library board. The levy shall be assessed against the individual members of the joint powers agreement. The money may be used for library staff and for the purchase of library materials, including computer software. ~~The levy must also fund the amount necessary to receive bookmobile services from the Arrowhead regional library system.~~ For taxes payable in ~~1998, 1999, 2000~~, 2001, 2002, and 2003 only, the county may not levy under Minnesota Statutes, section 134.07, for the areas described in this section.

Subd. 6. [BUILDING.] The school district shall provide the physical space and costs associated with operating the library including, but not limited to, heat, light, telephone service, and maintenance.

Subd. 7. [ORGANIZATION.] Immediately after appointment, the library board shall organize by electing one of its number as president and one as secretary, and it may appoint other officers it finds necessary.

Subd. 8. [DUTIES.] The library board shall adopt bylaws and regulations for the library and for the conduct of its business as may be expedient and conformable to law. It shall have exclusive control of the expenditure of all money collected for it. The library board shall appoint a qualified library director and other staff, establish the compensation of employees, and remove any of them for cause. The library board may contract with the school board, the regional library board, or the city in which the library is located to provide personnel, fiscal, or administrative services. The contract shall state the personnel, fiscal, and administrative services and payments to be provided by each party.

Subd. 9. [CRITERIA.] The library shall meet all requirements in statutes and rules applicable to public libraries and school media centers. A media supervisor licensed by the board of teaching may be the director of the library. Public parking, restrooms, drinking water, and other necessities shall be easily accessible to library patrons.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 2. Laws 1999, chapter 241, article 8, section 4, subdivision 4, is amended to read:

Subd. 4. [REGIONAL LIBRARY TELECOMMUNICATIONS AID.] For grants to regional public library systems under Minnesota Statutes, section 125B.20, subdivision 3:

\$1,200,000 2000

~~\$1,200,000~~ \$3,606,000 2001

Any balance in the first year does not cancel but is available in the second year.

Notwithstanding Minnesota Statutes, section 125B.20, subdivision 3, this appropriation may be used for video lines in addition to the uses under Minnesota Statutes, section 125B.20, subdivision 3.

The budget base for this program for fiscal years 2002 and 2003 is \$1,200,000 for each year.

Sec. 3. Laws 1999, chapter 241, article 8, section 4, subdivision 5, is amended to read:

Subd. 5. [LIBRARY FOR THE BLIND.] For compact shelving, technology, and staffing for the Minnesota library for the blind and physically handicapped:

\$212,000 2000

This appropriation is available until June 30, 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

ARTICLE 9

KINDERGARTEN THROUGH GRADE 12 EDUCATION
STATE AGENCIES

Section 1. Laws 1999, chapter 241, article 10, section 6, is amended to read:

Sec. 6. [APPROPRIATIONS; LOLA AND RUDY PERPICH MINNESOTA CENTER FOR ARTS EDUCATION.]

The sums indicated in this section are appropriated from the general fund to the center for arts education for the fiscal years designated:

\$7,239,000 2000
\$7,400,000 2001

Of each year's appropriation, \$154,000 is to fund artist and arts organization participation in the education residency and education technology projects, \$75,000 is for school support for the residency project, \$121,000 is for further development of the partners: arts and school for students (PASS) program, including pilots, and ~~\$220,000~~ \$110,000 is to fund the center for arts education base for asset preservation and facility repair. The guidelines for the education residency project and the pass program shall be developed and defined by the center for arts education in cooperation with the Minnesota arts board. The Minnesota arts board shall participate in the review and allocation process. The center for arts education and the Minnesota arts board shall cooperate to fund these projects.

Any balance in the first year does not cancel but is available in the second year.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 2. [DEPARTMENT OF CHILDREN, FAMILIES, AND LEARNING.]

(a) The sums indicated in this section are appropriated from the general fund unless otherwise indicated to the department of children, families, and learning for the fiscal years designated.

\$32,316,000 2000
\$29,785,000 2001

(b) Any balance the first year does not cancel but is available in the second year.

(c) \$21,000 each year is from the trunk highway fund.

(d) \$673,000 in 2000 and \$678,000 in 2001 is for the board of teaching.

(e) Notwithstanding Minnesota Statutes, section 15.53, subdivision 2, the commissioner of children, families, and learning may contract with a school district for a period no longer than five consecutive years to work in the development or implementation of the graduation rule. The commissioner may contract for services and expertise as necessary. The contracts are not subject to Minnesota Statutes, section 16B.06.

(f) \$165,000 in 2000 is for the state board of education. Any functions of the state board of education that are not specifically transferred to another agency are transferred to the department of children, families, and learning under Minnesota Statutes, section 15.039. For the position that is classified, upon transferring the responsibilities, the current incumbent is appointed to the classified position without exam or probationary period.

(g) \$2,000,000 in 2000 is for litigation costs and may only be used for those purposes. This appropriation is available until June 30, 2001. This is a one-time appropriation.

EFFECTIVE DATE: This section is effective retroactive to July 1, 1999.

Sec. 3. [REPEALER.]

Laws 1999, chapter 241, article 10, section 5, is repealed retroactive to July 1, 1999.

EFFECTIVE DATE: This section is effective retroactive to July 1, 1999.

ARTICLE 10

KINDERGARTEN THROUGH GRADE 12 EDUCATION TECHNICAL, CONFORMING, AND CLARIFYING AMENDMENTS

Section 1. Minnesota Statutes 1998, section 120A.22, subdivision 3, is amended to read:

Subd. 3. [PARENT DEFINED; RESIDENCY DETERMINED.] (a) In this section and sections 120A.24; and 120A.26, and ~~120A.41~~, "parent" means a parent, guardian, or other person having legal custody of a child.

(b) In sections 125A.03 to 125A.24 and 125A.65, "parent" means a parent, guardian, or other person having legal custody of a child under age 18. For an unmarried pupil age 18 or over, "parent" means the pupil unless a guardian or conservator has been appointed, in which case it means the guardian or conservator.

(c) For purposes of sections 125A.03 to 125A.24 and 125A.65, the school district of residence for an unmarried pupil age 18 or over who is a parent under paragraph (b) and who is placed in a center for care and treatment, shall be the school district in which the pupil's biological or adoptive parent or designated guardian resides.

(d) For a married pupil age 18 or over, the school district of residence is the school district in which the married pupil resides.

Sec. 2. Minnesota Statutes 1998, section 123B.02, is amended by adding a subdivision to read:

Subd. 5a. [TRESPASSES ON SCHOOL PROPERTY.] Trespasses on school property shall be governed according to section 609.605, subdivision 4.

Sec. 3. Minnesota Statutes 1998, section 123B.85, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] The following words and terms in sections 121A.585, 121A.59, 123B.84 to 123B.87, ~~and 123B.89 to 123B.90~~, and 123B.91, shall have the following meanings ascribed to them.

Sec. 4. Minnesota Statutes 1999 Supplement, section 124D.128, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER DESIGNATION.] An area learning center designated by the state must be a site. To be designated, a district or center must demonstrate to the commissioner that it will:

(1) provide a program of instruction that permits pupils to receive instruction throughout the entire year; and

(2) maintain a record system that, for purposes of section ~~124.17~~ 126C.05, permits identification of membership attributable to pupils participating in the program. The record system and identification must ensure that the program will not have the effect of increasing the total number of pupil units attributable to an individual pupil as a result of a learning year program.

Sec. 5. Minnesota Statutes 1998, section 124D.454, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of this section ~~and section 125A.77~~, the definitions in this subdivision apply.

(a) "Base year" for fiscal year 1996 means fiscal year 1995. Base year for later fiscal years means the second fiscal year preceding the fiscal year for which aid will be paid.

(b) "Basic revenue" has the meaning given it in section 126C.10, subdivision 2. For the purposes of computing basic revenue pursuant to this section, each child with a disability shall be counted as prescribed in section 126C.05, subdivision 1.

(c) "Average daily membership" has the meaning given it in section 126C.05.

(d) "Program growth factor" means 1.00 for fiscal year 1998 and later.

(e) "Aid percentage factor" means 60 percent for fiscal year 1996, 70 percent for fiscal year 1997, 80 percent for fiscal year 1998, 90 percent for fiscal year 1999, and 100 percent for fiscal year 2000 and later.

Sec. 6. Minnesota Statutes 1998, section 124D.454, subdivision 10, is amended to read:

Subd. 10. [EXCLUSION.] A district shall not receive aid pursuant to section 124D.453; ~~or 125A.76, or 125A.77~~ for salaries, supplies, travel or equipment for which the district receives aid pursuant to this section.

Sec. 7. Minnesota Statutes 1999 Supplement, section 125A.023, subdivision 3, is amended to read:

Subd. 3. [DEFINITIONS.] For purposes of this section and section 125A.027, the following terms have the meanings given them:

(a) "Health plan" means:

(1) a health plan under section 62Q.01, subdivision 3;

(2) a county-based purchasing plan under section 256B.692;

(3) a self-insured health plan established by a local government under section 471.617; or

(4) self-insured health coverage provided by the state to its employees or retirees.

(b) For purposes of this section, "health plan company" means an entity that issues a health plan as defined in paragraph (a).

(c) "Individual interagency intervention plan" means a standardized written plan describing those programs or services and the accompanying funding sources available to eligible children with disabilities.

(d) "Interagency intervention service system" means a system that coordinates services and programs required in state and federal law to meet the needs of eligible children with disabilities ages three to 21, including:

(1) services provided under the following programs or initiatives administered by state or local agencies:

(i) the maternal and child health program under title V of the Social Security Act, United States Code, title 42, sections 701 to 709;

(ii) the Individuals with Disabilities Education Act under United States Code, title 20, chapter 33, subchapter II, sections 1411 to 1420;

(iii) medical assistance under the Social Security Act, United States Code, title 42, chapter 7, subchapter XIX, section 1396, et seq.;

(iv) the Developmental Disabilities Assistance and Bill of Rights Act, United States Code, title 42, chapter 75, subchapter II, sections 6021 to 6030, Part B;

(v) the Head Start Act, United States Code, title 42, chapter 105, subchapter II, sections 9831 to 9852;

(vi) rehabilitation services provided under chapter 268A;

(vii) Juvenile Court Act services provided under sections 260.011 to 260.91; 260B.001 to 260B.446; and 260C.001 to 260C.451;

(viii) the children's mental health collaboratives under section 245.493;

(ix) the family service collaboratives under section 124D.23;

(x) the family community support plan under section 245.4881, subdivision 4;

(xi) the MinnesotaCare program under chapter 256L;

(xii) the community health services grants under chapter 145;

(xiii) the Community Social Services Act funding under the Social Security Act, United States Code, title 42, sections 1397 to 1397f; and

(xiv) the community ~~interagency~~ transition interagency committees under section 125A.22;

(2) services provided under a health plan in conformity with an individual family service plan or an individual education plan; and

(3) additional appropriate services that local agencies and counties provide on an individual need basis upon determining eligibility and receiving a request from the interagency early intervention committee and the child's parent.

(e) "Children with disabilities" has the meaning given in section 125A.02.

(f) A "standardized written plan" means those individual services or programs available through the interagency intervention service system to an eligible child other than the services or programs described in the child's individual education plan or the child's individual family service plan.

Sec. 8. Minnesota Statutes 1999 Supplement, section 125A.023, subdivision 5, is amended to read:

Subd. 5. [INTERVENTION DEMONSTRATION PROJECTS.] (a) The commissioner of children, families, and learning, based on recommendations from the state interagency committee, shall issue a request for proposals by January 1, 1999, for grants to the governing boards of interagency early intervention committees under section 125A.027 or a combination of one or more counties and school districts to establish five voluntary interagency intervention demonstration projects. One grant shall be used to implement a coordinated service system for all eligible children with disabilities up to age five who received services under sections 125A.26 to 125A.48. One grant shall be used to implement a coordinated service system for a population of minority children with disabilities from ages 12 to 21, who may have behavioral problems and are in need of transitional services. Each project must be operational by July 1, 1999. The governing boards of the interagency early intervention committees and the counties and school districts receiving project grants must develop efficient ways to coordinate services and funding for children with disabilities ages three to 21, consistent with the requirements of this section and section 125A.027 and the guidelines developed by the state interagency committee under this section.

(b) The state interagency committee shall evaluate the demonstration projects and provide the evaluation results to interagency early intervention committees.

Sec. 9. Minnesota Statutes 1999 Supplement, section 125A.08, is amended to read:

125A.08 [SCHOOL DISTRICT OBLIGATIONS.]

(a) As defined in this section, ~~to the extent required by federal law as of July 1, 2000~~, every district must ensure the following:

(1) all students with disabilities are provided the special instruction and services which are appropriate to their needs. Where the individual education plan team has determined appropriate goals and objectives based on the student's needs, including the extent to which the student can be included in the least restrictive environment, and where there are essentially equivalent and effective instruction, related services, or assistive technology devices available to meet the student's needs, cost to the district may be among the factors considered by the team in choosing how to provide the appropriate services, instruction, or devices that are to be made part of the student's individual education plan. The individual education plan team shall consider and may authorize services covered by medical assistance according to section 256B.0625, subdivision 26. The student's needs and the special education instruction and services to be provided must be agreed upon through the development of an individual education plan. The plan must address the student's need to develop skills to live and work as independently as possible within the community. By grade 9 or age 14, the plan must address the student's needs for transition from secondary services to post-secondary education and training, employment, community participation, recreation, and leisure and home living. In developing the plan, districts must inform parents of the full range of transitional goals and related services that should be considered. The plan must include a statement of the needed transition services, including a statement of the interagency responsibilities or linkages or both before secondary services are concluded;

(2) children with a disability under age five and their families are provided special instruction and services appropriate to the child's level of functioning and needs;

(3) children with a disability and their parents or guardians are guaranteed procedural safeguards and the right to participate in decisions involving identification, assessment including assistive technology assessment, and educational placement of children with a disability;

(4) eligibility and needs of children with a disability are determined by an initial assessment or reassessment, which may be completed using existing data under United States Code, title 20, section 33, et seq.;

(5) to the maximum extent appropriate, children with a disability, including those in public or private institutions or other care facilities, are educated with children who are not disabled, and that special classes, separate schooling, or other removal of children with a disability from the regular educational environment occurs only when and to the extent that the nature or severity of the disability is such that education in regular classes with the use of supplementary services cannot be achieved satisfactorily;

(6) in accordance with recognized professional standards, testing and evaluation materials, and procedures used for the purposes of classification and placement of children with a disability are selected and administered so as not to be racially or culturally discriminatory; and

(7) the rights of the child are protected when the parents or guardians are not known or not available, or the child is a ward of the state.

(b) For paraprofessionals employed to work in programs for students with disabilities, the school board in each district shall ensure that:

(1) before or immediately upon employment, each paraprofessional develops sufficient knowledge and skills in emergency procedures, building orientation, roles and responsibilities, confidentiality, vulnerability, and reportability, among other things, to begin meeting the needs of the students with whom the paraprofessional works;

(2) annual training opportunities are available to enable the paraprofessional to continue to further develop the knowledge and skills that are specific to the students with whom the paraprofessional works, including understanding disabilities, following lesson plans, and implementing follow-up instructional procedures and activities; and

(3) a districtwide process obligates each paraprofessional to work under the ongoing direction of a licensed teacher and, where appropriate and possible, the supervision of a school nurse.

Sec. 10. Minnesota Statutes 1998, section 125A.76, subdivision 7, is amended to read:

Subd. 7. [REVENUE ALLOCATION FROM COOPERATIVE CENTERS AND INTERMEDIATES.] For the purposes of this section and ~~section 125A.77~~, a special education cooperative or an intermediate district must allocate its approved expenditures for special education programs among participating school districts.

Sec. 11. Minnesota Statutes 1999 Supplement, section 125A.79, subdivision 8, is amended to read:

Subd. 8. [OUT-OF-STATE TUITION.] For children who are residents of the state, receive services under section 125A.76, subdivisions 1 and 2, and are placed in a care and treatment facility by court action in a state that does not have a reciprocity agreement with the commissioner under ~~section 125A.115~~ 125A.155, the resident school district shall submit the balance of the tuition bills, minus the amount of the basic revenue, as defined by section 126C.10, subdivision 2, of the district for the child and the special education aid, and any other aid earned on behalf of the child.

Sec. 12. Minnesota Statutes 1999 Supplement, section 125A.80, is amended to read:

125A.80 [UNIFORM BILLING SYSTEM FOR THE EDUCATION COSTS OF OUT-OF-HOME PLACED STUDENTS.]

The commissioner, in cooperation with the commissioners of human services and corrections and with input from appropriate billing system users, shall develop and implement a uniform billing system for school districts and other agencies, including private providers, who provide the educational services for students who are placed out of the home. The uniform billing system must:

- (1) allow for the proper and timely billing to districts by service providers with a minimum amount of district administration;
- (2) allow districts to bill the state for certain types of special education and regular education services as provided by law;
- (3) provide flexibility for the types of services that are provided for children placed out of the home, including day treatment services;
- (4) allow the commissioner to track the type, cost, and quality of services provided for children placed out of the home;
- (5) conform existing special education and proposed regular education billing procedures;
- (6) provide a uniform reporting standard of per diem rates;
- (7) determine allowable expenses and maximum reimbursement rates for the state reimbursement of care and treatment services ~~according to section 124D.701~~; and
- (8) provide a process for the district to appeal to the commissioner tuition bills submitted to districts and to the state.

Sec. 13. Minnesota Statutes 1999 Supplement, section 125B.21, subdivision 3, is amended to read:

Subd. 3. [CRITERIA.] In addition to responsibilities of the council under Laws 1993, First Special Session chapter 2, as amended, the telecommunications council shall evaluate grant applications under section ~~124C.74~~ 125B.20 and applications from district organizations using the following criteria:

- (1) evidence of cooperative arrangements with other post-secondary institutions, school districts, and community and regional libraries in the geographic region;
- (2) plans for shared classes and programs;
- (3) avoidance of network duplication;
- (4) evidence of efficiencies to be achieved in delivery of instruction due to use of telecommunications;
- (5) a plan for development of a list of all courses available in the region for delivery at a distance;
- (6) a plan for coordinating and scheduling courses; and
- (7) a plan for evaluation of costs, access, and outcomes.

Sec. 14. Minnesota Statutes 1998, section 126C.12, subdivision 2, is amended to read:

Subd. 2. [INSTRUCTOR DEFINED.] Primary instructor means a public employee licensed by the board of teaching whose duties are full-time instruction, excluding a teacher for whom categorical aids are received pursuant to ~~sections section 125A.76 and 125A.77~~. Except as provided in section 122A.68, subdivision 6, instructor does not include supervisory and support personnel, except school social workers as defined in section 122A.15. An instructor whose duties are less than full-time instruction must be included as an equivalent only for the number of hours of instruction in grades kindergarten through 6.

Sec. 15. Minnesota Statutes 1998, section 127A.05, subdivision 4, is amended to read:

Subd. 4. [ADMINISTRATIVE RULES.] The commissioner may adopt new rules ~~and amend them~~ or amend any existing rules only under specific authority and consistent with the requirements of chapter 14. The commissioner may repeal any existing rules adopted by the commissioner. Notwithstanding the provisions of section 14.05, subdivision 4, the commissioner may grant a variance to rules adopted by the commissioner upon application by a school district for purposes of implementing experimental programs in learning or school management. This subdivision shall not prohibit the commissioner from making technical changes or corrections to ~~adopted~~ adopted by the commissioner.

Sec. 16. Minnesota Statutes 1998, section 127A.41, subdivision 8, is amended to read:

Subd. 8. [APPROPRIATION TRANSFERS.] If a direct appropriation from the general fund to the department for any education aid or grant authorized in this chapter and chapters 122A, 123A, 123B, 124D, 126C, and 134, excluding appropriations under sections 124D.135, ~~124D.14~~, 124D.16, 124D.20, 124D.21, 124D.22, 124D.52, 124D.53, 124D.54, 124D.55, and 124D.56, exceeds the amount required, the commissioner may transfer the excess to any education aid or grant appropriation that is insufficient. However, section 126C.20 applies to a deficiency in the direct appropriation for general education aid. Excess appropriations must be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 17. Minnesota Statutes 1998, section 127A.41, subdivision 9, is amended to read:

Subd. 9. [APPROPRIATION TRANSFERS FOR COMMUNITY EDUCATION PROGRAMS.] If a direct appropriation from the general fund to the department of children, families, and learning for an education aid or grant authorized under section 124D.135, ~~124D.14~~, 124D.16, 124D.20, 124D.21, 124D.22, 124D.52, 124D.53, 124D.54, 124D.55, or 124D.56 exceeds the amount required, the commissioner of children, families, and learning may transfer the excess to any education aid or grant appropriation that is insufficiently funded under these sections. Excess appropriations shall be allocated proportionately among aids or grants that have insufficient appropriations. The commissioner of finance shall make the necessary transfers among appropriations according to the determinations of the commissioner of children, families, and learning. If the amount of the direct appropriation for the aid or grant plus the amount transferred according to this subdivision is insufficient, the commissioner shall prorate the available amount among eligible districts. The state is not obligated for any additional amounts.

Sec. 18. Minnesota Statutes 1999 Supplement, section 181A.04, subdivision 6, is amended to read:

Subd. 6. A high school student under the age of 18 must not be permitted to work after 11:00 p.m. on an evening before a school day or before 5:00 a.m. on a school day, except as permitted by section 181A.07, subdivisions 1, 2, 3, and 4. If a high school student under the age of 18 has supplied the employer with a note signed by the parent or guardian of the student, the student may be permitted to work until 11:30 p.m. on the evening before a school day and beginning at 4:30 a.m. on a school day.

For the purpose of this subdivision, a high school student does not include a student enrolled in an alternative education program approved by the commissioner of children, families, and learning or an area learning center, including area learning centers under sections 123A.05 to 123A.08 or according to section ~~122A.164~~ 122A.163.

Sec. 19. Laws 1999, chapter 241, article 1, section 69, is amended to read:

Sec. 69. [REPEALER.]

(a) Minnesota Statutes 1998, sections 123B.89; and 123B.92, subdivisions 2, 4, 6, 7, 8, and 10, are repealed.

(b) Minnesota Statutes 1998, section 120B.05, is repealed effective for revenue for fiscal year 2000.

(c) Minnesota Statutes 1998, section 124D.65, subdivisions 1, 2, and 3, are repealed effective for revenue for fiscal year 2001.

(d) Minnesota Statutes 1998, sections 124D.67; 126C.05, subdivision 4; and 126C.06, are repealed effective the day following final enactment.

~~This appropriation is available until June 30, 2001.~~

Sec. 20. Laws 1999, chapter 241, article 9, section 49, is amended to read:

Sec. 49. [TRANSITION.]

Notwithstanding Minnesota Statutes, section 15.0597, the terms of persons who are members appointed by the governor before the effective date of section 8 37, shall have their term end on July 31 of the year following the last year of their appointment.

Sec. 21. [REVISOR INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor shall renumber section 123B.02, subdivision 12, as 120A.22, subdivision 1a. The revisor shall correct all cross-references to be consistent with the renumbering.

Sec. 22. [REPEALER.]

Laws 1999, chapter 241, article 9, sections 35 and 36, and chapter 245, article 4, section 3, are repealed.

ARTICLE 11

HIGHER EDUCATION

Section 1. [HIGHER EDUCATION APPROPRIATIONS.]

The sums in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or other named fund, to the agencies and for the purposes specified in this article. The listing of an amount under the figure "2000" or "2001" in this article indicates that the amount is appropriated to be available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively. "The first year" is fiscal year 2000. "The second year" is fiscal year 2001. "The biennium" is fiscal years 2000 and 2001.

SUMMARY BY FUND

	2000	2001	TOTAL
General	\$5,800,000	\$8,200,000	\$14,000,000

SUMMARY BY AGENCY - ALL FUNDS

	2000	2001	TOTAL
Board of Trustees of the Minnesota State Colleges and Universities	5,800,000	7,380,000	13,180,000
Board of Regents of the University of Minnesota	-0-	820,000	820,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Sec. 2. BOARD OF TRUSTEES OF THE MINNESOTA
STATE COLLEGES AND UNIVERSITIES

Subdivision 1. Total Appropriation	5,800,000	7,380,000
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The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Deficiency Appropriations

5,800,000	5,800,000	
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This is a deficiency appropriation for increased enrollments. This appropriation is in addition to the appropriation in Laws 1999, chapter 214, article 1, section 3, subdivision 1. This is a one-time appropriation.

Subd. 3. Farm Business Management

-0-	250,000	
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This appropriation is to provide educational and management services to a greater number of farmers facing financial hardship in the farm wrap and farm help network service areas.

Subd. 4. Urban Teacher Preparation

-0-	1,250,000	
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This appropriation is for the development and implementation of the secondary and early childhood education components of the program established by this subdivision.

(a) The board shall offer a program of teacher preparation leading to licensure, involving Metropolitan State University, Inver Hills Community College, and Minneapolis Community and Technical College. The institutions involved shall enter into an agreement whereby Inver Hills Community College and Minneapolis Community and Technical College shall provide the first two years of the program, and Metropolitan State University shall provide the final two years of the program. In fall semester 2000, Minneapolis Community and Technical College and Inver Hills Community College shall offer a preeducation program. After development of the program in fiscal year 2001, Metropolitan State University shall begin its licensure program in fall semester 2001. The program shall focus on preparing teachers to meet the specific needs of urban and inner-ring suburban schools and shall emphasize significant direct classroom teaching experience and

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

mentoring throughout each student's preparation. The program may also focus on the professional development of pretenure teachers. Metropolitan State University, Inver Hills Community College, and Minneapolis Community and Technical College are encouraged to enter into partnerships with urban and inner-ring suburban schools to provide for significant involvement of elementary and secondary teachers in the mentoring of students enrolled in the program.

(b) The legislature expects the program to enroll at least 50 percent students of color.

(c) By February 15, 2002, and annually thereafter, the board of trustees shall provide a progress report to the chairs of the higher education finance divisions of the legislature regarding the development of the teacher preparation program. The annual report shall include, to the extent practicable at the time of preparation, information comparing program outcomes with the target expectations set forth in paragraph (b). The report shall include feedback from enrolled students concerning how the program meets their needs, as well as from cooperating elementary and secondary schools on how the students are performing on site.

Subd. 5. Cook County Higher Education Project

-0- 80,000

This appropriation is for the Cook county higher education project for delivery of educational services electronically due to the lack of access to higher education services in the area. The board shall submit a report in the biennial budget document on uses of the appropriation. The report shall include information regarding the number of students served, credit hours delivered, other services provided, strategic direction of the project, expected future funding sources, and collaborations with other organizations.

Subd. 6. Allocation For Excess Health Care Costs

The board must provide relief to campuses who have experienced health care cost increases of greater than 80 percent above the systemwide average increase since 1996.

Sec. 3. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Subdivision 1. Total Appropriation

820,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

The amounts that may be spent from this appropriation for each purpose are specified in the following subdivisions.

Subd. 2. Duluth; Child Care

-0- 220,000

This is a one-time appropriation for start-up costs for child care in the newly renovated Kirby Center.

Subd. 3. Special Appropriation

Agricultural Rapid Response Fund

-0- 600,000

This appropriation is for the rapid agricultural response fund. The university shall report on the uses of this appropriation in the biennial budget document. This appropriation is added to the appropriation in Laws 1999, chapter 214, article 1, section 4, subdivision 5, paragraph (a).

Sec. 4. Minnesota Statutes 1998, section 136A.125, is amended by adding a subdivision to read:

Subd. 4c. [UNEXPENDED BALANCE.] Any unexpended appropriation in the child care grant program in the first year of a biennium shall be used to augment the maximum award in subdivision 4 in the second year of the biennium.

Sec. 5. Laws 1999, chapter 214, article 1, section 4, subdivision 2, is amended to read:

Subd. 2. Operations and Maintenance 513,279,000 533,870,000

Estimated Expenditures and Appropriations

The legislature estimates that instructional expenditures will be \$461,521,000 in the first year and \$484,679,000 in the second year.

The legislature estimates that noninstructional expenditures will be \$202,367,000 in the first year and \$201,717,000 in the second year.

By January 30, 2000, the University shall submit to the governor and the legislature a master academic plan for the Rochester region that clearly defines the academic needs of the region, short and long-term plans to address those needs including the designation of responsibility among the partner institutions, short and long-term demographic and enrollment projections, physical plant capacity and needs, and a delineation of missions among the partner institutions to avoid competition and duplication.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Notwithstanding Minnesota Statutes 1998, section 137.022, subdivision 4, in fiscal year 2001 the first \$200,000 of permanent university fund income from royalties for mining under state mineral leases designated for the natural resources research institute shall be allocated by the board of regents to the department of landscape architecture to develop a long-range plan for the reclamation of taconite mining lands. The board shall allocate the money ~~only if an equal or greater amount of matching money from nonstate sources has been pledged to support the project by June 30, 2000~~ in increments of \$50,000 as each \$50,000 is matched by nonstate sources, provided that no money may be allocated after June 30, 2001.

The University of Minnesota academic health center, after consultation with the health care community and medical education and research costs advisory committee, shall report by January 15, 2000, to the higher education finance committees on the strategic direction of its health professional programs. The plans shall include a programmatic and financial model for health professional education that will meet the state's future workforce needs, maintain the integrity of the education process, provide an appropriate level of ongoing financial support, and provide a framework for the health community and academic health center to work together in meeting the health needs of the state. The academic health center is requested to provide the report also to the commissioner of health and the legislative commission on health care access.

Sec. 6. [FACILITY USE ANALYSIS OF MINNESOTA STATE COLLEGES AND UNIVERSITIES AND INTERMEDIATE SCHOOL DISTRICTS.]

The intermediate school districts and the board of trustees of the Minnesota state colleges and universities shall contract with the management analysis division of the department of administration for an analysis and report to the legislature on the educational space needs of Century community and technical college and intermediate school district No. 916, Dakota county technical college and intermediate school district No. 917, and Hennepin technical college and intermediate school district No. 287. The board of trustees will pay 50 percent of the cost of the contract and the intermediate school districts will pay the remainder. The report shall: (a) include an analysis of current and future educational space needs in buildings shared by the intermediate school districts and Minnesota state colleges and universities; (b) include information on the amount paid from property taxes to construct the space used by intermediate school districts in each facility under Minnesota state colleges and universities control; (c) analyze areas where the missions and space requirements are compatible and long-term sharing of space will efficiently serve students; (d) include recommendations, if any, for amendments to the current joint powers agreements; and (e) recommend facility arrangements and financing alternatives for space needed to relocate programs or services provided by intermediate school districts. The alternative financing recommendations may include, but are not limited to, state appropriations, state capital bonding, local bonding, or local levies to provide instructional and administrative space. The report shall be delivered to the kindergarten through grade 12 and higher education committees of the legislature prior to February 1, 2001.

Notwithstanding any termination date in the agreements between the intermediate school districts and the Minnesota state colleges and universities board for the use of space in the technical colleges or any law to the contrary, the agreements shall not expire or terminate until June 30, 2010.

Sec. 7. [MANAGEMENT ANALYSIS OF MINNESOTA STATE COLLEGES AND UNIVERSITIES.]

The management analysis division of the department of administration must review board-level administration and management of the Minnesota state colleges and universities and make recommendations to the board of trustees and the legislature by February 1, 2001, as to:

(1) the extent that the board should delegate its control and authority over internal system operations, including, but not limited to, contracting, employment responsibilities, and hiring and supervisory authority with respect to campus presidents;

(2) the necessity for an independent staff for the board of trustees and if necessary, the appropriate role for such independent staff;

(3) other issues deemed important to the improvement of board-level management; and

(4) practices that will improve reporting by the system to the board.

The board of trustees must contract with the management analysis division of the department of administration for the study under this section.

Sec. 8. [REPEALER.]

Minnesota Rules, parts 4830.9005; 4830.9010; 4830.9015; 4830.9020; and 4830.9030, are repealed.

Sec. 9. [EFFECTIVE DATE.]

Sections 1 to 8 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to education; providing for family and early childhood education; providing for disclosure of data; changing requirements for child care assistance and child care programs; making changes to adult basic education programs; modifying child care licensing and inservice training requirements; changing eligibility for individual development accounts; creating task forces; authorizing commissioner of children, families, and learning to make certain grants; providing for kindergarten through grade 12 general education, special programs, employment and transitions, facilities and technology, educational excellence and other policy, nutrition and other programs, fund transfers, libraries, and technical, conforming, and clarifying amendments; providing for higher education; requiring a study and report; providing relief to campuses experiencing increased health care costs; appropriating money to Minnesota state colleges and universities to fund increased enrollment; appropriating money; amending Minnesota Statutes 1998, sections 119B.03, by adding a subdivision; 120A.22, subdivision 3; 120B.13, subdivision 4; 121A.61, subdivision 3; 122A.31, subdivision 4; 122A.68, subdivision 4; 123A.485, subdivision 4; 123B.02, by adding a subdivision; 123B.04, subdivision 2; 123B.143, subdivision 1; 123B.51, subdivision 6; 123B.52, by adding a subdivision; 123B.57, subdivision 1; 123B.71, subdivision 10; 123B.72, subdivision 3; 123B.75, subdivision 5; 123B.77, subdivision 3; 123B.79, subdivision 7; 123B.85, subdivision 1; 123B.88, subdivision 3; 123B.90, subdivision 1; 124D.03, subdivision 1; 124D.081, subdivision 6; 124D.10, subdivision 9; 124D.111, subdivision 1; 124D.16, subdivision 1; 124D.44; 124D.454, subdivisions 2, 4, 6, 7, and 10; 124D.52, subdivisions 1, 2, 3, and by adding subdivisions; 124D.86, subdivision 6, and by adding subdivisions; 124D.88, by adding a subdivision; 124D.892, subdivision 3; 125A.76, subdivision 7; 126C.12, subdivision 2; 126C.16, subdivision 3; 126C.40, subdivision 1; 126C.69, subdivision 15; 127A.05, subdivision 4; 127A.41, subdivisions 8 and 9; 128D.11, subdivision 3; 136A.125, by adding a subdivision; 169.447, by adding a subdivision; 169.448,

subdivision 3; 171.06, subdivision 2; 171.321, subdivisions 2, 3, 4, and 5; 245A.14, subdivision 4, and by adding subdivisions; and 471.15; Minnesota Statutes 1999 Supplement, sections 13.32, subdivision 3; 119B.011, subdivisions 12, 15, as amended, and 20; 119B.03, subdivision 4; 119B.05, subdivision 1; 120B.30, subdivision 1; 122A.23; 122A.31, subdivision 1; 122A.61, subdivision 1; 123B.54; 123B.83, subdivision 4; 123B.90, subdivision 2; 123B.91, subdivision 1; 124D.10, subdivisions 3, 8, 11, 15, and 23; 124D.11, subdivisions 1 and 6; 124D.1155, subdivision 2; 124D.128, subdivision 2; 124D.221, subdivision 2; 124D.453, subdivision 3; 124D.53, subdivision 3; 124D.65, subdivision 4; 124D.68, subdivision 9; 124D.84, subdivision 1; 124D.86, subdivisions 1 and 3; 124D.87; 124D.88, subdivision 3; 125A.023, subdivisions 3 and 5; 125A.027, subdivision 3; 125A.08; 125A.15; 125A.51; 125A.76, subdivisions 1 and 2; 125A.79, subdivisions 2, 5, and 8; 125A.80; 125B.21, subdivision 3; 126C.05, subdivisions 5 and 6; 126C.052; 126C.10, subdivisions 2, 13, 14, 23, 24, 25, and 26; 126C.12, subdivision 1; 126C.17, subdivision 9; 126C.40, subdivision 6; 126C.44, as amended; 127A.05, subdivision 6; 127A.42, subdivision 3; 127A.45, subdivision 12a; 127A.51; 169.974, subdivision 2; 171.05, subdivision 2; 181A.04, subdivision 6; and 260C.143, subdivision 4; Laws 1992, chapter 499, article 7, sections 31, as amended; and 32; Laws 1997, chapter 157, section 71, as amended; Laws 1997, First Special Session chapter 4, article 8, section 4, as amended; Laws 1998, First Special Session chapter 1, article 1, sections 10, subdivision 1, as amended; and 11, subdivisions 1 and 2, as amended; Laws 1999, chapter 205, article 1, sections 65 and 71, subdivisions 3, 7, and 9; article 2, section 4, subdivisions 2 and 3; article 4, section 12, subdivisions 5, 6, and 7; chapter 214, article 1, section 4, subdivision 2; 216, article 4, section 12; chapter 241, article 1, sections 68, subdivisions 2, 4, and 5; 69; and 70; article 2, section 60, subdivisions 7, 9, 12, 13, 14, 17, and 19; article 3, sections 3, subdivisions 3 and 4; and 5; article 4, sections 27, subdivisions 2, 3, 4, 5, 10, and 11; and 29; article 5, section 18, subdivisions 5 and 6; article 6, section 14, subdivisions 2, 3, 4, and 5; article 7, section 2, subdivisions 2 and 5; article 8, section 4, subdivisions 4 and 5; article 9, section 49; and article 10, section 6; proposing coding for new law in Minnesota Statutes, chapters 121A; 123B; 124D; 125B; and 134; repealing Minnesota Statutes 1998, section 124D.53; Minnesota Statutes 1999 Supplement, sections 124D.1155, subdivision 5; Laws 1998, First Special Session chapter 1, article 1, section 10, subdivision 2, as amended; Laws 1999, chapter 241, article 9, sections 35 and 36; article 10, section 5; chapter 245, article 4, section 3; Minnesota Rules, parts 3535.9920; 4830.9005; 4830.9010; 4830.9015; 4830.9020; and 4830.9030."

We request adoption of this report and repassage of the bill.

House Conferees: ALICE SEAGREN, BARBARA SYKORA, HARRY MARES, MARTY SEIFERT AND GENE PELOWSKI, JR.

Senate Conferees: LAWRENCE J. POGEMILLER, MARTHA R. ROBERTSON, PAT PIPER, DEANNA L. WIENER AND DAVID L. KNUTSON.

Seagren moved that the report of the Conference Committee on H. F. No. 3800 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

The Speaker called Rest to the Chair.

H. F. No. 3800, as amended by Conference, was read for the third time.

LAY ON THE TABLE

Pawlenty moved that H. F. No. 3800, as amended by Conference, be laid on the table.

A roll call was requested and properly seconded.

The question was taken on the Pawlenty motion and the roll was called. There were 70 yeas and 61 nays as follows:

Those who voted in the affirmative were:

Abeler	Dehler	Hackbarth	Mares	Rhodes	Tingelstad
Abrams	Dempsey	Harder	McElroy	Rifenberg	Tuma
Anderson, B.	Dorman	Holberg	Molnau	Rostberg	Van Dellen
Bishop	Erhardt	Holsten	Mulder	Seagren	Vandever
Boudreau	Erickson	Howes	Ness	Seifert, J.	Westerberg
Bradley	Finseth	Kielkucki	Nornes	Seifert, M.	Westfall
Broecker	Fuller	Knoblach	Olson	Smith	Westrom
Buesgens	Gerlach	Krinkie	Osskopp	Stanek	Wilkin
Cassell	Goodno	Kuisle	Ozment	Stang	Workman
Clark, J.	Gunther	Larsen, P.	Paulsen	Storm	Spk. Sviggum
Daggett	Haake	Leppik	Pawlenty	Swenson	
Davids	Haas	Lindner	Reuter	Sykora	

Those who voted in the negative were:

Anderson, I.	Gleason	Kahn	Mariani	Pelowski	Trimble
Bakk	Gray	Kalis	Marko	Peterson	Tunheim
Biernat	Greenfield	Kelliher	McCollum	Pugh	Wagenius
Carlson	Greiling	Koskinen	McGuire	Rest	Wejcmán
Carruthers	Hasskamp	Kubly	Milbert	Rukavina	Wenzel
Chaudhary	Hilty	Larson, D.	Mullery	Schumacher	Winter
Clark, K.	Huntley	Leighton	Murphy	Skoe	
Dawkins	Jaros	Lenczewski	Opatz	Skoglund	
Dorn	Jennings	Lieder	Osthoff	Solberg	
Entenza	Johnson	Luther	Otremba	Swapinski	
Folliard	Juhnke	Mahoney	Paymar	Tomassoni	

The motion prevailed and H. F. No. 3800, as amended by Conference, was laid on the table.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3312

A bill for an act relating to agriculture; changing the scope of the value-added agricultural product processing and marketing grant program; establishing a certification pilot program; changing meeting provisions and duties of the board of grain standards; changing certain fees; making technical changes to pesticide and fertilizer laws; clarifying the scope of certain regulation of wholesale produce dealers; updating certain food standards; simplifying certain language; providing for uniformity in meat and poultry inspection; changing certain reporting requirements; increasing the amount of livestock dealer bonds; clarifying status of certain grain buying transactions; changing certain grain storage provisions; changing the corporate and partnership farming law; amending Minnesota Statutes 1998, sections 17.101, subdivision 5; 17A.05, subdivision 2; 17B.07; 17B.12; 18C.005, subdivision 34, and by adding a subdivision; 18C.215, subdivisions 1, 2, and by adding a subdivision; 18C.411, subdivision 1; 18C.421, subdivision 1; 18D.201, subdivision 3; 27.01, subdivision 8; 27.19, subdivision 1; 31.101, as amended; 31.102, subdivision 1; 31.103, subdivision 1; 31.104; 31.632; 31.633, subdivision 1; 31.651; 31A.02, subdivisions 5, 6, 10, 13, and 14; 31A.03; 31A.05; 31A.06; 31A.07, subdivisions 1 and 2; 31A.08; 31A.10; 31A.13; 31A.16; 31A.17; 223.16, subdivision 5; 223.17, subdivision 5; 223.175; 232.21, by adding a subdivision; 232.23, subdivisions 1, 3, and 6; 500.24, subdivisions 3a, 3b, 4, and 5; and 500.245, subdivision 2; Minnesota Statutes 1999 Supplement, sections 17B.15, subdivision 1; 28A.075; 31A.01; 31A.15, subdivision 1; 31B.07, subdivision 3; 500.24, subdivisions 2 and 3; and 500.245, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 17.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 3312, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 3312 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 17.101, subdivision 5, is amended to read:

Subd. 5. [VALUE-ADDED AGRICULTURAL PRODUCT PROCESSING AND MARKETING GRANT PROGRAM.] (a) For purposes of this section:

(1) "agricultural commodity" means a material produced for use in or as food, feed, seed, or fiber and includes crops for fiber, food, oilseeds, seeds, livestock, livestock products, dairy, dairy products, poultry, poultry products, and other products or by-products of the farm produced for the same or similar use, except ethanol; and

(2) "agricultural product processing facility" means land, buildings, structures, fixtures, and improvements located or to be located in Minnesota and used or operated primarily for the processing or production of marketable products from agricultural commodities produced in Minnesota.

(b) The commissioner shall establish and implement a value-added agricultural product processing and marketing grant program to help farmers finance new cooperatives that organize for the purposes of operating agricultural product processing facilities and for marketing activities related to the sale and distribution of processed agricultural products.

(c) To be eligible for this program a grantee must:

- (1) be a cooperative organized under chapter 308A;
- (2) certify that all of the control and equity in the cooperative is from farmers as defined in section 500.24, subdivision 2, who are actively engaged in agricultural commodity production;
- (3) be operated primarily for the processing of agricultural commodities produced in Minnesota;
- (4) receive agricultural commodities produced primarily by shareholders or members of the cooperative; and
- (5) have no direct or indirect involvement in the production of agricultural commodities.

(d) The commissioner may receive applications from and make grants up to \$50,000 for feasibility, marketing analysis, assistance with organizational development, financing and managing new cooperatives, product development, development of business and marketing plans, and predesign of facilities including site analysis, development of bid specifications, preliminary blueprints and schematics, and completion of purchase agreements and other necessary legal documents to eligible cooperatives. The commissioner shall give priority to applicants who use the grants for planning costs related to an application for financial assistance from the United States Department of Agriculture, Rural Business - Cooperative Service.

Sec. 2. [17.1025] [MINNESOTA CERTIFICATION PROGRAM.]

In cooperation with the University of Minnesota, the department of trade and economic development, and the board of animal health, the commissioner shall establish a pilot program to certify agricultural production methods and agricultural products grown or processed within the state to assure the integrity of claims made by participating businesses. The commissioner may select and cooperate with private organizations that have established procedures and safeguards to justify claimed characteristics of the production process or the final certified product to conduct certification activities for third party producers.

The commissioner may establish guidelines for the certification program, which are not subject to chapter 14. The commissioner shall submit a report on the pilot program to the legislature by February 1, 2001.

Sec. 3. Minnesota Statutes 1998, section 17A.03, subdivision 5, is amended to read:

Subd. 5. [LIVESTOCK.] "Livestock" means cattle, sheep, swine, horses intended for slaughter, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, bison (buffalo), and goats.

Sec. 4. Minnesota Statutes 1998, section 17A.05, subdivision 2, is amended to read:

Subd. 2. [LIVESTOCK DEALERS.] The amount of each livestock dealer bond filed with the commissioner shall be not less than ~~\$5,000~~ \$10,000 or such larger amount as required, based on the commissioner's consideration of the principal's financial statement, the volume of business reported, or any other factor the commissioner deems pertinent for the protection of the public. Each such bond shall contain the condition clause applicable when the principal buys on commission or as a dealer. A livestock dealer's bond shall be executed on a form furnished by the commissioner or in accordance with the Packers and Stockyards Act, 1921, as amended, (United States Code, title 7, section 181 et seq.).

When a bond is executed on a state form furnished by the commissioner, the bond shall be for the protection of both the buyer and the seller named in the transaction when the principal fails to pay when due for livestock purchased or sold for the principal's own account or the account of others and shall be limited to the protection of claimants whose residence or principal place of livestock business is in the state of Minnesota at the time of the transaction. If the bond is filed on a form in accordance with the Packers and Stockyards Act, the bond shall cover claimants regardless of place of residence.

Sec. 5. Minnesota Statutes 1998, section 17B.07, is amended to read:

17B.07 [OFFICIAL TITLE OF BOARD; MEETINGS.]

The official title of the board shall be "The Minnesota board of grain standards" and it shall have jurisdiction over all grain appeal cases brought before it.

The board shall meet ~~annually on or before June 15, as needed~~ and shall establish the grades of all grain subject to state inspection which shall be known as the "Minnesota grades," and all grain received at any public warehouse shall be graded accordingly. Such grades shall not be changed ~~before the next annual meeting~~ without the concurrence of at least two members of the board. At the time of establishing Minnesota grades, the board also shall adopt such rules, in accordance with the Administrative Procedure Act, as it deems necessary for the enforcement of this section and section 17B.06. In establishing the grades, in addition to the physical qualities of the grain, there shall be taken into consideration the milling and bread-producing quality of all grain products used as human food. The board shall determine the grade, and dockage, if any, of all grain in all cases where appeals from the decisions of the chief inspector have been taken and for such purpose they may request fresh samples of such grain to be furnished directly to the board. ~~Dockage shall be considered as being of two classes, first, that having value and second, that having no value. At the annual meeting the board shall ascertain and determine what dockage contained in grain is of value and publish a list thereof in connection with the publication of the Minnesota grades. Any~~

~~foreign content of the grain shall not be considered in establishing the grade. Whenever grain containing dockage of value is sold to any public local warehouse or mill, terminal warehouse, or to any flour mill located in St. Paul, Minneapolis, or Duluth, or any other point within the state, which is now or may hereafter be designated as a terminal point, such sale shall not be considered to include such dockage of value, but such dockage shall be paid for at its market value or shall be returned to the vendor of said grain at the option of the vendee.~~

Sec. 6. Minnesota Statutes 1998, section 17B.12, is amended to read:

17B.12 [APPEALS; PROCEDURE.]

Any owner, consignee, or shipper of grain, or any warehouse operator, who is dissatisfied with the inspection of grain may appeal to the board of grain standards by filing a notice of ~~such~~ appeal with the commissioner and paying a fee, to be fixed by the commissioner, ~~which shall be refunded if the appeal is sustained.~~ The commissioner shall ~~forthwith~~ promptly transmit the notice to ~~said~~ the board of grain standards. The decision of ~~said~~ the board, fixing the grade of ~~such~~ the grains ~~shall be~~ is final.

Sec. 7. Minnesota Statutes 1999 Supplement, section 17B.15, subdivision 1, is amended to read:

Subdivision 1. [ADMINISTRATION; APPROPRIATION.] The fees for inspection and weighing shall be fixed by the commissioner and be a lien upon the grain. The commissioner shall set fees for all inspection and weighing in an amount adequate to pay the expenses of carrying out and enforcing the purposes of sections 17B.01 to 17B.23, including the portion of general support costs and statewide indirect costs of the agency attributable to that function, with a reserve sufficient for up to six months. The commissioner shall review the fee schedule twice each year. Fee adjustments are not subject to chapter 14. Payment shall be required for services rendered. ~~If the grain is in transit, the fees shall be paid by the carrier and treated as advance charges, and, if received for storage, the fees shall be paid by the warehouse operator, and added to the storage charges.~~

All fees collected and all fines and penalties for violation of any provision of this chapter shall be deposited in the grain inspection and weighing account, which is created in the agricultural fund for carrying out the purpose of sections 17B.01 to 17B.23. The money in the account, including interest earned on the account, is annually appropriated to the commissioner of agriculture to administer the provisions of sections 17B.01 to 17B.23. When money from any other account is used to administer sections 17B.01 to 17B.23, the commissioner shall notify the chairs of the agriculture, environment and natural resources finance, and ways and means committees of the house of representatives; the agriculture and rural development and finance committees of the senate; and the finance division of the environment and natural resources committee of the senate.

Sec. 8. Minnesota Statutes 1998, section 18.023, subdivision 3a, is amended to read:

Subd. 3a. [GRANTS TO MUNICIPALITIES.] (a) The commissioner may, in the name of the state and within the limit of appropriations provided, make grants-in-aid to a municipality with an approved disease control program for the partial funding of municipal sanitation and reforestation programs to replace trees lost to disease or natural disaster. The commissioner may make grants-in-aid to any home rule charter or statutory city, or any special purpose park and recreation board organized under a charter of a city of the first class or any nonprofit corporation serving a city of the first class or any county having an approved disease control program for the acquisition or implementation of a wood utilization or disposal system.

(b) The commissioner shall promulgate rules for the administration of grants authorized by this subdivision. The rules shall establish and contain as a minimum:

- (1) Procedures for grant applications;
- (2) Conditions and procedures for the administration of grants;
- (3) Criteria of eligibility for grants including, but not limited to, those specified in this subdivision; and

(4) Other matters the commissioner may find necessary to the proper administration of the grant program.

(c) Grants-in-aid payments for wood utilization and disposal systems made by the commissioner pursuant to this subdivision shall not exceed 50 percent of the total cost of the system. Grants for sanitation and reforestation shall be combined into one grant program. Grants to any municipality for sanitation shall not exceed 50 percent of sanitation costs approved by the commissioner including any amount of sanitation costs paid by special assessments, ad valorem taxes, federal grants or other funds. A municipality shall not specially assess a property owner any amount greater than the amount of the tree's sanitation cost minus the amount of the tree's sanitation cost reimbursed by the commissioner. Grants to municipalities for reforestation shall not exceed 50 percent of the cost, but not more than \$50 per tree, of trees planted pursuant to the reforestation program; provided that a reforestation grant to any county may include 90 percent of the cost, but not more than \$60 per tree, of the first 50 trees planted on public property in a town not described in subdivision 1 and of less than 1,000 population upon the town's application to the county. Reforestation grants to towns and home rule charter or statutory cities as described in subdivision 1 of less than 4,000 population with an approved disease control program may include 90 percent of the cost, but not more than \$60 per tree, of the first 50 trees planted on public property with the approval of the 1979 application. The governing body of any municipality which receives a reforestation grant pursuant to this section shall appoint up to seven residents of the municipality or designate an existing municipal board or committee to serve as a reforestation advisory committee to advise the governing body of the municipality in the administration of the reforestation program. For the purpose of this subdivision, "cost" shall not include the value of a gift or dedication of trees required by a municipal ordinance but shall include documented "in kind" services or voluntary work for municipalities with a population of less than 1,000 according to the most recent federal census.

(d) Based upon estimates submitted by the municipality to the commissioner, which shall state the estimated costs of sanitation and reforestation in the succeeding quarter under an approved program, the commissioner shall direct quarterly advance payments to be made by the state to the municipality commencing April 1, 1979. The commissioner shall direct adjustment of any overestimate in a succeeding quarter. A municipality may elect to receive the proceeds of its sanitation and reforestation grants on a periodic cost reimbursement basis.

(e) A home rule charter or statutory city, or county outside the metropolitan area or any municipality, as defined in subdivision 1, may submit an application for a grant authorized by this subdivision concurrently with its request for approval of a disease control program.

Sec. 9. Minnesota Statutes 1998, section 18C.005, is amended by adding a subdivision to read:

Subd. 1a. [ANHYDROUS AMMONIA.] "Anhydrous ammonia" means a compound formed by the chemical combination of the elements nitrogen and hydrogen in the molar proportion of one part nitrogen to three parts hydrogen. This relationship is shown by the chemical formula, NH₃. On a weight basis, the ratio is 14 parts nitrogen to three parts hydrogen or approximately 82 percent nitrogen to 18 percent hydrogen. Anhydrous ammonia may exist in either a gaseous or a liquid state.

Sec. 10. Minnesota Statutes 1998, section 18C.005, is amended by adding a subdivision to read:

Subd. 7a. [CUSTOM BLEND FERTILIZER.] "Custom blend fertilizer" means a fertilizer blended according to the specifications that are furnished to a distributor by a consumer prior to blending.

Sec. 11. Minnesota Statutes 1998, section 18C.005, subdivision 34, is amended to read:

Subd. 34. [SPECIALTY FERTILIZER.] "Specialty fertilizer" means a fertilizer labeled and distributed for, but not limited to, the following uses: greenhouses, nurseries, home gardens, house plants, lawn fertilizer ~~that is not custom applied~~, shrubs, golf courses, municipal parks, and cemeteries.

Sec. 12. Minnesota Statutes 1998, section 18C.005, is amended by adding a subdivision to read:

Subd. 35a. [TAMPER.] "Tamper" means action taken by a person not authorized to take that action by law or by the owner or authorized custodian of an anhydrous ammonia container or of equipment where anhydrous ammonia is used, stored, distributed, or transported.

Sec. 13. Minnesota Statutes 1998, section 18C.201, is amended by adding a subdivision to read:

Subd. 6. [ANHYDROUS AMMONIA.] (a) A person may not:

(1) place, have placed, or possess anhydrous ammonia in a container that is not designed, constructed, maintained, and authorized to contain or transport anhydrous ammonia;

(2) transport anhydrous ammonia in a container that is not designed, constructed, maintained, and authorized to transport anhydrous ammonia;

(3) use, deliver, receive, sell, or transport a container designed and constructed to contain anhydrous ammonia without the express consent of the owner or authorized custodian of the container; or

(4) tamper with any equipment or facility used to contain, store, or transport anhydrous ammonia.

(b) For the purposes of this subdivision, containers designed and constructed for the storage and transport of anhydrous ammonia are described in rules adopted under section 18C.121, subdivision 1, or in Code of Federal Regulations, title 49.

Sec. 14. Minnesota Statutes 1998, section 18C.201, is amended by adding a subdivision to read:

Subd. 7. [NO CAUSE OF ACTION.] (a) Except as provided in paragraph (b), a person tampering with anhydrous ammonia containers or equipment under subdivision 6 shall have no cause of action for damages arising out of the tampering against (1) the owner or lawful custodian of the container or equipment; (2) a person responsible for the installation or maintenance of the container or equipment; or (3) a person lawfully selling or offering for sale the anhydrous ammonia.

(b) Paragraph (a) does not apply to a cause of action against a person who unlawfully obtained the anhydrous ammonia or anhydrous ammonia container or who possesses the anhydrous ammonia or anhydrous ammonia container for any unlawful purpose.

Sec. 15. Minnesota Statutes 1998, section 18C.215, subdivision 1, is amended to read:

Subdivision 1. [PACKAGED FERTILIZERS.] (a) A person may not sell or distribute specialty fertilizer in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the following information:

(1) the net weight;

(2) the brand and grade, except the grade is not required if primary nutrients are not claimed;

(3) the guaranteed analysis;

(4) the name and address of the guarantor;

(5) directions for use, except directions for use are not required for custom blend specialty fertilizers; and

(6) a derivatives statement.

(b) A person may not sell or distribute fertilizer for agricultural purposes in bags or other containers in this state unless a label is placed on or affixed to the bag or container stating in a clear, legible, and conspicuous form the information listed in paragraph (a), clauses (1) to (4), except:

(1) the grade is not required if primary nutrients are not claimed; and

(2) the grade on the label is optional if the fertilizer is used only for agricultural purposes and the guaranteed analysis statement is shown in the complete form as in section 18C.211.

(c) The labeled information must appear:

(1) on the front or back side of the container;

(2) on the upper one-third of the side of the container;

(3) on the upper end of the container; or

(4) printed on a tag affixed to the upper end of the container.

(d) If a person sells a custom blend specialty fertilizer in bags or other containers, the information required in paragraph (a) must either be affixed to the bag or container as required in paragraph (c) or be furnished to the customer on an invoice or delivery ticket in written or printed form.

Sec. 16. Minnesota Statutes 1998, section 18C.215, subdivision 2, is amended to read:

Subd. 2. [BLENDED, MIXED, BULK, AND CUSTOM APPLIED FERTILIZER.] (a) A distributor who blends or mixes fertilizer or distributes fertilizer, for agricultural use, in bulk, must furnish each purchaser with an invoice or delivery ticket in written or printed form showing:

(1) the net weight and guaranteed analysis of each of the materials used in the mixture and the name and address of the guarantor; or

(2) the net weight and guaranteed analysis of the final mixture and the name and address of the guarantor.

(b) A person may not custom apply specialty fertilizer in this state unless a label, invoice, or delivery ticket is given to each purchaser stating in a clear, legible, and conspicuous form the following information:

(1) the net weight, which may be listed as the total net weight applied or the net weight applied per unit treated;

(2) the guaranteed analysis;

(3) the name and address of the guarantor;

(4) the number of units treated in square feet, acres, or another unit of measure; and

(5) a derivative statement.

(c) Copies of invoices or delivery tickets must be kept for five years after the sale, delivery, or application.

Sec. 17. Minnesota Statutes 1998, section 18C.215, is amended by adding a subdivision to read:

Subd. 2a. [INFORMATION TO CUSTOMER.] If a person sells a custom blend specialty fertilizer in bulk, the information required in subdivision 1, paragraph (a), must be furnished to the customer on an invoice or delivery ticket in written or printed form.

Sec. 18. Minnesota Statutes 1998, section 18C.411, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION REQUIRED.] (a) A person may not sell brands or grades of specialty fertilizers, soil amendments, or plant amendments in this state unless they are registered with the commissioner.

(b) Registration of the materials is not a warranty by the commissioner or the state.

(c) Specialty fertilizers custom applied are exempt from the registration requirements of this section.

(d) Custom blend specialty fertilizers are exempt from the registration requirements of this section if the distributor is licensed as required by section 18C.415 and the fertilizer is labeled as required by section 18C.215.

Sec. 19. Minnesota Statutes 1998, section 18C.421, subdivision 1, is amended to read:

Subdivision 1. [SEMIANNUAL STATEMENT.] (a) Each licensed distributor of fertilizer and each registrant of a specialty fertilizer, soil amendment, or plant amendment must file a semiannual statement for the periods ending December 31 and June 30 with the commissioner on forms furnished by the commissioner stating the number of net tons and grade of each raw fertilizer material distributed or the number of net tons of each brand or grade of fertilizer, soil amendment, or plant amendment distributed in this state during the reporting period.

(b) Tonnage reports are not required to be filed with the commissioner from licensees who distributed fertilizer solely by custom application.

(c) A report from a licensee who sells to an ultimate consumer must be accompanied by records or invoice copies indicating the name of the distributor who paid the inspection fee, the net tons received, and the grade or brand name of the products received.

~~(d)~~ (d) The report is due on or before the last day of the month following the close of each reporting period of each calendar year.

~~(e)~~ (e) The inspection fee at the rate stated in section 18C.425, subdivision 6, must accompany the statement.

Sec. 20. Minnesota Statutes 1998, section 18D.201, subdivision 3, is amended to read:

Subd. 3. [INSPECTION REQUESTS BY OTHERS.] (a) A person who believes that a violation of this chapter has occurred may request an inspection by giving notice to the commissioner of the violation. The notice must be in writing, state with reasonable particularity the grounds for the notice, and be signed by the person making the request. If the pesticide application is alleged to have damaged a crop or vegetation, the request for inspection must be submitted within 45 days of the date of the pesticide application.

(b) If after receiving a notice of violation the commissioner reasonably believes that a violation has occurred, the commissioner shall make a special inspection in accordance with the provisions of this section as soon as practicable, to determine if a violation has occurred.

(c) An inspection conducted pursuant to a notice under this subdivision may cover an entire site and is not limited to the portion of the site specified in the notice. If the commissioner determines that reasonable grounds to believe that a violation occurred do not exist, the commissioner must notify the person making the request in writing of the determination.

Sec. 21. Minnesota Statutes 1998, section 18D.331, is amended by adding a subdivision to read:

Subd. 5. [ANHYDROUS AMMONIA CONTAINMENT, TAMPERING, THEFT, TRANSPORT.] A person who knowingly violates section 18C.201, subdivision 6, is guilty of a felony and may be sentenced to imprisonment for not more than five years, or to payment of a fine of not more than \$50,000, or both.

Sec. 22. Minnesota Statutes 1998, section 18E.04, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENT PAYMENTS.] (a) The board shall pay a person that is eligible for reimbursement or payment under subdivisions 1, 2, and 3 from the agricultural chemical response and reimbursement account for:

(1) 90 percent of the total reasonable and necessary corrective action costs greater than \$1,000 and less than or equal to \$100,000; ~~and~~

(2) 100 percent of the total reasonable and necessary corrective action costs greater than \$100,000 but less than or equal to \$200,000; ~~and~~

(3) 80 percent of the total reasonable and necessary corrective action costs greater than \$200,000 but less than or equal to \$300,000; and

(4) 60 percent of the total reasonable and necessary corrective action costs greater than \$300,000 but less than or equal to \$350,000.

(b) A reimbursement or payment may not be made until the board has determined that the costs are reasonable and are for a reimbursement of the costs that were actually incurred.

(c) The board may make periodic payments or reimbursements as corrective action costs are incurred upon receipt of invoices for the corrective action costs.

(d) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments and reimbursements directed by the board under this subdivision.

(e) The board may not make reimbursement greater than the maximum allowed under paragraph (a) for all incidents on a single site which:

(1) were not reported at the time of release but were discovered and reported after July 1, 1989; and

(2) may have occurred prior to July 1, 1989, as determined by the commissioner.

(f) The board may only reimburse an eligible person for separate incidents within a single site if the commissioner determines that each incident is completely separate and distinct in respect of location within the single site or time of occurrence.

Sec. 23. Minnesota Statutes 1998, section 21.86, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITIONS.] A person may not advertise or sell any agricultural, vegetable, flower, or tree and shrub seed if:

(a) Except as provided in clauses (1) to (3), a test to determine the percentage of germination required by sections 21.82 and 21.83 has not been completed within a nine-month period, exclusive of the calendar month in which the test was completed.

(1) When advertised or offered for sale as agricultural seed, native grass and forb seeds must have been tested for percentage of germination as required by section 21.82 within a 14-month period, exclusive of the calendar month in which the test was completed.

(2) This prohibition does not apply to tree, shrub, agricultural, or vegetable seeds packaged in hermetically sealed containers. Seeds packaged in hermetically sealed containers under the conditions defined by rule may be offered for sale for a period of 36 months after the last day of the month that the seeds were tested for germination prior to packaging.

(3) If seeds in hermetically sealed containers are offered for sale more than 36 months after the last day of the month in which they were tested prior to packaging, they must be retested within a nine-month period, exclusive of the calendar month in which the retest was completed;

- (b) It is not labeled in accordance with sections 21.82 and 21.83 or has false or misleading labeling;
- (c) False or misleading advertisement has been used in respect to its sale;
- (d) It contains prohibited noxious weed seeds;
- (e) It consists of or contains restricted noxious weed seeds in excess of 25 seeds per pound or in excess of the number declared on the label attached to the container of the seed or associated with the seed;
- (f) It contains more than one percent by weight of all weed seeds;
- (g) It contains less than the stated net weight of contents;
- (h) It contains less than the stated number of seeds in the container;
- (i) It contains any labeling, advertising, or other representation subject to sections 21.82 and 21.83 representing the seed to be certified unless:
 - (1) it has been determined by a seed certifying agency that the seed conformed to standards of purity and identity as to kind, species, subspecies, or variety, and also that tree seed was found to be of the origin and elevation claimed, in compliance with the rules pertaining to the seed; and
 - (2) the seed bears an official label issued for it by a seed certifying agency stating that the seed is of a certified class and a specified kind, species, subspecies, or variety;
- (j) It is labeled with a variety name but not certified by an official seed certifying agency when it is a variety for which a United States certificate of plant variety protection has been granted under United States Code, title 7, sections 2481 to 2486, specifying sale by variety name only as a class of certified seed. Seed from a certified lot may be labeled as to variety name when used in a blend or mixture by or with approval of the owner of the variety; or
- (k) The person whose name appears on the label does not have complete records including a file sample of each lot of agricultural, vegetable, flower, tree or shrub seed sold in this state as required in section 21.84.

Sec. 24. Minnesota Statutes 1998, section 27.01, subdivision 8, is amended to read:

Subd. 8. [WHOLESALE PRODUCE DEALER.] (a) "Wholesale produce dealer" or "dealer at wholesale" means:

- (1) a person who buys from or contracts ~~to buy~~ with a seller for production or sale of produce in wholesale lots for resale;
 - (2) a person engaging in the business of a broker or agent, who handles or deals in produce for a commission or fee;
 - (3) a truck owner or operator who buys produce in wholesale lots for resale; and
 - (4) a person engaged in the business of a cannery, food manufacturer, or food processor, who purchases produce in wholesale lots as a part of that business.
- (b) For purposes of paragraph (a), "wholesale lots" means purchases from Minnesota sellers must total more than \$12,000 annually.

(c) "Wholesale produce dealer" or "dealer at wholesale" does not include:

(1) a truck owner and operator who regularly engages in the business of transporting freight, including produce, for a transportation fee only, and who does not purchase, contract to purchase, or sell produce;

(2) a marketing cooperative association in which substantially all of the voting stock is held by patrons who patronize the association and in which at least 75 percent of the business of the association is transacted with member or stockholder patrons;

(3) a person who purchases Minnesota seasonally grown perishable fresh fruits and vegetables, and pays cash, including lawful money of the United States, a cashier's check, a certified check, or a bank draft;

(4) a person who handles and deals in only canned, packaged, or processed produce or packaged dairy products that are no longer perishable as determined by the commissioner by rule; or

(5) retail merchants who purchase produce, defined in subdivision 2, directly from farmers, which in the aggregate does not exceed \$500 per month.

Sec. 25. Minnesota Statutes 1998, section 27.19, subdivision 1, is amended to read:

Subdivision 1. [PROHIBITED ACTS.] (a) A person subject to the provisions of this section and sections 27.01 to 27.14 may not:

(1) operate or advertise to operate as a dealer at wholesale without a license;

(2) make any false statement or report as to the grade, condition, markings, quality, or quantity of produce, as defined in section 27.069, received or delivered, or act in any manner to deceive a consignor or purchaser;

(3) refuse to accept a shipment contracted for by the person, unless the refusal is based upon the showing of a state inspection certificate secured with reasonable promptness after the receipt of the shipment showing that the kind and quality of produce, as defined in section 27.069, is other than that purchased or ordered by the person;

(4) fail to account or make a settlement for produce within the required time;

(5) violate or fail to comply with the terms or conditions of a contract entered into by the person for the purchase, production, or sale of produce;

(6) purchase for a person's own account any produce received on consignment, either directly or indirectly, without the consent of the consignor;

(7) issue a false or misleading market quotation, or cancel a quotation during the period advertised by the person;

(8) increase the sales charges on produce shipped to the person by means of "dummy" or fictitious sales;

(9) receive decorative forest products and the products of farms and waters from foreign states or countries for sale or resale, either within or outside of the state, and give the purchaser the impression, through any method of advertising or description, that the produce is of Minnesota origin;

(10) fail to notify in writing all suppliers of produce of the protection afforded to suppliers by the person's licensee bond, including: availability of a bond, notice requirements, and any other conditions of the bond;

(11) make a false statement to the commissioner on an application for license or bond or in response to written questions from the commissioner regarding the license or bond;

(12) commit to pay and not pay in full for all produce committed for. A processor may not pay an amount less than the full contract price if the crop produced is satisfactory for processing and is not harvested for reasons within the processor's control. If the processor sets the date for planting, ~~then~~ bunching, unusual yields, and a processor's inability or unwillingness to harvest must be considered to be within the processor's control. Under this clause growers must be compensated for passed acreage at the same rate for grade and yield as they would have received had the crop been harvested in a timely manner minus any contractual provision for green manure or feed value. Both parties are excused from payment or performance for crop conditions that are beyond the control of the parties; or

(13) discriminate between different sections, localities, communities, or cities, or between persons in the same community, by purchasing produce from farmers of the same grade, quality, and kind, at different prices, except that price differentials are allowed if directly related to the costs of transportation, shipping, and handling of the produce and a person is allowed to meet the prices of a competitor in good faith, in the same locality for the same grade, quality, and kind of produce. A showing of different prices by the commissioner is prima facie evidence of discrimination.

(b) A separate violation occurs with respect to each different person involved, each purchase or transaction involved, and each false statement.

Sec. 26. Minnesota Statutes 1999 Supplement, section 28A.075, is amended to read:

28A.075 [DELEGATION TO LOCAL BOARD OF HEALTH.]

(a) At the request of a local board of health that licensed and inspected grocery and convenience stores on January 1, 1999, the commissioner must enter into agreements before January 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. At the request of a local board of health that licensed and inspected part of any grocery or convenience store on January 1, 1999, the commissioner must enter into agreements before July 1, 2001, with local boards of health to delegate to the appropriate local board of health the licensing and inspection duties of the commissioner pertaining to retail food handlers that are grocery or convenience stores. Retail grocery or convenience stores inspected under the state meat inspection program of chapter 31A are exempt from delegation.

(b) A local board of health must adopt an ordinance consistent with the Minnesota Food Code, Minnesota Rules, chapter 4626, for all of its jurisdiction to regulate grocery and convenience stores and the ordinance (Food Code) must not be in conflict with standards set in law or rule.

Sec. 27. Minnesota Statutes 1998, section 31.101, as amended by Laws 1999, chapter 231, section 55, is amended to read:

31.101 [RULES; HEARINGS; UNIFORMITY WITH FEDERAL LAW.]

Subdivision 1. [AUTHORITY.] ~~The authority to commissioner may promulgate and amend rules for the efficient administration and enforcement of the Minnesota Food Law is vested in the commissioner and is in addition to authority granted in sections 31.10, 31.11, and 31.12. Such~~ The rules when applicable shall must conform, insofar as practicable and consistent with state law, with those promulgated under the federal law. This rulemaking authority is in addition to that in sections 31.10, 31.11, and 31.12. Rules adopted under this section may be amended by the commissioner under chapter 14, subject to the limitation in subdivision 7.

Subd. 2. [HEARINGS.] Hearings authorized or required by law ~~shall must~~ shall must be conducted by the commissioner or ~~such an~~ such an officer, agent, or employee ~~as the commissioner may designate~~ designates for the purpose.

Subd. 3. [~~FEDERAL PESTICIDE CHEMICAL REGULATIONS~~ RULES.] Federal pesticide chemical regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, adopted under authority of the Federal Insecticide, Fungicide and Rodenticide Act, as provided by United States Code, title 7, chapter 6, are the pesticide chemical rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 4. [~~FEDERAL FOOD ADDITIVE REGULATIONS~~ RULES.] Federal food additive regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 21, parts 170 to 199, are the food additive rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 5. [~~FEDERAL COLOR ADDITIVE REGULATIONS~~ RULES.] Federal color additive regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 21, parts 70 to 82, are the color additive rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 6. [~~FEDERAL SPECIAL DIETARY USE REGULATIONS~~ RULES.] Federal special dietary use regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 21, parts 104 and 105, are the special dietary use rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act.~~

Subd. 7. [~~FAIR PACKAGING AND LABELING ACT REGULATIONS~~ RULES.] Federal regulations ~~and amendments thereto~~ in effect on April 1, ~~1997~~ 2000, adopted under the Fair Packaging and Labeling Act, as provided by United States Code, title 15, sections 1451 to 1461, are the rules in this state. ~~Such rules may be amended by the commissioner proceeding in accordance with the Administrative Procedure Act; provided that The commissioner shall may not adopt amendments to such these rules or adopt other rules which are contrary to the labeling requirements for the net quantity of contents required pursuant to section 4 of the Fair Packaging and Labeling Act and the regulations promulgated thereunder adopted under that act.~~

Subd. 8. [~~FOOD AND DRUGS REGULATIONS~~ RULES.] Applicable federal regulations including recodification contained in Code of Federal Regulations, title 21, parts 0-1299, Food and Drugs, in effect April 1, ~~1997~~ 2000, and not otherwise adopted herein, also are adopted as food rules of this state. ~~Such rules may be amended by the commissioner in accordance with the Administrative Procedure Act.~~

Subd. 9. [~~FISHERY PRODUCTS~~ RULES.] Federal regulations in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 50, parts 260 to 267, are incorporated as part of the fishery products rules in this state for state inspections performed under a cooperative agreement with the United States Department of Commerce, National Marine Fisheries Service. ~~The rules may be amended by the commissioner under chapter 14.~~

Subd. 10. [~~MEAT AND POULTRY~~ RULES.] Federal regulations in effect on ~~January~~ April 1, ~~1999~~ 2000, as provided by Code of Federal Regulations, title 9, part 301, et seq., are incorporated as part of the meat and poultry rules in this state. ~~The rules may be amended by the commissioner under chapter 14.~~

Subd. 11. [~~STANDARDS FOR FRESH FRUITS, VEGETABLES, AND OTHER PRODUCTS~~.] Federal regulations in effect on April 1, ~~1997~~ 2000, as provided by Code of Federal Regulations, title 7, parts 51 and 52, are incorporated as part of the rules in this state. ~~The rules may be amended by the commissioner under chapter 14.~~

Sec. 28. Minnesota Statutes 1998, section 31.102, subdivision 1, is amended to read:

Subdivision 1. [~~IDENTITY, QUANTITY, AND FILL OF CONTAINER~~ RULES.] Federal definitions and standards of identity, quality, and fill of container ~~and amendments thereto~~; in effect on April 1, ~~1997~~ 2000, adopted under authority of the federal act, are the definitions and standards of identity, quality, and fill of container in this state. ~~Such~~ The rules may be amended by the commissioner ~~proceeding in accordance with the Administrative Procedure Act~~ under chapter 14.

Sec. 29. Minnesota Statutes 1998, section 31.103, subdivision 1, is amended to read:

Subdivision 1. [CONSUMER COMMODITIES LABELING RULES.] All labels of consumer commodities ~~shall~~ must conform with the requirements for the declaration of net quantity of contents of section 4 of the Fair Packaging and Labeling Act (United States Code, title 15, section 1451 et seq.) and federal regulations in effect on April 1, ~~1997~~ 2000, ~~promulgated pursuant thereto~~ adopted under authority of that act, except to the extent that the commissioner ~~shall exercise authority to amend such~~ amends the rules in accordance with the Administrative Procedure Act under chapter 14. Consumer commodities exempted from the requirements of section 4 of the Fair Packaging and Labeling Act ~~shall~~ are also ~~be~~ exempt from this subdivision.

Sec. 30. Minnesota Statutes 1998, section 31.104, is amended to read:

31.104 [FOOD LABELING EXEMPTION RULES.]

The commissioner shall promulgate rules exempting from any labeling requirement food which is, in accordance with the practice of the trade, to be processed, labeled or repacked in substantial quantities at establishments other than those where originally processed or packed, on condition that such food is not adulterated or misbranded upon removal from such processing, labeling or repacking establishment.

Federal regulations in effect on April 1, ~~1997~~ 2000, adopted under authority of the federal act relating to such exemptions are effective in this state unless the commissioner ~~shall exercise authority to amend such regulations~~ amends them. The commissioner also may ~~promulgate amendments to amend~~ amend existing rules concerning exemptions ~~in accordance with the Administrative Procedure Act under chapter 14~~.

Sec. 31. Minnesota Statutes 1998, section 31.632, is amended to read:

31.632 [MINNESOTA APPROVED MEATS; USE OF LABEL.]

The commissioner may authorize, pursuant to rules promulgated in the manner provided by law, the use of the label "Minnesota Approved" on meats ~~and~~ meat products, poultry, and poultry products processed by persons licensed under sections 31.51 to 31.58, or by establishments under the inspection program of the United States Department of Agriculture, if the ingredients of ~~such the~~ poultry, poultry products, meats, and meat products are meat, meat by-products, poultry, poultry products, or meat food products which have been inspected and passed by the United States Department of Agriculture, or the Minnesota department of agriculture and further if ~~such the~~ poultry, poultry products, meats, and meat products, after such processing, are sound, healthful, wholesome, and fit for human food. A person or establishment desiring to label poultry, poultry products, meats, and meat products as provided in this section shall apply to the commissioner for authority to do so. The commissioner shall grant this authority to the applicant if the applicant complies with the provisions of this section and rules promulgated pursuant to this section. A person using the label "Minnesota Approved" on poultry, poultry products, meat ~~and~~ or meat products contrary to law is guilty of a misdemeanor.

Sec. 32. Minnesota Statutes 1998, section 31.633, subdivision 1, is amended to read:

Subdivision 1. [MENU REQUIREMENT.] Any restaurant, eating place, or other establishment serving meat or poultry in any form to the public, ~~which meat that~~ has any filler or meat or poultry substitute added to it or incorporated in it, shall clearly and prominently indicate on its menu or bill of fare the meat entrees that contain filler or meat or poultry substitutes.

Sec. 33. Minnesota Statutes 1998, section 31.651, is amended to read:

31.651 [KOSHER PRODUCTS, UNLAWFUL SALE.]

Subdivision 1. [KOSHER REQUIREMENTS.] No person shall sell or expose for sale any poultry, poultry products, meat, or meat preparations and falsely represent the same to be kosher, whether such poultry, poultry products, meat, or meat preparations be raw or prepared for human consumption; nor shall the person permit any

such products or the contents of any package or container to be labeled or to have inscribed thereon the word "kosher" in any language unless such products shall have been prepared or processed in accordance with orthodox Hebrew religious requirements sanctioned by a recognized rabbinical council.

Subd. 2. [NOTICE REQUIRED.] Any person who sells or exposes for sale in the same place of business both kosher and nonkosher poultry, meat, or meat preparations, either raw or prepared for human consumption, shall indicate on window signs and all display advertising, in block letters at least four inches in height, "kosher and nonkosher meat and poultry sold here"; and shall display over each kind of poultry, meat, or meat preparation so exposed a sign, in block letters at least two inches in height, reading, "kosher meat," or "kosher poultry," "nonkosher meat," or "nonkosher poultry," as the case may be; provided that subdivision 2 shall not apply to persons selling or offering for sale kosher poultry, poultry products, meats, or meat products solely in separate consumer packages, which have been prepackaged and properly labeled "kosher."

Subd. 3. [PRESUMPTION.] Possession of nonkosher poultry, poultry products, meat, or meat preparations in any place of business shall be presumptive evidence that the person in possession thereof exposes the same for sale.

Subd. 4. [PRIMA FACIE EVIDENCE.] The absence of a duly sanctioned kosher "plumba," mark, stamp, tag, brand, or label from any poultry, poultry products, meat, meat preparation, or food product shall be prima facie evidence that such product is nonkosher.

Sec. 34. Minnesota Statutes 1999 Supplement, section 31A.01, is amended to read:

31A.01 [POLICY.]

Meat, poultry, poultry food products, and meat food products are an important source of the nation's total supply of food. It is essential in the public interest that the health and welfare of consumers be protected by assuring that meat, poultry, and meat food products distributed to them are wholesome, unadulterated, and properly marked, labeled, and packaged. Unwholesome, adulterated, or misbranded meat, poultry, poultry food products, or meat food products injure the public welfare, destroy markets for wholesome, unadulterated, and properly labeled and packaged meat, poultry, poultry food products, and meat food products, and result in losses to livestock producers and processors of meat, poultry, poultry food products, and meat food products and injury to consumers. Unwholesome, adulterated, mislabeled, or deceptively packaged articles can be sold at lower prices and compete unfairly with wholesome, unadulterated, and properly labeled and packaged articles, to the detriment of consumers and the general public.

Regulation by the commissioner and cooperation between this state and the United States under this chapter are appropriate to protect the health and welfare of consumers and accomplish the purposes of this chapter.

Sec. 35. Minnesota Statutes 1998, section 31A.02, subdivision 5, is amended to read:

Subd. 5. [CUSTOM PROCESSING.] "Custom processing" means slaughtering, eviscerating, dressing, or processing an animal or processing meat products or poultry products for the owner of the animal or of the meat products and poultry products, if all meat products or poultry products derived from the custom operation are returned to the owner of the animal or of the meat products or poultry products. No person may sell, offer for sale, or possess with intent to sell meat derived from custom processing.

Sec. 36. Minnesota Statutes 1998, section 31A.02, subdivision 6, is amended to read:

Subd. 6. [MEAT BROKER.] "Meat broker" means a person in the business of buying or selling carcasses, parts of carcasses, meat, or meat food products, poultry, or poultry products of animals on commission, or otherwise negotiating purchases or sales of those articles other than for the person's own account or as an employee of another person, firm, or corporation.

Sec. 37. Minnesota Statutes 1998, section 31A.02, subdivision 10, is amended to read:

Subd. 10. [~~MEAT FOOD PRODUCT; POULTRY FOOD PRODUCT.~~] "Meat food product" or "poultry food product" means a product usable as human food and made wholly or in part from meat or poultry or a portion of the carcass of cattle, sheep, swine, poultry, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, or goats. "Meat food product" or "poultry food product" does not include products which contain meat, poultry, or other portions of the carcasses of cattle, sheep, swine, farmed cervidae, llamas, ratitae, or goats only in a relatively small proportion or that historically have not been considered by consumers as products of the meat food industry, and which are exempted from definition as a meat food product or poultry food product by the commissioner under the conditions the commissioner prescribes to assure that the meat or other portions of carcasses contained in the products are not adulterated and that the products are not represented as meat food products or poultry food products.

"Meat food product," as applied to products of equines, has a meaning comparable to that for cattle, sheep, swine, farmed cervidae, llamas, ratitae, and goats.

Sec. 38. Minnesota Statutes 1998, section 31A.02, subdivision 13, is amended to read:

Subd. 13. [~~ADULTERATED.~~] "Adulterated" means a carcass, part of a carcass, meat, poultry, poultry food product, or meat food product under one or more of the following circumstances:

(a) if it bears or contains a poisonous or harmful substance which may render it injurious to health; but if the substance is not an added substance, the article is not adulterated if the quantity of the substance in or on the article does not ordinarily make it injurious to health;

(b) if it bears or contains, by administration of a substance to the live animal or otherwise, an added poisonous or harmful substance, other than (1) a pesticide chemical in or on a raw agricultural commodity; (2) a food additive; or (3) a color additive, which may, in the judgment of the commissioner, make the article unfit for human food;

(c) if it is, in whole or in part, a raw agricultural commodity that bears or contains a pesticide chemical which is unsafe within the meaning of section 408 of the Federal Food, Drug, and Cosmetic Act;

(d) if it bears or contains a food additive which is unsafe within the meaning of section 409 of the Federal Food, Drug, and Cosmetic Act;

(e) if it bears or contains a color additive which is unsafe within the meaning of section 706 of the Federal Food, Drug, and Cosmetic Act;

(f) if it contains a filthy, putrid, or decomposed substance or is for any other reason unfit for human food;

(g) if it has been prepared, packed, or held under unsanitary conditions so that it may be contaminated with filth or harmful to health;

(h) if it is wholly or partly the product of an animal which has died otherwise than by slaughter;

(i) if its container is wholly or partly composed of a poisonous or harmful substance which may make the contents harmful to health;

(j) if it has been intentionally subjected to radiation, unless the use of the radiation conformed with a regulation or exemption in effect under section 409 of the Federal Food, Drug, and Cosmetic Act;

(k) if a valuable constituent has been wholly or partly omitted or removed from it; if a substance has been wholly or partly substituted for it; if damage or inferiority has been concealed; or if a substance has been added to it or mixed or packed with it so as to increase its bulk or weight, reduce its quality or strength, or make it appear better or of greater value than it is; or

(l) if it is margarine containing animal fat and any of the raw material used in it wholly or partly consisted of a filthy, putrid, or decomposed substance.

Sec. 39. Minnesota Statutes 1998, section 31A.02, subdivision 14, is amended to read:

Subd. 14. [MISBRANDED.] "Misbranded" means a carcass, part of a carcass, meat, poultry, poultry food product, or meat food product under one or more of the following circumstances:

- (a) if its labeling is false or misleading;
- (b) if it is offered for sale under the name of another food;
- (c) if it is an imitation of another food, unless its label bears, in type of uniform size and prominence, the word "imitation" followed immediately by the name of the food imitated;
- (d) if its container is made, formed, or filled so as to be misleading;
- (e) if its package or other container does not have a label showing (1) the name and place of business of the manufacturer, packer, or distributor; and (2) an accurate statement of the quantity of the contents in terms of weight, measure, or numerical count subject to reasonable variations permitted and exemptions for small packages established in rules of the commissioner;
- (f) if a word, statement, or other information required by or under authority of this chapter to appear on the label or other labeling is not prominently and conspicuously placed on the label or labeling in terms that make it likely to be read and understood by the ordinary individual under customary conditions of purchase and use;
- (g) if it is represented as a food for which a definition and standard of identity or composition has been prescribed by rules of the commissioner under section 31A.07, unless (1) it conforms to the definition and standard, and (2) its label bears the name of the food specified in the definition and standard and, if required by the rules, the common names of optional ingredients, other than spices, flavoring, and coloring, present in the food;
- (h) if it is represented as a food for which a standard of fill of container has been prescribed by rules of the commissioner under section 31A.07, and it falls below the applicable standard of fill of container, unless its label bears, in the manner and form the rules specify, a statement that it falls below the standard;
- (i) if it is not subject to paragraph (g), unless its label bears (1) the usual name of the food, if there is one, and (2) in case it is fabricated from two or more ingredients, the common or usual name of each ingredient; except that spices, flavorings, and colorings may, when authorized by the commissioner, be designated as spices, flavorings, and colorings without naming each. To the extent that compliance with clause (2) is impracticable, or results in deception or unfair competition, the commissioner shall establish exemptions by rule;
- (j) if it purports to be or is represented for special dietary uses, unless its label bears the information concerning its vitamin, mineral, and other dietary properties that the commissioner, after consultation with the Secretary of Agriculture of the United States, determines by rule to be necessary to inform purchasers of its value for special dietary uses;
- (k) if it bears or contains any artificial flavoring, artificial coloring, or chemical preservative, unless it bears labeling stating that fact;
- (l) if it fails to bear, directly or on its container, as the commissioner by rule prescribes, the inspection legend and other information the commissioner may require by rule to assure that it will not have false or misleading labeling and that the public will be told how to keep the article wholesome.

Sec. 40. Minnesota Statutes 1998, section 31A.03, is amended to read:

31A.03 [INSPECTION OF LIVE ANIMALS; DISPOSITION OF DEFECTIVE ANIMALS.]

To prevent the use in intrastate commerce of adulterated meat ~~and~~, meat food products, poultry, and poultry food products, the commissioner shall appoint inspectors and have them examine and inspect all animals before the animals enter a slaughtering, packing, meat canning, rendering, or similar establishment in this state in which slaughtering of animals and preparation of meat ~~and~~, meat food products, poultry, and poultry food products are conducted solely for intrastate commerce. Animals found on inspection to show symptoms of disease must be set apart and slaughtered separately from other animals. The carcasses of those animals must be carefully examined and inspected under rules of the commissioner.

Sec. 41. Minnesota Statutes 1998, section 31A.05, is amended to read:

31A.05 [APPLICATION OF INSPECTION PROVISIONS.]

Sections 31A.03 and 31A.04 apply to carcasses or parts of animals, poultry, or poultry food products, and meat or meat products derived from them that are usable as human food, when these items are brought into a slaughtering, meat canning, salting, packing, rendering, or similar establishment, where inspection under sections 31A.01 to 31A.16 is done. Examination and inspection must be made before the carcasses or animal parts may enter into a department where they are to be treated and prepared for meat food products or poultry food products.

Sections 31A.03 and 31A.04 also apply to products which, after having been issued from a slaughtering, meat canning, salting, packing, rendering, or similar establishment, must be returned to it or to a similar establishment where inspection is done.

The commissioner may limit the entry of carcasses, parts of carcasses, poultry, poultry food products, meat ~~and~~, meat food products, and other materials into an establishment where inspection under sections 31A.01 to 31A.16 is done to conditions the commissioner prescribes to assure that allowing the entry of articles into inspected establishments is consistent with the purposes of this chapter.

Sec. 42. Minnesota Statutes 1998, section 31A.06, is amended to read:

31A.06 [INSPECTORS' DUTIES.]

The commissioner shall appoint inspectors to examine and inspect poultry food products and meat food products prepared in a slaughtering, meat canning, salting, packing, rendering, or similar establishment, where the articles are prepared solely for intrastate commerce. For examination and inspection purposes, the inspectors must be given access at all times, whether the establishment is operated or not, to every part of the establishment. The inspectors shall mark, stamp, tag, or label as "Minnesota Inspected and Passed" all products found to be unadulterated, and the inspectors shall label, mark, stamp, or tag as "Minnesota Inspected and Condemned" all products found to be adulterated. Condemned meat food products or poultry food products must be destroyed for food purposes under section 31A.04. The commissioner may remove inspectors from an establishment which fails to destroy condemned poultry food products or meat food products.

Sec. 43. Minnesota Statutes 1998, section 31A.07, subdivision 1, is amended to read:

Subdivision 1. [LABELING; PACKING.] When poultry, poultry food products, meat, or a meat food product prepared for intrastate commerce which ~~has~~ have been inspected and marked "Minnesota Inspected and Passed" is placed or packed in a can, pot, tin, canvas, or other receptacle or covering in an establishment where inspection is done under sections 31A.01 to 31A.31, the person, firm, or corporation preparing the product shall have a label attached to the can, pot, tin, canvas, or other receptacle or covering, under supervision of an inspector. The label must state that the contents have been "Minnesota Inspected and Passed" under sections 31A.01 to 31A.31. An inspection or examination of poultry, poultry food products, meat, or meat food products deposited or enclosed

in cans, tins, pots, canvas, or other receptacles or coverings in an establishment where inspection is done under this chapter is not complete until the poultry, poultry food products, meat, or meat food products have been sealed or enclosed in the can, tin, pot, canvas, or other receptacle or covering under the supervision of an inspector.

Sec. 44. Minnesota Statutes 1998, section 31A.07, subdivision 2, is amended to read:

Subd. 2. [LABELS; MARKS.] All carcasses, parts of carcasses, poultry, poultry food products, meat, and meat food products inspected at an establishment under this chapter and found not to be adulterated, must when they leave the establishment bear, directly or on their containers, legible labels or official marks as required by the commissioner.

Sec. 45. Minnesota Statutes 1998, section 31A.08, is amended to read:

31A.08 [RULES.]

The commissioner shall have experts in sanitation or other competent inspectors inspect all slaughtering, meat canning, salting, packing, rendering, or similar establishments in which animals are slaughtered and their poultry, poultry food products, meat, and meat food products are prepared solely for intrastate commerce. The inspections must be conducted as necessary for the commissioner to know the sanitary conditions of the establishments, and to prescribe the rules of sanitation under which the establishments must be maintained. If an establishment has sanitary conditions that allow poultry, poultry food products, meat, or meat food products to become adulterated, the commissioner shall refuse to allow the poultry, poultry food products, meat, or meat food products to be labeled, marked, stamped, or tagged as "Minnesota Inspected and Passed."

Sec. 46. Minnesota Statutes 1998, section 31A.10, is amended to read:

31A.10 [PROHIBITIONS.]

No person may, with respect to an animal, carcass, part of a carcass, poultry, poultry food product, meat, or meat food product:

(1) slaughter an animal or prepare an article that is usable as human food, at any establishment preparing articles solely for intrastate commerce, except in compliance with this chapter;

(2) sell, transport, offer for sale or transportation, or receive for transportation, in intrastate commerce (i) articles which are usable as human food and are adulterated or misbranded at the time of sale, transportation, offer for sale or transportation, or receipt for transportation; or (ii) articles required to be inspected under sections 31A.01 to 31A.16 that have not been inspected and passed;

(3) do something to an article that is usable as human food while the article is being transported in intrastate commerce or held for sale after transportation, which is intended to cause or has the effect of causing the article to be adulterated or misbranded; or

(4) sell, offer for sale, or possess with intent to sell meat derived from custom processing.

Sec. 47. Minnesota Statutes 1998, section 31A.13, is amended to read:

31A.13 [INSPECTORS.]

The commissioner shall appoint inspectors to inspect animals, whole or parts of carcasses, poultry, poultry food products, meat, and meat food products the inspection of which is provided for by law, and the sanitary conditions of all establishments in which the poultry, poultry food products, meat, and meat food products are prepared. Inspectors shall refuse to stamp, mark, tag, or label a whole or part of a carcass or a meat food product derived from it, prepared in an establishment covered by sections 31A.01 to 31A.12, until it has actually been inspected and found

to be not adulterated. Inspectors shall perform other duties required by this chapter or by rules adopted by the commissioner that are necessary for the efficient execution of this chapter. Inspections under this chapter must conform to the rules adopted by the commissioner consistent with this chapter.

Sec. 48. Minnesota Statutes 1999 Supplement, section 31A.15, subdivision 1, is amended to read:

Subdivision 1. [INSPECTION.] The provisions of sections 31A.01 to 31A.16 requiring inspection of the slaughter of animals and the preparation of the carcasses, parts of carcasses, meat, poultry, poultry food products, and meat food products at establishments conducting slaughter and preparation do not apply:

(1) to the processing by a person of the person's own animals and the owner's preparation and transportation in intrastate commerce of the carcasses, parts of carcasses, meat, poultry, poultry food products, and meat food products of those animals exclusively for use by the owner and members of the owner's household, nonpaying guests, and employees; or

(2) to the custom processing by a person of cattle, sheep, swine, poultry, or goats delivered by the owner for processing, and the preparation or transportation in intrastate commerce of the carcasses, parts of carcasses, meat, poultry, poultry food products, and meat food products of animals, exclusively for use in the household of the owner by the owner and members of the owner's household, nonpaying guests, and employees. Meat from custom processing of cattle, sheep, swine, poultry, or goats must be identified and handled as required by the commissioner, during all phases of processing, chilling, cooling, freezing, preparation, storage, and transportation. The custom processor may not engage in the business of buying or selling carcasses, parts of carcasses, meat, poultry, poultry food products, or meat food products of animals usable as human food unless the carcasses, parts of carcasses, meat, poultry, poultry food products, or meat food products have been inspected and passed and are identified as inspected and passed by the Minnesota department of agriculture or the United States Department of Agriculture.

Sec. 49. Minnesota Statutes 1998, section 31A.16, is amended to read:

31A.16 [STORING AND HANDLING CONDITIONS.]

The commissioner may adopt rules prescribing conditions under which carcasses, parts of carcasses, poultry, poultry food products, meat, and meat food products of animals usable as human food must be stored or otherwise handled by a person in the business of buying, selling, freezing, storing, or transporting them, in or for intrastate commerce, if the commissioner considers action necessary to assure that the articles will not be adulterated or misbranded when delivered to the consumer.

Sec. 50. Minnesota Statutes 1998, section 31A.17, is amended to read:

31A.17 [ARTICLES NOT INTENDED AS HUMAN FOOD.]

Inspection must not be provided under sections 31A.01 to 31A.16 at an establishment for the slaughter of animals or the preparation of carcasses or parts or products of animals which are not intended for use as human food. Before they are offered for sale or transportation in intrastate commerce, those articles must be denatured or otherwise identified as prescribed by rules of the commissioner to deter their use for human food, unless they are naturally inedible by humans. No person may buy, sell, transport, offer for sale or transportation, or receive for transportation, in intrastate commerce, carcasses, parts of carcasses, poultry, poultry food products, meat, or meat food products of animals which are not intended for use as human food unless they are denatured or otherwise identified as required by the rules of the commissioner or are naturally inedible by humans.

Sec. 51. Minnesota Statutes 1998, section 31B.02, subdivision 4, is amended to read:

Subd. 4. [LIVESTOCK.] "Livestock" means live or dead cattle, sheep, swine, horses, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, bison (buffalo), or goats.

Sec. 52. Minnesota Statutes 1999 Supplement, section 31B.07, subdivision 3, is amended to read:

Subd. 3. [EXPIRATION.] The reporting provisions of this section expire 30 days after a department or agency of the federal government has a price reporting requirement at least as comprehensive as this section, as determined by the commissioner and results in Minnesota-specific information being available to the commissioner and to Minnesota producers.

Sec. 53. Minnesota Statutes 1998, section 41B.03, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY GENERALLY.] To be eligible for a program in sections 41B.01 to 41B.23:

(1) a borrower must be a resident of Minnesota or a domestic family farm corporation, as defined in section 500.24, subdivision 2; and

(2) the borrower or one of the borrowers must be the principal operator of the farm or, for a prospective homestead redemption borrower, must have at one time been the principal operator of a farm; ~~and~~

~~(3) the borrower must not receive assistance under sections 41B.01 to 41B.23 exceeding an aggregate of \$100,000 in loans during the borrower's lifetime.~~

Sec. 54. Minnesota Statutes 1998, section 41B.03, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY FOR RESTRUCTURED LOAN.] In addition to the eligibility requirements of subdivision 1, a prospective borrower for a restructured loan must:

(1) have received at least 50 percent of average annual gross income from farming for the past three years or, for homesteaded property, received at least 40 percent of average gross income from farming in the past three years, and farming must be the principal occupation of the borrower;

(2) have a debt-to-asset ratio equal to or greater than 50 percent and in determining this ratio, the assets must be valued at their current market value;

(3) have projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, that do not exceed 95 percent of the borrower's projected annual income considering prior production history and projected prices for farm production, except that the authority may reduce the 95 percent requirement if it finds that other significant factors in the loan application support the making of the loan; ~~and~~

(4) demonstrate substantial difficulty in meeting projected annual expenses without restructuring the loan; and

(5) must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying \$400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Sec. 55. Minnesota Statutes 1998, section 41B.039, subdivision 2, is amended to read:

Subd. 2. [STATE PARTICIPATION.] The state may participate in a new real estate loan with an eligible lender to a beginning farmer to the extent of 45 percent of the principal amount of the loan or ~~\$100,000~~ \$125,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 56. Minnesota Statutes 1998, section 41B.04, subdivision 8, is amended to read:

Subd. 8. [STATE'S PARTICIPATION.] With respect to loans that are eligible for restructuring under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of 45 percent of the

primary principal or ~~\$100,000~~ \$150,000, whichever is less. The authority's portion of the loan must be protected during the authority's participation by the first mortgage held by the eligible lender to the extent of its participation in the loan.

Sec. 57. Minnesota Statutes 1998, section 41B.042, subdivision 4, is amended to read:

Subd. 4. [PARTICIPATION LIMIT; INTEREST.] The authority may participate in new seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or ~~\$100,000~~ \$125,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the seller's retained portion of the loan.

Sec. 58. Minnesota Statutes 1998, section 41B.043, subdivision 2, is amended to read:

Subd. 2. [SPECIFICATIONS.] No direct loan may exceed \$35,000 or ~~\$100,000~~ \$125,000 for a loan participation or be made to refinance an existing debt. Each direct loan and participation must be secured by a mortgage on real property and such other security as the authority may require.

Sec. 59. Minnesota Statutes 1998, section 41B.045, subdivision 2, is amended to read:

Subd. 2. [LOAN PARTICIPATION.] The authority may participate in a livestock expansion loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying \$400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Participation is limited to 45 percent of the principal amount of the loan or \$250,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan. Loans under this program must not be included in the lifetime limitation calculated under section 41B.03, subdivision 1.

Sec. 60. Minnesota Statutes 1998, section 223.16, subdivision 5, is amended to read:

Subd. 5. [GRAIN BUYER.] "Grain buyer" means a person who purchases grain ~~from a producer~~ for the purpose of reselling the grain with the exception of a person who purchases seed grain for crop production or who purchases grain as feed for the person's own livestock.

Sec. 61. Minnesota Statutes 1998, section 223.17, subdivision 5, is amended to read:

Subd. 5. [CASH SALES; MANNER OF PAYMENT.] For a cash sale of a shipment of grain which is part of a multiple shipment sale, the grain buyer shall tender payment to the seller in cash or by check not later than ten days after the sale of that shipment, except that when the entire sale is completed, payment shall be tendered not later than the close of business on the next day, or within 48 hours, whichever is later. For other cash sales the grain buyer, before the close of business on the next business day after the sale, shall tender payment to the seller in cash or by check, or shall wire or mail funds to the seller's account in the amount of at least 80 percent of the value of the grain at the time of delivery. The grain buyer shall complete final settlement as rapidly as possible through ordinary diligence. ~~Any transaction which is not a cash sale in compliance with the provisions of this subdivision constitutes a voluntary extension of credit which is not afforded protection under the grain buyer's bond, and which must comply with sections 223.175 and 223.177.~~

Sec. 62. Minnesota Statutes 1998, section 223.175, is amended to read:

223.175 [WRITTEN VOLUNTARY EXTENSION OF CREDIT CONTRACTS; FORM.]

A written confirmation required under section 223.177, subdivision 2, and a written voluntary extension of credit contract must include those items prescribed by the commissioner by rule. A contract shall include a statement of the legal and financial responsibilities of grain buyers and sellers established in this chapter. A contract shall also

include the following statement in not less than ten point, all capital type, framed in a box with space provided for the seller's signature: "THIS CONTRACT CONSTITUTES A VOLUNTARY EXTENSION OF CREDIT. THIS CONTRACT IS NOT COVERED BY ANY GRAIN BUYER'S BOND." If a written contract is provided at the time the grain is delivered to the grain buyer, the seller shall sign the contract in the space provided beneath the statement. A transaction that does not meet the provisions of a voluntary extension of credit, including the issuance and signing of a voluntary extension of credit contract, is a cash sale.

Sec. 63. Minnesota Statutes 1998, section 232.21, is amended by adding a subdivision to read:

Subd. 14. [OPEN STORAGE.] "Open storage" means grain or agricultural products received by a warehouse operator from a depositor for which warehouse receipts have not been issued or a purchase made and the records documented accordingly.

Sec. 64. Minnesota Statutes 1998, section 232.23, subdivision 1, is amended to read:

Subdivision 1. [DISCRIMINATION PROHIBITED.] (a) Except as provided in paragraph (b), a public grain warehouse operator must receive for storage, so far as the capacity of the grain warehouse will permit, all sound grain tendered in warehouseable condition without discrimination against any person tendering the grain.

(b) The requirements in paragraph (a) do not apply to storage capacity owned by producers that is managed by the public grain warehouse operator but is not under the same ownership as the grain warehouse.

Sec. 65. Minnesota Statutes 1998, section 232.23, subdivision 3, is amended to read:

Subd. 3. [GRAIN DELIVERED CONSIDERED ~~SOLD~~ STORED.] All grain delivered to a public grain warehouse operator shall be considered ~~sold~~ stored at the time of delivery, unless arrangements have been made with the public grain warehouse operator prior to or at the time of delivery to apply the grain on contract, for shipment or consignment or for ~~storage~~ cash sale. Grain may be held in open storage or placed on a warehouse receipt. Warehouse receipts must be issued for all grain held in open storage within six months of delivery to the warehouse unless the depositor has signed a statement that the depositor does not desire a warehouse receipt. The warehouse operator's tariff applies for any grain that is retained in open storage or under warehouse receipt.

Sec. 66. Minnesota Statutes 1998, section 232.23, subdivision 6, is amended to read:

Subd. 6. [LIABILITY.] A public grain warehouse operator ~~issuing a grain warehouse receipt~~ is liable to the depositor for the delivery of the kind, grade, and net quantity of grain called for by the grain warehouse receipt: or scale ticket marked "store."

Sec. 67. Minnesota Statutes 1999 Supplement, section 500.24, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] The definitions in this subdivision apply to this section.

(a) "Farming" means the production of (1) agricultural products; (2) livestock or livestock products; (3) milk or milk products; or (4) fruit or other horticultural products. It does not include the processing, refining, or packaging of said products, nor the provision of spraying or harvesting services by a processor or distributor of farm products. It does not include the production of timber or forest products, the production of poultry or poultry products, or the feeding and caring for livestock that are delivered to a corporation for slaughter or processing for up to 20 days before slaughter or processing.

(b) "Family farm" means an unincorporated farming unit owned by one or more persons residing on the farm or actively engaging in farming.

(c) "Family farm corporation" means a corporation founded for the purpose of farming and the ownership of agricultural land in which the majority of the ~~voting~~ stock is held by and the majority of the stockholders are persons ~~or~~ the spouses of persons, or current beneficiaries of one or more family farm trusts in which the trustee holds stock

in a family farm corporation, related to each other within the third degree of kindred according to the rules of the civil law, and at least one of said the related persons is residing on or actively operating the farm, and none of whose stockholders are corporations; provided that a family farm corporation shall not cease to qualify as such hereunder by reason of any devise or bequest:

(1) transfer of shares of voting stock to a person or the spouse of a person related within the third degree of kindred according to the rules of civil law to the person making the transfer, or to a family farm trust of which the shareholder, spouse, or related person is a current beneficiary; or

(2) distribution from a family farm trust of shares of stock to a beneficiary related within the third degree of kindred according to the rules of civil law to a majority of the current beneficiaries of the trust, or to a family farm trust of which the shareholder, spouse, or related person is a current beneficiary.

For the purposes of this section, a transfer may be made with or without consideration, either directly or indirectly, during life or at death, whether or not in trust, of the shares in the family farm corporation, and stock owned by a family farm trust are considered to be owned in equal shares by the current beneficiaries.

(d) "Family farm trust" means:

(1) a trust in which:

(i) a majority of the current beneficiaries are persons or spouses of persons who are related to each other within the third degree of kindred according to the rules of civil law;

(ii) all of the current beneficiaries are natural persons or nonprofit corporations or trusts described in Internal Revenue Code, section 170(c), as amended, and the regulations under that section; and

(iii) one of the family member current beneficiaries is residing on or actively operating the farm; or

(2) a charitable remainder trust as defined in Internal Revenue Code, section 664, as amended, and the regulations under that section, and a charitable lead trust as set forth in Internal Revenue Code, section 170(f), and the regulations under that section, if the lead period does not exceed ten years and the majority of remainder beneficiaries are related to the grantor within the third degree of kindred according to the rules of civil law.

For the purposes of this section, if a distributee trust becomes entitled to, or at the discretion of any person may receive, a distribution from income or principal of a family farm trust, then the distributee trust must independently qualify as a family farm trust.

(e) "Authorized farm corporation" means a corporation meeting the following standards:

(1) it has no more than five shareholders, provided that for the purposes of this section, a husband and wife are considered one shareholder;

(2) all its shareholders, other than any estate, are natural persons;

(3) it does not have more than one class of shares;

(4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts;

(5) shareholders holding 51 percent or more of the interest in the corporation reside on the farm or are actively engaging in farming;

(6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(7) none of its shareholders are shareholders in other authorized farm corporations that directly or indirectly in combination with the corporation own more than 1,500 acres of agricultural land.

(f) "Authorized livestock farm corporation" means a corporation formed for the production of livestock and meeting the following standards:

(1) it is engaged in the production of livestock other than dairy cattle;

(2) all its shareholders, other than any estate, are natural persons or family farm corporations;

(3) it does not have more than one class of shares;

(4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts;

(5) shareholders holding 75 percent or more of the control, financial, and capital investment in the corporation are farmers residing in Minnesota and at least 51 percent of the required percentage of farmers are actively engaged in livestock production;

(6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(7) none of its shareholders are shareholders in other authorized farm corporations that directly or indirectly in combination with the corporation own more than 1,500 acres of agricultural land.

(g) "Agricultural land" means real estate used for farming or capable of being used for farming in this state.

(h) "Pension or investment fund" means a pension or employee welfare benefit fund, however organized, a mutual fund, a life insurance company separate account, a common trust of a bank or other trustee established for the investment and reinvestment of money contributed to it, a real estate investment trust, or an investment company as defined in United States Code, title 15, section 80a-3.

(i) "Farm homestead" means a house including adjoining buildings that has been used as part of a farming operation or is part of the agricultural land used for a farming operation.

(j) "Family farm partnership" means a limited partnership formed for the purpose of farming and the ownership of agricultural land in which the majority of the interests in the partnership is held by and the majority of the partners are persons ~~or~~ the spouses of persons, or current beneficiaries of one or more family farm trusts in which the trustee holds an interest in a family farm partnership related to each other within the third degree of kindred according to the rules of the civil law, at least one of the related persons is residing on ~~or the farm~~, actively operating the farm, or the agricultural land was owned by one or more of the related persons for a period of five years before its transfer to the limited partnership, and none of the partners are corporations. A family farm partnership does not cease to qualify as a family farm partnership because of a ~~devise or bequest~~.

(1) transfer of a partnership interest in the partnership to a person or spouse of a person related within the third degree of kindred according to the rules of civil law to the person making the transfer or to a family farm trust of which the partner, spouse, or related person is a current beneficiary; or

(2) distribution from a family farm trust of a partnership interest to a beneficiary related within the third degree of kindred according to the rules of civil law to a majority of the current beneficiaries of the trust, or to a family farm trust of which the partner, spouse, or related person is a current beneficiary.

For the purposes of this section, a transfer may be made with or without consideration, either directly or indirectly, during life or at death, whether or not in trust, of a partnership interest in the family farm partnership, and interest owned by a family farm trust is considered to be owned in equal shares by the current beneficiaries.

(j) (k) "Authorized farm partnership" means a limited partnership meeting the following standards:

(1) it has been issued a certificate from the secretary of state or is registered with the county recorder and farming and ownership of agricultural land is stated as a purpose or character of the business;

(2) it has no more than five partners;

(3) all its partners, other than any estate, are natural persons;

(4) its revenue from rent, royalties, dividends, interest, and annuities ~~do~~ does not exceed 20 percent of its gross receipts;

(5) its general partners hold at least 51 percent of the interest in the land assets of the partnership and reside on the farm or are actively engaging in farming not more than 1,500 acres as a general partner in an authorized limited partnership;

(6) its limited partners do not participate in the business of the limited partnership including operating, managing, or directing management of farming operations;

(7) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(8) none of its limited partners are limited partners in other authorized farm partnerships that directly or indirectly in combination with the partnership own more than 1,500 acres of agricultural land.

(1) "Family farm limited liability company" means a limited liability company founded for the purpose of farming and the ownership of agricultural land in which the majority of the membership interests are held by and the majority of the members are persons or the spouses of persons, or current beneficiaries of one or more family farm trusts in which the trustee holds stock in a family farm limited liability company related to each other within the third degree of kindred according to the rules of the civil law, at least one of the related persons is actively operating the farm, and none of the members are corporations or limited liability companies. A family farm limited liability company does not cease to qualify as a family farm limited liability company because of:

(1) a transfer of a membership interest to a person or spouse of a person related within the third degree of kindred according to the rules of civil law to the person making the transfer or to a family farm trust of which the member, spouse, or related person is a current beneficiary; or

(2) distribution from a family farm trust of a membership interest to a beneficiary related within the third degree of kindred according to the rules of civil law to a majority of the current beneficiaries of the trust, or to a family farm trust of which the member, spouse, or related person is a current beneficiary.

For the purposes of this section, a transfer may be made with or without consideration, either directly or indirectly, during life or at death, whether or not in trust, of a membership interest in the family farm limited liability company, and interest owned by a family farm trust is considered to be owned in equal shares by the current beneficiaries. Except for a state or federally chartered financial institution acquiring an encumbrance for the purpose of security or an interest under paragraph (x), a member of a family farm limited liability company may not transfer a membership interest, including a financial interest, to a person who is not otherwise eligible to be a member under this paragraph.

(m) "Authorized farm limited liability company" means a limited liability company meeting the following standards:

(1) it has no more than five members;

(2) all its members, other than any estate, are natural persons;

(3) it does not have more than one class of membership interests;

(4) its revenue from rent, royalties, dividends, interest, and annuities does not exceed 20 percent of its gross receipts;

(5) members holding 51 percent or more of both the governance rights and financial rights in the limited liability company reside on the farm or are actively engaged in farming;

(6) it does not, directly or indirectly, own or otherwise have an interest in any title to more than 1,500 acres of agricultural land; and

(7) none of its members are members in other authorized farm limited liability companies that directly or indirectly in combination with the authorized farm limited liability company own more than 1,500 acres of agricultural land.

Except for a state or federally chartered financial institution acquiring an encumbrance for the purpose of security or an interest under paragraph (x), a member of an authorized farm limited liability company may not transfer a membership interest, including a financial interest, to a person who is not otherwise eligible to be a member under this paragraph.

~~(k)~~ (n) "Farmer" means a natural person who regularly participates in physical labor or operations management in the person's farming operation and files "Schedule F" as part of the person's annual Form 1040 filing with the United States Internal Revenue Service.

~~(l)~~ (o) "Actively engaged in livestock production" means performing day-to-day physical labor or day-to-day operations management that significantly contributes to livestock production and the functioning of a livestock operation.

~~(m)~~ (p) "Research or experimental farm" means a corporation, limited partnership, or pension or investment fund, or limited liability company that owns or operates agricultural land for research or experimental purposes, provided that any commercial sales from the operation are incidental to the research or experimental objectives of the corporation. A corporation, limited partnership, limited liability company, or pension or investment fund seeking initial approval by the commissioner to operate agricultural land for research or experimental purposes must first submit to the commissioner a prospectus or proposal of the intended method of operation containing information required by the commissioner including a copy of any operational contract with individual participants.

~~(n)~~ (q) "Breeding stock farm" means a corporation or limited partnership, or limited liability company, that owns or operates agricultural land for the purpose of raising breeding stock, including embryos, for resale to farmers or for the purpose of growing seed, wild rice, nursery plants, or sod. An entity that is organized to raise livestock other than dairy cattle under this paragraph that does not qualify as an authorized farm corporation must:

(1) sell all castrated animals to be fed out or finished to farming operations that are neither directly nor indirectly owned by the business entity operating the breeding stock operation; and

(2) report its total production and sales annually to the commissioner.

(~~o~~) (r) "Aquatic farm" means a corporation ~~or~~ limited partnership, or limited liability company, that owns or leases agricultural land as a necessary part of an aquatic farm as defined in section 17.47, subdivision 3.

(~~p~~) (s) "Religious farm" means a corporation formed primarily for religious purposes whose sole income is derived from agriculture.

(~~q~~) (t) "Utility corporation" means a corporation regulated under Minnesota Statutes 1974, chapter 216B, that owns agricultural land for purposes described in that chapter, or an electric generation or transmission cooperative that owns agricultural land for use in its business if the land is not used for farming except under lease to a family farm unit, a family farm corporation, ~~or a family farm trust~~, a family farm partnership, or a family farm limited liability company.

(r) "~~Benevolent trust~~" means a pension fund or family trust established by the owners of a family farm, ~~authorized farm corporation, authorized livestock farm corporation, or family farm corporation that holds an interest in title to agricultural land on which one or more of those owners or shareholders have resided or have been actively engaged in farming as required by paragraph (b), (c), (d), or (e).~~

(~~s~~) (u) "Development organization" means a corporation, limited partnership, limited liability company, or pension or investment fund that ~~owns~~ has an interest in agricultural land for which the corporation, limited partnership, limited liability company, or pension or investment fund has documented plans to use and subsequently uses the land within six years from the date of purchase for a specific nonfarming purpose, or if the land is zoned nonagricultural, or if the land is located within an incorporated area. A corporation, limited partnership, limited liability company, or pension or investment fund may hold agricultural land in the amount necessary for its nonfarm business operation; provided, however, that pending the development of agricultural land for nonfarm purposes, the land may not be used for farming except under lease to a family farm unit, a family farm corporation, a family farm trust, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, ~~or an authorized farm partnership, a family farm limited liability company, or an authorized farm limited liability company~~, or except when controlled through ownership, options, leaseholds, or other agreements by a corporation that has entered into an agreement with the United States under the New Community Act of 1968 (Title IV of the Housing and Urban Development Act of 1968, United States Code, title 42, sections 3901 to 3914) as amended, or a subsidiary or assign of such a corporation.

(~~t~~) (v) "Exempt land" means agricultural land owned or leased by a corporation as of May 20, 1973, agricultural land owned or leased by a pension or investment fund as of May 12, 1981, ~~or agricultural land owned or leased by a limited partnership as of May 1, 1988, or agricultural land owned or leased by a trust as of the effective date of this act~~, including the normal expansion of that ownership at a rate not to exceed 20 percent of the amount of land owned as of May 20, 1973, for a corporation; May 12, 1981, for a pension or investment fund; ~~or May 1, 1988, for a limited partnership, or the effective date of this act for a trust~~, measured in acres, in any five-year period, and including additional ownership reasonably necessary to meet the requirements of pollution control rules. A corporation, limited partnership, or pension or investment fund that is eligible to own or lease agricultural land under this section prior to May 1997, or a corporation that is eligible to own or lease agricultural land as a benevolent trust under this section prior to the effective date of this act, may continue to own or lease agricultural land subject to the same conditions and limitations as previously allowed.

(~~u~~) (w) "Gifted land" means agricultural land acquired as a gift, either by grant or devise, by an educational, religious, or charitable nonprofit corporation, limited partnership, limited liability company, or pension or investment fund if all land so acquired is disposed of within ten years after acquiring the title.

(~~v~~) (x) "Repossessed land" means agricultural land acquired by a corporation, limited partnership, limited liability company, or pension or investment fund by process of law in the collection of debts, or by any procedure for the enforcement of a lien or claim on the land, whether created by mortgage or otherwise if all land so acquired is disposed of within five years after acquiring the title. The five-year limitation is a covenant running with the title to the land against any grantee, assignee, or successor of the pension or investment fund, corporation, ~~or limited partnership, or limited liability company~~. The land so acquired must not be used for farming during the five-year

period, except under a lease to a family farm unit, a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, ~~or~~ an authorized farm partnership, a family farm limited liability company, or an authorized farm limited liability company. Notwithstanding the five-year divestiture requirement under this paragraph, a financial institution may continue to own the agricultural land if the agricultural land is leased to the immediately preceding former owner, but must dispose of the agricultural land within ten years of acquiring the title. Livestock acquired by a pension or investment fund, corporation, ~~or~~ limited partnership, or limited liability company in the collection of debts, or by a procedure for the enforcement of lien or claim on the livestock whether created by security agreement or otherwise after August 1, 1994, must be sold or disposed of within one full production cycle for the type of livestock acquired or 18 months after the livestock is acquired, whichever is ~~later~~ earlier.

~~(w)~~ (y) "Commissioner" means the commissioner of agriculture.

~~(x)~~ (z) "~~Demonstration~~ Nonprofit corporation" means a nonprofit corporation organized under state nonprofit corporation law ~~and formed primarily for the purpose of demonstrating historical farming practices or qualified for tax-exempt status under federal tax law that uses the land for a specific nonfarming purpose or leases the agricultural land to a family farm unit, a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm limited liability company, an authorized farm limited liability company, a family farm partnership, or an authorized farm partnership.~~

(aa) "Current beneficiary" means a person who at any time during a year is entitled to, or at the discretion of any person may, receive a distribution from the income or principal of the trust. It does not include a distributee trust, other than a trust described in section 170(c) of the Internal Revenue Code, as amended, but does include the current beneficiaries of the distributee trust. It does not include a person in whose favor a power of appointment could be exercised until the holder of the power of appointment actually exercises the power of appointment in that person's favor. It does not include a person who is entitled to receive a distribution only after a specified time or upon the occurrence of a specified event until the time or occurrence of the event. For the purposes of this section, a distributee trust is a current beneficiary of a family farm trust.

(bb) "De minimis" means that any corporation, pension or investment fund, limited liability company, or limited partnership that directly or indirectly owns, acquires, or otherwise obtains any interest in 40 acres or less of agricultural land and annually receives less than \$150 per acre in gross revenue from rental or agricultural production.

Sec. 68. Minnesota Statutes 1999 Supplement, section 500.24, subdivision 3, is amended to read:

Subd. 3. [FARMING AND OWNERSHIP OF AGRICULTURAL LAND BY CORPORATIONS RESTRICTED.]
(a) No corporation, limited liability company, pension or investment fund, ~~trust,~~ or limited partnership shall engage in farming; nor shall any corporation, limited liability company, pension or investment fund, ~~trust,~~ or limited partnership, directly or indirectly, own, acquire, or otherwise obtain any interest, in agricultural land other than a bona fide encumbrance taken for purposes of security. This subdivision does not apply to general partnerships. This subdivision does not apply to any agricultural land, corporation, limited partnership, ~~trust, limited liability company,~~ or pension or investment fund that meet any of the definitions in subdivision 2, paragraphs (b) to ~~(f), (i), (j) to (m), (m) to (v)~~ (p) to (x), ~~and (x) (z), and (bb),~~ has a conservation plan prepared for the agricultural land, and reports as required under subdivision 4.

(b) A corporation, pension or investment fund, trust, limited liability company, or limited partnership that cannot meet any of the definitions in subdivision 2, paragraphs (b) to (f), (i) to (m), (p) to (x), (z), and (bb), may petition the commissioner for an exemption from this subdivision. The commissioner may issue an exemption if the entity meets the following criteria:

(1) the exemption would not contradict the purpose of this section; and

(2) the petitioning entity would not have a significant impact upon the agriculture industry and the economy.

The commissioner shall review annually each entity that is issued an exemption under this paragraph to ensure that the entity continues to meet the criteria in clauses (1) and (2). If an entity fails to meet the criteria, the commissioner shall withdraw the exemption and the entity is subject to enforcement proceedings under subdivision 5. The commissioner shall submit a report with a list of each entity that is issued an exemption under this paragraph to the chairs of the senate and house agricultural policy committees by October 1 of each year.

Sec. 69. Minnesota Statutes 1998, section 500.24, subdivision 3a, is amended to read:

Subd. 3a. [LEASE AGREEMENT; CONSERVATION PRACTICE PROTECTION CLAUSE.] A corporation, pension or investment fund, ~~or limited partnership, or limited liability company~~ other than a ~~family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, or an authorized farm partnership~~ those meeting any of the definitions in subdivision 2, paragraphs (c) to (f) or (j) to (m), when leasing farm land to a family farm unit, a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, ~~or an authorized farm partnership, a family farm limited liability company, or an authorized farm limited liability company~~, under provisions of subdivision 2, paragraph ~~(x)~~ (x), must include within the lease agreement a provision prohibiting intentional damage or destruction to a conservation practice on the agricultural land.

Sec. 70. Minnesota Statutes 1998, section 500.24, subdivision 3b, is amended to read:

Subd. 3b. [PROTECTION OF CONSERVATION PRACTICES.] A corporation, pension or investment fund, or limited partnership, ~~or limited liability company~~ other than a ~~family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, or authorized farm partnership~~ those meeting any of the definitions in subdivision 2, paragraphs (c) to (f) or (j) to (m), which, during the period of time it holds agricultural land under subdivision 2, paragraph ~~(x)~~ (x), intentionally destroys a conservation practice as defined in section 103F.401, subdivision 3, to which the state has made a financial contribution, must pay the commissioner, for deposit in the general fund, an amount equal to the state's total contributions to that conservation practice plus interest from the time of investment in the conservation practice. Interest must be calculated at an annual percentage rate of 12 percent.

Sec. 71. Minnesota Statutes 1998, section 500.24, subdivision 4, is amended to read:

Subd. 4. [REPORTS.] (a) The chief executive officer of every pension or investment fund, corporation, ~~or limited partnership, limited liability company, or entity that is seeking to qualify for an exemption from the commissioner, and the trustee of a family farm trust~~ that holds any interest in agricultural land or land used for the breeding, feeding, pasturing, growing, or raising of livestock, dairy or poultry, or products thereof, or land used for the production of agricultural crops or fruit or other horticultural products, other than a bona fide encumbrance taken for purposes of security, or which is engaged in farming or proposing to commence farming in this state after May 20, 1973, shall file with the commissioner a report containing the following information and documents:

(1) the name of the pension or investment fund, corporation, ~~or limited partnership, or limited liability company~~ and its place of incorporation, certification, or registration;

(2) the address of the pension or investment plan headquarters or of the registered office of the corporation in this state, the name and address of its registered agent in this state and, in the case of a foreign corporation ~~or limited partnership, or limited liability company~~, the address of its principal office in its place of incorporation, certification, or registration;

(3) the acreage and location listed by quarter-quarter section, township, and county of each lot or parcel of agricultural land or land used for the keeping or feeding of poultry in this state owned or leased by the pension or investment fund, limited partnership, ~~or corporation, or limited liability company~~;

(4) the names and addresses of the officers, administrators, directors, or trustees of the pension or investment fund, or of the officers, shareholders owning more than ten percent of the stock, including the percent of stock owned by each such shareholder, ~~and~~ the members of the board of directors of the corporation, ~~and~~ the members of the limited liability company, and the general and limited partners and the percentage of interest in the partnership by each partner;

(5) the farm products which the pension or investment fund, limited partnership, ~~or~~ corporation, or limited liability company produces or intends to produce on its agricultural land;

(6) with the first report, a copy of the title to the property where the farming operations are or will occur indicating the particular exception claimed under subdivision 3; and

(7) with the first or second report, a copy of the conservation plan proposed by the soil and water conservation district, and with subsequent reports a statement of whether the conservation plan was implemented.

The report of a corporation, trust, limited liability company, or partnership seeking to qualify hereunder as a family farm corporation, an authorized farm corporation, an authorized livestock farm corporation, a family farm partnership, ~~or an authorized farm partnership, a family farm limited liability company, an authorized farm limited liability company, or a family farm trust or under an exemption from the commissioner~~ shall contain the following additional information: the number of shares ~~or the~~ partnership interests, or governance and financial rights owned by persons or current beneficiaries of a family farm trust residing on the farm or actively engaged in farming, or their relatives within the third degree of kindred according to the rules of the civil law or their spouses; the name, address, and number of shares owned by each shareholder ~~or~~ partnership interests owned by each partner; or governance and financial rights owned by each member, and a statement as to percentage of gross receipts of the corporation derived from rent, royalties, dividends, interest, and annuities. No pension or investment fund, limited partnership, ~~or~~ corporation, or limited liability company shall commence farming in this state until the commissioner has inspected the report and certified that its proposed operations comply with the provisions of this section.

(b) Every pension or investment fund, limited partnership, trust, or corporation, or limited liability company as described in paragraph (a) shall, prior to April 15 of each year, file with the commissioner a report containing the information required in paragraph (a), based on its operations in the preceding calendar year and its status at the end of the year. A pension or investment fund, limited partnership, ~~or~~ corporation, or limited liability company that does not file the report by April 15 must pay a \$500 civil penalty. The penalty is a lien on the land being farmed under subdivision 3 until the penalty is paid.

(c) The commissioner may, for good cause shown, issue a written waiver or reduction of the civil penalty for failure to make a timely filing of the annual report required by this subdivision. The waiver or reduction is final and conclusive with respect to the civil penalty, and may not be reopened or modified by an officer, employee, or agent of the state, except upon a showing of fraud or malfeasance or misrepresentation of a material fact. The report required under paragraph (b) must be completed prior to a reduction or waiver under this paragraph. The commissioner may enter into an agreement under this paragraph only once for each corporation or partnership.

(d) Failure to file a required report or the willful filing of false information is a gross misdemeanor.

Sec. 72. Minnesota Statutes 1998, section 500.24, subdivision 5, is amended to read:

Subd. 5. [ENFORCEMENT.] With reason to believe that a corporation, limited partnership, limited liability company, trust, or pension or investment fund is violating subdivision 3, the attorney general shall commence an action in the district court in which any agricultural lands relative to such violation are situated, or if situated in two or more counties, in any county in which a substantial part of the lands are situated. The attorney general shall file for record with the county recorder or the registrar of titles of each county in which any portion of said lands are located a notice of the pendency of the action as provided in section 557.02. If the court finds that the lands in question are being held in violation of subdivision 3, it shall enter an order so declaring. The attorney general shall file for record any such order with the county recorder or the registrar of titles of each county in which any portion

of said lands are located. Thereafter, the pension or investment fund, limited partnership, or corporation owning such land shall have a period of five years from the date of such order to divest itself of such lands. The aforementioned five-year limitation period shall be deemed a covenant running with the title to the land against any pension or investment fund, limited partnership, or corporate grantee or assignee or the successor of such pension or investment fund, limited partnership, or corporation. Any lands not so divested within the time prescribed shall be sold at public sale in the manner prescribed by law for the foreclosure of a mortgage by action. In addition, any prospective or threatened violation may be enjoined by an action brought by the attorney general in the manner provided by law.

Sec. 73. Minnesota Statutes 1999 Supplement, section 500.245, subdivision 1, is amended to read:

Subdivision 1. [DISPOSAL OF LAND.] (a) A state or federal agency, limited partnership, ~~or a corporation,~~ or limited liability company may not lease or sell agricultural land or a farm homestead before offering or making a good faith effort to offer the land for sale or lease to the immediately preceding former owner at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor. The offer must be made on the notice to offer form under subdivision 2. The requirements of this subdivision do not apply to a sale or lease by a corporation that is a family farm corporation or an authorized farm corporation or to a sale or lease by the commissioner of agriculture of property acquired by the state under the family farm security program under chapter 41. This subdivision applies only to a sale or lease when the seller or lessor acquired the property by enforcing a debt against the agricultural land or farm homestead, including foreclosure of a mortgage, accepting a deed in lieu of foreclosure, terminating a contract for deed, or accepting a deed in lieu of terminating a contract for deed. Selling or leasing property to a third party at a price is prima facie evidence that the price is acceptable to the seller or lessor. The seller must provide written notice to the immediately preceding former owner that the agricultural land or farm homestead will be offered for sale at least 14 days before the agricultural land or farm homestead is offered for sale.

(b) An immediately preceding former owner is the entity with record legal title to the agricultural land or farm homestead before acquisition by the state or federal agency or corporation except: if the immediately preceding former owner is a bankruptcy estate, the debtor in bankruptcy is the immediately preceding former owner; and if the agricultural land or farm homestead was acquired by termination of a contract for deed or deed in lieu of termination of a contract for deed, the immediately preceding former owner is the purchaser under the contract for deed. For purposes of this subdivision, only a family farm, family farm corporation, ~~or family farm partnership~~ or family farm limited liability company can be an immediately preceding former owner.

(c) An immediately preceding former owner may elect to purchase or lease the entire property or an agreed to portion of the property. If the immediately preceding former owner elects to purchase or lease a portion of the property, the election must be reported in writing to the seller or lessor prior to the time the property is first offered for sale or lease. If election is made to purchase or lease a portion of the property, the portion must be contiguous and compact so that it does not unreasonably reduce access to or the value of the remaining property.

(d) For purposes of this subdivision, the term "a price no higher than the highest price offered by a third party" means the acceptable cash price offered by a third party or the acceptable time-price offer made by a third party. A cash price offer is one that involves simultaneous transfer of title for payment of the entire amount of the offer. If the acceptable offer made by a third party is a time-price offer, the seller or lessor must make the same time-price offer or an equivalent cash offer to the immediately preceding former owner. An equivalent cash offer is equal to the total of the payments made over a period of the time-price offer discounted by yield curve of the United States treasury notes and bonds of similar maturity on the first business day of the month in which the offer is personally delivered or mailed for time periods similar to the time period covered by the time-price offer, plus 2.0 percent. A time-price offer is an offer that is financed entirely or partially by the seller and includes an offer to purchase under a contract for deed or mortgage. An equivalent cash offer is not required to be made if the state participates in an offer to a third party through the rural finance authority.

(e) This subdivision applies to a seller when the property is sold and to a lessor each time the property is leased, for the time period specified in section 500.24, subdivision 2, paragraph (v), after the agricultural land is acquired except:

(1) an offer to lease to the immediately preceding former owner is required only until the immediately preceding owner fails to accept an offer to lease the property or the property is sold;

(2) an offer to sell to the immediately preceding former owner is required until the property is sold; and

(3) if the immediately preceding former owner elects to lease or purchase a portion of the property, this subdivision does not apply to the seller with regard to the balance of the property after the election is made under paragraph (c).

(f) The notice of an offer under subdivision 2 that is personally delivered with a signed receipt or sent by certified mail with a receipt of mailing to the immediately preceding former owner's last known address is a good faith offer.

(g) This subdivision does not apply to a sale or lease that occurs after the seller or lessor has held the property for the time period specified in section 500.24, subdivision 2, paragraph ~~(v)~~ (x).

(h) For purposes of this subdivision, if the immediately preceding former owner is a bankruptcy estate the debtor in the bankruptcy is the immediately preceding owner.

(i) The immediately preceding former owner must exercise the right to lease all or a portion of the agricultural land or a homestead located on agricultural land in writing within 15 days after an offer to lease under this subdivision is mailed with a receipt of mailing or personally delivered. If election is made to lease only the homestead or a portion of the agricultural land, the portion to be leased must be clearly identified in writing. The immediately preceding former owner must exercise the right to buy the agricultural land, a portion of the agricultural land, or a farm homestead located on agricultural land, in writing, within 65 days after an offer to buy under this subdivision is mailed with a receipt of mailing or is personally delivered. Within ten days after exercising the right to lease or buy by accepting the offer, the immediately preceding owner must fully perform according to the terms of the offer including paying the amounts due. A seller may sell and a lessor may lease the agricultural land or farm homestead subject to this subdivision to the third party in accordance with their lease or purchase agreement if:

(1) the immediately preceding former owner does not accept an offer to lease or buy before the offer terminates; or

(2) the immediately preceding former owner does not perform the obligations of the offer, including paying the amounts due, within ten days after accepting the offer.

(j) A certificate indicating whether or not the property contains agricultural land or a farm homestead that is signed by the county assessor where the property is located and recorded in the office of the county recorder or the registrar of titles where the property is located is prima facie evidence of whether the property is agricultural land or a farm homestead.

(k) As prima facie evidence that an offer to sell or lease agricultural land or a farm homestead has terminated, a receipt of mailing the notice under subdivision 2 and an affidavit, signed by a person authorized to act on behalf of a state, federal agency, or corporation selling or leasing the agricultural land or a farm homestead may be filed in the office of the county recorder or registrar of titles of the county where the agricultural land or farm homestead is located. The affidavit must state that:

(1) notice of an offer to buy or lease the agricultural land or farm homestead was provided to the immediately preceding former owner at a price not higher than the highest price offered by a third party that is acceptable;

(2) the time during which the immediately preceding former owner is required to exercise the right to buy or lease the agricultural land or farm homestead has expired;

(3) the immediately preceding former owner has not exercised the right to buy or lease the agricultural land or farm homestead as provided in this subdivision or has accepted an offer and has not fully performed according to the terms of the offer; and

(4) the offer to the immediately preceding former owner has terminated.

(1) The right of an immediately preceding former owner to receive an offer to lease or purchase agricultural land under this subdivision or to lease or purchase at a price no higher than the highest price offered by a third party that is acceptable to the seller or lessor may be extinguished or limited by an express statement signed by the immediately preceding owner that complies with the plain language requirements of section 325G.31. The right may not be extinguished or limited except by:

(1) an express statement in a deed in lieu of foreclosure of the agricultural land;

(2) an express statement in a deed in lieu of a termination of a contract for deed for the agricultural land;

(3) an express statement conveying the right to the state or federal agency or corporation owning the agricultural land that is required to make an offer under this subdivision; however, the preceding former owner may rescind the conveyance by notifying the state or federal agency or corporation in writing within 20 calendar days after signing the express statement;

(4) to cure a title defect, an express statement conveying the right may be made to a person to whom the agricultural land has been transferred by the state or federal agency or corporation; or

(5) an express statement conveying the right to a contract for deed vendee to whom the agricultural land or farm homestead was sold under a contract for deed by the immediately preceding former owner if the express statement and the contract for deed are recorded.

(m) The right of an immediately preceding former owner to receive an offer to lease or purchase agricultural land under this subdivision may not be assigned or transferred except as provided in paragraph (l), but may be inherited.

(n) An immediately preceding former owner, except a former owner who is actively engaged in farming as defined in section 500.24, subdivision 2, paragraph (a), and who agrees to remain actively engaged in farming on a portion of the agricultural land or farm homestead for at least one year after accepting an offer under this subdivision, may not sell agricultural land acquired by accepting an offer under this subdivision if the arrangement of the sale was negotiated or agreed to prior to the former owner accepting the offer under this subdivision. A person who sells property in violation of this paragraph is liable for damages plus reasonable attorney fees to a person who is damaged by a sale in violation of this paragraph. There is a rebuttable presumption that a sale by an immediately preceding former owner is in violation of this paragraph if the sale takes place within 270 days of the former owner accepting the offer under this subdivision. This paragraph does not apply to a sale by an immediately preceding former owner to the owner's spouse, the owner's parents, the owner's sisters and brothers, the owner's spouse's sisters and brothers, or the owner's children.

Sec. 74. Minnesota Statutes 1998, section 500.245, subdivision 2, is amended to read:

Subd. 2. [NOTICE OF OFFER.] (a) The state, a federal agency, limited partnership, ~~or a corporation,~~ or limited liability company subject to subdivision 1 must provide a notice of an offer to sell or lease agricultural land substantially as follows, after inserting the appropriate terms within the parentheses:

"NOTICE OF OFFER TO (LEASE, BUY) AGRICULTURAL LAND

TO: (. . . Immediately preceding former owner. . .)

FROM: (. . . The state, federal agency, limited partnership, ~~or corporation,~~ or limited liability company subject to subdivision 1. . .)

DATE: (. . . date notice is mailed or personally delivered. . .)

(. . . The state, federal agency, limited partnership, ~~or~~ corporation, or limited liability company. . .) HAS ACQUIRED THE AGRICULTURAL LAND DESCRIBED BELOW AND HAS RECEIVED AN ACCEPTABLE OFFER TO (LEASE, SELL) THE AGRICULTURAL LAND FROM ANOTHER PARTY. UNDER MINNESOTA STATUTES, SECTION 500.245, SUBDIVISION 1, AN OFFER FROM (. . .the state, federal agency, limited partnership, ~~or~~ corporation, or limited liability company. . .) MUST BE MADE TO YOU AT A PRICE NO HIGHER THAN THE HIGHEST OFFER MADE BY ANOTHER PARTY.

THE AGRICULTURAL LAND BEING OFFERED CONTAINS APPROXIMATELY (. . .approximate number of acres. . .) ACRES AND IS INFORMALLY DESCRIBED AS FOLLOWS:

(Informal description of the agricultural land being offered that reasonably describes the land. This description does not need to be a legal description.)

(. . .The state, federal agency, limited partnership, ~~or~~ corporation, or limited liability company. . .) OFFERS TO (SELL, LEASE) THE AGRICULTURAL LAND DESCRIBED ABOVE FOR A CASH PRICE OF \$(. . .cash price or equivalent cash price for lease and lease period, or cash price or equivalent cash price for sale of land. . .), WHICH IS NOT HIGHER THAN THE PRICE OFFERED BY ANOTHER PARTY. THE PRICE IS OFFERED ON THE FOLLOWING TERMS:

(Terms, if any, of acceptable offer)

IF YOU WANT TO ACCEPT THIS OFFER YOU MUST NOTIFY (. . .the state, federal agency, limited partnership, ~~or~~ corporation, or limited liability company. . .) IN WRITING THAT YOU ACCEPT THE OFFER OR SIGN UNDERNEATH THE FOLLOWING PARAGRAPH AND RETURN A COPY OF THIS NOTICE BY (15 for a lease, 65 for a sale) DAYS AFTER THIS NOTICE IS PERSONALLY DELIVERED OR MAILED TO YOU. THE OFFER IN THIS NOTICE TERMINATES ON (. . .date of termination - 15 days for lease and 65 days for sale after date of mailing or personal delivery. . .)

ACCEPTANCE OF OFFER

I ACCEPT THE OFFER TO (BUY, LEASE) THE AGRICULTURAL LAND DESCRIBED ABOVE AT THE PRICE OFFERED TO ME IN THIS NOTICE. AS PART OF ACCEPTING THIS OFFER I WILL PERFORM ACCORDING TO THE TERMS OF THE OFFER, INCLUDING MAKING PAYMENTS DUE UNDER THE OFFER, WITHIN TEN DAYS AFTER THE DATE I ACCEPT THIS OFFER. I UNDERSTAND THAT NEGOTIATING OR AGREEING TO AN ARRANGEMENT TO SELL THE AGRICULTURAL LAND TO ANOTHER PERSON PRIOR TO ACCEPTING THIS OFFER MAY BE A VIOLATION OF LAW AND I MAY BE LIABLE TO A PERSON DAMAGED BY THE SALE.

.....
Signature of Former Owner Accepting Offer

.....
Date"

IMPORTANT NOTICE

ANY ACTION FOR THE RECOVERY OF THE AGRICULTURAL LAND DESCRIBED ABOVE OR ANY ACTION FOR DAMAGES, EXCEPT FOR DAMAGES FOR FRAUD, REGARDING THIS OFFER MUST BE COMMENCED BY A LAWSUIT BEFORE THE EXPIRATION OF THREE YEARS AFTER THIS LAND IS SOLD TO ANOTHER PARTY. UPON FILING A LAWSUIT, YOU MUST ALSO FILE A NOTICE OF LIS PENDENS WITH THE COUNTY RECORDER OR REGISTRAR OF TITLES IN THE COUNTY WHERE THE LAND IS LOCATED.

(b) For an offer to sell, a copy of the purchase agreement containing the price and terms of the highest offer made by a third party that is acceptable to the seller and a signed affidavit by the seller affirming that the purchase agreement is true, accurate, and made in good faith must be included with the notice under this subdivision. At the seller's discretion, reference to the third party's identity may be deleted from the copy of the purchase agreement.

(c) For an offer to lease, a copy of the lease containing the price and terms of the highest offer made by a third party that is acceptable to the lessor and a signed affidavit by the lessor affirming that the lease is true, accurate, and made in good faith must be included with the notice under this subdivision. At the lessor's discretion, reference to the third party's identity may be deleted from the copy of the lease agreement.

(d) The affidavit under paragraphs (b) and (c) is subject to section 609.48.

Sec. 75. [SEED POTATOES; CLEARWATER COUNTY.]

Notwithstanding the seed potato certification requirements under Minnesota Statutes, section 21.1196, in calendar year 2000, seed potatoes may be planted in Clearwater county without certification if the seed potatoes have had at least field inspection as required for certified seed potatoes, have passed the field inspection standards of disease tolerance, and are free from ring rot.

Sec. 76. [EFFECTIVE DATE.]

Section 22 is effective the day following final enactment and applies to claims for corrective action costs incurred after that date. Sections 67 to 74 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; changing the scope of the value-added agricultural product processing and marketing grant program; establishing a certification pilot program; including bison in certain definitions of livestock; changing meeting provisions and duties of the board of grain standards; expanding a grants-in-aid program; changing certain fees; making technical changes to pesticide and fertilizer laws; changing certain reimbursement payments; changing seed testing provisions; providing for delegation of certain duties; clarifying the scope of certain regulation of wholesale produce dealers; updating certain food standards; simplifying certain language; providing for uniformity in meat and poultry inspection; changing certain reporting requirements; increasing the amount of livestock dealer bonds; changing rural finance authority loan provisions; clarifying status of certain grain buying transactions; changing certain grain storage provisions; changing the corporate and partnership farming law; providing alternative seed potato regulation in Clearwater county; amending Minnesota Statutes 1998, sections 17.101, subdivision 5; 17A.03, subdivision 5; 17A.05, subdivision 2; 17B.07; 17B.12; 18.023, subdivision 3a; 18C.005, subdivision 34, and by adding subdivisions; 18C.201, by adding subdivisions; 18C.215, subdivisions 1, 2, and by adding a subdivision; 18C.411, subdivision 1; 18C.421, subdivision 1; 18D.201, subdivision 3; 18D.331, by adding a subdivision; 18E.04, subdivision 4; 21.86, subdivision 1; 27.01, subdivision 8; 27.19, subdivision 1; 31.101, as amended; 31.102, subdivision 1; 31.103, subdivision 1; 31.104; 31.632; 31.633, subdivision 1; 31.651; 31A.02, subdivisions 5, 6, 10, 13, and 14; 31A.03; 31A.05; 31A.06; 31A.07, subdivisions 1 and 2; 31A.08; 31A.10; 31A.13; 31A.16; 31A.17; 31B.02, subdivision 4; 41B.03, subdivisions 1 and 2; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 2; 41B.045, subdivision 2; 223.16, subdivision 5; 223.17, subdivision 5; 223.175; 232.21, by adding a subdivision; 232.23, subdivisions 1, 3, and 6; 500.24, subdivisions 3a, 3b, 4, and 5; and 500.245, subdivision 2; Minnesota Statutes 1999 Supplement, sections 17B.15, subdivision 1; 28A.075; 31A.01; 31A.15, subdivision 1; 31B.07, subdivision 3; 500.24, subdivisions 2 and 3; and 500.245, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 17."

We request adoption of this report and repassage of the bill.

House Conferees: TIM FINSETH, ROBERT NESS AND STEPHEN G. WENZEL.

Senate Conferees: DALLAS C. SAMS, STEVE MURPHY AND JOHN C. HOTTINGER.

Finseth moved that the report of the Conference Committee on H. F. No. 3312 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 3312, A bill for an act relating to agriculture; changing the scope of the value-added agricultural product processing and marketing grant program; establishing a certification pilot program; changing meeting provisions and duties of the board of grain standards; changing certain fees; making technical changes to pesticide and fertilizer laws; clarifying the scope of certain regulation of wholesale produce dealers; updating certain food standards; simplifying certain language; providing for uniformity in meat and poultry inspection; changing certain reporting requirements; increasing the amount of livestock dealer bonds; clarifying status of certain grain buying transactions; changing certain grain storage provisions; changing the corporate and partnership farming law; amending Minnesota Statutes 1998, sections 17.101, subdivision 5; 17A.05, subdivision 2; 17B.07; 17B.12; 18C.005, subdivision 34, and by adding a subdivision; 18C.215, subdivisions 1, 2, and by adding a subdivision; 18C.411, subdivision 1; 18C.421, subdivision 1; 18D.201, subdivision 3; 27.01, subdivision 8; 27.19, subdivision 1; 31.101, as amended; 31.102, subdivision 1; 31.103, subdivision 1; 31.104; 31.632; 31.633, subdivision 1; 31.651; 31A.02, subdivisions 5, 6, 10, 13, and 14; 31A.03; 31A.05; 31A.06; 31A.07, subdivisions 1 and 2; 31A.08; 31A.10; 31A.13; 31A.16; 31A.17; 223.16, subdivision 5; 223.17, subdivision 5; 223.175; 232.21, by adding a subdivision; 232.23, subdivisions 1, 3, and 6; 500.24, subdivisions 3a, 3b, 4, and 5; and 500.245, subdivision 2; Minnesota Statutes 1999 Supplement, sections 17B.15, subdivision 1; 28A.075; 31A.01; 31A.15, subdivision 1; 31B.07, subdivision 3; 500.24, subdivisions 2 and 3; and 500.245, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 17.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 115 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorn	Huntley	Marko	Rest	Tingelstad
Abrams	Entenza	Jennings	McCollum	Reuter	Tomassoni
Anderson, B.	Erhardt	Johnson	McElroy	Rhodes	Trimble
Anderson, I.	Erickson	Juhnke	Milbert	Rifenberg	Tuma
Bakk	Finseth	Kalis	Molnau	Rostberg	Tunheim
Bishop	Folliard	Kielkucki	Mulder	Rukavina	Van Dellen
Boudreau	Fuller	Knoblach	Murphy	Schumacher	Vandever
Bradley	Gerlach	Koskinen	Ness	Seagren	Wenzel
Broecker	Gleason	Krinkie	Nornes	Seifert, J.	Westerberg
Buesgens	Goodno	Kuisle	Olson	Seifert, M.	Westfall
Carlson	Gunther	Larsen, P.	Opatz	Skoe	Westrom
Cassell	Haake	Larson, D.	Osskopp	Skoglund	Wilkin
Chaudhary	Haas	Leighton	Osthoff	Smith	Winter
Clark, J.	Hackbarth	Lenczewski	Otremba	Solberg	Workman
Clark, K.	Harder	Leppik	Ozment	Stanek	Spk. Sviggum
Daggett	Hasskamp	Lieder	Paulsen	Stang	
Davids	Hilty	Lindner	Pawlenty	Storm	
Dehler	Holberg	Luther	Pelowski	Swapinski	
Dempsey	Holsten	Mahoney	Peterson	Swenson	
Dorman	Howes	Mares	Pugh	Sykora	

Those who voted in the negative were:

Biernat	Gray	Jaros	Kubly	Mullery	Wejcman
Carruthers	Greenfield	Kahn	Mariani	Paymar	
Dawkins	Greiling	Kelliher	McGuire	Wagenius	

The bill was repassed, as amended by Conference, and its title agreed to.

Abrams moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

The following Conference Committee Reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3505

A bill for an act relating to commerce; regulating certain disclosures; authorizing insurance against vicarious liability for certain damages; specifying the license term and fees of a managing general agent; regulating securities broker-dealers and investment advisers; authorizing the commissioner to withdraw certain inactive registration applications; extending a real estate continuing education pilot project; regulating the contractor recovery fund; making collection agencies responsible for the acts of collectors; providing standards of conduct for notarial acts; regulating unclaimed property; amending Minnesota Statutes 1998, sections 45.027, subdivision 7a; 60H.03, by adding a subdivision; 60K.03, subdivision 4; 80A.04, subdivisions 2 and 3; 80A.07, subdivision 1; 80A.10, subdivision 2; 80C.05, subdivision 4; 80C.07; 82.22, subdivision 13; 82A.04, subdivision 4, and by adding a subdivision; 82B.14; 83.23, by adding a subdivision; 308A.711, subdivision 1; 326.975, subdivision 1; and 345.515; Minnesota Statutes 1999 Supplement, sections 60A.06, subdivision 1; and 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 332; and 359.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 3505, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 3505 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 45.027, subdivision 7a, is amended to read:

Subd. 7a. [AUTHORIZED DISCLOSURES OF INFORMATION AND DATA.] (a) The commissioner may release and disclose any active or inactive investigative information and data on licensees to any national securities exchange or national securities association registered under the Securities Exchange Act of 1934 when necessary for the requesting agency in initiating, furthering, or completing an investigation.

(b) The commissioner may release any active or inactive investigative data relating to the conduct of the business of insurance to the Office of the Comptroller of the Currency or the Office of Thrift Supervision in order to facilitate the initiation, furtherance, or completion of the investigation.

Sec. 2. Minnesota Statutes 1998, section 60A.052, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS.] The commissioner may by order take any or all of the following actions: (a) deny, suspend, or revoke a certificate of authority; (b) censure the insurance company; ~~or~~ (c) impose a civil penalty as provided for in section 45.027, subdivision 6; or (d) under a written agreement with the insurance company based upon the company's financial condition, impose conditions or restrictions on the insurance company's authority to transact business in Minnesota. In order to take this action the commissioner must find that the order is in the public interest, and the insurance company:

(1) has a board of directors or principal management that is incompetent, untrustworthy, or so lacking in insurance company managerial experience as to make its operation hazardous to policyholders, its stockholders, or to the insurance buying public;

(2) is controlled directly or indirectly through ownership, management, reinsurance transactions, or other business relations by any person or persons whose business operations are or have been marked by manipulation of any assets, reinsurance, or accounts as to create a hazard to the company's policyholders, stockholders, or the insurance buying public;

(3) is in an unsound or unsafe condition;

(4) has the actual liabilities that exceed the actual funds of the company;

(5) has filed an application for a license which is incomplete in any material respect or contains any statement which, in light of the circumstances under which it was made, contained any misrepresentation or was false, misleading, or fraudulent;

(6) has pled guilty, with or without explicitly admitting guilt, pled nolo contendere, or been convicted of a felony, gross misdemeanor, or misdemeanor involving moral turpitude, or similar conduct;

(7) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the insurance business;

(8) has violated or failed to comply with any order of the insurance regulator of any other state or jurisdiction;

(9) has had a certificate of authority denied, suspended, or revoked, has been censured or reprimanded, has been the subject of any other discipline imposed by, or has paid or has been required to pay a monetary penalty or fine to, another state;

(10) agents, officers, or directors refuse to submit to examination or perform any related legal obligation; or

(11) has violated or failed to comply with, any of the provisions of the insurance laws including chapter 45 or chapters 60A to 72A or any rule or order under those chapters.

Sec. 3. Minnesota Statutes 1999 Supplement, section 60A.052, subdivision 2, is amended to read:

Subd. 2. [SUSPENSION OR REVOCATION OF AUTHORITY OR CENSURE.] If the commissioner determines that one of the conditions listed in subdivision 1 exists, the commissioner may issue an order requiring the insurance company to show cause why any or all of the following should not occur: (1) revocation or suspension of any or all certificates of authority granted to the foreign or domestic insurance company or its agent; (2) censuring of the insurance company; (3) cancellation of all or some of the company's insurance contracts then in force in this state; ~~or~~ (4) the imposition of a civil penalty; or (5) under a written agreement with the insurance company based upon the company's financial condition, imposition of conditions or restrictions on the insurance company's authority to transact business in Minnesota. The order shall be calculated to give reasonable notice of the time and place for hearing thereon, and shall state the reasons for the entry of the order. All hearings shall be conducted in accordance

with chapter 14. The insurer may waive its right to the hearing. If the insurer is under the supervision or control of the insurance department of the insurer's state of domicile, that insurance department, acting on behalf of the insurer, may waive the insurer's right to the hearing. After the hearing, the commissioner shall enter an order disposing of the matter as the facts require. If the insurance company fails to appear at a hearing after having been duly notified of it, the company shall be considered in default, and the proceeding may be determined against the company upon consideration of the order to show cause, the allegations of which may be considered to be true.

Sec. 4. Minnesota Statutes 1998, section 60A.129, subdivision 5, is amended to read:

Subd. 5. [CONSOLIDATED FILING.] (a) The commissioner may allow an insurer to file a consolidated loss reserve certification required by subdivision 2, in lieu of separate loss certifications and may allow an insurer to file consolidated or combined audited financial statements required by subdivision 3, paragraph (a), in lieu of separate annual audited financial statements, where it can be demonstrated that an insurer is part of a group of insurance companies that has a pooling or 100 percent reinsurance agreement which substantially affects the solvency and integrity of the reserves of the insurer and the insurer cedes all of its direct and assumed business to the pool. An affiliated insurance company not meeting these requirements may be included in the consolidated or combined audited financial statements, if the company's total admitted assets are less than five percent of the consolidated group's total admitted assets. If these circumstances exist, then the company may file a written application to file a consolidated loss reserve certification and/or consolidated or combined audited financial statements. This application shall be for a specified period.

(b) A consolidated annual audit filing shall include a columnar consolidated or combining worksheet. Amounts shown on the audited consolidated or combined financial statement shall be shown on the worksheet. Amounts for each insurer shall be stated separately. Noninsurance operations may be shown on the worksheet on a combined or individual basis. Explanations of consolidating or eliminating entries shall be shown on the worksheet. A reconciliation of any differences between the amounts shown in the individual insurer columns of the worksheet and comparable amounts shown on the annual statement of the insurers shall be included on the worksheet.

Sec. 5. Minnesota Statutes 1998, section 60H.03, is amended by adding a subdivision to read:

Subd. 4. [TERM AND FEES.] The term of a managing general agent license issued under this section and the license fees imposed are the same as those applicable to a licensed insurance agent under chapter 60K.

Sec. 6. Minnesota Statutes 1998, section 60K.03, subdivision 4, is amended to read:

Subd. 4. [TERM.] All licenses issued pursuant to this section remain in force until voluntarily terminated by the licensee, not renewed as prescribed in section 60K.06, or until suspended or revoked by the commissioner. A voluntary termination occurs when the license is surrendered to the commissioner with the request that it be terminated or when the licensee dies, or when the licensee is dissolved or its existence is terminated. In the case of a nonresident license, a voluntary termination also occurs upon the happening of the event described in subdivision 3, paragraph (c).

Every licensed agent shall notify the commissioner within ~~30~~ ten days of a change of name, address, or information contained in the application.

Sec. 7. [60K.081] [BROKERAGE BUSINESS.]

Every insurance agent licensed to transact business in this state may procure the insurance of risks, or parts of risks, in the class or classes of insurance for which the agent is licensed, from an insurer authorized to transact business in this state, when the agent is not an appointed agent of the insurer, but the insurance must be consummated only through an appointed agent of the insurer.

Sec. 8. Minnesota Statutes 1998, section 60K.14, subdivision 1, is amended to read:

Subdivision 1. [PERSONAL SOLICITATION OF INSURANCE SALES.] (a) [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them:

(1) "agent" means a person, copartnership, or corporation required to be licensed pursuant to section 60K.02; and

(2) "personal solicitation" means any contact by an agent, or any person acting on behalf of an agent, made for the purpose of selling or attempting to sell insurance, when either the agent or a person acting for the agent contacts the buyer by telephone or in person, except: (i) an attempted sale in which the buyer personally knows the identity of the agent, the name of the general agency, if any, which the agent represents, and the fact that the agent is an insurance agent; (ii) an attempted sale in which the prospective purchaser of insurance initiated the contact; or (iii) a personal contact which takes place at the agent's place of business.

(b) [DISCLOSURE REQUIREMENT.] Before a personal solicitation, the agent or person acting for an agent shall, at the time of initial personal contact with the potential buyer, clearly and expressly disclose in writing:

- (1) the name ~~and state insurance agent license number~~ of the person making the contact;
- (2) the name of the agent, general agency, or insurer that person represents; and
- (3) the fact that the agent, agency, or insurer is in the business of selling insurance.

If the initial personal contact is made by telephone, the disclosures required by this subdivision need not be made in writing.

(c) [FALSE REPRESENTATION OF GOVERNMENT AFFILIATION.] No agent or person acting for an agent shall make any communication to a potential buyer that indicates or gives the impression that the agent is acting on behalf of a government agency.

Sec. 9. Minnesota Statutes 1999 Supplement, section 60K.19, subdivision 8, is amended to read:

Subd. 8. [MINIMUM EDUCATION REQUIREMENT.] Each person subject to this section shall complete a minimum of 30 credit hours of courses accredited by the commissioner during each 24-month licensing period; ~~two hours of which must be devoted to state law, regulations, and rules applicable to the line or lines of insurance for which the agent is licensed.~~ Any person whose initial licensing period extends more than six months shall complete 15 hours of courses accredited by the commissioner during the initial license period. Any person teaching or lecturing at an accredited course qualifies for 1-1/2 times the number of credit hours that would be granted to a person completing the accredited course. No more than 15 credit hours per licensing period may be credited to a person for courses sponsored by, offered by, or affiliated with an insurance company or its agents. Courses sponsored by, offered by, or affiliated with an insurance company or agent may restrict its students to agents of the company or agency.

Sec. 10. Minnesota Statutes 1998, section 61A.092, subdivision 6, is amended to read:

Subd. 6. [APPLICATION.] This section applies to a policy, certificate of insurance, or similar evidence of coverage issued to a Minnesota resident or issued to provide coverage to a Minnesota resident. This section does not apply to: (1) a certificate of insurance or similar evidence of coverage that meets the conditions of section 61A.093, subdivision 2; or (2) a group life insurance policy that contains a provision permitting the certificate holder, upon termination or layoff from employment, to retain the coverage provided under the group policy by paying premiums directly to the insurer, provided that the employer shall give the employee notice of the employee's and each related certificate holder's right to continue the insurance by paying premiums directly to the insurer. A related certificate holder is an insured spouse or dependent child of the employee. Upon termination of this group policy, each covered employee, spouse, and dependent child is entitled to have issued to them a life conversion policy as prescribed in section 61A.09, subdivision 1, paragraph (h).

Sec. 11. Minnesota Statutes 1998, section 62A.136, is amended to read:

62A.136 [DENTAL AND VISION PLAN COVERAGE.]

The following provisions do not apply to health plans providing dental or vision coverage only: sections 62A.041; 62A.0411; 62A.047; 62A.149; 62A.151; 62A.152; 62A.154; 62A.155; 62A.17, subdivision 6; 62A.21, subdivision 2b; 62A.26; 62A.28; ~~and 62A.285~~; 62A.30; 62A.304; 62A.3093; and 62E.16.

Sec. 12. Minnesota Statutes 1998, section 62C.11, subdivision 1, is amended to read:

Subdivision 1. A service plan corporation shall annually on or before the last day of March, file with the commissioner a financial statement, in such form as the commissioner shall prescribe, verified by not less than two of its principal officers, showing the financial condition of the corporation as of December 31 of the preceding year. ~~The statement shall include an audit report certified by an independent certified public accountant and reconciled and adjusted to conform to the financial statement.~~

Sec. 13. Minnesota Statutes 1998, section 62C.142, subdivision 2a, is amended to read:

Subd. 2a. [CONTINUATION PRIVILEGE.] Every subscriber contract, other than a contract whose continuance is contingent upon continued employment or membership, shall contain a provision which permits continuation of coverage under the contract for the subscriber's former spouse and children upon entry of a valid decree of dissolution of marriage, ~~if the decree requires the subscriber to provide continued coverage for those persons~~. The coverage may be continued until the earlier of the following dates:

(a) ~~the date of remarriage of either the subscriber or the subscriber's former spouse~~ becomes covered under any other group health plan; or

(b) the date coverage would otherwise terminate under the subscriber contract.

The contract must require the group contract holder to, upon request, provide the insured with written verification from the insurer of the cost of this coverage promptly at the time of eligibility for this coverage and at any time during the continuation period. In no event shall the amount of premium charged exceed 102 percent of the cost to the plan for such period of coverage for other similarly situated spouses and dependent children with respect to whom the marital relationship has not dissolved, without regard to whether such cost is paid by the employer or employee.

Sec. 14. Minnesota Statutes 1998, section 62E.04, subdivision 4, is amended to read:

Subd. 4. [MAJOR MEDICAL COVERAGE.] Each insurer and fraternal shall affirmatively offer coverage of major medical expenses to every applicant who applies to the insurer or fraternal for a new unqualified policy, which has a lifetime benefit limit of less than \$1,000,000, at the time of application and annually to every holder of such an unqualified policy of accident and health insurance renewed by the insurer or fraternal. The coverage shall provide that when a covered individual incurs out-of-pocket expenses of \$5,000 or more within a calendar year for services covered in section 62E.06, subdivision 1, benefits shall be payable, subject to any copayment authorized by the commissioner, up to a maximum lifetime limit of \$500,000. The offer of coverage of major medical expenses may consist of the offer of a rider on an existing unqualified policy or a new policy which is a qualified plan.

Sec. 15. Minnesota Statutes 1998, section 62H.10, subdivision 4, is amended to read:

Subd. 4. [BROKER.] "Broker" means an agent engaged in brokerage business pursuant to section ~~60K.08~~ 60K.081.

Sec. 16. Minnesota Statutes 1999 Supplement, section 62J.535, subdivision 2, is amended to read:

Subd. 2. [COMPLIANCE.] (a) Concurrent with the ~~effective dates~~ date of required compliance established under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, for uniform electronic billing standards, all health care providers must conform to the uniform billing standards developed under subdivision 1.

(b) Notwithstanding paragraph (a), the requirements for the uniform remittance advice report shall be effective 12 months after the date of the required compliance of the standards for the electronic remittance advice transaction are effective under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time.

Sec. 17. Minnesota Statutes 1998, section 62S.02, subdivision 1, is amended to read:

Subdivision 1. [REQUIREMENTS.] A qualified long-term care insurance policy may not be offered, issued, delivered, or renewed in this state unless the policy satisfies the requirements of this chapter and the filing provisions of section 62A.02. A qualified long-term care insurance policy must cover qualified long-term care services.

Sec. 18. Minnesota Statutes 1998, section 64B.30, subdivision 1, is amended to read:

Subdivision 1. [VISITATION AND EXAMINATION.] The commissioner, or any person the commissioner may appoint, shall have the power of visitation and examination into the affairs of any domestic society. The commissioner shall conduct an examination at least ~~once in every three years~~ as often as is required in section 60A.031, subdivision 1. The commissioner may:

(1) employ assistance for the purposes of examination and the commissioner, or any person the commissioner may appoint, shall have free access to any books, papers, and documents that relate to the business of the association; and

(2) summon and qualify as witnesses, under oath, and examine its officers, agents, and employees, or other persons, in relation to the affairs, transactions, and condition of the association.

Sec. 19. Minnesota Statutes 1998, section 65B.29, subdivision 2, is amended to read:

Subd. 2. [INSURANCE REQUIRED.] No motor vehicle service contract may be issued, sold, or offered for sale in this state unless the provider of the service contract is insured under a motor vehicle service contract reimbursement insurance policy issued by an insurer authorized to do business in this state. Insurers issuing such a policy are required to have capital and surplus equal to at least \$5,000,000 at the end of the preceding year. Capital and surplus must be calculated using the accounting standards required by section 60A.13.

Sec. 20. Minnesota Statutes 1998, section 65B.29, subdivision 3, is amended to read:

Subd. 3. [FILING REQUIREMENTS.] No motor vehicle service contract may be issued, sold, or offered for sale in this state unless a true and correct copy of the service contract and the provider's reimbursement insurance policy have been filed with the commissioner and either (1) the commissioner has approved it or (2) 60 days have elapsed and the commissioner has not disapproved it as misleading or violative of public policy. The commissioner may, by written notice to the provider, extend the review for an additional period not to exceed 60 days.

Sec. 21. Minnesota Statutes 1998, section 72A.20, subdivision 17, is amended to read:

Subd. 17. [RETURN OF PREMIUMS.] (a) Refusing, upon surrender of an individual policy of life insurance in the case of the insured's death, or in the case of a surrender prior to death, of an individual insurance policy not covered by the standard nonforfeiture laws under section 61A.24, to refund to the owner all unearned premiums paid on the policy covering the insured as of the time of the insured's death or surrender if the unearned premium is for a period of more than one month. The return of unearned premium must be delivered to the insured within 30 days following receipt by the insurer of the insured's request for cancellation.

(b) Refusing, upon termination or cancellation of a policy of automobile insurance under section 65B.14, subdivision 2, or a policy of homeowner's insurance under section 65A.27, subdivision 4, or a policy of accident and sickness insurance under section 62A.01, or a policy of comprehensive health insurance under chapter 62E, to refund to the insured all unearned premiums paid on the policy covering the insured as of the time of the termination or cancellation if the unearned premium is for a period of more than one month. The return of unearned premium must be delivered to the insured within 30 days following receipt by the insurer of the insured's request for cancellation.

(c) This subdivision does not apply to policies of insurance providing coverage only for motorcycles or other seasonally rated or limited use vehicles where the rate is reduced to reflect seasonal or limited use.

(d) For purposes of this section, a premium is unearned during the period of time the insurer has not been exposed to any risk of loss. Except for premiums for motorcycle coverage or other seasonally rated or limited use vehicles where the rate is reduced to reflect seasonal or limited use, the unearned premium is determined by multiplying the premium by the fraction that results from dividing the period of time from the date of termination to the date the next scheduled premium is due by the period of time for which the premium was paid.

(e) The owner may cancel a policy referred to in this section at any time during the policy period. This provision supersedes any inconsistent provision of law or any inconsistent policy provision.

Sec. 22. Minnesota Statutes 1999 Supplement, section 72A.20, subdivision 23, is amended to read:

Subd. 23. [DISCRIMINATION IN AUTOMOBILE INSURANCE POLICIES.] (a) No insurer that offers an automobile insurance policy in this state shall:

- (1) use the employment status of the applicant as an underwriting standard or guideline; or
- (2) deny coverage to a policyholder for the same reason.

(b) No insurer that offers an automobile insurance policy in this state shall:

(1) use the applicant's status as a residential tenant, as the term is defined in section 504B.001, subdivision 12, as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason; or

(3) make any discrimination in offering or establishing rates, premiums, dividends, or benefits of any kind, or by way of rebate, for the same reason.

(c) No insurer that offers an automobile insurance policy in this state shall:

(1) use the failure of the applicant to have an automobile policy in force during any period of time before the application is made as an underwriting standard or guideline; or

(2) deny coverage to a policyholder for the same reason.

~~This provision~~ Paragraph (c) does not apply if the applicant was required by law to maintain automobile insurance coverage and failed to do so.

An insurer may require reasonable proof that the applicant did not fail to maintain this coverage. The insurer is not required to accept the mere lack of a conviction or citation for failure to maintain this coverage as proof of failure to maintain coverage. The insurer must provide the applicant with information identifying the documentation that is required to establish reasonable proof that the applicant did not fail to maintain the coverage.

(d) No insurer that offers an automobile insurance policy in this state shall use an applicant's prior claims for benefits paid under section 65B.44 as an underwriting standard or guideline if the applicant was 50 percent or less negligent in the accident or accidents causing the claims.

(e) No insurer shall refuse to issue any standard or preferred policy of motor vehicle insurance or make any discrimination in the acceptance of risks, in rates, premiums, dividends, or benefits of any kind, or by way of rebate:

(1) between persons of the same class, or

(2) on account of race, or

(3) on account of physical handicap if the handicap is compensated for by special training, equipment, prosthetic device, corrective lenses, or medication and if the physically handicapped person:

(i) is licensed by the department of public safety to operate a motor vehicle in this state, and

(ii) operates only vehicles that are equipped with auxiliary devices and equipment necessary for safe and effective operation by the handicapped person, or

(4) on account of marital dissolution.

Sec. 23. Minnesota Statutes 1998, section 72A.499, subdivision 1, is amended to read:

Subdivision 1. [NOTICE AND INFORMATION.] (a) In the event of an adverse underwriting decision, the insurer or insurance agent responsible for the decision shall provide in writing to the applicant, policyholder, or individual proposed for coverage:

(1) the specific reason or reasons for the adverse underwriting decision, a summary of the person's rights under sections 72A.497 and 72A.498, and that upon request the person may receive the specific items of personal information that support those reasons and the specific sources of the information; or

(2) the specific reason or reasons for the adverse underwriting decision, the specific items of personal and privileged information that support those reasons, the names and addresses of the sources that supplied the specific items of information specified, and a summary of the rights established under sections 72A.497 and 72A.498.

(b) In addition to the requirements of paragraph (a), if the adverse underwriting decision is either solely or partially based upon a report of credit worthiness, credit standing, or credit capacity that an insurer receives from a consumer reporting agency, the insurer or insurance agent responsible for the decision shall provide in writing to the applicant, policyholder, or individual proposed for coverage the primary reason or reasons for the credit score or other credit based information used by the insurer in the insurer's adverse underwriting decision.

Sec. 24. Minnesota Statutes 1998, section 79A.04, subdivision 1, is amended to read:

Subdivision 1. [ANNUAL SECURING OF LIABILITY.] Each year every private self-insuring employer shall secure incurred liabilities for the payment of compensation and the performance of ~~the its~~ obligations and the obligations of all self-insuring employers imposed under chapter 176 by renewing the prior year's security deposit or by making a new deposit of security. If a new deposit is made, it must be posted within 60 days of the filing of the self-insured employer's annual report with the commissioner, but in no event later than July 1.

Sec. 25. Minnesota Statutes 1998, section 79A.04, subdivision 2, is amended to read:

Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 110 percent of the private self-insurer's estimated future liability. ~~Up to ten percent of that~~ The deposit may be used to secure payment of all administrative and legal costs, and unpaid assessments required by section 79A.12, subdivision 2, relating to or arising from ~~the employer's~~

its or other employers' self-insuring. As used in this section, "private self-insurer" includes both current and former members of the self-insurers' security fund; and "private self-insurers' estimated future liability" means the private self-insurers' total of estimated future liability as determined by an Associate or Fellow of the Casualty Actuarial Society every year for group member private self-insurers and, for a nongroup member private self-insurer's authority to self-insure, every year for the first five years. After the first five years, the nongroup member's total shall be as determined by an Associate or Fellow of the Casualty Actuarial Society at least every two years, and each such actuarial study shall include a projection of future losses during the period until the next scheduled actuarial study, less payments anticipated to be made during that time.

All data and information furnished by a private self-insurer to an Associate or Fellow of the Casualty Actuarial Society for purposes of determining private self-insurers' estimated future liability must be certified by an officer of the private self-insurer to be true and correct with respect to payroll and paid losses, and must be certified, upon information and belief, to be true and correct with respect to reserves. The certification must be made by sworn affidavit. In addition to any other remedies provided by law, the certification of false data or information pursuant to this subdivision may result in a fine imposed by the commissioner of commerce on the private self-insurer up to the amount of \$5,000, and termination of the private self-insurers' authority to self-insure. The determination of private self-insurers' estimated future liability by an Associate or Fellow of the Casualty Actuarial Society shall be conducted in accordance with standards and principles for establishing loss and loss adjustment expense reserves by the Actuarial Standards Board, an affiliate of the American Academy of Actuaries. The commissioner may reject an actuarial report that does not meet the standards and principles of the Actuarial Standards Board, and may further disqualify the actuary who prepared the report from submitting any future actuarial reports pursuant to this chapter. Within 30 days after the actuary has been served by the commissioner with a notice of disqualification, an actuary who is aggrieved by the disqualification may request a hearing to be conducted in accordance with chapter 14. Based on a review of the actuarial report, the commissioner of commerce may require an increase in the minimum security deposit in an amount the commissioner considers sufficient.

Estimated future liability is determined by first taking the total amount of the self-insured's future liability of workers' compensation claims and then deducting the total amount which is estimated to be returned to the self-insurer from any specific excess insurance coverage, aggregate excess insurance coverage, and any supplementary benefits or second injury benefits which are estimated to be reimbursed by the special compensation fund. Supplementary benefits or second injury benefits will not be reimbursed by the special compensation fund unless the special compensation fund assessment pursuant to section 176.129 is paid and the reports required thereunder are filed with the special compensation fund. In the case of surety bonds, bonds shall secure administrative and legal costs in addition to the liability for payment of compensation reflected on the face of the bond. In no event shall the security be less than the last retention limit selected by the self-insurer with the workers' compensation reinsurance association, provided that the commissioner may allow former members to post less than the workers' compensation reinsurance association retention level if that amount is adequate to secure payment of the self-insurers' estimated future liability, as defined in this subdivision, including payment of claims, administrative and legal costs, and unpaid assessments required by section 79A.12, subdivision 2. The posting or depositing of security pursuant to this section shall release all previously posted or deposited security from any obligations under the posting or depositing and any surety bond so released shall be returned to the surety. Any other security shall be returned to the depositor or the person posting the bond.

As a condition for the granting or renewing of a certificate to self-insure, the commissioner may require a private self-insurer to furnish any additional security the commissioner considers sufficient to insure payment of all claims under chapter 176.

Sec. 26. Minnesota Statutes 1998, section 79A.04, subdivision 7, is amended to read:

Subd. 7. [PERFECTION OF SECURITY.] Upon the commissioner sending a request to renew, request to post, or request to increase a security deposit, a perfected security interest is created in the private self-insured's assets in favor of the commissioner to the extent of any then unsecured portion of the self-insured's incurred liabilities. That perfected security interest is transferred to any cash or securities thereafter posted by the private self-insured with the state treasurer and is released only upon either of the following:

(1) the acceptance by the commissioner of a surety bond or irrevocable letter of credit for the full amount of the incurred liabilities for the payment of compensation; or

(2) the return of cash or securities by the commissioner.

The private self-insured employer loses all right, title, and interest in and any right to control all assets or obligations posted or left on deposit as security. ~~In the event of a declaration of bankruptcy or insolvency by a court of competent jurisdiction that a private self-insurer is the subject of a voluntary or involuntary petition under the United States Bankruptcy Code, title 11, or a court of competent jurisdiction has declared the private self-insurer to be bankrupt or insolvent, or in the event of the issuance of a certificate of default by the commissioner, the commissioner shall liquidate the deposit as provided in this chapter, and transfer it to the self-insurer's security fund for application to the self-insured employer's incurred liability and other current or future obligations of the self-insurers' security fund. In the event that a private self-insurer is the subject of a voluntary or involuntary petition under the United States Bankruptcy Code, title 11, or a court of competent jurisdiction has declared the private self-insurer to be bankrupt or insolvent, or in the event of the issuance of a certificate of default by the commissioner, all right, title, and interest in and any right to control all assets or obligations which have been posted or deposited as security must be transferred to the self-insurers' security fund.~~

Sec. 27. Minnesota Statutes 1998, section 79A.04, subdivision 9, is amended to read:

Subd. 9. [INSOLVENCY, BANKRUPTCY, OR DEFAULT; UTILIZATION OF SECURITY DEPOSIT.] The commissioner of labor and industry shall notify the commissioner and the security fund if the commissioner of labor and industry has knowledge that any private self-insurer has failed to pay workers' compensation benefits as required by chapter 176. ~~If the commissioner determines that a private self-insurer is the subject of a voluntary or involuntary petition under the United States Bankruptcy Code, title 11, or the commissioner determines that a court of competent jurisdiction has declared the private self-insurer to be bankrupt or insolvent, and the private self-insurer has failed to pay workers' compensation as required by chapter 176 or, if the commissioner issues a certificate of default against a private self-insurer for failure to pay workers' compensation as required by chapter 176, or failure to pay an assessment to the self-insurers' security fund when due, then the security deposit shall be utilized to administer and pay the private self-insurers' workers' compensation or assessment obligations or any other current or future obligations of the self-insurers' security fund.~~

Sec. 28. Minnesota Statutes 1998, section 79A.11, subdivision 2, is amended to read:

Subd. 2. [SECURITY DEPOSITS.] The security fund shall have the right and obligation to obtain ~~from~~ and retain the security deposit of an insolvent private self-insurer ~~the amount of to apply to~~ the private self-insurer's current or future compensation obligations, including reasonable administrative and legal costs, paid or assumed by the security fund and to other current or future obligations of the security fund. Reimbursement of administrative costs, including legal costs, shall be subject to approval by a majority of the security fund's voting trustees. The security fund shall be a party in interest in any action to obtain the security deposit for the payment of compensation obligations of an insolvent self-insurer.

Sec. 29. Minnesota Statutes 1998, section 79A.11, is amended by adding a subdivision to read:

Subd. 2a. [REPLACEMENT INSURANCE POLICY.] The insolvent self-insurer may obtain an insurance policy as described in section 79A.06, subdivision 5, to discharge further workers' compensation obligations assumed by the self-insurers' security fund on behalf of the insolvent insurer. At the self-insurers' security fund's option and in its sole discretion, any part of the insolvent self-insurer's security deposit may be used to fund the acquisition of this policy. After the security deposit has been used to: (1) fund the acquisition of this policy; (2) pay all direct and indirect administrative and professional expenses of the fund related to the insolvent self-insurer; and (3) to the extent not covered by the insurance policy, pay the insolvent self-insurer's losses, allocated loss expense and unallocated loss expense, any part of the insolvent self-insurer's security deposit that remains must be promptly returned to the insolvent self-insurer.

Sec. 30. Minnesota Statutes 1999 Supplement, section 79A.22, subdivision 2, is amended to read:

Subd. 2. [FINANCIAL STANDARDS.] Commercial self-insurance groups shall have and maintain:

(1) combined net worth of all of the members in an amount at least equal to ~~12~~ ten times the group's selected retention level of the workers' compensation reinsurance association. For purposes of this clause, the amount of any retained surplus by the group is considered part of the combined net worth of all the members;

(2) sufficient assets and liquidity in the group's common claims fund to promptly and completely meet all obligations of its members under this chapter and chapter 176.

Sec. 31. Minnesota Statutes 1998, section 79A.22, subdivision 3, is amended to read:

Subd. 3. [NEW MEMBERSHIP.] The commercial self-insurance group shall file with the commissioner the name of any new employer that has been accepted in the group prior to the initiation date of membership along with the member's signed indemnity agreement and evidence the member has deposited sufficient premiums with the group as required by the commercial self-insurance group's bylaws or plan of operation. The security deposit of the group ~~will~~ shall be increased quarterly to an amount equal to 50 percent of the new ~~member's premium~~ members' premiums for that quarter. If the total increase of new members' premiums for the first quarter is less than five percent of the total annual premium of the group, no quarterly increase is necessary until the cumulative quarterly increases for that calendar year exceed five percent of the total premium of the group. The ~~department of commerce commissioner~~ may, at its the commissioner's option, review the financial statement of any applicant whose premium equals 25 percent or more of the group's total premium.

Sec. 32. Minnesota Statutes 1998, section 79A.22, subdivision 11, is amended to read:

Subd. 11. [DISBURSEMENT OF FUND SURPLUS.] (a) One hundred percent of any surplus money for a fund year in excess of 125 percent of the amount necessary to fulfill all obligations under the Workers' Compensation Act, chapter 176, for that fund year may be declared refundable to a member at any time. The date shall be no earlier than 18 months following the end of such fund year. The first disbursement of fund surplus may not be made prior to the ~~completion of an operational audit by the commissioner~~ written approval of the commissioner. There can be no more than one refund made in any 12-month period. When all the claims of any one fund year have been fully paid, as certified by an actuary, all surplus money from that fund year may be declared refundable.

(b) The commercial self-insurance group shall give notice to the commissioner of any refund. Said notice shall be accompanied by a statement from the commercial self-insurer group's certified public accountant certifying that the proposed refund is in compliance with paragraph (a).

Sec. 33. Minnesota Statutes 1999 Supplement, section 79A.23, subdivision 1, is amended to read:

Subdivision 1. [REQUIRED REPORTS TO COMMISSIONER.] Each commercial self-insurance group shall submit the following documents to the commissioner.

(a) An annual report shall be submitted by April 1 showing the incurred losses, paid and unpaid, specifying indemnity and medical losses by classification, payroll by classification, and current estimated outstanding liability for workers' compensation on a calendar year basis, in a manner and on forms available from the commissioner. In addition each group will submit a quarterly interim loss report showing incurred losses for all its membership.

(b) Each commercial self-insurance group shall submit within 45 days of the end of each quarter:

(1) a schedule showing all the members who participate in the group, their date of inception, and date of withdrawal, if applicable;

(2) a separate section identifying which members were added or withdrawn during that quarter; and

(3) an internal financial statement and copies of the fiscal agent's statements supporting the balances in the common claims fund.

(c) The commercial self-insurance group shall submit an annual certified financial audit report of the commercial self-insurance group fund by April 1 of the following year. The report must be accompanied by an expense schedule showing the commercial self-insurance group's operational costs for the same year including service company charges, accounting and actuarial fees, fund administration charges, reinsurance premiums, commissions, and any other costs associated with the administration of the group program.

(d) An officer of the commercial self-insurance group shall, under oath, attest to the accuracy of each report submitted under paragraphs (a), (b), and (c). Upon sufficient cause, the commissioner shall require the commercial self-insurance group to submit a certified audit of payroll and claim records conducted by an independent auditor approved by the commissioner, based on generally accepted accounting principles and generally accepted auditing standards, and supported by an actuarial review and opinion of the future contingent liabilities. The basis for sufficient cause shall include the following factors:

(1) where the losses reported appear significantly different from similar types of groups;

(2) where major changes in the reports exist from year to year, which are not solely attributable to economic factors; or

(3) where the commissioner has reason to believe that the losses and payroll in the report do not accurately reflect the losses and payroll of the commercial self-insurance group.

If any discrepancy is found, the commissioner shall require changes in the commercial self-insurance group's business plan or service company recordkeeping practices.

(e) Each commercial self-insurance group shall submit by September 15 a copy of the group's annual federal and state income tax returns or provide proof that it has received an exemption from these filings.

(f) With the annual loss report each commercial self-insurance group shall report to the commissioner any worker's compensation claim where the full, undiscounted value is estimated to exceed \$50,000, in a manner and on forms prescribed by the commissioner.

(g) Each commercial self-insurance group shall submit by May 1 a list of all members and the percentage of premium each represents to the total group's premium for the previous calendar year.

(h) Each commercial self-insurance group shall submit by October 15 the following documents prepared by the group's certified public accountant:

(1) a compiled combined financial statement of group members and a list of members included in this statement. An "Agreed Upon Procedures" report, as determined by the commissioner, indicating combined net worth, total assets, ~~cash flow~~, and net income of the group members may be filed in lieu of the compiled combined financial statement; and

(2) a report that the statements which were combined have met the requirements of subdivision 2.

(i) If any group member comprises over 25 percent of total group premium, that member's financial statement must be reviewed or audited, and, at the commissioner's option, must be filed with the ~~department of commerce commissioner~~ by October 15 of the following year.

(j) Each commercial self-insurance group shall submit a copy of each member's accountant's report letter from the reports used in compiling the combined financial statements. This requirement does not apply to any group that has been in existence for at least three years.

Sec. 34. Minnesota Statutes 1999 Supplement, section 79A.23, subdivision 2, is amended to read:

Subd. 2. [REQUIRED REPORTS FROM MEMBERS TO GROUP.] (a) Each member of the commercial self-insurance group shall, by September 15, submit to the group its most recent annual financial statement, together with other financial information the group may require. These financial statements submitted must not have a fiscal year end date older than January 15 of the group's calendar year end. Individual group members constituting at least 25 percent of the group's annual premium shall submit to the group reviewed or audited financial statements. The remaining members must submit compilation level statements.

(b) For groups that have been in existence for at least three years, individual group members may satisfy the requirements of paragraph (a) by submitting compiled, reviewed, or audited statements or the most recent federal income tax return filed by the member.

Sec. 35. Minnesota Statutes 1999 Supplement, section 79A.23, subdivision 3, is amended to read:

Subd. 3. [OPERATIONAL AUDIT.] (a) The commissioner, prior to authorizing surplus distribution of a commercial self-insurance group's first fund year or no later than after the third anniversary of the group's authority to self-insure, ~~shall~~ may conduct an operational audit of the commercial self-insurance group's claim handling and reserve practices as well as its underwriting procedures to determine if they adhere to the group's business plan. The commissioner may select outside consultants to assist in conducting the audit. After completion of the audit, the commissioner shall either renew or revoke the commercial self-insurance group's authority to self-insure. The commissioner may also order any changes deemed necessary in the claims handling, reserving practices, or underwriting procedures of the group.

(b) The cost of the operational audit shall be borne by the commercial self-insurance group.

Sec. 36. Minnesota Statutes 1999 Supplement, section 79A.24, subdivision 2, is amended to read:

Subd. 2. [MINIMUM DEPOSIT.] The minimum deposit is 125 percent of the commercial self-insurance group's estimated future liability for the payment of compensation as determined by an actuary. ~~If all the members of the commercial self-insurance group have submitted reviewed or audited financial statements to the group's accountant~~ has been in existence for three years, this minimum deposit shall be 110 percent of the commercial self-insurance group's estimated future liability for the payment of workers' compensation as determined by an actuary. The group must file a letter with the commissioner from the group's accountant which confirms that the compiled combined financial statements were prepared from members reviewed or audited financial statements only before the lower security deposit is allowed. Each actuarial study shall include a projection of future losses during a one-year period until the next scheduled actuarial study, less payments anticipated to be made during that time. Deduction should be made for the total amount which is estimated to be returned to the commercial self-insurance group from any specific excess insurance coverage, aggregate excess insurance coverage, and any supplementary benefits which are estimated to be reimbursed by the special compensation fund. Supplementary benefits will not be reimbursed by the special compensation fund unless the special compensation fund assessment pursuant to section 176.129 is paid and the required reports are filed with the special compensation fund. In the case of surety bonds, bonds shall secure administrative and legal costs in addition to the liability for payment of compensation reflected on the face of the bond. In no event shall the security be less than the group's selected retention limit of the workers' compensation reinsurance association. The posting or depositing of security under this section shall release all previously posted or deposited security from any obligations under the posting or depositing and any surety bond so released shall be returned to the surety. Any other security shall be returned to the depositor or the person posting the bond.

Sec. 37. Minnesota Statutes 1998, section 80A.04, subdivision 2, is amended to read:

Subd. 2. It is unlawful for any broker-dealer or issuer to employ an agent as a representative in this state unless the agent is licensed. The licensing of an agent is not effective during any period when the agent is not associated with a specified broker-dealer licensed under this chapter or a specified issuer. No agent shall at any time represent more than one broker-dealer or issuer, except that where broker-dealers affiliated by direct common control are

licensed under this chapter, an agent may represent the broker-dealer. When an agent begins or terminates employment with a broker-dealer or issuer, or begins or terminates those activities which make that person an agent, the agent as well as the broker-dealer or issuer shall promptly notify the commissioner or the commissioner's designated representative.

A broker-dealer or investment adviser is affiliated by direct common control when 80 percent or more of the equity of each broker-dealer or investment adviser is beneficially owned by the same person or group of persons.

Sec. 38. Minnesota Statutes 1998, section 80A.04, subdivision 3, is amended to read:

Subd. 3. It is unlawful for any person to transact business in this state as an investment adviser unless that person is so licensed or licensed as a broker-dealer ~~under this chapter as described in section 80A.14, subdivision 9, clause (3),~~ or unless: (1) that person's only clients in this state are investment companies as defined in the Investment Company Act of 1940, other investment advisers, broker-dealers, banks, trust companies, savings associations, federal covered advisers insurance companies, corporations with a class of equity securities registered under section 12(b) or 12(g) of the Securities Exchange Act of 1934, small business investment companies, and government agencies or instrumentalities, whether acting for themselves or as trustees with investment control, or other institutional buyers; or (2) that person has no place of business in this state and during the preceding 12-month period has had fewer than six clients who are residents of this state.

Sec. 39. Minnesota Statutes 1998, section 80A.07, subdivision 1, is amended to read:

Subdivision 1. [GENERAL GROUNDS.] The commissioner may by order deny, suspend, or revoke any license or may censure the licensee, if the commissioner finds (a) that the order is in the public interest and (b) that the applicant or licensee or, in the case of a broker-dealer or investment adviser, any partner, officer, or director, any person occupying a similar status or performing similar functions, or any person directly or indirectly controlling the broker-dealer or investment adviser:

(1) has filed an application for license which as of its effective date, or as of any date after filing in the case of an order denying effectiveness, was incomplete in any material respect or contained any statement which was, in light of the circumstances under which it was made, false or misleading with respect to any material fact;

(2) has willfully violated or failed to comply with any provision of this chapter or a predecessor law or any provision of the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, the Commodity Exchange Act, or any rule or order under any of these statutes, of which that person has notice and is subject;

(3) has been convicted, within the past ten years, of any misdemeanor involving a security or any aspect of the securities business, or any felony;

(4) is permanently or temporarily enjoined by any court of competent jurisdiction from engaging in or continuing any conduct or practice involving any aspect of the securities business;

(5) is the subject of an order of the commissioner denying, suspending, or revoking a license as a broker-dealer, agent or investment adviser;

(6) is the subject of an order entered within the past five years by the securities administrator of any other state or by the securities and exchange commission, or any national securities exchange or national securities association registered under the Securities Exchange Act of 1934, denying or revoking registration or license as a broker-dealer, agent, or investment adviser, or is the subject of an order of the securities and exchange commission or any national securities exchange or national securities association registered under the Securities Exchange Act of 1934, suspending, barring, or expelling that person from a national securities exchange or association registered under the Securities Exchange Act of 1934, or is the subject of a United States post office fraud order. The commissioner may

not institute a revocation or suspension proceeding under this clause more than one year from the date of the order relied on, and may not enter an order under this clause on the basis of an order under another state law unless the order was based on facts which would currently constitute a ground for an order under this section;

(7) has engaged in dishonest or fraudulent practices in the securities business;

(8) has failed to maintain the minimum net capital or to comply with the limitation on aggregate indebtedness which the commissioner by rule prescribes;

(9) is not qualified on the basis of such factors as training, experience, and knowledge of the securities business;

(10) has failed reasonably to supervise agents, investment adviser representatives, or employees to assure their compliance with this chapter;

(11) has failed to pay the proper filing fee, but the commissioner shall vacate the order when the deficiency has been corrected;

(12) has offered or sold securities in this state through any unlicensed agent;

(13) has made any material misrepresentation to the commissioner, or upon request reasonably made by the commissioner, has withheld or concealed information from, or refused to furnish information to, the commissioner;

(14) has failed to reasonably supervise agents, investment adviser representatives, or employees if that person has assumed or has been designated to carry out the supervisory procedures of the broker-dealer or investment adviser; or

(15) has failed, within 20 business days after receiving written instructions from a customer, to do any of the following:

(a) transfer or deliver securities that have been purchased;

(b) transfer or deliver any free credit balances reflecting completed transactions; or

(c) transfer or deliver a customer's account securities positions and balances to another broker-dealer.

This clause shall not serve as a basis for denial, suspension, or revocation of a broker-dealer's or agent's license if: (i) the transfer or delivery is between broker-dealers and meets the rules and requirements established by the New York Stock Exchange with regard to the transfer or delivery; or (ii) the delivery of securities to a customer cannot be accomplished within 20 business days, and the broker-dealer or agent has notified the customer in writing of the inability to deliver the securities and the reasons for the nondelivery within 20 business days of receiving the customer's written instructions.

Sec. 40. Minnesota Statutes 1998, section 80A.10, subdivision 2, is amended to read:

Subd. 2. A registration statement under this section shall contain the following information and be accompanied by the following documents in addition to the information specified in section 80A.12 and the consent to service of process required by section 80A.27, subdivision 7:

(a) ~~Two copies~~ One copy of the latest form of prospectus filed under the Securities Act of 1933;

(b) If the commissioner by rule or otherwise requires, a copy of the articles of incorporation and bylaws (or their substantial equivalent) currently in effect, a copy of any agreements with or among underwriters, a copy of any indenture or other instrument governing the issuance of the security to be registered, and a specimen or copy of the security;

(c) If the commissioner requests, any other information, or copies of any other documents, filed under the Securities Act of 1933; and

(d) An undertaking to forward all amendments to the federal prospectus, other than an amendment which merely delays the effective date of the registration statement, not later than the first business day after the day they are forwarded to or filed with the securities and exchange commission or such longer period as the commissioner permits.

Sec. 41. Minnesota Statutes 1999 Supplement, section 80A.15, subdivision 2, is amended to read:

Subd. 2. The following transactions are exempted from sections 80A.08 and 80A.16:

(a) Any sales, whether or not effected through a broker-dealer, provided that:

(1) no person shall make more than ten sales of securities in Minnesota of the same issuer pursuant to this exemption, exclusive of sales according to clause (2), during any period of 12 consecutive months; provided further, that in the case of sales by an issuer, except sales of securities registered under the Securities Act of 1933 or exempted by section 3(b) of that act, (i) the seller reasonably believes that all buyers are purchasing for investment, and (ii) the securities are not advertised for sale to the general public in newspapers or other publications of general circulation or otherwise, or by radio, television, electronic means or similar communications media, or through a program of general solicitation by means of mail or telephone; ~~and~~ or

(2) no issuer shall make more than 25 sales of its securities in Minnesota according to this exemption, exclusive of sales pursuant to clause (1), during any period of 12 consecutive months; provided further, that the issuer meets the conditions in clause (1) and, in addition meets the following additional conditions: (i) files with the commissioner, ten days before a sale according to this clause, a statement of issuer on a form prescribed by the commissioner; and (ii) no commission or other remuneration is paid or given directly or indirectly for soliciting any prospective buyers in this state in connection with a sale according to this clause except reasonable and customary commissions paid by the issuer to a broker-dealer licensed under this chapter.

(b) Any nonissuer distribution of an outstanding security if (1) either Moody's, Fitch's, or Standard & Poor's Securities Manuals, or other recognized manuals approved by the commissioner contains the names of the issuer's officers and directors, a balance sheet of the issuer as of a date not more than 18 months prior to the date of the sale, and a profit and loss statement for the fiscal year preceding the date of the balance sheet, and (2) the issuer or its predecessor has been in active, continuous business operation for the five-year period next preceding the date of sale, and (3) if the security has a fixed maturity or fixed interest or dividend provision, the issuer has not, within the three preceding fiscal years, defaulted in payment of principal, interest, or dividends on the securities.

(c) The execution of any orders by a licensed broker-dealer for the purchase or sale of any security, pursuant to an unsolicited offer to purchase or sell; provided that the broker-dealer acts as agent for the purchaser or seller, and has no direct material interest in the sale or distribution of the security, receives no commission, profit, or other compensation from any source other than the purchaser and seller and delivers to the purchaser and seller written confirmation of the transaction which clearly itemizes the commission, or other compensation.

(d) Any nonissuer sale of notes or bonds secured by a mortgage lien if the entire mortgage, together with all notes or bonds secured thereby, is sold to a single purchaser at a single sale.

(e) Any judicial sale, exchange, or issuance of securities made pursuant to an order of a court of competent jurisdiction.

(f) The sale, by a pledge holder, of a security pledged in good faith as collateral for a bona fide debt.

(g) Any offer or sale to a bank, savings institution, trust company, insurance company, investment company as defined in the Investment Company Act of 1940, or other financial institution or institutional buyer, or to a broker-dealer, whether the purchaser is acting for itself or in some fiduciary capacity.

(h) An offer or sale of securities by an issuer made in reliance on the exemptions provided by Rule 505 or 506 of Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, sections 230.501 to 230.508, subject to the conditions and definitions provided by Rules 501 to 503 of Regulation D, if the offer and sale also satisfies the conditions and limitations in clauses (1) to (10).

(1) The exemption under this paragraph is not available for the securities of an issuer if any of the persons described in Rule 252(c) to (f) of Regulation A promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, sections 230.251 to 230.263:

(i) has filed a registration statement that is the subject of a currently effective order entered against the issuer, its officers, directors, general partners, controlling persons, or affiliates, according to any state's law within five years before the filing of the notice required under clause (5), denying effectiveness to, or suspending or revoking the effectiveness of, the registration statement;

(ii) has been convicted, within five years before the filing of the notice required under clause (5), of a felony or misdemeanor in connection with the offer, sale, or purchase of a security or franchise, or a felony involving fraud or deceit, including but not limited to forgery, embezzlement, obtaining money under false pretenses, larceny, or conspiracy to defraud;

(iii) is subject to an effective administrative order or judgment entered by a state securities administrator within five years before the filing of the notice required under clause (5), that prohibits, denies, or revokes the use of an exemption from securities registration, that prohibits the transaction of business by the person as a broker-dealer or agent, or that is based on fraud, deceit, an untrue statement of a material fact, or an omission to state a material fact; or

(iv) is subject to an order, judgment, or decree of a court entered within five years before the filing of the notice required under clause (5), temporarily, preliminarily, or permanently restraining or enjoining the person from engaging in or continuing any conduct or practice in connection with the offer, sale, or purchase of a security, or the making of a false filing with a state.

A disqualification under paragraph (h) involving a broker-dealer or agent is waived if the broker-dealer or agent is or continues to be licensed in the state in which the administrative order or judgment was entered against the person or if the broker-dealer or agent is or continues to be licensed in this state as a broker-dealer or agent after notifying the commissioner of the act or event causing disqualification.

The commissioner may waive a disqualification under paragraph (h) upon a showing of good cause that it is not necessary under the circumstances that use of the exemption be denied.

A disqualification under paragraph (h) may be waived if the state securities administrator or agency of the state that created the basis for disqualification has determined, upon a showing of good cause, that it is not necessary under the circumstances that an exemption from registration of securities under the state's laws be denied.

It is a defense to a violation of paragraph (h) based upon a disqualification if the issuer sustains the burden of proof to establish that the issuer did not know, and in the exercise of reasonable care could not have known, that a disqualification under paragraph (h) existed.

(2) This exemption must not be available to an issuer with respect to a transaction that, although in technical compliance with this exemption, is part of a plan or scheme to evade registration or the conditions or limitations explicitly stated in paragraph (h).

(3) No commission, finder's fee, or other remuneration shall be paid or given, directly or indirectly, for soliciting a prospective purchaser, unless the recipient is appropriately licensed, or exempt from licensure, in this state as a broker-dealer.

(4) Nothing in this exemption is intended to or should be in any way construed as relieving issuers or persons acting on behalf of issuers from providing disclosure to prospective investors adequate to satisfy the antifraud provisions of the securities law of Minnesota.

(5) The issuer shall file with the commissioner a notice on form D as adopted by the Securities and Exchange Commission according to Regulation D, Code of Federal Regulations, title 17, section 230.502. The notice must be filed not later than 15 days after the first sale in this state of securities in an offering under this exemption. Every notice on form D must be manually signed by a person duly authorized by the issuer and must be accompanied by a consent to service of process on a form prescribed by the commissioner.

(6) A failure to comply with a term, condition, or requirement of paragraph (h) will not result in loss of the exemption for an offer or sale to a particular individual or entity if the person relying on the exemption shows that: (i) the failure to comply did not pertain to a term, condition, or requirement directly intended to protect that particular individual or entity, and the failure to comply was insignificant with respect to the offering as a whole; and (ii) a good faith and reasonable attempt was made to comply with all applicable terms, conditions, and requirements of paragraph (h), except that, where an exemption is established only through reliance upon this provision, the failure to comply shall nonetheless constitute a violation of section 80A.08 and be actionable by the commissioner.

(7) The issuer, upon request by the commissioner, shall, within ten days of the request, furnish to the commissioner a copy of any and all information, documents, or materials furnished to investors or offerees in connection with the offer and sale according to paragraph (h).

(8) Neither compliance nor attempted compliance with the exemption provided by paragraph (h), nor the absence of an objection or order by the commissioner with respect to an offer or sale of securities undertaken according to this exemption, shall be considered to be a waiver of a condition of the exemption or considered to be a confirmation by the commissioner of the availability of this exemption.

(9) The commissioner may, by rule or order, increase the number of purchasers or waive any other condition of this exemption.

(10) The determination whether offers and sales made in reliance on the exemption set forth in paragraph (h) shall be integrated with offers and sales according to other paragraphs of this subdivision shall be made according to the integration standard set forth in Rule 502 of Regulation D promulgated by the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.502. If not subject to integration according to that rule, offers and sales according to paragraph (h) shall not otherwise be integrated with offers and sales according to other exemptions set forth in this subdivision.

(i) Any offer (but not a sale) of a security for which a registration statement has been filed under sections 80A.01 to 80A.31, if no stop order or refusal order is in effect and no public proceeding or examination looking toward an order is pending; and any offer of a security if the sale of the security is or would be exempt under this section. The commissioner may by rule exempt offers (but not sales) of securities for which a registration statement has been filed as the commissioner deems appropriate, consistent with the purposes of sections 80A.01 to 80A.31.

(j) The offer and sale by a cooperative organized under chapter 308A or under the laws of another state, of its securities when the securities are offered and sold only to its members, or when the purchase of the securities is necessary or incidental to establishing membership in the cooperative, or when such securities are issued as patronage dividends. This paragraph applies to a cooperative organized under the laws of another state only if the cooperative has filed with the commissioner a consent to service of process under section 80A.27, subdivision 7, and has, not less than ten days prior to the issuance or delivery, furnished the commissioner with a written general description of the transaction and any other information that the commissioner requires by rule or otherwise. This exemption only applies when the issuing cooperative is seeking to raise up to \$1,000,000.

(l) The issuance and delivery of any securities of one corporation to another corporation or its security holders in connection with a merger, exchange of shares, or transfer of assets whereby the approval of stockholders of the other corporation is required to be obtained, provided, that the commissioner has been furnished with a general description of the transaction and with other information as the commissioner by rule prescribes not less than ten days prior to the issuance and delivery.

(m) Any transaction between the issuer or other person on whose behalf the offering is made and an underwriter or among underwriters.

(n) The distribution by a corporation of its or other securities to its own security holders as a stock dividend or as a dividend from earnings or surplus or as a liquidating distribution; or upon conversion of an outstanding convertible security; or pursuant to a stock split or reverse stock split.

(o) Any offer or sale of securities by an affiliate of the issuer thereof if: (1) a registration statement is in effect with respect to securities of the same class of the issuer and (2) the offer or sale has been exempted from registration by rule or order of the commissioner.

(p) Any transaction pursuant to an offer to existing security holders of the issuer, including persons who at the time of the transaction are holders of convertible securities, nontransferable warrants, or transferable warrants exercisable within not more than 90 days of their issuance, if: (1) no commission or other remuneration (other than a standby commission) is paid or given directly or indirectly for soliciting any security holder in this state; and (2) the commissioner has been furnished with a general description of the transaction and with other information as the commissioner may by rule prescribe no less than ten days prior to the transaction.

(q) Any nonissuer sales of any security, including a revenue obligation, issued by the state of Minnesota or any of its political or governmental subdivisions, municipalities, governmental agencies, or instrumentalities.

(r) Any transaction as to which the commissioner by rule or order finds that registration is not necessary in the public interest and for the protection of investors.

(s) An offer or sale of a security issued in connection with an employee's stock purchase, savings, option, profit sharing, pension, or similar employee benefit plan, if the following conditions are met:

(1) the issuer, its parent corporation or any of its majority-owned subsidiaries offers or sells the security according to a written benefit plan or written contract relating to the compensation of the purchaser; and

(2) the class of securities offered according to the plan or contract, or if an option or right to purchase a security, the class of securities to be issued upon the exercise of the option or right, is registered under section 12 of the Securities Exchange Act of 1934, or is a class of securities with respect to which the issuer files reports according to section 15(d) of the Securities Exchange Act of 1934; or

(3) the issuer fully complies with the provisions of Rule 701 as adopted by the Securities and Exchange Commission, Code of Federal Regulations, title 12, section 230.701.

The issuer shall file not less than ten days before the transaction, a general description of the transaction and any other information that the commissioner requires by rule or otherwise or, if applicable, a Securities and Exchange Form S-8. Annually, within 90 days after the end of the issuer's fiscal year, the issuer shall file a notice as provided with the commissioner.

(t) Any sale of a security of an issuer that is a pooled income fund, a charitable remainder trust, or a charitable lead trust that has a qualified charity as the only charitable beneficiary.

(u) Any sale by a qualified charity of a security that is a charitable gift annuity if the issuer has a net worth, otherwise defined as unrestricted fund balance, of not less than \$300,000 and either: (1) has been in continuous operation for not less than three years; or (2) is a successor or affiliate of a qualified charity that has been in continuous operation for not less than three years.

Sec. 42. Minnesota Statutes 1998, section 80C.05, subdivision 4, is amended to read:

Subd. 4. ~~An application for registration that has not become effective will be considered withdrawn~~ If no activity occurs with respect to ~~the~~ an application for registration for a period of 120 days, the commissioner may by order declare the application withdrawn.

Sec. 43. Minnesota Statutes 1998, section 80C.07, is amended to read:

80C.07 [AMENDMENT OF REGISTRATION.]

A person with a registration in effect shall, within 30 days after the occurrence of any material change in the information on file with the commissioner, notify the commissioner in writing of the change by an application to amend the registration accompanied by a fee of \$100. The commissioner may by rule define what shall be considered a material change for such purposes, and may determine the circumstances under which a revised public offering statement must accompany the application. If the amendment is approved by the commissioner, it shall become effective upon the issuance by the commissioner of an order amending the registration.

The commissioner may withdraw an amendment application that has not become effective. If no activity occurs with respect to the application for a period of 120 days, the commissioner may by order declare the application withdrawn.

Sec. 44. Minnesota Statutes 1998, section 82.22, subdivision 13, is amended to read:

Subd. 13. [CONTINUING EDUCATION.] (a) After their first renewal date, all real estate salespersons and all real estate brokers shall be required to successfully complete 30 hours of real estate continuing education, either as a student or a lecturer, in courses of study approved by the commissioner, during each 24-month license period. At least 15 of the 30 credit hours must be completed during the first 12 months of the 24-month licensing period. Salespersons and brokers whose initial license period extends more than 12 months are required to complete 15 hours of real estate continuing education during the initial license period. Those licensees who will receive a 12-month license on July 1, 1995, because of the staggered implementation schedule must complete 15 hours of real estate continuing education as a requirement for renewal on July 1, 1996. Licensees may not claim credit for continuing education not actually completed as of the date their report of continuing education compliance is filed.

(b) The commissioner shall adopt rules defining the standards for course and instructor approval, and may adopt rules for the proper administration of this subdivision. The commissioner may not approve a course which can be completed by the student at home or outside the classroom without the supervision of an instructor approved by the department of commerce. The commissioner has discretion to establish a pilot program to explore delivery of accredited courses using new delivery technology, including interactive technology. This pilot program expires on August 1, ~~2000~~ 2001.

(c) Any program approved by Minnesota continuing legal education shall be approved by the commissioner of commerce for continuing education for real estate brokers and salespeople if the program or any part thereof relates to real estate.

(d) As part of the continuing education requirements of this section, the commissioner shall require that all real estate brokers and salespersons receive:

(1) at least two hours of training during each license period in courses in laws or regulations on agency representation and disclosure; and

(2) at least two hours of training during each license period in courses in state and federal fair housing laws, regulations, and rules, or other antidiscrimination laws.

Clause (1) does not apply to real estate salespersons and real estate brokers engaged solely in the commercial real estate business who file with the commissioner a verification of this status along with the continuing education report required under paragraph (a).

(e) The commissioner is authorized to establish a procedure for renewal of course accreditation.

Sec. 45. Minnesota Statutes 1998, section 82A.04, subdivision 4, is amended to read:

~~Subd. 4. [EFFECTIVE DATE.] Unless an order denying registration under section 82A.12 is in effect, or unless declared effective by order of the commissioner prior thereto, the application for registration shall automatically become effective upon the expiration of 15 business days following filing with the commissioner, but an applicant may consent in writing to the delay of registration until the time the commissioner may issue an order of registration. If the commissioner requests additional information with respect to the application, the application shall become effective upon the expiration of 15 business days following the filing with the commissioner of the additional information unless an order denying registration under section 82A.12 is in effect or unless declared effective by order of the commissioner prior thereto. The registration is effective on the date the commissioner declares by order.~~

Sec. 46. Minnesota Statutes 1998, section 82A.04, is amended by adding a subdivision to read:

Subd. 5. [WITHDRAWAL OF APPLICATION.] If no activity occurs with respect to an application for a period of 120 days, the commissioner may by order declare the application withdrawn. No part of the filing fee will be returned by the commissioner if a registration application is withdrawn according to this subdivision.

Sec. 47. Minnesota Statutes 1998, section 82B.14, is amended to read:

82B.14 [EXPERIENCE REQUIREMENT.]

(a) As a prerequisite for licensing as a registered real property appraiser or licensed real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 2,000 hours of experience in real property appraisal.

As a prerequisite for licensing as a certified residential real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 2,500 hours of experience in real property appraisal.

As a prerequisite for licensing as a certified general real property appraiser, an applicant must present evidence satisfactory to the commissioner that the person has obtained 3,000 hours of experience in real property appraisal. At least 50 percent, or 1,500 hours, must be in nonresidential appraisal work.

(b) Each applicant for license under section 82B.11, subdivision 3, 4, or 5, shall give under oath a detailed listing of the real estate appraisal reports or file memoranda for which experience is claimed by the applicant. Upon request, the applicant shall make available to the commissioner for examination, a sample of appraisal reports that the applicant has prepared in the course of appraisal practice.

(c) Applicants may not receive credit for experience accumulated while unlicensed, if the experience is based on activities which required a license under this section.

Sec. 48. Minnesota Statutes 1998, section 83.23, is amended by adding a subdivision to read:

Subd. 5. [WITHDRAWAL OF APPLICATION.] If no activity occurs with respect to an application for a period of 120 days, the commissioner may by order declare the application withdrawn. No part of the filing fee will be returned by the commissioner if a registration application is withdrawn according to this subdivision.

Sec. 49. Minnesota Statutes 1998, section 308A.711, subdivision 1, is amended to read:

Subdivision 1. [ALTERNATE PROCEDURE TO DISBURSE PROPERTY.] Notwithstanding the provisions of section 345.43, a cooperative may, in lieu of paying or delivering to the commissioner of commerce the unclaimed property specified in its report of unclaimed property, distribute the unclaimed property to a corporation or organization that is exempt from taxation under section 290.05, subdivision 1, paragraph (b), or 2. A cooperative making the election to distribute unclaimed property shall, within ~~20 days after the time specified in section 345.42 for claiming the property from the holder,~~ 85 days following the publication of lists of abandoned property file with the commissioner of commerce:

- (1) a verified written explanation of the proof of claim of an owner establishing a right to receive the abandoned property;
- (2) any errors in the presumption of abandonment;
- (3) the name, address, and exemption number of the corporation or organization to which the property was or is to be distributed; and
- (4) the approximate date of distribution.

Sec. 50. Minnesota Statutes 1998, section 326.975, subdivision 1, is amended to read:

Subdivision 1. [GENERALLY.] (a) In addition to any other fees, each applicant for a license under sections 326.83 to 326.98 shall pay a fee to the contractor's recovery fund. The contractor's recovery fund is created in the state treasury and must be administered by the commissioner in the manner and subject to all the requirements and limitations provided by section 82.34 with the following exceptions:

(1) each licensee who renews a license shall pay in addition to the appropriate renewal fee an additional fee which shall be credited to the contractor's recovery fund. The amount of the fee shall be based on the licensee's gross annual receipts for the licensee's most recent fiscal year preceding the renewal, on the following scale:

Fee	Gross Receipts
\$100	under \$1,000,000
\$150	\$1,000,000 to \$5,000,000
\$200	over \$5,000,000

Any person who receives a new license shall pay a fee based on the same scale;

(2) the sole purpose of this fund is to compensate any aggrieved owner or lessee of residential property located within this state who obtains a final judgment in any court of competent jurisdiction against a licensee licensed under section 326.84, on grounds of fraudulent, deceptive, or dishonest practices, conversion of funds, or failure of performance arising directly out of any transaction when the judgment debtor was licensed and performed any of the activities enumerated under section 326.83, subdivision 19, on the owner's residential property or on residential property rented by the lessee, or on new residential construction which was never occupied prior to purchase by the owner, or which was occupied by the licensee for less than one year prior to purchase by the owner, and which cause of action arose on or after April 1, 1994;

(3) nothing may obligate the fund for more than \$50,000 per claimant, nor more than \$50,000 per licensee; and

(4) nothing may obligate the fund for claims based on a cause of action that arose before the licensee paid the recovery fund fee set in clause (1), or as provided in section 326.945, subdivision 3.

(b) Should the commissioner pay from the contractor's recovery fund any amount in settlement of a claim or toward satisfaction of a judgment against a licensee, the license shall be automatically suspended upon the effective date of an order by the court authorizing payment from the fund. No licensee shall be granted reinstatement until the licensee has repaid in full, plus interest at the rate of 12 percent a year, twice the amount paid from the fund on the licensee's account, and has obtained a surety bond issued by an insurer authorized to transact business in this state in the amount of at least \$40,000.

Sec. 51. [332.355] [AGENCY RESPONSIBILITY FOR COLLECTORS.]

The commissioner may take action against a collection agency for any violations of debt collection laws by its debt collectors. The commissioner may also take action against the debt collectors themselves for these same violations.

Sec. 52. Minnesota Statutes 1998, section 345.515, is amended to read:

345.515 [AGREEMENTS TO LOCATE REPORTED PROPERTY.]

It is unlawful for a person to seek or receive from another person or contract with a person for a fee or compensation for locating property, knowing it to have been reported or paid or delivered to the commissioner pursuant to chapter 345 prior to ~~seven months after the date of published notice by the commissioner as required by section 345.42~~ 24 months after the date the property is paid or delivered to the commissioner.

No agreement entered into after ~~seven months from the date of published notice by the~~ 24 months after the date the property is paid or delivered to the commissioner is valid if a person thereby undertakes to locate property included in a report for a fee or other compensation exceeding ten percent of the value of the recoverable property unless the agreement is in writing and signed by the owner and discloses the nature and value of the property and the name and address of the holder thereof as such facts have been reported. Nothing in this section shall be construed to prevent an owner from asserting at any time that an agreement to locate property is based upon an excessive or unjust consideration.

Sec. 53. [359.085] [STANDARDS OF CONDUCT FOR NOTARIAL ACTS.]

Subdivision 1. [ACKNOWLEDGMENTS.] In taking an acknowledgment, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the acknowledgment is the person whose true signature is on the instrument.

Subd. 2. [VERIFICATIONS.] In taking a verification upon oath or affirmation, the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the person appearing before the officer and making the verification is the person whose true signature is on the statement verified.

Subd. 3. [WITNESSING OR ATTESTING SIGNATURES.] In witnessing or attesting a signature the notarial officer must determine, either from personal knowledge or from satisfactory evidence, that the signature is that of the person appearing before the officer and named in the document.

Subd. 4. [CERTIFYING OR ATTESTING DOCUMENTS.] In certifying or attesting a copy of a document or other item, the notarial officer must determine that the proffered copy is a full, true, and accurate transcription or reproduction of that which was copied.

Subd. 5. [MAKING OR NOTING PROTESTS OF NEGOTIABLE INSTRUMENTS.] In making or noting a protest of a negotiable instrument the notarial officer must determine the matters set forth in section 336.3-505.

Subd. 6. [SATISFACTORY EVIDENCE.] A notarial officer has satisfactory evidence that a person is the person whose true signature is on a document if that person (i) is personally known to the notarial officer, (ii) is identified upon the oath or affirmation of a credible witness personally known to the notarial officer, or (iii) is identified on the basis of identification documents.

Subd. 7. [PROHIBITED ACTS.] A notarial officer may not acknowledge, witness or attest to the officer's own signature, or take a verification of the officer's own oath or affirmation.

Sec. 54. Laws 1999, chapter 177, section 89, is amended to read:

Sec. 89. [EFFECTIVE DATES.]

(a) Sections 1, 3, 5 to 8, 20, 22 to 28, 31, 34, 35, 38, 39, 44 to 51, 54 to 56, 58 to 60, 66, 67, 69 to 87, and 88, paragraph (b), are effective the day following final enactment.

(b) Sections 13 to 15 are effective the day following final enactment and apply to plans of merger approved on or after that date by the board of directors of the first of the constituent corporations to grant such approval. Merging or consolidating insurance corporations may, however, elect to have the changes made by sections 13 to 15 not apply to a merger or consolidation arising out of a joint agreement entered into prior to January 1, 2000.

(c) Section 32 is effective July 1, ~~2000~~ 2001.

(d) Section 33 is effective December 1, 1999, and applies to all license renewals on or after that date.

(e) Section 30 is effective as follows:

(1) The amendment to Minnesota Statutes, section 60K.03, subdivision 2, paragraph (d), is effective January 1, 2000.

(2) The amendment to Minnesota Statutes, section 60K.03, subdivision 2, paragraph (e), is effective the day following final enactment.

Sec. 55. [REPEALER.]

Minnesota Statutes 1998, sections 62A.285, subdivision 4; 62A.651; and 65B.13, are repealed.

Sec. 56. [EFFECTIVE DATE.]

Sections 1, 2, 3, 5, 7 to 9, 11 to 13, 15 to 18, 22, 24, 36, 37, 38, 40 to 44, 47, and 50 to 55 are effective the day following enactment. Section 19 is effective January 1, 2001."

Delete the title and insert:

"A bill for an act relating to commerce; providing enforcement authority to the commissioner; providing technical changes; regulating certain disclosures; specifying the license term and fees of a managing general agent; regulating motor vehicle service contracts; regulating underwriting practices; regulating insurance brokerage business; regulating workers' compensation self-insurance; regulating securities broker-dealers and investment advisers; authorizing the commissioner to withdraw certain inactive registration applications; regulating real estate and insurance agent continuing education; regulating the contractor recovery fund; making collection agencies responsible for the acts of collectors; providing standards of conduct for notarial acts; regulating unclaimed property; amending Minnesota Statutes 1998, sections 45.027, subdivision 7a; 60A.052, subdivision 1; 60A.129, subdivision 5; 60H.03, by adding a subdivision; 60K.03, subdivision 4; 60K.14, subdivision 1; 61A.092, subdivision 6; 62A.136; 62C.11, subdivision 1; 62C.142, subdivision 2a; 62E.04, subdivision 4; 62H.10, subdivision 4; 62S.02, subdivision 1; 64B.30, subdivision 1; 65B.29, subdivisions 2 and 3; 72A.20, subdivision 17; 72A.499, subdivision 1; 79A.04, subdivisions 1, 2, 7, and 9; 79A.11, subdivision 2, and by adding a subdivision; 79A.22, subdivisions 3 and 11; 80A.04, subdivisions 2 and 3; 80A.07, subdivision 1; 80A.10, subdivision 2; 80C.05, subdivision 4; 80C.07; 82.22, subdivision 13; 82A.04, subdivision 4, and by adding a subdivision; 82B.14; 83.23, by adding a subdivision; 308A.711, subdivision 1; 326.975, subdivision 1; and 345.515; Minnesota Statutes 1999 Supplement, sections 60A.052, subdivision 2; 60K.19, subdivision 8; 62J.535, subdivision 2; 72A.20, subdivision 23; 79A.22,

subdivision 2; 79A.23, subdivisions 1, 2, and 3; 79A.24, subdivision 2; and 80A.15, subdivision 2; Laws 1999, chapter 177, section 89; proposing coding for new law in Minnesota Statutes, chapters 60K; 332; and 359; repealing Minnesota Statutes 1998, sections 62A.285, subdivision 4; 62A.651; and 65B.13."

We request adoption of this report and repassage of the bill.

House Conferees: GREGORY M. DAVIDS, BILL HAAS AND MATT ENTENZA.

Senate Conferees: EDWARD C. OLIVER, LINDA SCHEID AND DEANNA L. WIENER.

Davids moved that the report of the Conference Committee on H. F. No. 3505 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 3505, A bill for an act relating to commerce; regulating certain disclosures; authorizing insurance against vicarious liability for certain damages; specifying the license term and fees of a managing general agent; regulating securities broker-dealers and investment advisers; authorizing the commissioner to withdraw certain inactive registration applications; extending a real estate continuing education pilot project; regulating the contractor recovery fund; making collection agencies responsible for the acts of collectors; providing standards of conduct for notarial acts; regulating unclaimed property; amending Minnesota Statutes 1998, sections 45.027, subdivision 7a; 60H.03, by adding a subdivision; 60K.03, subdivision 4; 80A.04, subdivisions 2 and 3; 80A.07, subdivision 1; 80A.10, subdivision 2; 80C.05, subdivision 4; 80C.07; 82.22, subdivision 13; 82A.04, subdivision 4, and by adding a subdivision; 82B.14; 83.23, by adding a subdivision; 308A.711, subdivision 1; 326.975, subdivision 1; and 345.515; Minnesota Statutes 1999 Supplement, sections 60A.06, subdivision 1; and 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 332; and 359.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 128 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Lindner	Pawlenty	Swapinski
Abrams	Dorn	Howes	Luther	Paymar	Swenson
Anderson, B.	Entenza	Huntley	Mahoney	Pelowski	Sykora
Anderson, I.	Erhardt	Jaros	Mares	Peterson	Tingelstad
Bakk	Erickson	Jennings	Mariani	Pugh	Tomassoni
Biernat	Finseth	Johnson	Marko	Rest	Trimble
Bishop	Folliard	Juhnke	McCollum	Reuter	Tuma
Boudreau	Fuller	Kahn	McElroy	Rhodes	Tunheim
Bradley	Gerlach	Kalis	McGuire	Rifenberg	Van Dellen
Broecker	Gleason	Kelliher	Milbert	Rostberg	Wagenius
Buesgens	Goodno	Kielkucki	Molnau	Rukavina	Wejcman
Carlson	Gray	Knoblach	Mulder	Schumacher	Wenzel
Carruthers	Greenfield	Koskinen	Murphy	Seagren	Westerberg
Cassell	Greiling	Krinkie	Ness	Seifert, J.	Westfall
Chaudhary	Gunther	Kubly	Nornes	Seifert, M.	Westrom
Clark, J.	Haake	Kuisle	Olson	Skoe	Winter
Clark, K.	Haas	Larsen, P.	Opatz	Skoglund	Workman
Daggett	Hackbarth	Larson, D.	Osskopp	Smith	Spk. Sviggum
Davids	Harder	Leighton	Osthoff	Solberg	
Dawkins	Hasskamp	Lenczewski	Otremba	Stanek	
Dehler	Hilty	Leppik	Ozment	Stang	
Dempsey	Holberg	Lieder	Paulsen	Storm	

Those who voted in the negative were:

Mullery

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2591

A bill for an act relating to local government; changing economic development authority of certain nonmetro counties; creating the Koochiching county economic development commission; authorizing Yellow Medicine county to establish an economic development commission; amending Minnesota Statutes 1998, section 298.17; proposing coding for new law in Minnesota Statutes, chapter 469.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 2591, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 2591 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

Section 1. Minnesota Statutes 1998, section 298.17, is amended to read:

298.17 [OCCUPATION TAXES TO BE APPORTIONED.]

All occupation taxes paid by persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, article X, section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university. Of the moneys apportioned to the general fund by this section there is annually appropriated and credited to the iron range resources and rehabilitation board account in the special revenue fund an amount equal to that which would have been generated by a 1.5 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22. The money appropriated pursuant to this section shall be used (1) to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134 or (2) to provide economic development loans or grants to businesses located within any such county, provided that the county board or an advisory group appointed by the county board to provide recommendations on economic development shall make recommendations to the iron range resources and rehabilitation board regarding the loans. Payment to the iron range resources and rehabilitation board account shall be made by May 15 annually.

Of the money allocated to Koochiching county, one-third must be paid to the ~~small business development center/economic development office currently located at the Rainy River community college for its operations~~ Koochiching county economic development commission.

Sec. 2. [ECONOMIC DEVELOPMENT COMMISSION.]

Subdivision 1. [CREATION.] The Koochiching county economic development commission consists of:

- (1) two Koochiching county commissioners, appointed by the chair of the commission;
- (2) two members of the International Falls city council, appointed by the mayor;
- (3) two residents of Koochiching county, appointed by the other members of the commission;
- (4) one state legislator representing Koochiching county, appointed by the other members of the board.

Members serve at the pleasure of the appointing authority.

Subd. 2. [DUTIES.] The commission shall:

- (1) hire economic development staff;
- (2) establish economic development priorities for Koochiching county; and
- (3) approve economic development projects for Koochiching county.

Subd. 3. [CLOSED MEETINGS; RECORDING.] The commission may, by a majority vote in a public meeting, decide to hold a closed meeting for purposes of discussing data described in subdivision 4 or security information, trade secret information, or labor relations information, as defined in Minnesota Statutes, section 13.37, subdivision 1. The time and place of the closed meeting must be announced at the public meeting. A written roll of members present at the closed meeting must be made available to the public after the closed meeting. The proceedings of a closed meeting must be tape recorded. The data on the tape are nonpublic data or private data on individuals as defined in Minnesota Statutes, section 13.02, subdivision 9 or 12, whichever is applicable.

Subd. 4. [APPLICATION AND INVESTIGATIVE DATA.] Financial data, statistics, and information furnished to the commission in connection with assistance or proposed assistance, including credit reports; financial statements; statements of net worth; income tax returns, either personal or corporate; and any other business and personal financial records, are private data with regard to data on individuals under Minnesota Statutes, section 13.02, subdivision 12, or nonpublic data with regard to data not on individuals under Minnesota Statutes, section 13.02, subdivision 9.

Sec. 3. [YELLOW MEDICINE COUNTY; ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT AND POWERS.]

Subdivision 1. [ESTABLISHMENT.] The board of county commissioners of Yellow Medicine county may establish an economic development authority in the manner provided in Minnesota Statutes, sections 469.090 to 469.1081, and may impose limits on the authority enumerated in Minnesota Statutes, section 469.092. The economic development authority has all of the powers and duties granted to or imposed upon economic development authorities under Minnesota Statutes, sections 469.090 to 469.1081. The county economic development authority may create and define the boundaries of economic development districts at any place or places within the county, provided that a project as recommended by the county authority that is to be located within the corporate limits of a city may not be commenced without the approval of the governing body of the city. Minnesota Statutes, section 469.174, subdivision 10, and the contiguity requirement specified under Minnesota Statutes, section 469.101, subdivision 1, do not apply to limit the areas that may be designated as county economic development districts.

Subd. 2. [POWERS.] If an economic development authority is established as provided in subdivision 1, the county may exercise all of the powers relating to an economic development authority granted to a city under Minnesota Statutes, sections 469.090 to 469.1081, or other law, including the power to levy a tax to support the activities of the authority.

Sec. 4. [469.1082] [COUNTY ECONOMIC DEVELOPMENT SERVICE PROVIDER; NONMETRO ALTERNATIVE CREATION.]

Subdivision 1. [AUTHORITY TO CREATE.] A county located outside the metropolitan area may form a county economic development authority or grant a housing and redevelopment authority the powers specified in subdivision 4, clause (2), if it receives a recommendation to do so from a committee formed under subdivision 2. An economic development authority established under this section has all the powers and rights of an authority under sections 469.090 to 469.1081, except the authority granted under section 469.094 if so limited under subdivision 4. This section is in addition to any other authority to create a county economic development authority or service provider.

Subd. 2. [LOCAL COMMITTEES.] Upon notice to all local government units and development agencies within the county, a county may adopt a resolution to create a committee to recommend options for a county economic development service provider.

The committee shall consist of no fewer than 11 and no more than 15 members appointed by the county board. At least one city official, at least one housing and redevelopment official, and at least one township official from the county to be served by the county economic service provider shall be included on the committee. Members may also represent school districts, political subdivisions that currently provide services under sections 469.001 to 469.047 and 469.090 to 469.1081, nonprofit or for-profit housing and economic development organizations, business, and labor organizations located within the county. Political subdivision representatives must be selected by their local governments and must constitute at least 50 percent of the total committee membership. The county may appoint no more than two county commissioners. The committee shall select a chair at its initial meeting.

Subd. 3. [COMMITTEE REPORT.] The committee shall issue its report within 90 days of its initial meeting. The committee may request one 60-day extension from the county board. The report must contain the committee's recommendation for the preferred organizational option for a county economic development service provider, including the distance of the radius of the extraterritorial parcel that may be controlled by each affected city in subdivision 5. This extraterritorial parcel may not exceed two miles from the city boundary. The report must contain written findings on issues considered by the committee including, but not limited to, the following:

(1) identification of the current level of economic development, housing, and community development programs and services provided by existing agencies, any existing gaps in programs and services, and the capacity and ability of those agencies to expand their activities; and

(2) the recommended organizational option for providing needed economic development, housing, and community development services in the most efficient, effective manner.

Subd. 4. [ORGANIZATIONAL OPTIONS.] The committee may only recommend:

(1) establishment of a county economic development authority to operate under sections 469.090 to 469.1081, except that the county shall not have the powers of section 469.094 without the consent of an existing county housing and redevelopment authority operating within that county. For the purposes of a county economic development authority's operation, the county is considered to be the city and the county board is considered to be the city council;

(2) requiring an existing county housing and redevelopment authority or multicounty housing and redevelopment authority to operate under sections 469.090 to 469.1081;

(3) that the county pursue special legislation; or

(4) no change in the existing structure.

Subd. 5. [AREA OF OPERATION.] The area of operation of a county economic development service provider created under this section shall include all cities within a county that have adopted resolutions electing to participate. A city may adopt a resolution electing to withdraw participation. The withdrawal election may be made every fifth year following adoption of the resolution electing participation. The withdrawal election is effective on the anniversary date of the original resolution provided notice is given to the county economic development authority not less than 90 nor more than 180 days prior to that anniversary date. The city electing to withdraw retains any rights, obligations, and liabilities it obtained or incurred during its participation. Any city within the county shall have the option to adopt a resolution to prohibit the county economic development service provider created under this section from operating within its boundaries and (1) within an agreed upon urban service area, or (2) within the boundary approved in the committee report referenced in subdivision 3. If a city prohibits a county economic development service provider created under this section from operating within its boundaries, the city's property taxpayers shall not be subject to the property tax levied for the county economic development service provider.

Subd. 6. [CITY ECONOMIC DEVELOPMENT AUTHORITIES.] If a county economic development service provider has been established under this section, existing city economic development authorities shall continue to function and operate under sections 469.090 to 469.1081. Additional city economic development authorities may be created within the area of operation of the county economic development service provider created under this section without the explicit concurrence of the county economic development service provider.

Subd. 7. [CONTINUATION OF EXISTING COUNTY AND MULTICOUNTY HOUSING AND REDEVELOPMENT AUTHORITIES.] Existing county and multicounty housing and redevelopment authorities shall continue to function and operate under the provisions of sections 469.001 to 469.047.

Sec. 5. [EFFECTIVE DATE.]

(a) Section 2 is effective upon approval of the Koochiching county board and compliance with Minnesota Statutes, section 645.021, subdivision 3.

(b) Section 3 is effective the day after the governing body of Yellow Medicine county and its chief clerical officer timely complete their compliance with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

ARTICLE 2

Section 1. [3.884] [LEGISLATIVE COMMISSION ON MINNESOTA-ONTARIO MATTERS.]

Subdivision 1. [ESTABLISHMENT.] A legislative advisory commission on Minnesota-Ontario matters is established. The commission is made up of 12 Minnesota members appointed as provided in subdivision 2, with the intent of meeting with a like commission of Ontario citizens appointed as provided by the appropriate government authority of Ontario for the purpose of making recommendations regarding Minnesota-Ontario issues of mutual interest involving natural resources, transportation, economic development, and social matters. A report and appropriate recommendations must be made annually to the appointing bodies.

Subd. 2. [MINNESOTA APPOINTEES.] Six of the Minnesota members must be appointed by the speaker of the house, three from among the members of the house of representatives and three from Minnesota citizens with interest in and knowledge of Minnesota-Ontario issues; and six members appointed by the subcommittee on committees of the committee on rules and administration of the senate, three from among the members of the senate and three from Minnesota citizens with an interest in and knowledge of Minnesota-Ontario issues. The most senior house member shall convene the first meeting of the commission.

Subd. 3. [TERMS.] Minnesota legislative members shall serve for the term of the legislative office to which they were elected. The terms, compensation, and removal of the nonlegislative members of the commission shall be as provided in section 15.059. Notwithstanding section 15.059, subdivision 5, the commission shall continue to exist.

Subd. 4. [OFFICERS.] (a) There must be cochairs of the commission. The Ontario section must have a chair and the Minnesota section must have a chair. The Ontario chair must conduct meetings held in Canada and the Minnesota chair must conduct meetings held in the United States.

(b) There must be vice-chairs of the respective sections. There must be elected one secretary from the commission at large.

(c) Officers shall be elected by the respective contingent.

(d) The Minnesota chair shall alternate every two years between house and senate appointees.

Subd. 5. [STAFF.] The commission may hire the staff necessary to carry out its duties.

Sec. 2. [APPROPRIATION.]

\$100,000 is appropriated from the general fund to the Minnesota contingent of the legislative commission on Minnesota-Ontario matters established in section 1 for expenses of the Minnesota members of the commission established in section 1. The money is available until expended.

Sec. 3. [EFFECTIVE DATE; CONTINGENCY.]

Sections 1 and 2 are effective the day after a like commission is authorized by the appropriate authority of the government of Ontario."

Delete the title and insert:

"A bill for an act relating to government; creating the Koochiching county economic development commission and changing the allocation of certain money to go to it; authorizing Yellow Medicine county to establish an economic development authority; changing economic development authority of certain nonmetropolitan counties; establishing a legislative commission on Minnesota-Ontario matters; appropriating money; amending Minnesota Statutes 1998, section 298.17; proposing coding for new law in Minnesota Statutes, chapters 3; and 469."

We request adoption of this report and repassage of the bill.

House Conferees: IRV ANDERSON, MARTY SEIFERT AND WILLIAM KUISLE.

Senate Conferees: BOB LESSARD, JIM VICKERMAN AND JOHN C. HOTTINGER.

Anderson, I., moved that the report of the Conference Committee on H. F. No. 2591 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2591, A bill for an act relating to local government; changing economic development authority of certain nonmetro counties; creating the Koochiching county economic development commission; authorizing Yellow Medicine county to establish an economic development commission; amending Minnesota Statutes 1998, section 298.17; proposing coding for new law in Minnesota Statutes, chapter 469.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 5 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Lindner	Pawlenty	Storm
Abrams	Dorn	Howes	Luther	Paymar	Swapinski
Anderson, B.	Entenza	Huntley	Mahoney	Pelowski	Swenson
Anderson, I.	Erhardt	Jaros	Mares	Peterson	Sykora
Bakk	Erickson	Jennings	Mariani	Pugh	Tingelstad
Biernat	Finseth	Johnson	Marko	Rest	Tomassoni
Bishop	Folliard	Juhnke	McCollum	Reuter	Trimble
Boudreau	Fuller	Kahn	McElroy	Rhodes	Tuma
Bradley	Gerlach	Kalis	McGuire	Rifenberg	Tunheim
Broecker	Gleason	Kelliher	Milbert	Rostberg	Van Dellen
Buesgens	Goodno	Kielkucki	Molnau	Rukavina	Vanderveer
Carlson	Gray	Knoblach	Mulder	Schumacher	Wagenius
Carruthers	Greenfield	Krinkie	Mullery	Seagren	Wejzman
Cassell	Greiling	Kubly	Murphy	Seifert, J.	Wenzel
Chaudhary	Gunther	Kuisle	Ness	Seifert, M.	Westfall
Clark, J.	Haake	Larsen, P.	Nornes	Skoe	Westrom
Clark, K.	Haas	Larson, D.	Olson	Skoglund	Winter
Daggett	Hackbarth	Leighton	Opatz	Smith	Workman
Davids	Harder	Lenczewski	Osskopp	Solberg	Spk. Sviggum
Dawkins	Hasskamp	Leppik	Otremba	Stanek	
Dempsey	Hilty	Lieder	Paulsen	Stang	

Those who voted in the negative were:

Dehler	Holberg	Ozment	Westerberg	Wilkin
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The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 3229, A bill for an act relating to Hennepin county; providing for payment of county obligations by electronic transfer or credit card; amending Minnesota Statutes 1998, section 383B.116, subdivision 2, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 383B.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 3409, A bill for an act relating to human services; modifying provisions in continuing care services for persons with disabilities; amending Minnesota Statutes 1998, sections 62D.09, subdivision 8; 252.28, by adding a subdivision; and 256B.0625, subdivision 19a; Minnesota Statutes 1999 Supplement, sections 62Q.73, subdivision 2; 245.462, subdivision 4; 245.4871, subdivision 4; 256B.0625, subdivision 19c; 256B.0627, subdivisions 1, 5, 8, and 11; 256B.501, subdivision 8a; 256B.5011, subdivision 2; 256B.5013, subdivision 1, and by adding subdivisions; and 256B.77, subdivision 8.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 849, A bill for an act relating to metropolitan government; modifying the authority to expand or upgrade minor use airports; amending Minnesota Statutes 1998, section 473.641, subdivision 4.

The Senate has appointed as such committee:

Senators Novak, Wiener and Johnson, D. H.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2516, A bill for an act relating to crime; amending the definition of harassment; amending Minnesota Statutes 1998, section 609.748, subdivisions 1, 3, and 4.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 3312, A bill for an act relating to agriculture; changing the scope of the value-added agricultural product processing and marketing grant program; establishing a certification pilot program; changing meeting provisions and duties of the board of grain standards; changing certain fees; making technical changes to pesticide and fertilizer

laws; clarifying the scope of certain regulation of wholesale produce dealers; updating certain food standards; simplifying certain language; providing for uniformity in meat and poultry inspection; changing certain reporting requirements; increasing the amount of livestock dealer bonds; clarifying status of certain grain buying transactions; changing certain grain storage provisions; changing the corporate and partnership farming law; amending Minnesota Statutes 1998, sections 17.101, subdivision 5; 17A.05, subdivision 2; 17B.07; 17B.12; 18C.005, subdivision 34, and by adding a subdivision; 18C.215, subdivisions 1, 2, and by adding a subdivision; 18C.411, subdivision 1; 18C.421, subdivision 1; 18D.201, subdivision 3; 27.01, subdivision 8; 27.19, subdivision 1; 31.101, as amended; 31.102, subdivision 1; 31.103, subdivision 1; 31.104; 31.632; 31.633, subdivision 1; 31.651; 31A.02, subdivisions 5, 6, 10, 13, and 14; 31A.03; 31A.05; 31A.06; 31A.07, subdivisions 1 and 2; 31A.08; 31A.10; 31A.13; 31A.16; 31A.17; 223.16, subdivision 5; 223.17, subdivision 5; 223.175; 232.21, by adding a subdivision; 232.23, subdivisions 1, 3, and 6; 500.24, subdivisions 3a, 3b, 4, and 5; and 500.245, subdivision 2; Minnesota Statutes 1999 Supplement, sections 17B.15, subdivision 1; 28A.075; 31A.01; 31A.15, subdivision 1; 31B.07, subdivision 3; 500.24, subdivisions 2 and 3; and 500.245, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 17.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2677.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2677

A bill for an act relating to crime prevention; recodifying the driving while impaired crimes and related provisions; making numerous clarifying, technical, and substantive changes in the pursuit of simplification; amending Minnesota Statutes 1998, section 629.471; Minnesota Statutes 1999 Supplement, sections 260B.171, subdivision 7; 260B.225, subdivision 4; and 609.035, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 169A; repealing Minnesota Statutes 1998, sections 168.042; 169.01, subdivisions 61, 68, 82, 83, 86, 87, 88, and 89; 169.121, subdivisions 1, 1a, 1b, 1d, 2, 3b, 3c, 5, 5a, 5b, 6, 7, 8, 9, 10, 10a, 11, and 12; 169.1211; 169.1215; 169.1216; 169.1217, subdivisions 2, 3, 4, 5, 6, and 8; 169.1218; 169.1219; 169.122, subdivisions 1, 2, 3, and 4; 169.123, subdivisions 2, 2a, 2b, 2c, 3, 4, 5, 5a, 5b, 6, 7, 8, and 10; 169.124; 169.125; 169.126; 169.1261; 169.1265; 169.128; and 169.129, subdivision 3; Minnesota Statutes 1999 Supplement, sections 169.121, subdivisions 1c, 3, 3d, 3f, and 4; 169.1217, subdivisions 1, 7, 7a, and 9; 169.122, subdivision 5; 169.123, subdivisions 1 and 5c; and 169.129, subdivision 1.

May 9, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2677, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2677 be further amended as follows:

Page 2, line 35, delete "15" and insert "ten"

Page 8, line 5, delete "15" and insert "ten"

Page 9, line 36, delete "15" and insert "ten"

Page 11, lines 6 and 24, delete "15" and insert "ten"

Page 12, lines 5 and 31, delete "15" and insert "ten"

Page 13, line 2, delete "15" and insert "ten"

Page 14, line 9, delete "15" and insert "ten"

Page 15, line 6, delete "15" and insert "ten"

Page 18, line 4, delete "15" and insert "ten"

Page 24, line 32, delete "15" and insert "ten"

Page 25, line 24, delete "15" and insert "ten"

Page 33, line 22, delete "15" and insert "ten"

Page 39, lines 14, 26, and 31, delete "15" and insert "ten"

Page 43, line 35, delete "15" and insert "ten"

Page 44, line 3, delete "15" and insert "ten"

Page 51, line 25, delete "15" and insert "ten"

Page 64, after line 28, insert:

"Section 1. Minnesota Statutes 1998, section 171.305, as amended by Laws 1999, chapter 238, article 2, section 91, is amended to read:

171.305 [IGNITION INTERLOCK DEVICE; PILOT PROGRAM; LICENSE CONDITION.]

Subdivision 1. [DEFINITION.] "Ignition interlock device" or "device" means breath alcohol ignition equipment designed to prevent a motor vehicle's ignition from being started by a person whose alcohol concentration exceeds the calibrated setting on the device.

Subd. 2. [PILOT PROGRAM.] The commissioner of public safety shall establish a statewide pilot program for the use of an ignition interlock device by a person whose driver's license or driving privilege has been canceled and denied by the commissioner for an alcohol or controlled substance-related incident. The commissioner shall conduct the program from October 1, 2000, until December 31, 1995 December 31, 2001. The commissioner shall evaluate the program and shall report to the legislature by February 1, 1995 2002, on whether changes in the program are necessary and whether the program should be permanent. No limited license shall be issued under this program after August 1, 1995 October 1, 2001. For purposes of a pilot program established by this subdivision, the department is exempt from rulemaking requirements found in Minnesota Statutes, chapter 14.

Subd. 3. [PERFORMANCE STANDARDS.] The commissioner shall specify performance standards for ignition interlock devices, including standards relating to accuracy, safe operation of the vehicle, and degree of difficulty rendering the device inoperative. The interlock ignition device must be designed to operate from a 12-volt DC vehicle battery and be capable of locking a motor vehicle's ignition when a minimum alcohol concentration of 0.020 grams of ethyl alcohol per 210 liters of breath is introduced into the device. The device must also require a breath sample to determine alcohol concentration at variable time intervals ranging from five to 30 minutes while the engine is running. The device must also be capable of recording information for later review that includes the date and time of any use of the vehicle or any attempt to use the vehicle, including all times that the vehicle engine was started or stopped and the alcohol concentration of each breath sample provided.

Subd. 4. [CERTIFICATION.] The commissioner shall certify ignition interlock devices that meet the performance standards and may charge the manufacturer of the ignition interlock device a certification fee. A manufacturer who submits a device for certification must provide an application for certification on a form prescribed by the department.

Subd. 5. [ISSUANCE OF LIMITED LICENSE.] The commissioner may issue a limited license to a person whose driver's license has been canceled and denied due to an alcohol or controlled substance-related incident under section 171.04, subdivision 1, clause (10), under the following conditions:

- (1) at least one-half of the person's required abstinence period has expired;
- (2) the person has successfully completed ~~all rehabilitation requirements~~ chemical dependency treatment and is currently participating in a generally recognized support group based on ongoing abstinence; and
- (3) the person agrees to drive only a motor vehicle equipped with a functioning and certified ignition interlock device.

Subd. 6. [MONITORING.] The ignition interlock device must be monitored for proper use and accuracy by an entity approved by the commissioner.

Subd. 7. [PAYMENT.] The commissioner shall require that the person issued a limited license under subdivision 5 pay all costs associated with use of the device.

Subd. 8. [PROOF OF INSTALLATION.] A person approved for a limited license must provide proof of installation prior to issuance of the limited license.

Subd. 9. [MISDEMEANOR.] (a) A person who knowingly lends, rents, or leases a motor vehicle that is not equipped with a functioning ignition interlock device to a person with a limited license issued under subdivision 5 is guilty of a misdemeanor.

(b) A person who tampers with, circumvents, or bypasses the ignition interlock device, or assists another to tamper with, circumvent, or bypass the device, is guilty of a misdemeanor.

(c) The penalties of this subdivision do not apply if the action was taken for emergency purposes or for mechanical repair, and the person limited to the use of an ignition interlock device does not operate the motor vehicle while the device is disengaged.

Subd. 10. [CANCELLATION OF LIMITED LICENSE.] The commissioner shall cancel a limited license issued under this section if the device registers a positive reading for use of alcohol or the person violates any conditions of the limited license."

Page 66, line 26, delete "15" and insert "ten"

Page 67, line 9, delete "15" and insert "ten"

Page 67, line 32, delete "15" and reinstate "~~ten~~"

Page 68, after line 5, insert:

"Sec. 6. [WORKING GROUP ON DWI FELONY.]

Subdivision 1. [MEMBERSHIP.] (a) A driving while impaired working group is created consisting of the following individuals or their designees:

(1) two members of the senate, one from the majority caucus and one from the minority caucus, chosen by the subcommittee on committees of the senate committee on rules and administration;

(2) two members of the house of representatives, one from the majority caucus and one from the minority caucus, chosen by the speaker of the house;

(3) the commissioner of corrections;

(4) the commissioner of public safety;

(5) the commissioner of finance;

(6) the attorney general;

(7) the chief justice of the Minnesota supreme court;

(8) the executive director of the sentencing guidelines commission;

(9) two county attorneys, one from a metropolitan county and one from a nonmetropolitan county, chosen by the Minnesota county attorney's association;

(10) one city attorney, chosen by the league of Minnesota cities;

(11) two public defenders, one from a metropolitan county and one from a nonmetropolitan county, chosen by the state public defender;

(12) one sheriff, chosen by the Minnesota sheriff's association;

(13) two county commissioners, one from a metropolitan county and one from a nonmetropolitan county, chosen by the association of Minnesota counties;

(14) one head of a community corrections agency, chosen by the chairs of the senate crime prevention and judiciary budget division and the house judiciary finance committee;

(15) one probation officer, chosen by the Minnesota association of community corrections act counties; and

(16) one representative of a chemical dependency treatment program, chosen by the commissioner of human services.

(b) The working group may choose a chair from among its members.

Subd. 2. [STUDY AND RECOMMENDATIONS REQUIRED.] (a) The working group shall study and make recommendations on the implementation of a felony-level impaired driving penalty, including but not limited to:

(1) the number of prior offenses within a ten-year time period that should occur before a felony-level impaired driving penalty is appropriate;

- (2) the most cost-effective manner for dealing with treatment, probation, and incarceration issues;
- (3) the circumstances under which stayed sentences for felony-level impaired driving offenses are appropriate;
- (4) the degree to which, if at all, felony-level impaired driving offenses should be part of the sentencing guidelines grid;
- (5) the circumstances under which, if at all, mandatory prison sentences for felony-level impaired driving offenses are appropriate and, if so, recommended sentence lengths;
- (6) appropriate incarceration, treatment, and supervision options for felony-level impaired driving offenders;
- (7) the statutory maximum sentence appropriate for felony-level impaired driving offenses; and
- (8) the impact on prisons, jails, and community corrections agencies of the recommended alternatives.

(b) The working group shall study how other states address repeat impaired driving offenders, including how the crimes and penalties are statutorily defined, how these offenders are incarcerated and supervised, how their chemical dependency treatment needs are addressed, and any research on the effectiveness of these measures.

Subd. 3. [REPORT.] By September 1, 2000, the working group shall forward its final report to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding.

Subd. 4. [PLAN FOR PLACEMENT AND SUPERVISION OF FELONY DWI OFFENDERS.] (a) The commissioner of corrections, in consultation with the commissioner of human services, shall develop a correctional plan to respond to the recommendations submitted by the working group under subdivision 3. The plan shall address the following matters and shall outline the fiscal implications of each:

(1) the placement and management of felony-level impaired driving offenders who would be committed to the commissioner's custody, including an identification of the facilities in which these offenders would be confined, such as state prisons, other state-owned or state-operated residential facilities, and private facilities that currently are not part of the state correctional system;

(2) the specific measures the commissioner would undertake to respond to the chemical dependency treatment needs of offenders committed to the commissioner's custody, including how these measures would comply with the treatment standards used in other public or private treatment programs;

(3) the placement and management in local correctional facilities of felony-level impaired driving offenders whose sentences would be stayed, including an analysis of current jail resources, the need for expanded capacity, and the availability of private facilities; and

(4) the supervision of felony-level impaired driving offenders in the community, including the provision of private treatment and other services.

(b) By December 1, 2000, the commissioner shall forward the plan to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding."

Page 72, line 23, before "Minnesota" insert "(a)"

Page 72, after line 34, insert:

"(b) Minnesota Rules, parts 7409.3700; 7409.3710; 7409.3720; 7409.3730; 7409.3740; 7409.3750; 7409.3760; and 7409.3770, are repealed."

Page 72, after line 35, insert:

"(a) Sections 1 and 8, paragraph (b), are effective July 1, 2000. Section 6 is effective the day following final enactment."

Page 72, line 36, delete "This act is" and insert:

"(b) The remaining provisions of this act are"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, after "changes" insert "and additions" and after the semicolon, insert "imposing criminal penalties;"

Page 1, line 6, delete "section" and insert "sections 171.305, as amended; and"

Page 1, line 24, before the period, insert "; Minnesota Rules, parts 7409.3700; 7409.3710; 7409.3720; 7409.3730; 7409.3740; 7409.3750; 7409.3760; and 7409.3770"

We request adoption of this report and repassage of the bill.

Senate Conferees: DAVE JOHNSON, DAVID L. KNUTSON, RANDY C. KELLY, THOMAS M. NEUVILLE AND STEVE MURPHY.

House Conferees: DOUG FULLER, RICH STANEK, SHERRY BROECKER, DAN LARSON AND PHIL CARRUTHERS.

Fuller moved that the report of the Conference Committee on S. F. No. 2677 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2677, A bill for an act relating to crime prevention; recodifying the driving while impaired crimes and related provisions; making numerous clarifying, technical, and substantive changes in the pursuit of simplification; amending Minnesota Statutes 1998, section 629.471; Minnesota Statutes 1999 Supplement, sections 260B.171, subdivision 7; 260B.225, subdivision 4; and 609.035, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 169A; repealing Minnesota Statutes 1998, sections 168.042; 169.01, subdivisions 61, 68, 82, 83, 86, 87, 88, and 89; 169.121, subdivisions 1, 1a, 1b, 1d, 2, 3b, 3c, 5, 5a, 5b, 6, 7, 8, 9, 10, 10a, 11, and 12; 169.1211; 169.1215; 169.1216; 169.1217, subdivisions 2, 3, 4, 5, 6, and 8; 169.1218; 169.1219; 169.122, subdivisions 1, 2, 3, and 4; 169.123, subdivisions 2, 2a, 2b, 2c, 3, 4, 5, 5a, 5b, 6, 7, 8, and 10; 169.124; 169.125; 169.126; 169.1261; 169.1265; 169.128; and 169.129, subdivision 3; Minnesota Statutes 1999 Supplement, sections 169.121, subdivisions 1c, 3, 3d, 3f, and 4; 169.1217, subdivisions 1, 7, 7a, and 9; 169.122, subdivision 5; 169.123, subdivisions 1 and 5c; and 169.129, subdivision 1.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Abeler	Biernat	Bradley	Carlson	Chaudhary	Daggett
Abrams	Bishop	Broecker	Carruthers	Clark, J.	Davids
Anderson, B.	Boudreau	Buesgens	Cassell	Clark, K.	Dawkins

Dehler	Haas	Koskinen	Milbert	Pugh	Sykora
Dempsey	Hackbarth	Kubly	Molnau	Rest	Tingelstad
Dorman	Harder	Kuisle	Mulder	Reuter	Trimble
Dorn	Hasskamp	Larsen, P.	Mullery	Rhodes	Tuma
Entenza	Hilty	Larson, D.	Murphy	Rifenberg	Tunheim
Erhardt	Holberg	Leighton	Ness	Rostberg	Van Dellen
Erickson	Holsten	Lenczewski	Nornes	Schumacher	Vandever
Finseth	Howes	Leppik	Olson	Seagren	Wagenius
Folliard	Huntley	Lieder	Opatz	Seifert, J.	Wejcman
Fuller	Jaros	Lindner	Osskopp	Seifert, M.	Wenzel
Gerlach	Jennings	Luther	Osthoff	Skoe	Westerberg
Gleason	Johnson	Mahoney	Otremba	Skoglund	Westfall
Goodno	Juhnke	Mares	Ozment	Smith	Westrom
Gray	Kahn	Mariani	Paulsen	Stanek	Wilkin
Greenfield	Kalis	Marko	Pawlenty	Stang	Winter
Greiling	Kelliher	McCollum	Paymar	Storm	Workman
Gunther	Kielkucki	McElroy	Pelowski	Swapinski	Spk. Sviggum
Haake	Knoblach	McGuire	Peterson	Swenson	

Those who voted in the negative were:

Anderson, I.	Bakk	Krinkie	Rukavina	Solberg	Tomassoni
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The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2854.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2854

A bill for an act relating to civil commitment; requiring the commissioner of corrections before releasing persons convicted of criminal sexual conduct or sentenced as patterned offenders to send his determination whether a petition under the sexual psychopath law is necessary to certain county attorneys; allowing county attorneys or their designee to have access to certain information for purposes of determining whether good cause exists to file a commitment proceeding; amending Minnesota Statutes 1998, sections 244.05, subdivision 7; and 253B.185, by adding a subdivision.

May 8, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2854, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 2854 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 253B.185, is amended by adding a subdivision to read:

Subd. 1b. [COUNTY ATTORNEY ACCESS TO DATA.] Notwithstanding sections 144.335; 245.467, subdivision 6; 245.4876, subdivision 7; 260B.171; 260B.235, subdivision 8; 260C.171; and 609.749, subdivision 6, or any provision of chapter 13 or other state law, prior to filing a petition for commitment as a sexual psychopathic personality or as a sexually dangerous person, and upon notice to the proposed patient, the county attorney or the county attorney's designee may move the court for an order granting access to any records or data, to the extent it relates to the proposed patient, for the purpose of determining whether good cause exists to file a petition and, if a petition is filed, to support the allegations set forth in the petition.

The court may grant the motion if: (1) the department of corrections refers the case for commitment as a sexual psychopathic personality or a sexually dangerous person; or (2) upon a showing that the requested category of data or records may be relevant to the determination by the county attorney or designee. The court shall decide a motion under this subdivision within 48 hours after a hearing on the motion. Notice to the proposed patient need not be given upon a showing that such notice may result in harm or harassment of interested persons or potential witnesses.

Data collected pursuant to this subdivision shall retain their original status and, if not public, are inadmissible in any court proceeding unrelated to civil commitment, unless otherwise permitted."

Delete the title and insert:

"A bill for an act relating to civil commitment; allowing a county attorney or designee prior to filing a petition for commitment as a sexual psychopathic personality or sexually dangerous person to have access to patient records for determining whether good cause exists to file a petition; requiring the court to decide a motion for access to patient records within 48 hours after hearing on motion; amending Minnesota Statutes 1998, section 253B.185, by adding a subdivision."

We request adoption of this report and repassage of the bill.

Senate Conferees: RANDY C. KELLY, DON BETZOLD AND THOMAS M. NEUVILLE.

House Conferees: WES SKOGLUND, DAVE BISHOP AND STEVE SMITH.

Skoglund moved that the report of the Conference Committee on S. F. No. 2854 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2854, A bill for an act relating to civil commitment; requiring the commissioner of corrections before releasing persons convicted of criminal sexual conduct or sentenced as patterned offenders to send his determination whether a petition under the sexual psychopath law is necessary to certain county attorneys; allowing county attorneys or their designee to have access to certain information for purposes of determining whether good cause exists to file a commitment proceeding; amending Minnesota Statutes 1998, sections 244.05, subdivision 7; and 253B.185, by adding a subdivision.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Lindner	Paulsen	Storm
Abrams	Dorn	Howes	Luther	Pawlenty	Swapinski
Anderson, B.	Entenza	Huntley	Mahoney	Paymar	Swenson
Anderson, I.	Erhardt	Jaros	Mares	Pelowski	Sykora
Bakk	Erickson	Jennings	Mariani	Peterson	Tingelstad
Biernat	Finseth	Johnson	Marko	Pugh	Tomassoni
Bishop	Folliard	Juhnke	McCollum	Rest	Trimble
Boudreau	Fuller	Kahn	McElroy	Reuter	Tuma
Bradley	Gerlach	Kalis	McGuire	Rhodes	Tunheim
Broecker	Gleason	Kelliher	Milbert	Rifenberg	Van Dellen
Buesgens	Goodno	Kielkucki	Molnau	Rostberg	Vandever
Carlson	Gray	Knoblach	Mulder	Rukavina	Wagenius
Carruthers	Greenfield	Koskinen	Mullery	Schumacher	Wejcman
Cassell	Greiling	Krinkie	Murphy	Seagren	Wenzel
Chaudhary	Gunther	Kubly	Ness	Seifert, J.	Westerberg
Clark, J.	Haake	Kuisele	Nornes	Seifert, M.	Westfall
Clark, K.	Haas	Larsen, P.	Olson	Skoe	Westrom
Daggett	Hackbarth	Larson, D.	Opatz	Skoglund	Wilkin
Davids	Harder	Leighton	Osskopp	Smith	Winter
Dawkins	Hasskamp	Lenczewski	Osthoff	Solberg	Workman
Dehler	Hilty	Leppik	Otremba	Stanek	Spk. Sviggum
Dempsey	Holberg	Lieder	Ozment	Stang	

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2575.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2575

A bill for an act relating to economic development; regulating eligibility of farmers for the dislocated worker program; amending Minnesota Statutes 1999 Supplement, section 268.975, subdivision 3.

May 8, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2575, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 2575 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1999 Supplement, section 268.975, subdivision 3, is amended to read:

Subd. 3. [DISLOCATED WORKER.] "Dislocated worker" means an individual who is a resident of Minnesota at the time employment ceased or was working in the state at the time employment ceased and:

(1) has been terminated or who has received a notice of termination from public or private sector employment, is eligible for or has exhausted entitlement to reemployment compensation, and is unlikely to return to the previous industry or occupation;

(2) has been terminated or has received a notice of termination of employment as a result of any plant closing or any substantial layoff at a plant, facility, or enterprise;

(3) has been long-term unemployed and has limited opportunities for employment or reemployment in the same or a similar occupation in the area in which the individual resides, including older individuals who may have substantial barriers to employment by reason of age; or

(4) has been self-employed, including farmers and ranchers, and is unemployed as a result of general economic conditions in the community in which the individual resides or because of natural disasters, subject to rules to be adopted by the commissioner; or

(5) has been self-employed as a farmer or rancher and, even though that employment has not ceased, has experienced a significant reduction in income due to inadequate crop or livestock prices, crop failures, or significant loss in crop yields due to pests, disease, adverse weather, or other natural phenomenon. This clause expires July 31, 2003.

Sec. 2. [TEMPORARY PRIORITY FOR CERTAIN FARMERS OR RANCHERS.]

In fiscal year 2001, the commissioner of economic security shall give priority for grants under Minnesota Statutes, section 268.9783, to proposals that provide retraining to dislocated workers eligible under Minnesota Statutes, section 268.975, subdivision 3, clause (5). The commissioner retains any existing authority to exercise discretion about making any grant and this section does not require the commissioner to make any specific grant. The match requirement of Minnesota Statutes, section 268.9783, subdivision 6, clause (1), does not apply to grants given preference under this section."

We request adoption of this report and repassage of the bill.

Senate Conferees: LEROY A. STUMPF, JERRY R. JANEZICH AND ARLENE J. LESEWSKI.

House Conferees: JIM TUNHEIM, DAN McELROY AND BOB GUNTHER.

Tunheim moved that the report of the Conference Committee on S. F. No. 2575 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2575, A bill for an act relating to economic development; regulating eligibility of farmers for the dislocated worker program; amending Minnesota Statutes 1999 Supplement, section 268.975, subdivision 3.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 109 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Abeler	Erickson	Johnson	Mariani	Pelowski	Swenson
Abrams	Finseth	Juhnke	Marko	Peterson	Tingelstad
Anderson, I.	Folliard	Kahn	McCollum	Pugh	Tomassoni
Bakk	Fuller	Kalis	McElroy	Rest	Trimble
Biernat	Gleason	Kelliher	McGuire	Rhodes	Tuma
Carlson	Goodno	Kielkucki	Milbert	Rifenberg	Tunheim
Carruthers	Gray	Knoblach	Molnau	Rostberg	Van Dellen
Cassell	Greenfield	Koskinen	Mulder	Rukavina	Wagenius
Chaudhary	Greiling	Kubly	Mullery	Schumacher	Wejzman
Clark, J.	Gunther	Kuisle	Murphy	Seifert, J.	Wenzel
Clark, K.	Haas	Larsen, P.	Ness	Seifert, M.	Westfall
Daggett	Hackbarth	Larson, D.	Nornes	Skoe	Westrom
Davids	Harder	Leighton	Opatz	Skoglund	Winter
Dawkins	Hasskamp	Lenczewski	Osskopp	Smith	Spk. Sviggum
Dempsey	Hilty	Leppik	Osthoff	Solberg	
Dorman	Howes	Lieder	Otremba	Stanek	
Dorn	Huntley	Luther	Ozment	Stang	
Entenza	Jaros	Mahoney	Pawlenty	Storm	
Erhardt	Jennings	Mares	Paymar	Swapinski	

Those who voted in the negative were:

Anderson, B.	Buesgens	Holberg	Olson	Sykora	Workman
Boudreau	Dehler	Holsten	Paulsen	Vandever	
Bradley	Gerlach	Krinkie	Reuter	Westerberg	
Broecker	Haake	Lindner	Seagren	Wilkin	

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2893.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2893

A bill for an act relating to business subsidies; providing clarification to the obligation of government agencies and businesses related to certain business subsidies; amending Minnesota Statutes 1999 Supplement, sections 116J.993, subdivision 3; 116J.994, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, and by adding a subdivision; and 116J.995.

May 9, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2893, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2893 be further amended as follows:

Page 2, line 25, reinstate the stricken language and delete "issued" and insert "bonds issued to refund outstanding bonds, and bonds issued for the benefit of an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended through December 31, 1999"

Page 2, delete lines 26 and 27

Page 2, line 28, delete "authority"

Page 3, line 30, after the period, insert "The wage floor may be stated as a specific dollar amount or may be stated as a formula that will generate a specific dollar amount."

Page 11, line 33, delete "June" and insert "May"

Page 11, line 35, delete "June 1, 2001" and insert "May 1, 2003"

We request adoption of this report and repassage of the bill.

Senate Conferees: JOHN C. HOTTINGER, DAVE JOHNSON AND JERRY R. JANEZICH.

House Conferees: DAN MCELROY, JULIE STORM AND BOB GUNTHER.

McElroy moved that the report of the Conference Committee on S. F. No. 2893 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2893, A bill for an act relating to business subsidies; providing clarification to the obligation of government agencies and businesses related to certain business subsidies; amending Minnesota Statutes 1999 Supplement, sections 116J.993, subdivision 3; 116J.994, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, and by adding a subdivision; and 116J.995.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Anderson, I.	Bishop	Broecker	Carruthers	Clark, J.
Abrams	Bakk	Boudreau	Buesgens	Cassell	Clark, K.
Anderson, B.	Biernat	Bradley	Carlson	Chaudhary	Daggett

Davids	Haake	Koskinen	Milbert	Rest	Sykora
Dawkins	Haas	Krinkie	Molnau	Reuter	Tingelstad
Dehler	Hackbarth	Kubly	Mulder	Rhodes	Tomassoni
Dempsey	Harder	Kuisle	Mullery	Rifenberg	Trimble
Dorman	Hasskamp	Larsen, P.	Murphy	Rostberg	Tuma
Dorn	Hilty	Larson, D.	Ness	Rukavina	Tunheim
Entenza	Holberg	Leighton	Nornes	Schumacher	Van Dellen
Erhardt	Holsten	Lenczewski	Olson	Seagren	Vandeveer
Erickson	Howes	Leppik	Opatz	Seifert, J.	Wagenius
Finseth	Huntley	Lieder	Osskopp	Seifert, M.	Wejcman
Folliard	Jaros	Lindner	Osthoff	Skoe	Wenzel
Fuller	Jennings	Luther	Otremba	Skoglund	Westerberg
Gerlach	Johnson	Mahoney	Ozment	Smith	Westfall
Gleason	Juhnke	Mares	Paulsen	Solberg	Westrom
Goodno	Kahn	Mariani	Pawlenty	Stanek	Wilkin
Gray	Kalis	Marko	Paymar	Stang	Winter
Greenfield	Kelliher	McCollum	Pelowski	Storm	Workman
Greiling	Kielkucki	McElroy	Peterson	Swapinski	Spk. Sviggum
Gunther	Knoblach	McGuire	Pugh	Swenson	

The bill was repassed, as amended by Conference, and its title agreed to.

Pawlenty moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by Speaker pro tempore Abrams.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 849

A bill for an act relating to metropolitan government; modifying the authority to expand or upgrade minor use airports; amending Minnesota Statutes 1998, section 473.641, subdivision 4.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 849, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

We request adoption of this report and repassage of the bill.

House Conferees: BARB HAAKE, RON ABRAMS AND ANDREW WESTERBERG.

Senate Conferees: STEVEN G. NOVAK AND DAVE JOHNSON.

Haake moved that the report of the Conference Committee on H. F. No. 849 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 849, A bill for an act relating to metropolitan government; modifying the authority to expand or upgrade minor use airports; amending Minnesota Statutes 1998, section 473.641, subdivision 4.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 103 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Howes	McGuire	Rhodes	Trimble
Abrams	Dorman	Huntley	Molnau	Rifenberg	Tuma
Anderson, B.	Entenza	Jaros	Mulder	Rostberg	Tunheim
Anderson, I.	Erhardt	Jennings	Murphy	Rukavina	Van Dellen
Bakk	Erickson	Kielkucki	Ness	Schumacher	Vandever
Biernat	Finseth	Knoblach	Nornes	Seagren	Wagenius
Bishop	Folliard	Krinkie	Olson	Seifert, J.	Wenzel
Boudreau	Fuller	Kuisle	Opatz	Seifert, M.	Westerberg
Bradley	Gerlach	Larsen, P.	Osskopp	Skoe	Westfall
Broecker	Goodno	Leighton	Osthoff	Smith	Westrom
Buesgens	Gray	Leppik	Otremba	Solberg	Winter
Carruthers	Gunther	Lindner	Ozment	Stanek	Workman
Cassell	Haake	Luther	Paulsen	Stang	Spk. Sviggum
Clark, J.	Haas	Mahoney	Pawlenty	Storm	
Daggett	Hackbarth	Mares	Paymar	Swapinski	
Davids	Harder	Mariani	Pelowski	Swenson	
Dawkins	Hasskamp	Marko	Pugh	Sykora	
Dehler	Holberg	McElroy	Reuter	Tingelstad	

Those who voted in the negative were:

Carlson	Greenfield	Juhnke	Larson, D.	Peterson	Wilkin
Chaudhary	Greiling	Kahn	Lenczewski	Rest	
Clark, K.	Hilty	Kelliher	Lieder	Skoglund	
Dorn	Holsten	Koskinen	Milbert	Tomassoni	
Gleason	Johnson	Kubly	Mullery	Wejeman	

The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2591, A bill for an act relating to local government; changing economic development authority of certain nonmetro counties; creating the Koochiching county economic development commission; authorizing Yellow Medicine county to establish an economic development commission; amending Minnesota Statutes 1998, section 298.17; proposing coding for new law in Minnesota Statutes, chapter 469.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2891, A bill for an act relating to transportation; appropriating money for state road construction, public transit, and other purposes; establishing an intergovernmental cooperative facilities loan fund; establishing a major transportation projects commission; restricting expenditures for commuter rail and light rail transit; canceling bonding authorization for light rail transit; directing a study of freeway ramp meters in the metropolitan area; providing for a grant to the University of Minnesota for design and engineering of personal rapid transit; directing a study of high-occupancy vehicle lane use by certain vehicles; providing for approval of and payment under supplemental goods or services agreements of the commissioner of transportation; authorizing suspension of motor vehicle registration when tax is paid by dishonored check; exempting dealers in firefighting equipment from motor vehicle dealer licensing; providing for commuter rail plan dispute resolution; providing for inspection of vehicles of motor carriers; requiring the budget for light rail transit to include cost of utility relocation; requiring a municipality to issue permits for a specific business or use that uses river transportation as a major mode of transportation once a special permit has been issued and an environmental assessment worksheet has been completed; expanding eligibility for replacement transit service program; requiring a report on metro mobility; establishing working group to assess impact of DM&E rail line project; requiring study and legislative report on statewide public safety radio system; clarifying a definition of state license and service fees; sunsetting a department fee and an account; amending Minnesota Statutes 1998, sections 16A.6701, subdivision 1; 161.32, by adding a subdivision; 168.27, subdivision 8; 168A.29, subdivision 1; 169.781, by adding a subdivision; 174.35; 216B.16, by adding a subdivision; 221.131, subdivision 4; 221.132; and 473.388, subdivision 2; Minnesota Statutes 1999 Supplement, sections 168.17; 174.88; 174.86, subdivision 2, and by adding a subdivision; and 221.0252, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 161; 174; and 462; repealing Minnesota Statutes 1998, section 299A.70.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 3505, A bill for an act relating to commerce; regulating certain disclosures; authorizing insurance against vicarious liability for certain damages; specifying the license term and fees of a managing general agent; regulating securities broker-dealers and investment advisers; authorizing the commissioner to withdraw certain inactive registration applications; extending a real estate continuing education pilot project; regulating the contractor recovery fund; making collection agencies responsible for the acts of collectors; providing standards of conduct for notarial acts; regulating unclaimed property; amending Minnesota Statutes 1998, sections 45.027, subdivision 7a; 60H.03, by adding a subdivision; 60K.03, subdivision 4; 80A.04, subdivisions 2 and 3; 80A.07, subdivision 1; 80A.10, subdivision 2; 80C.05, subdivision 4; 80C.07; 82.22, subdivision 13; 82A.04, subdivision 4, and by adding a subdivision; 82B.14; 83.23, by adding a subdivision; 308A.711, subdivision 1; 326.975, subdivision 1; and 345.515; Minnesota Statutes 1999 Supplement, sections 60A.06, subdivision 1; and 80A.15, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 332; and 359.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendments the concurrence of the House is respectfully requested:

H. F. No. 3213, A bill for an act relating to natural resources; modifying timber provisions; requiring certain rule changes for public use of recreational areas; amending Minnesota Statutes 1998, sections 90.121; 90.14; 90.151, subdivisions 1 and 4; 90.161, subdivisions 1 and 2; 90.162; 90.173; 90.181; 90.201, subdivision 2, and by adding a subdivision; 90.252; and 90.281; proposing coding for new law in Minnesota Statutes, chapter 90.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Ozment moved that the House concur in the Senate amendments to H. F. No. 3213 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 3213, A bill for an act relating to natural resources; providing for the establishment of heritage forest areas in specified counties; modifying timber provisions; requiring a report on the process for public involvement in timber harvest plans; requiring certain rule changes for public use of recreational areas; amending Minnesota Statutes 1998, sections 90.121; 90.14; 90.151, subdivisions 1 and 4; 90.161, subdivisions 1 and 2; 90.162; 90.173; 90.181; 90.201, subdivision 2, and by adding a subdivision; 90.252; 90.281; 97A.135, subdivision 2a; and 477A.11, subdivisions 3 and 4; proposing coding for new law in Minnesota Statutes, chapters 90; and 97A.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 100 yeas and 31 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Hilty	Leppik	Otremba	Storm
Abrams	Dorn	Holberg	Luther	Ozment	Swenson
Biernat	Entenza	Holsten	Mahoney	Paulsen	Sykora
Bishop	Erhardt	Howes	Mares	Pawlenty	Tingelstad
Boudreau	Finseth	Jaros	Mariani	Paymar	Tuma
Bradley	Folliard	Juhnke	McCollum	Pugh	Tunheim
Broecker	Fuller	Kahn	McElroy	Rest	Vandever
Carlson	Gleason	Kalis	McGuire	Rhodes	Wagenius
Carruthers	Goodno	Kelliher	Milbert	Rostberg	Wejcmán
Cassell	Gray	Kielkucki	Molnau	Schumacher	Westerberg
Chaudhary	Greenfield	Knoblach	Mulder	Seagren	Westfall
Clark, J.	Greiling	Koskinen	Mullery	Seifert, J.	Westrom
Clark, K.	Gunther	Kubly	Ness	Skoe	Wilkin
Daggett	Haake	Larsen, P.	Nornes	Skoglund	Workman
Davids	Haas	Larson, D.	Opatz	Solberg	Spk. Sviggum
Dawkins	Hackbarth	Leighton	Osskopp	Stanek	
Dempsey	Harder	Lenczewski	Osthoff	Stang	

Those who voted in the negative were:

Anderson, B.	Gerlach	Kuise	Pelowski	Smith	Winter
Anderson, I.	Hasskamp	Lieder	Peterson	Swapinski	
Bakk	Huntley	Lindner	Reuter	Tomassoni	
Buesgens	Jennings	Marko	Rifenberg	Trimble	
Dehler	Johnson	Murphy	Rukavina	Van Dellen	
Erickson	Krinkie	Olson	Seifert, M.	Wenzel	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1048.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1048

A bill for an act relating to utilities; creating advisory selection process for public utility commissioners; regulating ex parte communications with commissioners; amending Minnesota Statutes 1998, sections 216A.03, subdivisions 1 and 1a; and 216A.037; proposing coding for new law in Minnesota Statutes, chapter 216A.

May 9, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 1048, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 1048 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1998, section 216A.037, is amended to read:

216A.037 [~~RULES~~; EX PARTE COMMUNICATIONS; CODE OF CONDUCT; RULES.]

Subdivision 1. [~~EX PARTE COMMUNICATIONS PROHIBITIONS~~; RULES.] (a) The commission shall adopt rules under chapter 14 prescribing permissible and impermissible ex parte communications. The ex parte rules may prohibit only ex parte communications by commission members with a party, directly or indirectly, between a commissioner and a participant under the commission's rules of practice and procedure relating to:

- (1) a material issue during a pending contested case proceeding;
- (2) a material issue in a rulemaking proceeding after the beginning of commission deliberations;
- (3) a material issue in a disputed formal petition; and
- (4) any other communication impermissible by law.

(b) The commission may apply ex parte prohibitions, prospectively and after notice to affected parties, to other commission proceedings as the commission deems necessary.

(c) A contested case is pending from the time the commission refers the matter to the office of administrative hearings until the commission has issued its final order, and the time to petition for reconsideration has expired or the commission has issued an order finally disposing an application for reconsideration, whichever is later.

Subd. 2. [~~CONFLICT-OF-INTEREST COMMUNICATIONS PROHIBITED~~.] A commissioner shall not communicate, directly or indirectly, with a person or entity who is a party to a pending proceeding before the commission regarding past or future benefits or compensation to be received from that person or entity. The commission may dismiss a proceeding if an applicant, petitioner, or complainant violates this subdivision.

Subd. 3. [~~CODE OF CONDUCT RULES~~.] Except as limited by subdivision 1, the commission shall adopt rules prescribing a code of conduct for commissioners and employees of the commission. The code of conduct must include standards to preserve the quasi-judicial function of the commission.

Subd. 4. [~~COMPLAINT PROCEDURE; HEARING; SANCTIONS~~.] (a) Any person seeking sanctions for alleged violations of the rules adopted under this section may file a complaint with the commission.

(b) A complaint seeking sanctions must include the following information: the name and address of the complainant; the name and address of complainant's counsel, if any; the name and address of each person alleged to have violated the ex parte prohibition (respondents); the name and address of each respondent's counsel, if known; the facts constituting the alleged violation; and the sanctions sought by the complainant.

(c) A complaint filed under this section must be filed with the commission and mailed to each respondent, the department, the office of the attorney general, and all persons on the commission's service list for the proceeding.

(d) Within seven days of service of the complaint, a respondent shall file an answer with the commission and serve it on the complainant, the department, the office of the attorney general, and all persons on the commission's service list for the proceeding.

(e) The commission shall refer the complaint and any reply to the office of administrative hearings.

(f) The administrative law judge assigned to the ex parte complaint proceeding by the office of administrative hearings shall conduct a hearing investigation and shall issue a report within 30 days after the matter is referred. If the administrative law judge determines that the report cannot be properly completed within that time period, the judge shall report that fact to the commission within the 30-day period and shall file a final report within a reasonable time thereafter, no later than 60 days after the referral to the office of administrative hearings.

(g) The report of the administrative law judge shall describe the relevant facts of the case and shall set forth the judge's findings as to whether ex parte violations occurred. The findings and decisions of the judge as to whether ex parte violations have occurred are binding on the commission. The judge shall also discuss and make recommendations regarding the imposition of sanctions in accordance with paragraph (h). The judge shall include in the report a discussion of the recusal of any commissioner or the removal of decision-making personnel from this case.

(h) In the report under paragraph (g), the administrative law judge may only recommend that the commission impose one of the following sanctions if the judge finds that the condition specified for the sanction is met:

(1) dismiss the proceeding if the prohibited ex parte communication has so prejudiced the proceeding that the commission cannot consider it impartially;

(2) issue an adverse ruling on a pending issue that is the subject of the prohibited ex parte communication if other parties are prejudiced by the prohibited ex parte communication;

(3) strike evidence or pleadings if the evidence or pleadings are tainted by the prohibited ex parte communication;
or

(4) issue a public statement of censure, if the prohibited ex parte communication is determined to be part of a continuing pattern of improper ex parte communication or if the prohibited ex parte violation consists of a single prohibited communication and mitigating circumstances exist that:

(i) negate the need for a more severe sanction;

(ii) do not prejudice the proceeding to the extent that the commission is unable to consider it impartially;

(iii) do not prejudice other parties; or

(iv) do not taint the evidence or pleadings.

(i) If the administrative law judge finds the complainant's allegation of an ex parte violation was interposed for any improper purpose, such as to harass or cause unnecessary delay or needless increase in the cost of the proceeding, the judge may recommend that the commission issue an appropriate sanction against the complainant."

Amend the title as follows:

Page 1, line 2, delete everything after the semicolon

Page 1, line 3, delete everything before "regulating"

Page 1, line 5, delete everything after the first comma

Page 1, delete lines 6 and 7 and insert "section 216A.037."

We request adoption of this report and repassage of the bill.

Senate Conferees: DAVE JOHNSON, STEVE MURPHY AND DAVID L. KNUTSON.

House Conferees: LOREN JENNINGS AND GREGORY M. DAVIDS.

Jennings moved that the report of the Conference Committee on S. F. No. 1048 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1048, A bill for an act relating to utilities; creating advisory selection process for public utility commissioners; regulating ex parte communications with commissioners; amending Minnesota Statutes 1998, sections 216A.03, subdivisions 1 and 1a; and 216A.037; proposing coding for new law in Minnesota Statutes, chapter 216A.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Holsten	Lindner	Pelowski	Sykora
Abrams	Dorn	Howes	Luther	Peterson	Tingelstad
Anderson, B.	Entenza	Huntley	Mahoney	Pugh	Tomassoni
Anderson, I.	Erhardt	Jaros	Marko	Rest	Trimble
Bakk	Erickson	Jennings	McCollum	Reuter	Tuma
Biernat	Finseth	Johnson	McElroy	Rhodes	Tunheim
Bishop	Folliard	Juhnke	McGuire	Rifenberg	Van Dellen
Boudreau	Fuller	Kahn	Milbert	Rostberg	Vandevor
Bradley	Gerlach	Kalis	Molnau	Rukavina	Wagenius
Broecker	Gleason	Kelliher	Mulder	Schumacher	Wejzman
Buesgens	Goodno	Kielkucki	Mullery	Seagren	Wenzel
Carlson	Gray	Knoblach	Murphy	Seifert, J.	Westerberg
Carruthers	Greenfield	Koskinen	Ness	Seifert, M.	Westfall
Cassell	Greiling	Krinkie	Nornes	Skoe	Westrom
Chaudhary	Gunther	Kubly	Opatz	Skoglund	Wilkin
Clark, J.	Haake	Kuisle	Osskopp	Smith	Winter
Clark, K.	Haas	Larsen, P.	Osthoff	Solberg	Workman
Daggett	Hackbarth	Larson, D.	Otremba	Stanek	Spk. Sviggum
Davids	Harder	Leighton	Ozment	Stang	
Dawkins	Hasskamp	Lenczewski	Paulsen	Storm	
Dehler	Hilty	Leppik	Pawlenty	Swapinski	
Dempsey	Holberg	Lieder	Paymar	Swenson	

The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 3002.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 3002

A bill for an act relating to natural resources; adding to and deleting from state parks; amending Minnesota Statutes 1998, section 85.012, subdivision 32a.

May 9, 2000

The Honorable Allan H. Spear
President of the Senate

The Honorable Steve Sviggum
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 3002, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 3002 be further amended as follows:

Page 6, after line 15, insert:

"Sec. 4. [BOATHOUSE LEASES; SOUDAN UNDERGROUND MINE STATE PARK.]

(a) Notwithstanding Minnesota Statutes, sections 85.011; 85.012, subdivision 1; and 86A.05, subdivision 2, the leased boathouse lots located at Stuntz bay in the Soudan underground mine state park are extended for the lifetime of the current leaseholder. The commissioner of natural resources shall not cancel a lease, except for noncompliance with the lease agreement.

(b) A lease, described under paragraph (a), may be transferred only once by the current leaseholder to a person within the third degree of kindred according to civil law or to first cousins. When possession is transferred, the transferee shall notify the commissioner and pay to the department of natural resources an annual lease fee. The commissioner may offer and, after agreement with the leaseholder, lease equivalent alternative boathouse sites to a leaseholder.

(c) By January 15, 2001, the commissioner of natural resources shall report to the senate and house environment and natural resources policy and finance committees on boathouse leases in state parks. The report shall include information on:

(1) the number of boathouse leases;

(2) the number of leases that have forfeited;

(3) the expiration dates of the leases;

(4) the historical significance of the boathouses;

(5) recommendations on the inclusion of the land described in paragraph (d) within the park boundary; and

(6) any other relevant information on the leases.

(d) The commissioner of natural resources shall contact U.S.X. Corporation and local units of government regarding the inclusion of the following lands within Soudan underground mine state park:

(1) all lands located South of Vermillion Lake shoreline in Section 13, Township 62 North, Range 15 West;

(2) all lands located South of Vermillion Lake shoreline in the S1/2-SE1/4 of Section 14, Township 62 North, Range 15 West;

(3) NE1/4-SE1/4 and E1/2-NE1/4 of Section 22, Township 62 North, Range 15 West;

(4) all lands located South of Vermillion Lake shoreline in Section 23, Township 62 North, Range 15 West;

(5) all of Section 24, Township 62 North, Range 15 West;

(6) all lands North of trunk highway No. 169 located in Section 25, Township 62 North, Range 15 West;

(7) all lands North of trunk highway No. 169 located in Section 26, Township 62 North, Range 15 West;

(8) NE1/4-SE1/4 and SE1/4-NE1/4 of Section 27, Township 62 North, Range 15 West; and

(9) NW1/4 of Section 19, Township 62 North, Range 14 West."

Amend the title as follows:

Page 1, line 3, after the semicolon, insert "providing for the administration of certain boathouse lot leases in Soudan underground mine state park;"

We request adoption of this report and repassage of the bill.

Senate Conferees: DENNIS R. FREDERICKSON, DOUGLAS J. JOHNSON AND BOB LESSARD.

House Conferees: HOWARD SWENSON, DENNIS OZMENT AND THOMAS BAKK.

Swenson moved that the report of the Conference Committee on S. F. No. 3002 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 3002, A bill for an act relating to natural resources; adding to and deleting from state parks; amending Minnesota Statutes 1998, section 85.012, subdivision 32a.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 119 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Abeler	Dempsey	Hilty	Leppik	Paulsen	Storm
Abrams	Dorman	Holsten	Lieder	Pawlenty	Swapinski
Anderson, B.	Dorn	Howes	Lindner	Paymar	Swenson
Anderson, I.	Entenza	Huntley	Luther	Pelowski	Sykora
Bakk	Erhardt	Jaros	Mares	Peterson	Tingelstad
Biernat	Erickson	Jennings	Mariani	Pugh	Tomassoni
Bishop	Finseth	Johnson	Marko	Rest	Tuma
Boudreau	Folliard	Juhnke	McElroy	Rhodes	Tunheim
Bradley	Fuller	Kahn	McGuire	Rostberg	Van Dellen
Broecker	Gleason	Kalis	Milbert	Rukavina	Vanderveer
Carlson	Goodno	Kelliher	Molnau	Schumacher	Wagenius
Carruthers	Gray	Kielkucki	Mullery	Seagren	Wejcman
Cassell	Greenfield	Knoblach	Murphy	Seifert, J.	Wenzel
Chaudhary	Greiling	Koskinen	Ness	Seifert, M.	Westerberg
Clark, J.	Gunther	Kubly	Nornes	Skoe	Westfall
Clark, K.	Haake	Kuisle	Olson	Skoglund	Westrom
Daggett	Haas	Larsen, P.	Opatz	Smith	Winter
Davids	Hackbarth	Larson, D.	Osskopp	Solberg	Workman
Dawkins	Harder	Leighton	Otremba	Stanek	Spk. Sviggum
Dehler	Hasskamp	Lenczewski	Ozment	Stang	

Those who voted in the negative were:

Buesgens	Holberg	Mahoney	Mulder	Reuter	Trimble
Gerlach	Krinkie	McCollum	Osthoff	Rifenberg	Wilkin

The bill was repassed, as amended by Conference, and its title agreed to.

The following Conference Committee Report was received.:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2699

A bill for an act relating to public administration; appropriating money for health and human services, agriculture, environment and natural resources, criminal justice, state government, and economic development; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing penalties; amending Minnesota Statutes 1998, sections 13.82, subdivision 3b; 15.0591, subdivision 2; 15A.0815, subdivisions 2 and 3; 16A.10, by adding a subdivision; 16A.11, subdivision 3; 16A.124, by adding a subdivision; 16A.126, subdivision 2; 16B.052; 16B.31, by adding a subdivision; 16B.335, subdivision 5; 16B.42, subdivisions 2 and 3; 16B.48, subdivision 4; 16B.485; 17A.03, subdivision 5; 18E.04, subdivision 4; 41A.09, subdivision 3a; 41B.03, subdivisions 1 and 2; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 2; 41B.045, subdivision 2; 43A.38, subdivision 1; 60H.03, by adding a subdivision; 80A.122, by adding a subdivision; 80A.28, subdivision 1; 85A.02, subdivision 5a; 103E.011, by adding a subdivision; 115B.17, subdivision 19; 119A.05, subdivision 1; 119A.37, subdivision 4; 120B.22,

subdivision 1; 121A.15, subdivisions 4 and 10; 125A.74, subdivisions 1 and 2; 138.17, subdivision 10; 144.551, subdivision 1; 144A.071, by adding a subdivision; 169.01, subdivision 37; 169.121, subdivision 3b; 169.129, by adding a subdivision; 169.21, subdivisions 2 and 3; 169.89, subdivision 2; 179A.18, subdivision 1; 181.932, subdivision 1; 182.661, subdivision 1; 182.666, subdivision 2, and by adding a subdivision; 193.143; 198.03, subdivision 1; 221.173; 242.41; 242.43; 242.44; 254B.03, subdivision 1; 256.01, by adding a subdivision; 256.011, subdivision 3; 256.741, by adding a subdivision; 256.955, subdivisions 1 and 2; 256.9753, subdivision 3; 256.995, subdivision 1; 256B.431, by adding subdivisions; 256B.69, subdivision 5d; 256J.08, by adding a subdivision; 256J.15, by adding a subdivision; 256J.32, by adding a subdivision; 256J.40; 256J.45, subdivision 3; 256J.46, by adding subdivisions; 256J.47, subdivision 1; 256J.49, subdivision 13; 256J.50, subdivisions 5 and 7; 256J.52, by adding a subdivision; 256L.05, subdivision 5; 257.75, subdivision 6; 268.362, subdivision 2; 345.31, by adding a subdivision; 345.39, subdivision 1; 349A.02, subdivision 1; 352.91, subdivision 3c, and by adding subdivisions; 352D.02, subdivision 1; 352D.04, subdivision 2; 356.30, subdivision 1; 383B.225, subdivision 2; 390.005, subdivision 3; 390.33, subdivision 1; 422A.101, subdivision 3; 471.345, by adding a subdivision; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; 490.124, subdivision 1; 518B.01, subdivision 21; 609.02, subdivisions 3 and 4a; 609.03; 609.033; 609.0331; 609.0332, subdivision 1; 609.034; 609.135, by adding a subdivision; 609.2231, subdivision 1; 609.378, subdivision 1; 611A.07, subdivision 1; 611A.32, subdivisions 1, 2, 3, and 5; 611A.33; 611A.34, subdivisions 1, 2, and 3; 611A.345; 611A.35; 611A.36, subdivisions 1 and 2; 626.556, by adding a subdivision; 629.342, subdivision 2; and 629.72, subdivision 6; Minnesota Statutes 1999 Supplement, sections 3.971, subdivision 8; 10A.01, subdivisions 2 and 21; 13.99, subdivision 108, and by adding a subdivision; 15.059, subdivision 5a; 16A.103, subdivision 1; 16A.129, subdivision 3; 16B.616, subdivisions 3 and 4; 62J.535, subdivision 2; 62J.694, subdivision 2; 116.073, subdivision 1; 116J.421, subdivision 2; 119B.011, subdivision 15; 119B.02, subdivision 1; 125B.21, subdivision 1; 144.395, by adding a subdivision; 144.396, subdivisions 11 and 12; 144A.04, subdivision 5; 147.09; 169.121, subdivisions 3, 3d, and 3f; 169.1217, subdivision 7; 169.129, subdivision 1; 179A.04, subdivision 3; 181.932, subdivision 2; 214.01, subdivision 2; 241.272, subdivision 6; 242.192; 256.01, subdivision 2; 256.019; 256.955, subdivisions 4, 8, and 9; 256B.0916, subdivision 1; 256B.69, subdivision 5b; 256D.03, subdivision 4; 256J.02, subdivision 2; 256J.08, subdivision 86; 256J.21, subdivision 2; 256J.26, subdivision 1; 256J.33, subdivision 4; 256J.34, subdivisions 1 and 4; 256J.46, subdivisions 1, 2, and 2a; 256J.52, subdivisions 3 and 5; 256J.56; 256L.07, subdivision 1; 326.105; 473.3993, subdivision 3; 609.135, subdivision 2; 626.556, subdivision 2; and 626.558, subdivision 1; Laws 1997, chapter 200, article 1, section 5, subdivision 3; Laws 1997, chapter 225, article 4, section 4, as amended; Laws 1998, chapter 389, article 16, section 31, subdivision 2, as amended; Laws 1999, chapter 216, article 1, sections 2, subdivision 3; 9; 14; Laws 1999, chapter 223, article 1, section 6, subdivision 1; article 2, section 81, as amended; article 3, section 8; Laws 1999, chapter 231, sections 2, subdivision 2; 6, as amended; 11, subdivision 3; Laws 1999, chapter 245, article 1, section 2, subdivisions 3, 5, and 10; article 4, section 121; and Laws 1999, chapter 250, article 1, sections 11; 14, subdivision 3; 18; and 116; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 10A; 16A; 41B; 43A; 85; 136F; 144; 145; 169; 181; 182; 198; 242; 252; 256J; 256K; 260B; 326; 345; 473; and 611A; proposing coding for new law as Minnesota Statutes, chapter 146A; repealing Minnesota Statutes 1998, sections 16B.37, subdivisions 1, 2, and 3; 16B.88; 16E.01, subdivisions 2 and 3; 16E.03, subdivisions 1 and 3; 16E.04, subdivision 1; 16E.05; 16E.06; 16E.07, subdivisions 1, 2, 3, 5, 6, 7, 8, 9, 10, and 11; 136F.59, subdivision 3; 168A.40, subdivisions 1 and 3; 184A.01; 184A.02; 184A.03; 184A.04; 184A.05; 184A.06; 184A.07; 184A.08; 184A.09; 184A.10; 184A.11; 184A.12; 184A.13; 184A.14; 184A.15; 184A.16; 184A.17; 184A.18; 184A.19; 184A.20; 241.41; 241.42; 241.43; 241.44; 241.441; 241.45; 256J.46, subdivision 1a; 352.91, subdivision 4; 465.795; 465.796; 465.797, subdivisions 2, 3, 4, 5, 6, and 7; 465.7971; 465.798; 465.799; 465.801; 465.802; 465.803; 465.81; 465.82, subdivisions 1, 2, and 3; 465.83; 465.84; 465.85; 465.86; 465.87; and 465.88; Minnesota Statutes 1999 Supplement, sections 16E.01, subdivision 1; 16E.02; 16E.03, subdivisions 2, 4, 5, 6, 7, and 8; 16E.04, subdivision 2; 16E.07, subdivision 4; 16E.08; 43A.318; 144.396, subdivision 13; 168A.40, subdivision 2; 465.797, subdivisions 1 and 5a; and 465.82, subdivision 4; Laws 1997, chapter 203, article 7, section 27; Laws 1999, chapter 135, section 9; Laws 1999, chapter 245, article 5, section 24; and Laws 1999, chapter 250, article 1, section 15, subdivision 4; Minnesota Rules, parts 3800.3810; 7672.0100; 7672.0200; 7672.0300; 7672.0400; 7672.0500; 7672.0600; 7672.0700; 7672.0800; 7672.0900; 7672.1000; 7672.1100; 7672.1200; 7672.1300; 7674.0100; 7674.0200; 7674.0300; 7674.0400; 7674.0500; 7674.0600; 7674.0700; 7674.0800; 7674.0900; 7674.1000; 7674.1100; and 7674.1200.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 2699, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2699 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

JOBS AND ECONOMIC DEVELOPMENT APPROPRIATIONS

Section 1. [ECONOMIC DEVELOPMENT; APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another named fund, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001," where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2000, or June 30, 2001, respectively. The term "first year" means the fiscal year ending June 30, 2000, and "second year" means the fiscal year ending June 30, 2001.

SUMMARY BY FUND

	2000	2001	TOTAL
General	\$737,000	\$3,476,000	\$4,213,000
TANF	-0-	500,000	500,000
Workforce Development Fund	-0-	1,827,000	1,827,000
Workers' Compensation Fund	-0-	90,000	90,000
TOTAL	\$737,000	\$5,893,000	\$6,630,000

APPROPRIATIONS
Available for the Year
Ending June 30

2000	2001
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Sec. 2. TRADE AND ECONOMIC DEVELOPMENT

-0-	2,771,000
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This appropriation is for the purposes stated in this section, and is added to the appropriation in Laws 1999, chapter 223, article 1, section 2.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(a) Labor Force Assessments

-0- 750,000

This appropriation is for grants to local or regional economic development agencies to support the development and use of labor force assessments that will allow the agencies to recognize areas in which the skill sets or education of the available workforce are underused. Projects are eligible for grants of up to 60 percent of the total project costs. The commissioner shall develop criteria for these grants that will maximize their effectiveness in assisting local economic development efforts. The criteria shall give a preference to projects that have the support and involvement of multiple economic development agencies across a geographic region where appropriate, provided that the size of the area covered by a project does not interfere with the usefulness of the information generated. This is a one-time appropriation and is not added to the agency's budget base.

(b) Catalyst Grants

-0- 1,000,000

This appropriation is for catalyst grants to local governments and recognized Indian tribal governments to expand Internet access in areas of rural Minnesota that are otherwise unlikely to receive access through existing technology. Catalyst grants are for capital expenditures related to providing Internet access to residences and businesses using either traditional fiber optic cable or wireless technology. Eligible capital expenditures include equipment and construction costs, but do not include the costs of planning, engineering, or preliminary design. The commissioner shall award catalyst grants according to a competitive grant process and shall create criteria for the award of grants. These criteria shall include a preference for projects that will provide both business and residential Internet access, provided that a project is presumed to provide business access only if it will enable access of at least 512 kilobytes per second. The maximum catalyst grant for any project is \$250,000 or 25 percent of the eligible capital expenditures, whichever is less. This is a one-time appropriation and is not added to the agency's budget base.

(c) Tourism Loan Account

-0- 1,021,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

This appropriation is for transfer to the tourism loan account established under Minnesota Statutes, section 116J.617, subdivision 5, for the tourism loan program under Minnesota Statutes, section 116J.617. This is a one-time appropriation and shall be targeted to northern Minnesota.

(d) Cancellation

Of the unspent and unencumbered portions of the appropriations in Laws 1997, chapter 200, article 1, section 2, subdivision 2, for the pathways program under Minnesota Statutes, section 116L.04, subdivision 1a, \$800,000 is canceled and returned to the general fund.

EFFECTIVE DATE: This paragraph is effective the day following final enactment.

Sec. 3. MINNESOTA TECHNOLOGY	-0-	200,000
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This appropriation is for the e-Business Institute. This is a one-time appropriation and is not added to the agency's budget base.

Sec. 4. HOUSING FINANCE AGENCY	-0-	500,000
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This appropriation is for the family homeless prevention and assistance program under Minnesota Statutes, section 462A.204, and is available until June 30, 2001. This appropriation is from the state's federal TANF block grant under title I of Public Law Number 104-193 to the commissioner of human services, to reimburse the housing development fund for assistance under this program for families receiving TANF assistance under the MFIP program. The commissioner of human services shall make quarterly reimbursements to the housing development fund. The commissioner of human services shall not make any reimbursement which the commissioner determines would be subject to a penalty under Code of Federal Regulations, section 262.1. This is a one-time appropriation.

Sec. 5. BOARD OF ARCHITECTURE, ENGINEERING, LAND SURVEYING, LANDSCAPE ARCHITECTURE, AND INTERIOR DESIGN	-0-	130,000
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This appropriation is for enforcement activities of the board.

Sec. 6. BOARD OF BOXING	-0-	65,000
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This amount is added to the appropriation in Laws 1999, chapter 223, article 1, section 10.

Sec. 7. DEPARTMENT OF ECONOMIC SECURITY	1,037,000	1,977,000
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(a) Youthbuild

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

Of this amount, \$200,000 in the first year is a one-time appropriation for grants to existing Youthbuild programs that have experienced a loss of federal funds and are unable to fulfill their missions under Minnesota Statutes, sections 268.361 to 268.366.

(b) Alien Labor Certification

Of this amount, \$150,000 the second year is a one-time appropriation for alien labor certification, and is available as matching funds are provided on at least a dollar-for-dollar basis from nonstate sources.

(c) Displaced Homemaker Programs

Of this amount, \$1,827,000 the second year is an appropriation from the workforce development fund for displaced homemaker programs under Minnesota Statutes, section 268.96. The general fund appropriation of \$1,827,000 for displaced homemaker programs in fiscal year 2001 in Laws 1999, chapter 223, article 1, section 4, subdivision 4, is canceled and returned to the general fund. The services, locations, and operations of the displaced homemaker programs shall not be changed because of the change of appropriation fund source by this paragraph. The workforce development fund shall be the ongoing funding source for displaced homemaker programs under Minnesota Statutes, section 268.96.

(d) Summer Youth Employment

\$837,000 in the first year is for summer youth employment programs. This is a one-time appropriation and is not added to the agency's budget base. This appropriation is available immediately.

Sec. 8. Laws 1997, chapter 200, article 1, section 5, subdivision 3, is amended to read:

Subd. 3. State Services for the Blind

3,735,000	3,816,000
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This appropriation may be supplemented by funds provided by the Friends of the Communication Center, for support of Services for the Blind's Communication Center, which serves all blind and visually handicapped Minnesotans. The commissioner shall report to the legislature on a biennial basis the funds provided by the Friends of the Communication Center.

The commissioner may not require employees to participate in intensive blindness sensitivity training in which the employees are blindfolded or otherwise simulate blindness, unless the employee is a manager or counselor; except that the commissioner may require the training for up to 14 employees who are not managers

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

or counselors but have direct contact with blind clients seeking services, and up to four employees at the store located at the state services for the blind.

A person may not serve more than ~~a total of six consecutive~~ years as a member of the rehabilitation advisory council for the blind or its predecessor, the council for the blind. ~~Service prior to the effective date of this section is included in the six-year limit, except that a person currently serving on the rehabilitation advisory council for the blind may serve out the person's current term and serve one additional term~~ After six consecutive years of service, a person may not be reappointed to the council until a period of one year has elapsed.

Sec. 9. Laws 1999, chapter 223, article 1, section 6, subdivision 1, is amended to read:

Subdivision 1. Total Appropriation	18,927,000	17,460,000
	<u>18,627,000</u>	<u>16,760,000</u>
Summary by Fund		
General	17,245,000	15,831,000
	<u>16,945,000</u>	<u>15,131,000</u>
Petro Cleanup	1,015,000	1,045,000
Workers' Compensation	567,000	584,000
Special Revenue	100,000	-0-

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions, except that with respect to general fund appropriations, the commissioner must reduce the amounts spent from the amounts specified by a total of \$300,000 in the first year and \$700,000 in the second year. The general fund base for the department shall be \$14,853,000 in fiscal year 2002 and \$14,877,000 in fiscal year 2003.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 10. MINNESOTA HISTORICAL SOCIETY	-0-	850,000
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\$850,000 in the second year is for salary adjustments.

Sec. 11. DEPARTMENT OF FINANCE	-0-	10,000
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This appropriation is for up to \$10,000 for the commissioner of finance to consult with the commissioner of employee relations and the Minnesota Historical Society to consider the causes of ongoing shortfalls in the salary and benefit accounts at the Minnesota Historical Society, and to compare the salaries and benefits at agencies in other states that have comparable missions. The commissioner shall report findings, including

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

recommendations, to the legislature by December 31, 2000. This is a one-time appropriation and is not added to the agency's budget base.

Sec. 12. DEPARTMENT OF LABOR AND INDUSTRY -0- 90,000

This appropriation is from the workers' compensation fund for the workplace services division to administer article 2, sections 11 to 14. This amount is added to the appropriation in Laws 1999, chapter 223, article 1, section 11, subdivision 3.

Sec. 13. [JUDY GARLAND MUSEUM.]

Notwithstanding Laws 1997, chapter 200, article 1, section 2, subdivision 2, the match required for the appropriation for an agreement under that law with the Judy Garland Children's Museum and the department of trade and economic development is an equal match of \$200,000.

Sec. 14. [UPPER RED LAKE BUSINESS LOAN PROGRAM.]

The appropriation to the commissioner of trade and economic development in Laws 1999, chapter 223, article 1, section 2, subdivision 4, for the Upper Red Lake business loan program is available until January 31, 2001, and applications for grants under that program may be accepted until that date.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 15. [ADVANTAGE MINNESOTA.]

The appropriation to the commissioner of trade and economic development in Laws 1999, chapter 223, article 1, section 2, subdivision 2, for a grant to Advantage Minnesota is available and may be matched until June 30, 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 16. [JOBS SKILLS PARTNERSHIP BOARD.]

(a) The appropriation by Laws 1999, chapter 223, article 1, section 2, subdivision 2, to the department of trade and economic development from the workforce development fund for the jobs skills partnership board for the pathways program does not cancel and is available until expended. If the appropriation for either year is insufficient, the appropriation for the other year is available.

(b) The appropriation by Laws 1999, chapter 223, article 1, section 2, subdivision 2, to the department of trade and economic development from the state's federal TANF block grant under Title 1 of Public Law Number 104-193 to the commissioner of human services, to be transferred to the commissioner of trade and economic development for the pathways program under Minnesota Statutes, section 116L.04, subdivision 1a, does not cancel and is available until expended. If the appropriation for either year is insufficient, the appropriation for the other year is available.

(c) The appropriation by Laws 1999, chapter 245, article 1, section 2, subdivision 10, to the commissioner of health and human services from the state's federal TANF block grant under Title 1 of Public Law Number 104-193, to increase employment and training services grants for MFIP of which \$750,000 is to be transferred to the jobs skills partnership board for the health care and human services worker training and retention program, does not cancel and is available until expended. If the appropriation for either year is insufficient, the appropriation for the other year is available.

Sec. 17. [WORKFORCE CENTER LOCATIONS.]

The commissioner of the department of administration shall assist the commissioner of economic security and the board of trustees of the Minnesota state colleges and universities system to develop and report to the legislature by January 15, 2001, on a ten-year plan for the possible location of workforce centers or affiliate locations on Minnesota college and university campuses where appropriate.

The plan must identify space requirements, current workforce center lease expiration dates, and the campuses that can immediately accommodate workforce centers, and recommend timelines for colocating workforce centers with Minnesota state colleges and universities system facilities.

If additional space would be required to accommodate the workforce center, the plan must outline alternative capital financing mechanisms, including private build-lease.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 18. [UNEMPLOYMENT INSURANCE; FOOD SERVICES.]

Notwithstanding the provisions of Minnesota Statutes, section 268.085, subdivision 8, wage credits from an employer are not subject to the provisions of Minnesota Statutes, section 268.085, subdivision 7, if those wage credits were earned during the school year by an employee of a private employer performing work pursuant to a contract between the employer and an elementary or secondary school and the employment was related to food services provided to the school by the employer. This section expires December 31, 2001.

Sec. 19. [EXEMPTION FROM ADDITIONAL BENEFITS REQUIREMENTS; HENNEPIN PAPER.]

Notwithstanding Minnesota Statutes, section 268.125, an applicant is eligible to receive additional benefits for any week under Minnesota Statutes, section 268.125, if:

- (1) the applicant was laid off due to lack of work from the Hennepin Paper Company in Morrison county;
- (2) the applicant is a member of a group certified on May 4, 1999, under the North American Free Trade Agreement or the Trade Adjustment Act as having been impacted by foreign imports;
- (3) the applicant has exhausted all rights to regular benefits under Minnesota Statutes, section 268.07, and does not qualify for a new benefit account under Minnesota Statutes, section 268.07, and is not entitled to receive unemployment benefits under any other state or federal law;
- (4) the applicant is presently attending training or is on vacation from training pursuant to the North American Free Trade Agreement or the Trade Adjustment Act;
- (5) the applicant has filed a continued request for benefits under Minnesota Statutes, section 268.086, for the week;
- (6) a majority of the applicant's wage credits were from the Hennepin Paper Company;
- (7) the applicant is not subject to a disqualification under Minnesota Statutes, section 268.095; and
- (8) the applicant meets the eligibility requirements under Minnesota Statutes, section 268.085, except for subdivision 1, clause (2).

The disqualification provisions under Minnesota Statutes, section 268.095, apply to this section.

The applicant's weekly additional benefit amount shall be the same as the applicant's weekly benefit amount under Minnesota Statutes, section 268.07.

The maximum amount of the additional benefits available shall be 26 times the applicant's weekly benefit amount under Minnesota Statutes, section 268.07.

Additional benefits under this section are payable from the fund.

This section expires January 1, 2001.

Sec. 20. [EXEMPTION FROM ADDITIONAL BENEFITS REQUIREMENTS; EVTAC MINING.]

Notwithstanding Minnesota Statutes, section 268.125, subdivisions 1, and 3, clauses (1) and (5), an applicant is eligible to receive additional benefits under Minnesota Statutes, section 268.125, effective the week following the week in which the applicant exhausted regular benefits if:

(1) the applicant was laid off due to lack of work from the Evtac Mining Company in St. Louis county between the months of June and August of 1999; and

(2) the commissioner of economic security finds that the applicant satisfies the conditions of Minnesota Statutes, section 268.125, subdivision 3, clauses (2) to (4).

This section does not apply to any applicant who, with respect to any period prior to September 1, 2000, receives, or has an agreement to receive, a retirement pension financed in whole or in part by the Evtac Mining Company.

Sec. 21. [EFFECTIVE DATE.]

Sections 19 and 20 and any appropriation and related rider for fiscal year 2000 are effective the day following final enactment.

ARTICLE 2

JOBS AND ECONOMIC DEVELOPMENT POLICY PROVISIONS

Section 1. Minnesota Statutes 1998, section 16C.05, subdivision 3, is amended to read:

Subd. 3. [EXCEPTION.] The requirements of subdivision 2 do not apply to contracts of the department of economic security distributing state and federal funds for the purpose of subcontracting the provision of program services to eligible recipients. For these contracts, the commissioner of economic security is authorized to directly enter into agency contracts and encumber available funds. For contracts distributing state or federal funds pursuant to the federal Economic Dislocation and Worker Adjustment Assistance Act, United States Code, title 29, section 1651 et seq., or sections 268.9771, 268.978, 268.9781, and 268.9782, the commissioner of economic security is authorized to directly enter into agency contracts with approval of the workforce development council and encumber available funds to ensure a rapid response to the needs of dislocated workers. The commissioner of economic security shall adopt internal procedures to administer and monitor funds distributed under these contracts. This exception also applies to any contracts entered into by the commissioner of children, families, and learning and the jobs skills partnership board that were previously entered into by the commissioner of economic security.

Sec. 2. Minnesota Statutes 1998, section 60H.03, is amended by adding a subdivision to read:

Subd. 4. [TERM AND FEES.] The term of a managing general agent license issued under this section and the license fees imposed are the same as those applicable to a licensed insurance agent under chapter 60K.

Sec. 3. Minnesota Statutes 1998, section 80A.122, is amended by adding a subdivision to read:

Subd. 4a. [EXPIRATION.] (a) A filing made in connection with the securities of an open-end investment company under subdivision 1 expires the next June 30 unless renewed. To renew a notice filing, an issuer shall:

(1) before expiration of a current notice filing, file with the commissioner the documents specified by the commissioner under subdivision 1, clause (2), together with any fees required by section 80A.28, subdivision 1, paragraph (c); and

(2) no later than September 1 following expiration, file a sales report for the prior fiscal year with the commissioner specifying:

(i) the registered sales;

(ii) the actual sales; and

(iii) the balance that could be sold without an additional filing under section 80A.28, subdivision 1, paragraph (c).

(b) No portion of the unsold balance of shares indicated on the issuer's sales report may be lawfully sold in this state in connection with a renewed notice filing until fees have been paid to renew the shares.

Sec. 4. Minnesota Statutes 1998, section 80A.28, subdivision 1, is amended to read:

Subdivision 1. (a) There shall be a filing fee of \$100 for every application for registration or notice filing. There shall be an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the maximum combined fees shall not exceed \$300.

(b) When an application for registration is withdrawn before the effective date or a preeffective stop order is entered under section 80A.13, subdivision 1, all but the \$100 filing fee shall be returned. If an application to register securities is denied, the total of all fees received shall be retained.

(c) Where a filing is made in connection with a federal covered security under section 18(b)(2) of the Securities Act of 1933, there is a fee of \$100 for every initial filing. If the filing is made in connection with redeemable securities issued by an open end management company or unit investment trust, as defined in the Investment Company Act of 1940, there is an additional annual fee of 1/20 of one percent of the maximum aggregate offering price at which the securities are to be offered in this state during the notice filing period. The fee must be paid at the time of the initial filing and thereafter in connection with each renewal no later than July 1 of each year and must be sufficient to cover the shares the issuer expects to sell in this state over the next 12 months. If during a current notice filing the issuer determines it is likely to sell shares in excess of the shares for which fees have been paid to the commissioner, the issuer shall submit an amended notice filing to the commissioner under section 80A.122, subdivision 1, clause (3), together with a fee of 1/20 of one percent of the maximum aggregate offering price of the additional shares. Shares for which a fee has been paid, but which have not been sold at the time of expiration of the notice filing, may not be sold unless an additional fee to cover the shares has been paid to the commissioner as provided in this section and section 80A.122, subdivision 4a. If the filing is made in connection with redeemable securities issued by such a company or trust, there is no maximum fee for securities filings made according to this paragraph. If the filing is made in connection with any other federal covered security under Section 18(b)(2) of the Securities Act of 1933, there is an additional fee of one-tenth of one percent of the maximum aggregate offering price at which the securities are to be offered in this state, and the combined fees shall not exceed \$300. Beginning with fiscal year 2001 and continuing each fiscal year thereafter, as of the last day of each fiscal year, the commissioner shall determine the total amount of all fees that were collected under this paragraph in connection with any filings made for that fiscal year for securities of an open-end investment company on behalf of a security that is a federal covered security pursuant to section 18(b)(2) of the Securities Act of 1933. To the extent the total fees collected by

the commissioner in connection with these filings exceed \$25,000,000 in a fiscal year, the commissioner shall refund, on a pro rata basis, to all persons who paid any fees for that fiscal year, the amount of fees collected by the commissioner in excess of \$25,000,000. No individual refund is required of amounts of \$100 or less for a fiscal year.

Sec. 5. Minnesota Statutes 1999 Supplement, section 116J.421, subdivision 2, is amended to read:

Subd. 2. [GOVERNANCE.] The center is governed by a board of directors appointed to six-year terms by the governor comprised of:

- (1) a representative from each of the two largest statewide general farm organizations;
- (2) a representative from a regional initiative organization selected under section 116J.415, subdivision 3;
- (3) the president of Mankato State University;
- (4) a representative from the general public residing in a town of less than 5,000 located outside of the metropolitan area;
- (5) a member of the house of representatives appointed by the speaker of the house and a member of the senate appointed by the subcommittee on committees of the senate committee on rules and administration appointed for two-year terms;
- (6) three representatives from business, including one representing rural manufacturing and one rural retail and service business;
- (7) three representatives from private foundations with a demonstrated commitment to rural issues;
- (8) one representative from a rural county government; and
- (9) one representative from a rural regional government.

The board shall appoint one additional member to the board of directors who shall represent the general public.

If the board concludes at any time that the composition of the board does not adequately reflect the ethnic and gender diversity of rural Minnesota, the board may appoint up to four additional members in order to better reflect this diversity. Members appointed by the board under this paragraph shall serve six-year terms. The board may not appoint additional members such that the board would have a total of more than 20 members.

Sec. 6. Minnesota Statutes 1998, section 116L.04, subdivision 1, is amended to read:

Subdivision 1. [PARTNERSHIP PROGRAM.] (a) The partnership program may provide grants-in-aid to educational or other nonprofit ~~training~~ educational institutions using the following guidelines:

- (1) the educational or other nonprofit educational institution is a provider of training within the state in either the public or private sector;
 - (2) the program involves skills training that is an area of employment need; and
 - (3) preference will be given to educational or other nonprofit training institutions which serve economically disadvantaged people, minorities, or those who are victims of economic dislocation and to businesses located in rural areas.
- (b) A single grant to any one institution shall not exceed \$400,000.

Sec. 7. [116L.16] [DISTANCE-WORK GRANTS.]

The job skills partnership board may make grants-in-aid for distance-work projects. The purpose of the grants is to promote distance-work projects involving technology in rural areas and may include a consortium of organizations partnering in the development of rural technology industry. Grants may be used to identify and train rural workers in technology and provide rural workers with physical connections to telecommunications infrastructure, where necessary, in order to be self-employed or employed from their homes or satellite offices. Grants must be made according to Minnesota Statutes, sections 116L.02 and 116L.04, except that:

(1) the business match may include, but is not limited to, additional management or technology staff costs; start-up equipment costs such as telecommunications infrastructure, additional software, or computer upgrades; consulting fees for implementation of distance-work policies or identification and skill assessment of potential employees; and the joint financial contribution of two or more businesses acting as a consortium;

(2) cash or in-kind contributions by partnering organizations may be used as a match;

(3) eligible grantees may be educational or nonprofit educational training organizations; and

(4) grants-in-aid may be packaged with loans under Minnesota Statutes, section 116L.06, subdivision 6.

The board shall, to the extent there are sufficient applications, make grant awards to as many parts of the state as possible. Subject to the requirement for geographic distribution of grants, preference shall be given to grant applications that provide the most cost-effective training proposals, that provide the best prospects for high-paying jobs with high retention rates, or that are from more economically distressed rural areas or communities.

Grantees must meet reporting and evaluation requirements established by the board.

Sec. 8. [136F.77] [EQUITY INVESTMENTS.]

Subdivision 1. [POWERS OF BOARD.] The board may acquire an interest in a product or a private business entity for the purpose of developing and providing educational materials and related programs or services to further the mission of the Minnesota state colleges and universities and foster the economic growth of the state. The board may enter into joint venture agreements with private corporations to develop educational materials and related programs or services. Any proceeds from the investments or ventures are appropriated to the board. The state is not liable for any obligations or liabilities that arise from investments under this section. The board must report annually by September 1 to the legislature regarding its earnings from partnerships and the disposition of those earnings.

Subd. 2. [CONSULTATION REQUIRED.] Prior to entering into a joint venture agreement under this section, the board shall consult with appropriate exclusive bargaining representatives and must address topics such as employee protections, instructional services, information availability, and reporting conflicts of interest.

Subd. 3. [NO ABROGATION.] Nothing in this section shall abrogate the provisions of sections 43A.047 and 136F.581.

Sec. 9. [144.994] [PROFESSIONAL BOXING REGULATION.]

Subdivision 1. [GENERALLY.] The commissioner of health shall regulate professional boxing matches in Minnesota. For the purposes of this section, "professional boxing matches" means boxing contests held in Minnesota between individuals for financial compensation, but does not include boxing contests regulated by an amateur sports organization.

Subd. 2. [COMPLIANCE WITH FEDERAL LAW.] The commissioner shall act as Minnesota's state boxing commission for the purposes of the Professional Boxing Safety Act, United States Code, title 15, sections 6301 to 6313, and shall ensure that safety standards, registration procedures, and other regulations required by federal law are sufficient to protect the health and safety of boxers.

Subd. 3. [LIMITATION.] The commissioner shall not impose regulations substantially more stringent than necessary to protect boxers' health and safety and to fully comply with federal requirements.

EFFECTIVE DATE: This section is effective July 1, 2001.

Sec. 10. Minnesota Statutes 1998, section 181A.12, subdivision 1, is amended to read:

Subdivision 1. [FINES; PENALTY.] Any employer who hinders or delays the department or its authorized representative in the performance of its duties under sections 181A.01 to 181A.12 or refuses to admit the commissioner or an authorized representative to any place of employment or refuses to make certificates or lists available as required by sections 181A.01 to 181A.12, or otherwise violates any provisions of sections 181A.01 to 181A.12 or any rules issued pursuant thereto shall be assessed a fine to be paid to the commissioner for deposit in the general fund. The fine may be recovered in a civil action in the name of the department brought in the district court of the county where the violation is alleged to have occurred or the district court where the commissioner has an office. Fines are in the amounts as follows:

(a) employment of minors under the age of 14 (each employee)	50 <u>500</u>
(b) employment of minors under the age of 16 during school hours while school is in session (each employee)	50 <u>500</u>
(c) employment of minors under the age of 16 before 7:00 a.m. (each employee)	50 <u>500</u>
(d) employment of minors under the age of 16 after 9:00 p.m. (each employee)	50 <u>500</u>
(e) employment of a high school student under the age of 18 in violation of section 181A.04, subdivision 6 (each employee)	100 <u>1,000</u>
(f) employment of minors under the age of 16 over eight hours a day (each employee)	50 <u>500</u>
(g) employment of minors under the age of 16 over 40 hours a week (each employee)	50 <u>500</u>
(h) employment of minors under the age of 18 in occupations hazardous or detrimental to their well-being as defined by rule (each employee)	100 <u>1,000</u>
(i) employment of minors under the age of 16 in occupations hazardous or detrimental to their well-being as defined by rule (each employee)	100 <u>1,000</u>

(j) minors under the age of 18 injured in hazardous employment (each employee)	500 <u>5,000</u>
(k) minors employed without proof of age (each employee)	25 <u>250</u>

An employer who refuses to make certificates or lists available as required by sections 181A.01 to 181A.12 shall be assessed a \$500 fine.

EFFECTIVE DATE: This section is effective October 1, 2000.

Sec. 11. [182.6545] [RIGHTS OF NEXT OF KIN UPON DEATH.]

In the case of a death of an employee, the department shall make reasonable efforts to locate the employee's next of kin and shall mail to them copies of the following:

- (1) citations and notification of penalty;
- (2) notices of hearings;
- (3) complaints and answers;
- (4) settlement agreements;
- (5) orders and decisions; and
- (6) notices of appeals.

In addition, the next of kin shall have the right to request a consultation with the department regarding citations and notification of penalties issued as a result of the investigation of the employee's death. For the purposes of this section, "next of kin" refers to the nearest proper relative as that term is defined by section 253B.03, subdivision 6, paragraph (c).

Sec. 12. Minnesota Statutes 1998, section 182.661, subdivision 1, is amended to read:

Subdivision 1. If, after an inspection or investigation, the commissioner issues a citation under section 182.66, the commissioner shall notify the employer by certified mail of the penalty, if any, proposed to be assessed under section 182.666 and that the employer has 20 calendar days within which to file a notice of contest and certification of service, on a form provided by the commissioner, indicating that the employer wishes to contest the citation, type of violation, proposed assessment of penalty, or the period of time fixed in the citation given for correction of violation. A copy of the citation and the proposed assessment of penalty shall also be mailed to the authorized employee representative ~~and including~~, in the case of the death of an employee, ~~to the next of kin if requested~~. If within 20 calendar days from the receipt of the penalty notice issued by the commissioner the employer fails to file the notice of contest, and no notice of contest is filed by any employee or authorized representative of employees under subdivision 3 within such time, the citation and assessment, as proposed, shall be deemed a final order of the commissioner and not subject to review by any court or agency.

Sec. 13. Minnesota Statutes 1998, section 182.666, subdivision 2, is amended to read:

Subd. 2. Any employer who has received a citation for a serious violation of its duties under section 182.653, or any standard, rule, or order adopted under the authority of the commissioner as provided in this chapter, shall be assessed a fine not to exceed \$7,000 for each violation. ~~If the violation causes or contributes to the cause of the death of an employee, the employer shall be assessed a fine of up to \$25,000.~~

Sec. 14. Minnesota Statutes 1998, section 182.666, is amended by adding a subdivision to read:

Subd. 2a. Notwithstanding any other provision of this section, if any (1) serious, willful, or repeated violation other than a violation of section 182.653, subdivision 2; or (2) any failure to correct a violation pursuant to subdivision 4 causes or contributes to the death of an employee, the minimum total nonnegotiable fine which shall be assessed for all citations connected to the death of an employee is \$50,000 if there is a willful or repeated violation or \$25,000 if there is no willful or repeated violation.

Sec. 15. Minnesota Statutes 1998, section 216C.41, subdivision 3, is amended to read:

Subd. 3. [ELIGIBILITY WINDOW.] Payments may be made under this section only for electricity generated:

(a) from a qualified hydroelectric facility that is operational and generating electricity before ~~January 1~~ December 31, 2001; or

(b) from a qualified wind energy conversion facility that is operational and generating electricity before January 1, 2005.

Sec. 16. [268.028] [ALIEN LABOR CERTIFICATION; PERFORMANCE STANDARDS.]

The department of economic security shall have as a goal to process completed applications for certification for permanent alien laborers within 60 days of receipt of the completed application.

Sec. 17. Minnesota Statutes 1999 Supplement, section 268.085, subdivision 4, is amended to read:

Subd. 4. [SOCIAL SECURITY BENEFITS.] (a) Any applicant aged 62 or over shall be required to state when filing an application for benefits and when filing continued requests for benefits whether the applicant is receiving, has filed for, or intends to file for, primary social security old age or disability benefits for any week during the benefit year.

(b) There shall be deducted from an applicant's weekly benefit amount 50 percent of the weekly equivalent of the primary social security old age or disability benefit the applicant has received, has filed for, or intends to file for, with respect to that week.

(c) Notwithstanding paragraph (b), an applicant shall be ineligible for benefits for any week with respect to which the applicant is receiving, has received, or has filed for primary social security disability benefits.

This paragraph shall not apply if the Social Security Administration approved the collecting of primary social security disability benefits each month the applicant was employed during the base period.

(d) Information from the Social Security Administration shall be considered conclusive, absent specific evidence showing that the information was erroneous.

(e) Any applicant who receives primary social security old age or disability benefits for periods that the applicant has been paid reemployment compensation benefits shall be considered overpaid those reemployment compensation benefits under section 268.18, subdivision 1.

EFFECTIVE DATE: This section is effective the day following final enactment and is retroactive to August 1, 1999.

Sec. 18. Minnesota Statutes 1998, section 268.362, subdivision 2, is amended to read:

Subd. 2. [GRANT APPLICATIONS; AWARDS.] Interested eligible organizations must apply to the commissioner for the grants. The advisory committee must review the applications and provide to the commissioner a list of recommended eligible organizations that the advisory committee determines meet the requirements for

receiving a grant. The total grant award for any program may not exceed ~~\$80,000~~ \$150,000 per year. In awarding grants, the advisory committee and the commissioner must give priority to:

- (1) continuing and expanding effective programs by providing grant money to organizations that are operating or have operated a successful program that meets the program purposes under section 268.364; and
- (2) distributing programs throughout the state through start-up grants for programs in areas that are not served by an existing program.

To receive a grant under this section, the eligible organization must match the grant money with at least an equal amount of nonstate money. The commissioner must verify that the eligible organization has matched the grant money. Nothing in this subdivision shall prevent an eligible organization from applying for and receiving grants for more than one program. A grant received by an eligible organization from the federal Youthbuild Project under United States Code, title 42, section 5091, is nonstate money and may be used to meet the state match requirement. State grant money awarded under this section may be used by grantee organizations for match requirements of a federal Youthbuild Project.

Sec. 19. Minnesota Statutes 1999 Supplement, section 268.98, subdivision 3, is amended to read:

Subd. 3. [COST LIMITATIONS.] (a) For purposes of sections 268.9781 and 268.9782, funds allocated to a grantee are subject to the following limitations:

- (1) a maximum of 15 percent for administration in a worker adjustment services plan and ten percent in a dislocation event services grant;
 - (2) a minimum of 50 percent for provision of training assistance;
 - (3) ~~no more than ten percent statewide may be allocated annually~~ a maximum of 15 percent may be allocated for support services, as defined in section 268.975, subdivision 13; ~~except, that if the commissioner finds it essential for a specific grant or plan the maximum that may be allocated for support services is 20 percent;~~ and
 - (4) the balance used for provision of basic readjustment assistance.
- (b) A waiver of the cost limitation on providing training assistance may be requested. The waiver may not permit less than 30 percent of the funds be spent on training assistance.
- (c) The commissioner shall prescribe the form and manner for submission of an application for a waiver under paragraph (b). Criteria for granting a waiver shall be established by the commissioner in consultation with the workforce development council.

Sec. 20. Minnesota Statutes 1999 Supplement, section 326.105, is amended to read:

326.105 [FEES.]

The fee for licensure or renewal of licensure as an architect, professional engineer, land surveyor, landscape architect, or geoscience professional is ~~\$104~~ \$120 per biennium. The fee for certification as a certified interior designer or for renewal of the certificate is ~~\$104~~ \$120 per biennium. The fee for an architect applying for original certification as a certified interior designer is \$50 per biennium. The initial license or certification fee for all professions is ~~\$104~~ \$120. The renewal fee shall be paid biennially on or before June 30 of each even-numbered year. The renewal fee, when paid by mail, is not timely paid unless it is postmarked on or before June 30 of each even-numbered year. The application fee is \$25 for in-training applicants and \$75 for professional license applicants.

The fee for monitoring licensing examinations for applicants is \$25, payable by the applicant.

Sec. 21. [326.2441] [INSPECTION FEE SCHEDULE.]

Subdivision 1. [SCHEDULE.] State electrical inspection fees shall be paid according to subdivisions 2 to 13.

Subd. 2. [FEE FOR EACH SEPARATE INSPECTION.] The minimum fee for each separate inspection of an installation, replacement, alteration, or repair is \$20.

Subd. 3. [FEE FOR SERVICES, GENERATORS, OTHER POWER SUPPLY SOURCES, OR FEEDERS TO SEPARATE STRUCTURES.] The inspection fee for the installation, addition, alteration, or repair of each service, change of service, temporary service, generator, other power supply source, or feeder to a separate structure is:

- (1) 0 ampere to and including 400 ampere capacity, \$25;
- (2) 401 ampere to and including 800 ampere capacity, \$50; and
- (3) ampere capacity above 800, \$75.

Where multiple disconnects are grouped at a single location and are supplied by a single set of supply conductors the cumulative rating of the overcurrent devices shall be used to determine the supply ampere capacity.

Subd. 4. [FEE FOR CIRCUITS, FEEDERS, FEEDER TAPS, OR SETS OF TRANSFORMER SECONDARY CONDUCTORS.] The inspection fee for the installation, addition, alteration, or repair of each circuit, feeder, feeder tap, or set of transformer secondary conductors, including the equipment served, is:

- (1) 0 ampere to and including 200 ampere capacity, \$5; and
- (2) ampere capacity above 200, \$10.

Subd. 5. [LIMITATIONS TO FEES OF SUBDIVISIONS 3 AND 4.] (a) The fee for a one-family dwelling and each dwelling unit of a two-family dwelling with a supply of up to 500 amperes where a combination of ten or more sources of supply, feeders, or circuits are installed, added, altered, repaired, or extended is \$80. This fee applies to each separate installation for new dwellings and additions, alterations, or repairs to existing dwellings and includes not more than two inspections. The fee for additional inspections or other installations is that specified in subdivisions 2 to 4. The installer may submit fees for additional inspections when filing the request for electrical inspection.

(b) The fee for each dwelling unit of a multifamily dwelling with three to 12 dwelling units is \$50 and the fee for each additional dwelling unit is \$25. These fees include only inspection of the wiring within individual dwelling units and the final feeder to that unit. This limitation is subject to the following conditions:

(1) the multifamily dwelling is provided with common service equipment and each dwelling unit is supplied by a separate feeder. The fee for multifamily dwelling services or other power source supplies and all other circuits is that specified in subdivisions 2 to 4; and

(2) this limitation applies only to new installations for multifamily dwellings where the majority of the individual dwelling units are available for inspection during each inspection trip.

(c) A separate request for electrical inspection form must be filed for each dwelling unit that is supplied with an individual set of service entrance conductors. These fees are the one-family dwelling rate specified in paragraph (a).

Subd. 6. [ADDITIONS TO FEES OF SUBDIVISIONS 3 TO 5.] (a) The fee for the electrical supply for each manufactured home park lot is \$25. This fee includes the service or feeder conductors up to and including the service equipment or disconnecting means. The fee for feeders and circuits that extend from the service or disconnecting means is that specified in subdivision 4.

(b) The fee for each recreational vehicle site electrical supply equipment is \$5. The fee for recreational vehicle park services, feeders, and circuits is that specified in subdivisions 3 and 4.

(c) The fee for each street, parking lot, or outdoor area lighting standard is \$1, and the fee for each traffic signal standard is \$5. Circuits originating within the standard or traffic signal controller shall not be used when computing the fee.

(d) The fee for transformers for light, heat, and power is \$10 for transformers rated up to ten kilovolt-amperes and \$20 for transformers rated in excess of ten kilovolt-amperes.

(e) The fee for transformers and electronic power supplies for electric signs and outline lighting is \$5 per unit.

(f) The fee for alarm, communication, remote control, and signaling circuits or systems, and circuits of less than 50 volts, is 50 cents for each system device or apparatus.

(g) The fee for each separate inspection of the bonding for a swimming pool, spa, fountain, an equipotential plane for an agricultural confinement area, or similar installation shall be \$20. Bonding conductors and connections require an inspection before being concealed.

(h) The fee for all wiring installed on center pivot irrigation booms is \$40.

(i) The fee for retrofit modifications to existing lighting fixtures is 25 cents per lighting fixture.

Subd. 7. [INVESTIGATION FEES: WORK WITHOUT A REQUEST FOR ELECTRICAL INSPECTION.] (a) Whenever any work for which a request for electrical inspection is required by the board has begun without the request for electrical inspection form being filed with the board, a special investigation shall be made before a request for electrical inspection form is accepted by the board.

(b) An investigation fee, in addition to the full fee required by subdivisions 1 to 6, shall be paid before an inspection is made. The investigation fee is two times the hourly rate specified in subdivision 10 or the inspection fee required by subdivisions 1 to 6, whichever is greater, not to exceed \$1,000. The payment of the investigation fee does not exempt any person from compliance with all other provisions of the board rules or statutes nor from any penalty prescribed by law.

Subd. 8. [REINSPECTION FEE.] When reinspection is necessary to determine whether unsafe conditions have been corrected and the conditions are not the subject of an appeal pending before the board or any court, a reinspection fee of \$20 may be assessed in writing by the inspector.

Subd. 9. [SUPPLEMENTAL FEE.] When inspections scheduled by the installer are preempted, obstructed, prevented, or otherwise not able to be completed as scheduled due to circumstances beyond the control of the inspector, a supplemental inspection fee of \$20 may be assessed in writing by the inspector.

Subd. 10. [SPECIAL INSPECTION.] For inspections not covered in this section, or for requested special inspections or services, the fee shall be \$30 per hour, including travel time, plus 31 cents per mile traveled, plus the reasonable cost of equipment or material consumed. This provision is applicable to inspection of empty conduits and other jobs as may be determined by the board. This fee may also be assessed when installations are not accessible by roadway and require alternate forms of transportation.

Subd. 11. [INSPECTION OF TRANSITORY PROJECTS.] (a) For inspection of transitory projects including, but not limited to, festivals, fairs, carnivals, circuses, shows, production sites, and portable road construction plants, the inspection procedures and fees are as specified in paragraphs (b) to (i).

(b) The fee for inspection of each generator or other source of supply is that specified in subdivision 3. A like fee is required at each engagement or setup.

(c) In addition to the fee for generators or other sources of supply, there must be an inspection of all installed feeders, circuits, and equipment at each engagement or setup at the hourly rate specified in subdivision 10, with a two-hour minimum.

(d) An owner, operator, or appointed representative of a transitory enterprise including, but not limited to, festivals, fairs, carnivals, circuses, production companies, shows, portable road construction plants, and similar enterprises shall notify the board of its itinerary or schedule and make application for initial inspection a minimum of 14 days before its first engagement or setup. An owner, operator, or appointed representative of a transitory enterprise who fails to notify the board 14 days before its first engagement or setup may be subject to the investigation fees specified in subdivision 7. The owner, operator, or appointed representative shall request inspection and pay the inspection fee for each subsequent engagement or setup at the time of the initial inspection. For subsequent engagements or setups not listed on the itinerary or schedule submitted to the board and where the board is not notified at least 48 hours in advance, a charge of \$100 may be made in addition to all required fees.

(e) Amusement rides, devices, concessions, attractions, or other units must be inspected at their first appearance of the year. The inspection fee is \$20 per unit with a supply of up to 60 amperes and \$30 per unit with a supply above 60 amperes.

(f) An additional fee at the hourly rate specified in subdivision 10 must be charged for additional time spent by each inspector if equipment is not ready or available for inspection at the time and date specified on the application for initial inspection or the request for electrical inspection form.

(g) In addition to the fees specified in paragraphs (a) and (b), a fee of two hours at the hourly rate specified in subdivision 10 must be charged for inspections required to be performed on Saturdays, Sundays, holidays, or after regular business hours.

(h) The fee for reinspection of corrections or supplemental inspections where an additional trip is necessary may be assessed as specified in subdivision 8.

(i) The board may retain the inspection fee when an owner, operator, or appointed representative of a transitory enterprise fails to notify the board at least 48 hours in advance of a scheduled inspection that is canceled.

Subd. 12. [HANDLING FEE.] The handling fee to pay the cost of printing and handling of the form requesting an inspection is \$1.

Subd. 13. [NATIONAL ELECTRICAL CODE USED FOR INTERPRETATION OF PROVISIONS.] For purposes of interpretation of this section and Minnesota Rules, chapter 3800, the most recently adopted edition of the National Electrical Code shall be prima facie evidence of the definitions, interpretations, and scope of words and terms used.

Sec. 22. Minnesota Statutes 1998, section 345.31, is amended by adding a subdivision to read:

Subd. 6a. [MONEY ORDER.] "Money order" includes an express money order and a personal money order, on which the remitter is the purchaser. The term does not include a bank order or any other instrument sold by a financial organization if the seller has obtained the name and address of the payee.

EFFECTIVE DATE: This section is effective July 1, 2001.

Sec. 23. [345.321] [DORMANCY CHARGE FOR MONEY ORDERS.]

Notwithstanding any law to the contrary, a holder may annually deduct, from a money order presumed abandoned, a charge imposed by reason of the owner's failure to claim the property within a specified time. The holder may deduct the charge only if: (1) there is a valid and enforceable written contract between the holder and the owner under which the holder may impose the charge; (2) the holder regularly imposes the charge; and (3) the charge is not regularly reversed or otherwise canceled. The total amount of the deduction is limited to an amount that is not unconscionable.

EFFECTIVE DATE: This section is effective July 1, 2001.

Sec. 24. Minnesota Statutes 1998, section 345.39, subdivision 1, is amended to read:

Subdivision 1. [PRESUMED ABANDONMENT.] All intangible personal property, not otherwise covered by sections 345.31 to 345.60, including any income or increment thereon, but excluding any charges that may lawfully be withheld, that is held or owing in this state in the ordinary course of the holder's business and has remained unclaimed by the owner for more than three years after it became payable or distributable is presumed abandoned. Property covered by this section includes, but is not limited to: (a) unclaimed worker's compensation; (b) deposits or payments for repair or purchase of goods or services; (c) credit checks or memos, or customer overpayments; (d) unidentified remittances, unrefunded overcharges; (e) unpaid claims, unpaid accounts payable or unpaid commissions; (f) unpaid mineral proceeds, royalties or vendor checks; and (g) credit balances, accounts receivable and miscellaneous outstanding checks. This section does not include money orders. "Intangible property" does not include gift certificates, gift cards, or layaway accounts issued or maintained by any person in the business of selling tangible property or services at retail and such items shall not be subject to this section.

EFFECTIVE DATE: This section is effective July 1, 2001.

Sec. 25. Laws 1999, chapter 223, article 2, section 81, as amended by Laws 1999, chapter 249, section 12, is amended to read:

Sec. 81. [EFFECTIVE DATES.]

Section 48 is effective March 1, 2000.

Sections 59, 61, 62, 64, 65, and 79 are effective the day following final enactment.

Section 67 is effective June 30, 1999.

Section 80, paragraph (a), is effective July 1, 1999.

Section 80, ~~paragraphs paragraph (b) and (c), are~~ is effective July 1, 2000.

Section 80, paragraph (c), is effective July 1, 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 26. [ASSUMPTION OF RESPONSIBILITIES BY COMMISSIONER OF HEALTH.]

The commissioner of health shall consult with appropriate knowledgeable individuals on an ongoing basis regarding the development and enforcement of boxing regulations. Responsibility for the regulation of professional boxing is transferred to the commissioner of health as of July 1, 2001, pursuant to Minnesota Statutes, section 15.039, except that Minnesota Statutes, section 15.039, subdivision 7, shall not apply to this transfer of responsibilities.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 27. [INFORMATION TO BE PROVIDED.]

The commissioner of labor and industry shall by September 1, 2000, complete a diligent and concerted effort to provide an informational brochure to every employer in Minnesota who is subject to the provisions of Minnesota Statutes, chapter 181A. The brochure shall describe the requirements of Minnesota Statutes, chapter 181A, shall describe the effects of section 10, and shall provide a telephone number that employers may call for additional information regarding compliance with Minnesota Statutes, chapter 181A.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 28. [INSTRUCTION TO REVISOR.]

The revisor shall change references in Minnesota Rules from Minnesota Rules, part 3800.3810, to Minnesota Statutes, section 326.2441.

Sec. 29. [REPEALER.]

Minnesota Rules, part 3800.3810, is repealed.

ARTICLE 3

ENVIRONMENT, NATURAL RESOURCES, AND AGRICULTURE

Section 1. [APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively, and if an earlier appropriation was made for that purpose for that year, the appropriation in this article is added to it.

	APPROPRIATIONS	
	Available for the Year	
	Ending June 30	
	2000	2001
Sec. 2. POLLUTION CONTROL AGENCY	307,000	-0-

\$306,000 is to administer the wastewater infrastructure fund. This is a one-time appropriation and is available until June 30, 2001.

The agency must allocate \$104,000 of the appropriation in Laws 1999, chapter 231, section 2, for WIF construction program administration.

\$1,000 is appropriated from the general fund in fiscal year 2000 for the air quality permitting process required to allow an existing resource recovery facility in Hennepin county to operate at its

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

maximum yearly capacity as provided in section 30. This is a one-time appropriation and is available until June 30, 2001. This amount shall be reimbursed by the applicant for the permit.

\$865,000 from the balance in the environmental fund shall be canceled to the general fund by June 30, 2001.

Sec. 3. BOARD OF WATER AND SOIL RESOURCES	2,650,000	400,000
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\$400,000 in fiscal year 2001 is for professional and technical services to replace wetlands under Minnesota Statutes, section 103G.222, subdivision 1. This is a one-time appropriation.

\$2,650,000 in fiscal year 2000 is for the purposes of sections 40 to 43. This is a one-time appropriation and remains available until expended. Administrative costs may not exceed ten percent of the appropriation.

Sec. 4. NATURAL RESOURCES	5,414,000	-0-
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\$3,955,000 in fiscal year 2000 is for the settlement of legal costs incurred by the Mille Lacs Band, St. Croix Band, Bad River Band, Red Cliff Band, Lac du Flambeau Band, Sokaogon Chippewa Community, and the Lac Courte Oreilles Band related to the 1837 Treaty litigation.

The money necessary for the interest payment on the settlement of legal costs in the 1837 Treaty litigation is appropriated in fiscal year 2000. The amount of the interest payment shall be determined by applying an interest amount of \$614.30 for each day beginning December 10, 1999, through the day of payment of the legal costs.

\$1,459,000 in fiscal year 2000 is for grants to Lake, Cook, and St. Louis counties for emergency communications equipment, emergency response equipment, and emergency planning and training to respond to a major wildfire. Of this amount, \$227,000 is for a grant to Lake county, \$430,000 is for a grant to Cook county, and \$802,000 is for a grant to St. Louis county. St. Louis county must use a portion of the grant to purchase a NOAA warning system that can be used by all of the counties receiving grants under this section. This appropriation is available until June 30, 2001.

The commissioner may use up to 50 percent of a snowmobile maintenance and grooming grant under Minnesota Statutes, section 84.83, that was available as of December 31, 1999, to reimburse the intended recipient for the actual cost of snowmobile

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

trail grooming equipment. The costs must be incurred in fiscal year 2000 and recipients seeking reimbursement under this paragraph must provide acceptable documentation of the costs to the commissioner. All applications for reimbursement under this paragraph must be received no later than September 1, 2000.

Sec. 5. AGRICULTURE

870,000

869,000

\$120,000 in fiscal year 2000 and \$374,000 in fiscal year 2001 are for expansion of the state meat inspection program. If the appropriation for either year is insufficient, the appropriation for the other year is available.

\$200,000 in fiscal year 2001 is for grants to one or more cooperative associations organized under Minnesota Statutes, chapter 308A, primarily for the purpose of facilitating the production and marketing of short rotation woody crops. The grants must be matched by \$1 of nonstate money for each dollar. This is a one-time appropriation and remains available until expended.

\$150,000 in fiscal year 2001 is for a grant to the Center for Farm Financial Management at the University of Minnesota for purposes of a comprehensive effort to develop software and training materials to help farmers improve their profitability through sophisticated business planning. The software and training will complement existing FINPACK farm management tools. No later than March 1, 2001, the center must report to the agriculture policy and finance committees of the senate and the house of representatives on the software development program. This is a one-time appropriation and is available until March 31, 2001.

\$300,000 in fiscal year 2000 is to establish an agricultural water quality and quantity management, research, demonstration, and education program. Of this appropriation, \$150,000 is for projects at the Lamberton site and \$150,000 is for projects at the Waseca site. The commissioner may contract with the University of Minnesota or other parties for the implementation of parts of the program. This appropriation is available until spent and is a one-time appropriation.

\$150,000 in fiscal year 2000 is for the farm advocates program. This is a one-time appropriation and is available until June 30, 2001.

\$170,000 in fiscal year 2001 is to expand the concept of the Minnesota grown pilot program under Laws 1998, chapter 401, section 6. This is a one-time appropriation.

Sec. 9. Minnesota Statutes 1998, section 17A.03, subdivision 5, is amended to read:

Subd. 5. [LIVESTOCK.] "Livestock" means cattle, sheep, swine, horses intended for slaughter, mules, farmed cervidae, as defined in section 17.451, subdivision 2, llamas, as defined in section 17.455, subdivision 2, ratitae, as defined in section 17.453, subdivision 3, buffalo, and goats.

Sec. 10. Minnesota Statutes 1998, section 18E.04, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENT PAYMENTS.] (a) The board shall pay a person that is eligible for reimbursement or payment under subdivisions 1, 2, and 3 from the agricultural chemical response and reimbursement account for:

(1) 90 percent of the total reasonable and necessary corrective action costs greater than \$1,000 and less than or equal to \$100,000; ~~and~~

(2) 100 percent of the total reasonable and necessary corrective action costs greater than \$100,000 but less than or equal to \$200,000;

(3) 80 percent of the total reasonable and necessary corrective action costs greater than \$200,000 but less than or equal to \$300,000; and

(4) 60 percent of the total reasonable and necessary corrective action costs greater than \$300,000 but less than or equal to \$350,000.

(b) A reimbursement or payment may not be made until the board has determined that the costs are reasonable and are for a reimbursement of the costs that were actually incurred.

(c) The board may make periodic payments or reimbursements as corrective action costs are incurred upon receipt of invoices for the corrective action costs.

(d) Money in the agricultural chemical response and reimbursement account is appropriated to the commissioner to make payments and reimbursements directed by the board under this subdivision.

(e) The board may not make reimbursement greater than the maximum allowed under paragraph (a) for all incidents on a single site which:

(1) were not reported at the time of release but were discovered and reported after July 1, 1989; and

(2) may have occurred prior to July 1, 1989, as determined by the commissioner.

(f) The board may only reimburse an eligible person for separate incidents within a single site if the commissioner determines that each incident is completely separate and distinct in respect of location within the single site or time of occurrence.

Sec. 11. Minnesota Statutes 1998, section 41A.09, subdivision 3a, is amended to read:

Subd. 3a. [PAYMENTS.] (a) The commissioner of agriculture shall make cash payments to producers of ethanol, anhydrous alcohol, and wet alcohol located in the state. These payments shall apply only to ethanol, anhydrous alcohol, and wet alcohol fermented in the state and produced at plants that have begun production by June 30, 2000. For the purpose of this subdivision, an entity that holds a controlling interest in more than one ethanol plant is considered a single producer. The amount of the payment for each producer's annual production is:

(1) except as provided in paragraph (b), for each gallon of ethanol or anhydrous alcohol produced on or before June 30, 2000, or ten years after the start of production, whichever is later, 20 cents per gallon; and

(2) for each gallon produced of wet alcohol on or before June 30, 2000, or ten years after the start of production, whichever is later, a payment in cents per gallon calculated by the formula "alcohol purity in percent divided by five," and rounded to the nearest cent per gallon, but not less than 11 cents per gallon.

The producer payments for anhydrous alcohol and wet alcohol under this section may be paid to either the original producer of anhydrous alcohol or wet alcohol or the secondary processor, at the option of the original producer, but not to both.

No payments shall be made for production that occurs after June 30, 2010.

(b) If the level of production at an ethanol plant increases due to an increase in the production capacity of the plant ~~and the increased production begins by June 30, 2000~~, the payment under paragraph (a), clause (1), applies to the additional increment of production until ten years after the increased production began. Once a plant's production capacity reaches 15,000,000 gallons per year, no additional increment will qualify for the payment.

(c) The commissioner shall make payments to producers of ethanol or wet alcohol in the amount of 1.5 cents for each kilowatt hour of electricity generated using closed-loop biomass in a cogeneration facility at an ethanol plant located in the state. Payments under this paragraph shall be made only for electricity generated at cogeneration facilities that begin operation by June 30, 2000. The payments apply to electricity generated on or before the date ten years after the producer first qualifies for payment under this paragraph. Total payments under this paragraph in any fiscal year may not exceed \$750,000. For the purposes of this paragraph:

(1) "closed-loop biomass" means any organic material from a plant that is planted for the purpose of being used to generate electricity or for multiple purposes that include being used to generate electricity; and

(2) "cogeneration" means the combined generation of:

(i) electrical or mechanical power; and

(ii) steam or forms of useful energy, such as heat, that are used for industrial, commercial, heating, or cooling purposes.

(d) ~~Except for new production capacity approved under paragraph (i), clause (1), the total~~ Payments under paragraphs (a) and (b) to all producers may not exceed ~~\$34,000,000~~ \$37,000,000 in a fiscal year. Total payments under paragraphs (a) and (b) to a producer in a fiscal year may not exceed \$3,000,000.

(e) By the last day of October, January, April, and July, each producer shall file a claim for payment for ethanol, anhydrous alcohol, and wet alcohol production during the preceding three calendar months. A producer with more than one plant shall file a separate claim for each plant. ~~A producer shall file a separate claim for the original production capacity of each plant and for each additional increment of production that qualifies under paragraph (b).~~ A producer that files a claim under this subdivision shall include a statement of the producer's total ethanol, anhydrous alcohol, and wet alcohol production in Minnesota during the quarter covered by the claim, including anhydrous alcohol and wet alcohol produced or received from an outside source. A producer shall file a separate claim for any amount claimed under paragraph (c). For each claim and statement of total ethanol, anhydrous alcohol, and wet alcohol production filed under this subdivision, the volume of ethanol, anhydrous alcohol, and wet alcohol production or amounts of electricity generated using closed-loop biomass must be examined by an independent certified public accountant in accordance with standards established by the American Institute of Certified Public Accountants.

(f) Payments shall be made November 15, February 15, May 15, and August 15. A separate payment shall be made for each claim filed. Except as provided in paragraph (j), the total quarterly payment to a producer under this paragraph, excluding amounts paid under paragraph (c), may not exceed \$750,000. ~~Except for new production capacity approved under paragraph (i), clause (1), if the total amount for which all other producers are eligible in~~

a quarter under paragraphs (a) and (b) exceeds \$8,500,000, the commissioner shall make payments for production capacity that is subject to this restriction in the order in which the portion of production capacity covered by each claim went into production.

(g) If the total amount for which all producers are eligible in a quarter under paragraph (c) exceeds the amount available for payments, the commissioner shall make payments in the order in which the plants covered by the claims began generating electricity using closed-loop biomass.

(h) After July 1, 1997, new production capacity is only eligible for payment under this subdivision if the commissioner receives:

- (1) an application for approval of the new production capacity;
- (2) an appropriate letter of long-term financial commitment for construction of the new production capacity; and
- (3) copies of all necessary permits for construction of the new production capacity.

The commissioner may approve new production capacity based on the order in which the applications are received.

(i) ~~After April 22, 1998, the commissioner may only approve: (1) up to 12,000,000 gallons of new production capacity at one plant that has not previously received approval or payment for any production capacity; or (2) new production capacity at existing plants not to exceed planned expansions reported to the commissioner by February 1997. The commissioner may not approve any new production capacity after July 1, 1998, except that a producer with an approved production capacity of at least 12,000,000 gallons per year but less than 15,000,000 gallons per year prior to July 1, 1998, is approved for 15,000,000 gallons of production capacity.~~

(j) Notwithstanding the quarterly payment limits of paragraph (f), the commissioner shall make an additional payment in the eighth quarter of each fiscal biennium to ethanol producers for the lesser of: (1) 20 cents per gallon of production in the eighth quarter of the biennium that is greater than 3,750,000 gallons; or (2) the total amount of payments lost during the first seven quarters of the biennium due to plant outages, repair, or major maintenance. Total payments to an ethanol producer in a fiscal biennium, including any payment under this paragraph, must not exceed the total amount the producer is eligible to receive based on the producer's approved production capacity. The provisions of this paragraph apply only to production losses that occur in quarters beginning after December 31, 1999.

(k) For the purposes of this subdivision "new production capacity" means annual ethanol production capacity that was not allowed under a permit issued by the pollution control agency prior to July 1, 1997, or for which construction did not begin prior to July 1, 1997.

Sec. 12. Minnesota Statutes 1998, section 41B.03, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY GENERALLY.] To be eligible for a program in sections 41B.01 to 41B.23:

(1) a borrower must be a resident of Minnesota or a domestic family farm corporation, as defined in section 500.24, subdivision 2; and

(2) the borrower or one of the borrowers must be the principal operator of the farm or, for a prospective homestead redemption borrower, must have at one time been the principal operator of a farm; ~~and~~

~~(3) the borrower must not receive assistance under sections 41B.01 to 41B.23 exceeding an aggregate of \$100,000 in loans during the borrower's lifetime.~~

Sec. 13. Minnesota Statutes 1998, section 41B.03, subdivision 2, is amended to read:

Subd. 2. [ELIGIBILITY FOR RESTRUCTURED LOAN.] In addition to the eligibility requirements of subdivision 1, a prospective borrower for a restructured loan must:

(1) have received at least 50 percent of average annual gross income from farming for the past three years or, for homesteaded property, received at least 40 percent of average gross income from farming in the past three years, and farming must be the principal occupation of the borrower;

(2) have a debt-to-asset ratio equal to or greater than 50 percent and in determining this ratio, the assets must be valued at their current market value;

(3) have projected annual expenses, including operating expenses, family living, and interest expenses after the restructuring, that do not exceed 95 percent of the borrower's projected annual income considering prior production history and projected prices for farm production, except that the authority may reduce the 95 percent requirement if it finds that other significant factors in the loan application support the making of the loan; ~~and~~

(4) demonstrate substantial difficulty in meeting projected annual expenses without restructuring the loan; and

(5) must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying \$400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Sec. 14. Minnesota Statutes 1998, section 41B.039, subdivision 2, is amended to read:

Subd. 2. [STATE PARTICIPATION.] The state may participate in a new real estate loan with an eligible lender to a beginning farmer to the extent of 45 percent of the principal amount of the loan or ~~\$100,000~~ \$125,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the lender's retained portion of the loan.

Sec. 15. Minnesota Statutes 1998, section 41B.04, subdivision 8, is amended to read:

Subd. 8. [STATE'S PARTICIPATION.] With respect to loans that are eligible for restructuring under sections 41B.01 to 41B.23 and upon acceptance by the authority, the authority shall enter into a participation agreement or other financial arrangement whereby it shall participate in a restructured loan to the extent of 45 percent of the primary principal or ~~\$100,000~~ \$150,000, whichever is less. The authority's portion of the loan must be protected during the authority's participation by the first mortgage held by the eligible lender to the extent of its participation in the loan.

Sec. 16. Minnesota Statutes 1998, section 41B.042, subdivision 4, is amended to read:

Subd. 4. [PARTICIPATION LIMIT; INTEREST.] The authority may participate in new seller-sponsored loans to the extent of 45 percent of the principal amount of the loan or ~~\$100,000~~ \$125,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different than the interest rates and repayment terms of the seller's retained portion of the loan.

Sec. 17. Minnesota Statutes 1998, section 41B.043, subdivision 2, is amended to read:

Subd. 2. [SPECIFICATIONS.] No direct loan may exceed \$35,000 or ~~\$100,000~~ \$125,000 for a loan participation or be made to refinance an existing debt. Each direct loan and participation must be secured by a mortgage on real property and such other security as the authority may require.

Sec. 18. Minnesota Statutes 1998, section 41B.045, subdivision 2, is amended to read:

Subd. 2. [LOAN PARTICIPATION.] The authority may participate in a livestock expansion loan with an eligible lender to a livestock farmer who meets the requirements of section 41B.03, subdivision 1, clauses (1) and (2), and who are actively engaged in a livestock operation. A prospective borrower must have a total net worth, including assets and liabilities of the borrower's spouse and dependents, of less than \$400,000 in 1999 and an amount in subsequent years which is adjusted for inflation by multiplying \$400,000 by the cumulative inflation rate as determined by the United States All-Items Consumer Price Index.

Participation is limited to 45 percent of the principal amount of the loan or \$250,000, whichever is less. The interest rates and repayment terms of the authority's participation interest may be different from the interest rates and repayment terms of the lender's retained portion of the loan. Loans under this program must not be included in the lifetime limitation calculated under section 41B.03, subdivision 1.

Sec. 19. [41B.048] [AGROFORESTRY LOAN PROGRAM.]

Subdivision 1. [PURPOSE.] The purpose of the agroforestry loan program is to provide low interest financing to farmers during the growing period required to convert agricultural land to agroforestry.

Subd. 2. [ESTABLISHMENT.] The authority shall establish and implement an agroforestry loan program to help finance the production of short rotation woody crops. The authority may contract with a fiscal agent to provide an efficient delivery system for this program.

Subd. 3. [RULES.] The authority may adopt rules necessary for administration of the program established under subdivision 2.

Subd. 4. [DEFINITIONS.] (a) The definitions in this subdivision apply to this section.

(b) "Fiscal agent" means any lending institution or other organization of a for-profit or nonprofit nature that is in good standing with the state of Minnesota that has the appropriate business structure and trained personnel suitable to providing efficient disbursement of loan funds and the servicing and collection of loans over an extended period of time.

(c) "Growing cycle" means the number of years from planting to harvest.

(d) "Harvest" means the day that the crop arrives at the scale of the buyer of the crop.

(e) "Short rotation woody crops" or "crop" means hybrid poplar and other woody plants that are harvested for their fiber within 15 years of planting.

Subd. 5. [ELIGIBILITY.] To be eligible for this program a borrower must:

(1) be a resident of Minnesota or any entity eligible to own farm land under section 500.24;

(2) be or plan to become a grower of short rotation woody crops on agricultural land that is suitable for the profitable production of short rotation woody crops;

(3) be a member of a producer-owned cooperative that will contract to market the short rotation woody crop to be planted by the borrower;

(4) demonstrate an ability to repay the loan;

(5) not receive assistance under this program for more than \$150,000 in the producer's lifetime;

(6) agree to work with appropriate local, state, and federal agencies, and the marketing cooperative, to develop an acceptable establishment and maintenance plan;

(7) agree not to plant short-rotation woody crops within one-quarter of a mile of state or federally protected prairie; and

(8) meet any other requirements the authority may impose by administrative procedure or by rule.

Subd. 6. [LOANS.] (a) The authority may disburse loans through a fiscal agent to farmers and agricultural landowners who are eligible under subdivision 5. The total accumulative loan principal must not exceed \$75,000 per loan.

(b) The fiscal agent may impose a loan origination fee in the amount of one percent of the total approved loan. This fee is to be paid by the borrower to the fiscal agent at the time of loan closing.

(c) The loan may be disbursed over a period not to exceed 12 years.

(d) A borrower may receive loans, depending on the availability of funds, for planted areas up to 160 acres for up to:

(1) the total amount necessary for establishment of the crop;

(2) the total amount of maintenance costs, including weed control, during the first three years; and

(3) 70 percent of the estimated value of one year's growth of the crop for years four through 12.

(e) Security for the loan must be the crop, a personal note executed by the borrower, an interest in the land upon which the crop is growing, and whatever other security is required by the fiscal agent or the authority. All recording fees must be paid by the borrower.

(f) The authority may prescribe forms and establish an application process for applicants to apply for a loan.

(g) The authority may impose a reasonable nonrefundable application fee for each application for a loan under this program. The application fee is initially \$50. Application fees received by the authority must be deposited in the agroforestry loan program revolving fund established in subdivision 7.

(h) Loans under the program must be made using money in the agroforestry loan program revolving fund established in subdivision 7.

(i) The interest payable on loans made by the authority for the agroforestry loan program must, if funded by revenue bond proceeds, be at a rate not less than the rate on the revenue bonds, and may be established at a higher rate necessary to pay costs associated with the issuance of the revenue bonds and a proportionate share of the cost of administering the program. The interest payable on loans for the agroforestry loan program funded from sources other than revenue bond proceeds must be at a rate determined by the authority.

(j) Loan principal balance outstanding plus all assessed interest must be repaid within 120 days of harvest, but no later than 15 years from planting.

Subd. 7. [REVOLVING FUND.] There is established in the state treasury an agroforestry loan program revolving fund that is eligible to receive appropriations or the proceeds of bond sales. All repayments of financial assistance granted under subdivision 2, including principal and interest, must be deposited into this fund. Interest earned on money in the fund accrues to the fund, and money in the fund is appropriated to the commissioner for purposes of the agroforestry loan program, including costs incurred by the authority to establish and administer the program.

Subd. 8. [REVENUE BONDS.] The authority may issue revenue bonds to finance the agroforestry loan program in accordance with sections 41B.08 to 41B.15, 41B.17, and 41B.18. Bonds may be refunded by the issuance of refunding bonds in the manner authorized by chapter 475.

Sec. 20. [BIG BOG STATE RECREATION AREA.]

Subdivision 1. [85.013] [Subd. 2c.] [BIG BOG STATE RECREATION AREA, BELTRAMI COUNTY.] Big Bog state recreation area is established in Beltrami county.

Subd. 2. [PURPOSE.] The Big Bog state recreation area is created to expand and diversify regional recreational opportunities and to enrich the cultural, biological, and historical opportunities for visitors to an area of the state that has suffered severe economic distress. The Big Bog recreational area will also enhance public appreciation and provide for the long-term protection of a unique ecosystem.

Subd. 3. [BOUNDARIES.] The following described lands are located within the boundaries of Big Bog state recreation area, all in Beltrami county:

(1) Government Lots 1, 2, and 3 of Section 8, Township 154 North, Range 30 West, EXCEPT a tract in Government Lot 3 beginning 100 feet North of the South boundary of Government Lot 3 on the east right-of-way line of State Trunk Highway 72; thence northerly 200 feet along said trunk highway; thence East to the westerly right-of-way line of old Trunk Highway 72; thence southerly 200 feet along said right-of-way line; thence westerly to the point of beginning;

(2) all of Sections 25, 26, and 27; the east Half, the Northwest Quarter, and the North Half of the Southwest Quarter of Section 34; the North Half and the Southwest Quarter of Section 35; the North Half, the East Half of the Southwest Quarter, the Southwest Quarter of the Southwest Quarter, the West Half of the Southeast Quarter, and the Southeast Quarter of the Southeast Quarter of Section 36, all in Township 156 North, Range 31 West; and

(3) all of Sections 1 and 2; the East Half of Section 3; the East Half, the Southeast Quarter of the Northwest Quarter, the East Half of the Southwest Quarter, and the Southwest Quarter of the Southwest Quarter of Section 10; and all of Sections 11, 12, 13, 14, and 15, all in Township 155 North, Range 31 West.

Subd. 4. [ADMINISTRATION.] The commissioner of natural resources shall administer the area according to Minnesota Statutes, section 86A.05, subdivision 3, subject to existing rules and regulations for state recreation areas.

Subd. 5. [CONTINUED LEASE OF LAND IN BIG BOG STATE RECREATION AREA.] Notwithstanding Minnesota Statutes, sections 85.011, 85.013, 85.053, and 86A.05, the commissioner of natural resources may continue to lease, upon the terms and conditions as the commissioner may prescribe and in the form approved by the attorney general, land within the Big Bog state recreation area that is included in lease number 144-15-109 to Waskish township.

Sec. 21. [RED RIVER STATE RECREATION AREA.]

Subdivision 1. [85.013] [Subd. 20a.] [RED RIVER STATE RECREATION AREA, POLK COUNTY.] The Red River state recreation area is established in Polk county.

Subd. 2. [BOUNDARIES.] The following described lands are located within the boundaries of the Red River state recreation area, all in Polk county:

(1) Lots 3 to 14 of Block 2 including streets and alleys adjacent thereto in Riverside Addition;

(2) Block 1 including streets and alleys adjacent thereto in Surprenant's Addition;

- (3) Lots 1 to 24 including streets and alleys adjacent thereto in Grigg's Addition;
- (4) Lots 2, 4, 6, 8, 10, and 12 of Block 1, Block 3, Lots 1 to 10 of Block 4, and Lots 1 to 12 in Blocks A and B including streets and alleys adjacent thereto in Grand Forks East;
- (5) Lots 1 to 5 of Block 1 and Blocks 2 to 14 including streets and alleys adjacent thereto in Lake Park Addition;
- (6) Lots 1 to 7 and Lots 19 to 24 of Block 2 including streets and alleys adjacent thereto in E.B. Frederick's Addition;
- (7) Lots 1 to 3 of Block 1 and Blocks 2, 3, and 4 including streets and alleys adjacent thereto in Budge's First Addition;
- (8) Lots 1 to 4 of Block 1 including streets and alleys adjacent thereto in River Heights 1st Addition;
- (9) Blocks 1 and 2 including streets and alleys adjacent thereto in Thompson's Addition;
- (10) Lots 1 to 12 of Block 1, Lots 4 to 12 of Block 2, Block 3, and Lots 1 to 4 of Block 4 in Edwards Outlots and Outlots 4 to 8 including streets and alleys adjacent thereto in Auditor's Plat of Outlots;
- (11) Auditor's Plat of Mrs. Hines' Outlot;
- (12) Lots 6, 8, 10, 12, 14, 16, 18, 20, 22, and 24 of Block 3 and Lots 1 to 8 of Block 2 including streets and alleys adjacent thereto in the Original Townsite of East Grand Forks;
- (13) Blocks 1 to 8 including streets and alleys adjacent thereto in Woodland Addition;
- (14) Lots 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, and 23 of Block 31 and Blocks 32 to 38 including streets and alleys adjacent thereto in Traill's Addition;
- (15) Blocks 2 to 16 including streets and alleys adjacent thereto in Elm Grove;
- (16) Block 1, Lots 1 to 11 of Block 2, and Lots 1 to 11 of Block 3 including streets and alleys adjacent thereto in O'Leary and Ryan's Addition to Elm Grove;
- (17) Lots 6 to 10 of Block 1, Lots 8 to 35 of Block 2, Blocks 3, 4, and 5 including streets and alleys adjacent thereto in Folsom Park Addition;
- (18) Lots 1 to 6 of Block 1 in Jerome's Addition;
- (19) Lots 1 to 4 of Block 3 in Prestige Addition;
- (20) Lots 1 to 14 of Block 1 in Riverview Addition;
- (21) Lots 6 to 16 of Block 3 in Riverview 3rd Addition;
- (22) Lots 1 to 4 of Block 1 in Riverview 4th Addition;
- (23) Lots 1 and 2 of Block 1 in Riverview 5th Addition;
- (24) Lots 1 to 9 of Block 1 and Outlot A in Riverview 6th Addition;
- (25) Lots 1 to 18 of Block 1 and Lots 1 to 5 of Block 2 including streets and alleys adjacent thereto in Timberline 2nd Addition;

- (26) Lots 14 to 16 of Block 1 including streets and alleys adjacent thereto in Timberline Addition;
- (27) Lots 19 and 20 including streets and alleys adjacent thereto in Murphy's Outlots;
- (28) Lots 1 to 10 of Block 1 including streets and alleys thereto in Croy's 2nd Addition;
- (29) Lots 1 to 6 of Block 1 including the streets and alleys adjacent thereto in Point of Woods 2nd Addition;
- (30) Lots 1 to 6 of Block 1 including the streets and alleys adjacent thereto in Point of Woods Addition;
- (31) the unplatted portions of Government Lots 1, 2, and 3 of Section 35, Township 152 North, Range 50 West;
- (32) all of Government Lot 7, the unplatted portion of Government Lot 9, and that part of Government Lots 6 and 8 and the Southeast Quarter of the Southeast Quarter lying southwesterly of the southwesterly right-of-way line of the Burlington Northern and Santa Fe Railroad of Section 1, Township 151 North, Range 50 West;
- (33) the unplatted portions of Government Lots 2, 3, 4, 5, and 6 of Section 2, Township 151 North, Range 50 West;
- (34) all of Government Lots 1 and 2 of Section 11, Township 151 North, Range 50 West;
- (35) all of Government Lots 1, 7, and 11, the unplatted portions of Government Lots 3, 5, 9, and 10, and the Northeast Quarter of the Northwest Quarter of Section 12, Township 151 North, Range 50;
- (36) all of Government Lots 1 and 2, the Southwest Quarter of the Northwest Quarter, and the Northwest Quarter of the Southwest Quarter of Section 13, Township 151 North, Range 50 West;
- (37) all of Government Lots 1, 2, 3, and 4 of Section 14; Township 151 North, Range 50 West;
- (38) that part of Government Lot 7 lying southwesterly of the southwesterly right-of-way line of the Burlington Northern and Santa Fe Railroad of Section 6, Township 151 North, Range 49 West; and
- (39) all of Government Lots 2, 6, 7, and 9, the Northwest Quarter of the Northeast Quarter, the Northeast Quarter of the Northeast Quarter, the unplatted portions of Government Lots 3 and 5, and that part of Government Lot 1 and the Northeast Quarter of the Northwest Quarter lying southwesterly of the southwesterly right-of-way line of the Burlington Northern and Santa Fe Railroad of Section 7, Township 151 North, Range 49 West.

Subd. 3. [ADMINISTRATION.] The commissioner of natural resources shall administer the area according to Minnesota Statutes, section 86A.05, subdivision 3, subject to existing rules and regulations for state recreation areas. The commissioner shall appoint a citizens' oversight committee to assist with developing and managing the area. The committee shall serve without compensation and is exempt from Minnesota Statutes, section 15.059.

Sec. 22. Minnesota Statutes 1998, section 85.015, is amended by adding a subdivision to read:

Subd. 8a. [MILL TOWNS TRAIL.] (a) The trail shall originate at a point commonly known as Faribault Junction in Rice county, the termination point of the Sakatah Singing Hills Trail, and shall extend through the towns of Faribault, Dundas, Northfield, Waterford, and Randolph, to the termination point of the Cannon Valley Trail in Cannon Falls. The trail may be located within the Cannon river wild, scenic, and recreational land use district.

(b) The trail shall be developed primarily for riding and hiking. Motorized vehicles, except snowmobiles, are prohibited from the trail.

Sec. 23. Minnesota Statutes 1998, section 85.34, subdivision 1, is amended to read:

Subdivision 1. The commissioner of natural resources with the approval of the Executive Council may lease for purposes of restoration, preservation, historical, recreational, educational, and commercial use and development, that portion of Fort Snelling state park known as the upper bluff consisting of officer's row ~~and, area J, the polo grounds,~~ the adjacent golf course, and ~~residential, storage and service~~ all buildings and improvements located thereon, all lying within an area bounded by Minneapolis-St. Paul International Airport, trunk ~~highway~~ highways numbered 5 ~~and 55, Taylor avenue, Minnehaha avenue,~~ and Bloomington Road. The lease ~~or leases~~ shall be in a form approved by the attorney general and for a term of not to exceed 99 years. The lease or leases may provide for the provision of capital improvements or other performance by the tenant or tenants in lieu of all or some of the payments of rent that would otherwise be required.

Sec. 24. Minnesota Statutes 1998, section 85.34, is amended by adding a subdivision to read:

Subd. 4. All receipts derived from the leasing or operation of the property described in subdivision 1 shall be deposited in the state treasury and be credited to the state parks working capital account designated in section 85.22, subdivision 1. Receipts and expenses from the leasing or operation of the property described in subdivision 1 shall be tracked separately within the account. Money in the account derived from the leasing or operation of the property described in subdivision 1 is annually appropriated for the payment of expenses attributable to the leasing and operation of the property described in subdivision 1, included but not limited to the maintenance, repair, and rehabilitation of historic buildings and landscapes. Any excess receipts in this account are annually appropriated for historic preservation purposes within state parks.

Sec. 25. Minnesota Statutes 1998, section 85.34, is amended by adding a subdivision to read:

Subd. 5. The commissioner of natural resources may provide an exception, in whole or in part, to the rules for use of state parks and other recreational areas for property leased pursuant to subdivision 1. The exception may be provided by commissioner's order and shall be effective for the term of the lease or such lesser period of time specified by the commissioner.

Sec. 26. Minnesota Statutes 1998, section 97A.055, subdivision 2, is amended to read:

Subd. 2. [RECEIPTS.] The state treasurer shall credit to the game and fish fund all money received under the game and fish laws including receipts from:

- (1) licenses issued;
- (2) fines and forfeited bail;
- (3) sales of contraband, wild animals, and other property under the control of the division;
- (4) fees from advanced education courses for hunters and trappers;
- (5) reimbursements of expenditures by the division; ~~and~~
- (6) contributions to the division; and
- (7) revenue credited to the game and fish fund under section 297A.44, subdivision 1, paragraph (e), clause (1).

Sec. 27. Minnesota Statutes 1998, section 103E.011, is amended by adding a subdivision to read:

Subd. 5. [USE OF EXTERNAL SOURCES OF FUNDING.] Notwithstanding other provisions of this chapter, a drainage authority may accept and use funds from sources other than, or in addition to, those derived from assessments based on the benefits of the drainage system for the purposes of wetland preservation or restoration or creation of water quality improvements or flood control. The sources of funding authorized under this subdivision may also be used outside the benefited area but must be within the watershed of the drainage system.

Sec. 28. Minnesota Statutes 1999 Supplement, section 116.073, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ISSUE.] (a) Pollution control agency staff designated by the commissioner and department of natural resources conservation officers may issue citations to a person who:

(1) disposes of solid waste as defined in section 116.06, subdivision 22, at a location not authorized by law for the disposal of solid waste without permission of the owner of the property;

(2) fails to report or recover ~~oil or hazardous substance~~ discharges as required under section 115.061; or

(3) fails to take discharge preventive or preparedness measures required under chapter 115E.

(b) In addition, pollution control agency staff designated by the commissioner may issue citations to owners and operators of facilities dispensing petroleum products who violate sections 116.46 to 116.50 and Minnesota Rules, chapters 7150 and 7151 and parts 7001.4200 to 7001.4300. ~~The citations for violation of sections 116.46 to 116.50 and Minnesota Rules, chapter 7150, may be issued only after the owners and operators have had a 90-day period to correct all the violations stated in a letter issued previously by pollution control agency staff.~~ A citation issued under this subdivision must include a requirement that the person cited remove and properly dispose of or otherwise manage the waste or discharged oil or hazardous substance, reimburse any government agency that has disposed of the waste or discharged oil or hazardous substance and contaminated debris for the reasonable costs of disposal, or correct any ~~underground~~ storage tank violations.

(c) Until June 1, 2004, citations for violation of sections 115E.045 and 116.46 to 116.50 and Minnesota Rules, chapters 7150 and 7151, may be issued only after the owners and operators have had a 90-day period to correct violations stated in writing by pollution control agency staff, unless there is a discharge associated with the violation or the violation is of Minnesota Rules, part 7151.6400, subpart 1, item B, or 7151.6500.

Sec. 29. Minnesota Statutes 1998, section 297A.44, subdivision 1, is amended to read:

Subdivision 1. (a) Except as provided in paragraphs (b) to ~~(e)~~ (f), all revenues, including interest and penalties, derived from the excise and use taxes imposed by sections 297A.01 to 297A.44 shall be deposited by the commissioner in the state treasury and credited to the general fund.

(b) All excise and use taxes derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project, from and after the date on which a conditional commitment for a loan guaranty for the project is made pursuant to section 41A.04, subdivision 3, shall be deposited in the Minnesota agricultural and economic account in the special revenue fund. The commissioner of finance shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account shall be reduced by any refunds and by the costs incurred by the department of revenue to administer and enforce the assessment and collection of the taxes.

(c) All revenues, including interest and penalties, derived from the excise and use taxes imposed on sales and purchases included in section 297A.01, subdivision 3, paragraphs (d) and (k), clauses (1) and (2), must be deposited by the commissioner in the state treasury, and credited as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance must be credited to the general fund.

(d) The revenues, including interest and penalties, collected under section 297A.135, subdivision 5, shall be deposited by the commissioner in the state treasury and credited to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.135, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent, and for fiscal year 2002 and thereafter, 87 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.259, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota zoological garden, the Como park zoo and conservatory, and the Duluth zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

Sec. 30. Minnesota Statutes 1998, section 383B.235, is amended by adding a subdivision to read:

Subd. 3. [EXISTING FACILITY MAY USE CAPACITY.] Notwithstanding subdivisions 1 and 2, an existing resource recovery facility may reclaim, burn, use, process, or dispose of mixed municipal solid waste to the full extent of its maximum yearly capacity as of January 1, 2000. The facility must continue to comply with all federal and state environmental laws and regulations and must obtain a conditional use permit from the municipality where the facility is located.

Sec. 31. Laws 1998, chapter 389, article 16, section 31, subdivision 2, as amended by Laws 1999, chapter 180, section 1, is amended to read:

Subd. 2. [EXCHANGE OF COUNTY LAKESHORE LAND FOR LEASED LAKESHORE LOTS.] (a) For the purposes of this section:

(1) "county land" includes, but is not limited to, tax-forfeited land administered by any county;

(2) "leased lakeshore lots" means lands leased by the state, including lots for which leases have been canceled, pursuant to Minnesota Statutes, section 92.46, subdivision 1; and

(3) "plan for exchange" means a listing of parcels proposed for exchange with legal descriptions, county estimates of values, and maps and acreage for each parcel. By July 1, 1999, counties shall include exchange plans for all lakeshore lease lots that are in substantial compliance with official controls. The plan shall also include a timeline that provides for the completion of the exchange of all remaining lakeshore lease lots by December 31, 2000.

(b) By July 1, 1999, a county board with leased lakeshore lots must petition the land exchange board with a plan for an exchange of county land for leased lakeshore lots in the county that are not listed by the commissioner pursuant to subdivision 1. Notwithstanding Minnesota Statutes, section 94.342, the land proposed for the exchange must be land bordering on or adjacent to meandered or other public waters. A county board proposing an exchange under this section may include tax-forfeited land administered by another county in the proposal with the consent of that county board.

(c) In determining the value of the leased lakeshore lots for purposes of the exchange, the land exchange board must review an appraisal of each lot prepared by an appraiser licensed by the commissioner of commerce. The selection of the appraiser must be agreed to by the commissioner of natural resources and the county board of the county containing the leased lakeshore lot. The commissioner of natural resources must pay the costs of appraisal and may recover these costs as provided in this section. The commissioner must submit appraisals under this paragraph to the land exchange board by June 1, 1999.

(d) The land exchange board must determine whether the land offered for exchange by a county under this section is lakeshore of substantially equal value to the leased lakeshore lots included in the county's petition. In making this determination, the land exchange board must review an appraisal of the land offered for exchange prepared by an appraiser licensed by the commissioner of commerce. The selection of the appraiser must be agreed to by the commissioner of natural resources and the county board of the county containing the leased lakeshore lots. The county must pay the costs of this appraisal and may recover those costs as provided in this section.

(e) Before the proposed exchange may be submitted to the land exchange board, the commissioner of natural resources must ensure that, whenever possible, state lands are added to the leased lakeshore lots when necessary to provide conformance with zoning official controls. The lands added to the leased lakeshore lots must be included in the appraised value of the lots. If the commissioner is unable to add the necessary land to a lot, the lot shall be treated as if purchased at the time the state first leased the site, for the purposes of local zoning and other ordinances at the time of sale of the lot by the county.

(f) Additional state or county lands, including state riparian land leased for a commercial use, may be added to the exchanges if mutually agreed upon by the commissioner and the affected county board to meet county zoning standards or other regulatory needs for the lots, for use of the land by the county or state, or to avoid leaving unmanageable parcels of land in state or county ownership after an exchange, or to dispose of state commercial riparian leases. The additional county land may include nonriparian land, if the land is adjacent to county land exchanged under this section and is beneficial to or enhances the value of the school trust land. Notwithstanding Minnesota Statutes, chapter 282, or any other law to the contrary, a county board may sell all or part of any additional land to an owner of a lakeshore lot sold by the county under this section, or sold by the state at a lakeshore lot sale, or to the lessee of a commercial lease.

(g) In the event that commercial leased state land is proposed for exchange, the state and county must submit to the land exchange board prior to exchanges, without regard to the dates provided in this section, the reports, appraisals, and plan for exchange required by this section. The county is not required to sell the commercially leased lands it receives from the state within the times stated in this section.

(h) The land exchange board must determine whether the lots are of substantially equal value and may approve the exchange, notwithstanding the requirements of Minnesota Statutes, sections 94.342 to 94.347, relating to the approval process. If the board approves the exchange, the commissioner must exchange the leased lakeshore lots

for the county lands, together with any additional state land provided for under this section, subject to the requirements of the Minnesota Constitution, article XI, section 10, relating to the reservation of mineral and water power rights.

(i) The deeds between the state and counties for land exchanges under this section are exempt from the deed tax imposed by Minnesota Statutes, section 287.21.

(j) The deeds issued by the state and counties for the land exchanges and sales to a lessee made pursuant to this section are exempt from the requirements imposed for well disclosure by Minnesota Statutes, section 103I.235, well sealing by Minnesota Statutes, section 103I.311, and individual sewage treatment system disclosure by Minnesota Statutes, section 115.55, subdivision 6.

Sec. 32. Laws 1998, chapter 404, section 7, subdivision 23, as amended by Laws 1999, chapter 231, section 194, and Laws 1999, chapter 240, article 1, section 20, is amended to read:

Subd. 23. Metro Regional Trails

5,000,000

For grants to the metropolitan council for acquisition and development of a capital nature of trail connections in the metropolitan area as specified in this subdivision. The purpose of the grants is to improve trails in the metropolitan park and open space system and connect them with existing state and regional trails. Priority shall be given to matching funds for an ISTEAA grant.

The funds shall be allocated by the council as follows:

(1) \$1,050,000 is allocated to Ramsey county as follows:

(i) \$400,000 to complete six miles of trails between the Burlington Northern Regional Trail and Bald Eagle-Otter Lake Regional Park;

(ii) \$150,000 to complete a one-mile connection between Birch Lake and the Lake Tamarack segment of Bald Eagle-Otter Lake Regional Park;

(iii) \$500,000 to acquire real property and design and construct or renovate recreation facilities along the Mississippi River in cooperation with the city of St. Paul;

(2) \$1,050,000 is allocated to the city of St. Paul as follows:

(i) \$250,000 to construct a bridge over Lexington Parkway in Como Regional Park; and

(ii) \$800,000 to enhance amenities for the trailhead at the Lilydale-Harriet Island Regional Park pavilion;

(3) \$1,400,000 is allocated to Anoka county to construct:

(i) a pedestrian tunnel under Highway 65 on the Rice Creek West Regional Trail in the city of Fridley; ~~and~~

(ii) restrooms, trailhead, signs, and amenities at the trailhead to the Rice Creek West Regional Trail; and

(iii) a pedestrian bridge on the Mississippi River Regional Trail crossing over Mississippi Street in the city of Fridley; and

(4) \$1,500,000 is allocated to the suburban Hennepin regional park district as follows:

(i) \$1,000,000 to connect North Hennepin Regional Trail to Luce Line State Trail and Medicine Lake; and

(ii) \$500,000 is for the cost of development and acquisition of the Southwest regional trail in the city of St. Louis Park. The trail must connect the Minneapolis regional trail system at Cedar Lake park to the Hennepin parks regional trail system at the Hopkins trail head.

Sec. 33. Laws 1999, chapter 231, section 2, subdivision 2, is amended to read:

Subd. 2. Protection of the Water

	15,984,000	16,008,000
Summary by Fund		
General	13,074,000	13,283,000 <u>12,983,000</u>
State Government		
Special Revenue	44,000	45,000
Environmental	2,616,000	2,680,000 <u>2,980,000</u>
Petroleum tank	250,000	-0-

\$2,348,000 the first year and \$2,348,000 the second year are for grants to local units of government for the clean water partnership program. The amount of this appropriation above the base is for Phase II implementation projects. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

\$1,470,000 the first year and \$1,841,000 the second year are for grants for county administration of the feedlot permit program. These amounts are transferred to the board of water and soil resources for disbursement in accordance with Minnesota Statutes, section 103B.3369, in cooperation with the pollution control agency. Grants must be matched with a combination of local cash and/or in-kind contributions. Counties receiving these grants shall submit an annual report to the pollution control agency regarding activities conducted under the grant, expenditures made, and local match contributions. First priority for funding shall be given to counties that have requested and received delegation from

the pollution control agency for processing of animal feedlot permit applications under Minnesota Statutes, section 116.07, subdivision 7. Delegated counties shall be eligible to receive a grant of either: \$50 multiplied by the number of livestock or poultry farms with sales greater than \$10,000, as reported in the 1997 Census of Agriculture, published by the United States Bureau of Census; or \$80 multiplied by the number of feedlots with greater than ten animal units as determined by a level 2 or level 3 feedlot inventory conducted in accordance with the Feedlot Inventory Guidebook published by the board of water and soil resources, dated June 1991. To receive the additional funding that is based on the county feedlot inventory, the county shall submit a copy of the inventory to the pollution control agency. Any remaining money is for distribution to all counties on a competitive basis through the challenge grant process for the conducting of feedlot inventories, development of delegated county feedlot programs, and for information and education or technical assistance efforts to reduce feedlot-related pollution hazards. Any money remaining after the first year is available for the second year.

\$94,000 the first year and \$97,000 the second year are for compliance activities and air quality monitoring to address hydrogen sulfide emissions from animal feedlots. The air quality monitoring must include the use of portable survey instruments.

\$1,043,000 the first year and \$1,048,000 the second year are for water monitoring activities.

\$320,000 the first year and \$322,000 the second year are for community technical assistance and education, including grants and technical assistance to communities for local and basin-wide water quality protection.

\$201,000 the first year and \$202,000 the second year are for individual sewage treatment system (ISTS) administration. Of this amount, \$86,000 in each year is transferred to the board of water and soil resources for assistance to local units of government through competitive grant programs for ISTS program development.

\$200,000 in each year is for individual sewage treatment system grants. Any unexpended balance in the first year does not cancel, but is available in the second year.

\$250,000 the first year and \$500,000 the second year are for studies to determine total maximum daily load allocations to improve water quality.

\$300,000 each the first year is from the general fund and \$300,000 the second year from the environmental fund are for continuing research on malformed frogs. This is a one-time appropriation.

\$126,000 is for administration of the wastewater infrastructure fund (WIF) construction program. This is a one-time appropriation.

\$250,000 the first year, notwithstanding Minnesota Statutes, section 115C.08, subdivision 4, is from the petroleum tank release fund for the following purposes: (1) to purchase and distribute emergency spill response equipment, such as spill containment booms, sorbent pads, and installation tools, along the Mississippi river upstream of drinking water intakes at the locations designated by the agency in consultation with the Mississippi River Defense Network; (2) to purchase mobile trailers to contain the equipment in clause (1) so that rapid deployment can occur; and (3) to conduct spill response training for those groups of responders receiving the spill response equipment described in clause (1). The agency shall develop and administer protocol for the use of the equipment among all potential users, including private contract firms, public response agencies, and units of government. Any money remaining after the first year is available for the second year. This is a one-time appropriation.

\$100,000 for the biennium is for a grant to the city of Garrison for the Garrison, Kathio, West Mille Lacs Lake Sanitary District for the cost of environmental studies, planning, and legal assistance for sewage treatment purposes. This is a one-time appropriation.

Until July 1, 2001, the agency shall not approve additional fees on animal feedlot operations.

Sec. 34. Laws 1999, chapter 231, section 6, as amended by Laws 1999, chapter 249, section 10, is amended to read:

Sec. 6. BOARD OF WATER AND SOIL RESOURCES	18,896,000	18,228,000
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\$5,480,000 the first year and \$5,480,000 the second year are for natural resources block grants to local governments. Of this amount, \$50,000 each year is for a grant to the North Shore Management Board, \$35,000 each year is for a grant to the St. Louis River Board, \$100,000 each year is for a grant to the Minnesota River Basin Joint Powers Board, and \$27,000 each year is for a grant to the Southeast Minnesota Resources Board.

The board shall reduce the amount of the natural resource block grant to a county by an amount equal to any reduction in the county's general services allocation to a soil and water conservation district from the county's 1998 allocation.

Grants must be matched with a combination of local cash or in-kind contributions. The base grant portion related to water planning must be matched by an amount that would be raised by a levy under Minnesota Statutes, section 103B.3369.

\$3,867,000 the first year and \$3,867,000 the second year are for grants to soil and water conservation districts for general purposes, nonpoint engineering, and for implementation of the RIM conservation reserve program. Upon approval of the board, expenditures may be made from these appropriations for supplies and services benefiting soil and water conservation districts.

\$4,120,000 the first year and \$4,120,000 the second year are for grants to soil and water conservation districts for cost-sharing contracts for erosion control and water quality management. Of this amount, \$32,000 the first year ~~is~~ and up to \$90,000 the second year are for a grant grants to the Blue Earth county soil and water conservation districts for stream bank stabilization on the LeSueur river within the city limits of St. Clair; and at least \$1,500,000 the first year and \$1,500,000 the second year are for state cost-share grants for cost-sharing contracts for water quality management on feedlots. ~~Priority must be given to feedlot operators who have received notices of violation and for feedlots in counties that are conducting or have completed a level 2 or level 3 feedlot inventory.~~ This appropriation is available until expended. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$100,000 the first year and \$100,000 the second year are for a grant to the Red river basin board to develop a Red river basin water management plan and to coordinate water management activities in the states and provinces bordering the Red river. This appropriation is only available to the extent it is matched by a proportionate amount in United States currency from the states of North Dakota and South Dakota and the province of Manitoba. The unencumbered balance in the first year does not cancel but is available for the second year. This is a one-time appropriation.

\$189,000 the first year and \$189,000 the second year are for grants to watershed districts and other local units of government in the southern Minnesota river basin study area 2 for floodplain management. If the appropriation in either year is insufficient, the appropriation in the other year is available for it.

\$1,203,000 the first year and \$450,000 the second year are for the administrative costs of easement and grant programs.

Any unencumbered balance in the board's program of grants does not cancel at the end of the first year and is available for the second year for the same grant program. If the appropriation in either year is insufficient, the appropriation for the other year is available for it.

Sec. 35. Laws 1999, chapter 231, section 11, subdivision 3, is amended to read:

Subd. 3. Agricultural Marketing and Development

6,521,000

5,410,000

Notwithstanding Minnesota Statutes, section 41A.09, subdivision 3a, the total payments from the ethanol development account to all producers may not exceed ~~\$68,447,000~~ \$72,106,000 for the biennium ending June 30, 2001. If, prior to the end of the biennium, the total amount for which all producers are eligible ~~in a quarter~~ exceeds the amount ~~available for payments remaining in the appropriation~~, the commissioner shall make the payments for the quarter in which the shortfall occurs on a pro rata basis. In fiscal year 2000, the commissioner shall first reimburse producers for eligible unpaid claims accumulated through June 30, 1999.

\$500,000 the first year is appropriated to the rural finance authority for making a loan under Minnesota Statutes, section 41B.044. Principal and interest payments on the loan must be deposited in the ~~ethanol development account for producer payments under Minnesota Statutes, section 41B.09~~ general fund.

By July 15, 1999, the commissioner shall transfer the unencumbered cash balance in the ethanol development fund established in Minnesota Statutes, section 41B.044, to the general fund.

\$200,000 the first year is for a grant from the commissioner to the Minnesota Turkey Growers Association for assistance to an entity that constructs a facility that uses poultry litter as a fuel for the generation of electricity. This amount must be matched by \$1 of nonstate money for each dollar of state money. This is a one-time appropriation.

\$50,000 the first year is for the commissioner, in consultation with the commissioner of economic development, to conduct a study of the need for a commercial shipping port at which agricultural cooperatives or individual farmers would have access to port facilities. This is a one-time appropriation.

\$71,000 the first year and \$71,000 the second year are for transfer to the Minnesota grown matching account and may be used as grants for Minnesota grown promotion under Minnesota Statutes, section 17.109.

\$100,000 the first year is for a grant to the University of Minnesota extension service for its farm safety and health program. This is a one-time appropriation.

\$225,000 the first year and \$75,000 the second year are for grants to the Minnesota agricultural education leadership council for the planning and implementation of initiatives enhancing and expanding agricultural education in rural and urban areas of the state. Funds not used in the first year are available for the second year. This is a one-time appropriation.

\$480,000 the first year and \$420,000 the second year are to the commissioner of agriculture for programs to aggressively promote, develop, expand, and enhance the marketing of agricultural products from Minnesota producers and processors. The commissioner must enter into collaborative efforts with the department of trade and economic development, the world trade center corporation, and other public or private entities knowledgeable in market identification and development. The commissioner may also contract with or make grants to public or private organizations involved in efforts to enhance communication between producers and markets and organizations that identify, develop, and promote the marketing of Minnesota agricultural crops, livestock, and produce in local, regional, national, and international marketplaces. Grants may be provided to appropriate organizations including those functioning as marketing clubs, to a cooperative known as Minnesota Marketplace, and to recognized associations of producers or processors of organic foods or Minnesota grown specialty crops. Beginning October 15, 1999, and 15 days after the close of each calendar quarter thereafter, the commissioner shall provide to the senate and house committees with jurisdiction over agriculture policy and funding interim reports of the progress toward accomplishing the goals of this item. The commissioner shall deliver a final report on March 1, 2001. If the appropriation for either year is insufficient, the appropriation for the other year is available. This is a one-time appropriation that remains available until expended.

\$60,000 the second year is for grants to farmers for demonstration projects involving sustainable agriculture. If a project cost is more than \$25,000, the amount above \$25,000 must be matched at the rate of one state dollar for each dollar of nonstate money. Priorities must be given for projects involving multiple parties. Up to \$20,000 each year may be used for dissemination of information about the demonstration grant projects. If the appropriation for either year is insufficient, the appropriation for the other is available.

\$160,000 each year is for value-added agricultural product processing and marketing grants under Minnesota Statutes, section 17.101, subdivision 5.

\$450,000 the first year and \$300,000 the second year are for continued research of solutions and alternatives for manure management and odor control. This is a one-time appropriation.

\$50,000 the first year and \$50,000 the second year are for annual cost-share payments to resident farmers for the costs of organic certification. The annual cost-share payments per farmer shall be two-thirds of the cost of the certification or \$200, whichever is less. A certified farmer is eligible to receive annual certification cost-share payments for up to five years. \$15,000 each year is for organic market and program development. This appropriation is available until expended.

\$30,000 the first year is to assess producer production contracts under section 205. This appropriation is available until June 30, 2001.

Sec. 36. Laws 1999, chapter 231, section 14, is amended to read:

Sec. 14. AGRICULTURAL UTILIZATION RESEARCH INSTITUTE	3,830,000	4,330,000
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Summary by Fund

General	3,630,000	4,130,000
<u>Special Revenue</u> <u>Agricultural</u>	200,000	200,000

The agricultural utilization research institute must collaborate with the commissioner of agriculture on issues of market development and technology transfer.

\$200,000 the first year and \$200,000 the second year are for hybrid tree management research and development of an implementation plan for establishing hybrid tree plantations in the state. This appropriation is available to the extent matched by \$2 of nonstate contributions, either cash or in kind, for each \$1 of state money.

Sec. 37. [AGRICULTURAL STORAGE TANK REMOVAL; REIMBURSEMENT.]

Subdivision 1. [DEFINITION.] As used in this section, "agricultural storage tank" means an underground petroleum storage tank with a capacity of more than 1,100 gallons that has been registered with the pollution control agency by January 1, 2000, and is located on a farm where the contents of the tank are used by the tank owner or operator predominantly for farming purposes and are not commercially distributed.

Subd. 2. [REIMBURSEMENT.] Notwithstanding Minnesota Statutes, section 115C.09, subdivision 1, paragraph (b), clause (1), and pursuant to the remaining provisions of Minnesota Statutes, chapter 115C, the petroleum tank release compensation board shall reimburse an owner or operator of an agricultural storage tank for 90 percent of the total reimbursable cost of removal project costs incurred for the tank prior to January 1, 2001, including, but not limited to, tank removal, closure in place, backfill, resurfacing, and utility restoration costs, regardless of whether a release has occurred at the site. Notwithstanding Minnesota Statutes, section 115C.09, subdivision 3, the board may not reimburse an eligible applicant under this section for more than \$7,500 of costs per tank.

Sec. 38. [SMALL GASOLINE STORAGE TANK REMOVAL; REIMBURSEMENT.]

Until June 30, 2001, the petroleum tank release compensation board may reimburse a tank owner from the petroleum tank release cleanup fund for 95 percent of the costs identified in Minnesota Statutes 1998, section 115C.09, subdivision 3f, paragraph (c), if the tank owner:

(1) owned two locations in the state, and no locations in any other state, where motor fuel was dispensed to the public into motor vehicles, watercraft, or aircraft and dispensed motor fuel at that location;

(2) operated the tanks simultaneously for six months or less in 1995; and

(3) dispensed less than 200,000 gallons at both locations.

Sec. 39. [MINNEAPOLIS LEASE.]

A lease to the Minneapolis park and recreation board entered into prior to or after the effective date of this section pursuant to Laws 1999, chapter 231, section 5, subdivision 5, shall be subject to Minnesota Statutes, section 85.34, except as provided in this section. The approval of the executive council shall not be required for the lease or the issuance of a liquor license. Only the operating costs, as defined in the lease, to be paid by the Minneapolis park and recreation board to the state shall be credited to the state parks working capital account. All base rent and percentage of gross sales to be paid by the Minneapolis park and recreation board to the state shall be credited to the general fund. A lease of any portion of officer's row or area J may include a charge to be paid by the tenant for repayment of a portion of the costs incurred by the Minneapolis park and recreation board for the installation of a new water line on the upper bluff. The total amount to be repaid to the Minneapolis park and recreation board by tenants of officer's row and area J shall not exceed \$450,000.

Sec. 40. [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 40 to 43, the terms in this section have the meanings given.

Subd. 2. [AGRICULTURAL LAND.] "Agricultural land" means land that is:

(1) composed of class I, II, or III land as identified in the land capability classification system of the United States Department of Agriculture; or

(2) similar to land described under a land classification system selected by the board of water and soil resources.

Subd. 3. [BOARD.] "Board" means the board of water and soil resources.

Subd. 4. [SHORT ROTATION WOODY CROPS.] "Short rotation woody crops" means hybrid poplar and other woody plants that are harvested for their fiber within 15 years of planting.

Subd. 5. [WINDBREAK.] "Windbreak" means a strip or belt of trees, shrubs, or grass barriers designed and located to reduce snow deposition on highways, improve wildlife habitat or control soil erosion.

Sec. 41. [ELIGIBILITY TERMS.]

(a) Agricultural land eligible for the board's program under section 42 must not exceed 160 acres for individual landowners.

(b) Agricultural land eligible for payment in fiscal year 2000 must have been in a county under presidential disaster declaration in either 1998 or 1999. In fiscal years 2001 and thereafter, payment is available for eligible agricultural land in any county under a presidential disaster declaration related to agriculture.

(c) Eligible land may be set aside for payment under section 42 for a period of three years.

(d) At least five percent of an individual's acreage set aside for payments under this program must be planted with short rotation woody crops or windbreaks. Short rotation woody crops and windbreaks may not be planted within one-quarter of a mile of a state or federally protected prairie. Plantings on each acre may be consistent with an organic farming plan developed under the supervision of an approved organic certification organization and must be in compliance with a conservation plan approved by the local soil and water conservation district and seeded to a vegetative cover at the earliest practicable time.

(e) Land enrolled in the federal conservation reserve program under Public Law Number 99-198, as amended, is not eligible for enrollment under sections 40 to 43.

Sec. 42. [PAYMENTS.]

To the extent appropriated money is available for this purpose, annual payments for eligible land under section 41 that is set aside by the board must be based on the soil rental rates established under the federal conservation reserve program contained in Public Law Number 99-198. An additional annual payment of \$5 per acre may be paid for acreage maintenance.

Payments for conservation plan implementation must be consistent with Minnesota Statutes, section 103C.501.

Sec. 43. [ADMINISTRATION.]

The land payment program in sections 41 and 42 must be administered by soil and water conservation districts under guidelines and grants by the board.

Sec. 44. [REPEALER.]

Section 20 of H. F. No. 3046 of the 2000 regular session, if enacted, is repealed.

Sec. 45. [EFFECTIVE DATE.]

Section 10 is effective the day following final enactment and applies to claims for corrective action costs incurred after that date. Sections 11 and 35 are effective retroactive to July 1, 1999. The remainder of this article is effective the day following final enactment.

ARTICLE 4

APPROPRIATIONS

Section 1. [CRIMINAL JUSTICE APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or another fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" where used in this article, mean that the appropriation or appropriations listed under them are available for the year ending June 30, 2000, or June 30, 2001, respectively.

	APPROPRIATIONS	
	Available for the Year	
	Ending June 30	
	2000	2001
Sec. 2. SUPREME COURT	-0-	4,000
<p>\$4,000 is a one-time appropriation to conduct a one-half day judicial seminar on parenting plans.</p>		
Sec. 3. COURT OF APPEALS	-0-	200,000
<p>\$200,000 is to restore legal/judicial support services.</p>		
Sec. 4. DISTRICT COURT	-0-	2,879,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

\$2,670,000 is to reduce judge unit vacancies and restore judicial branch infrastructure funding. The salaries for judges that may be paid from this appropriation are only those approved by Laws 1997, Second Special Session chapter 3, section 16.

\$130,000 is a one-time appropriation to continue the community court in the second judicial district.

\$79,000 is a one-time appropriation for extraordinary prosecution costs in Carlton county.

Sec. 5. PUBLIC SAFETY

Subdivision 1. Total Appropriation	3,813,000	2,711,000
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Summary by Fund

General	3,813,000	825,000
Special Revenue	-0-	1,886,000

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Driver and Vehicle Services

	-0-	20,000
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\$20,000 is a one-time appropriation for costs related to the recodification of the driving while impaired laws, if S. F. No. 2677 is enacted.

Subd. 3. Emergency Management

	3,813,000	-0-
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\$3,813,000 is for the state match of federal disaster assistance money under Minnesota Statutes, section 12.221. This appropriation is available to fund state obligations incurred through the receipt of federal disaster assistance grants and is added to the appropriation in Laws 1999, chapter 216, article 1, section 7, subdivision 2.

Subd. 4. Criminal Apprehension

	-0-	225,000
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\$200,000 is a one-time appropriation for overtime costs.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

\$25,000 is a one-time appropriation to develop and conduct the court security training program described in article 5, section 10.

Subd. 5. Law Enforcement and Community Grants

Summary by Fund

General	-0-	430,000
Special Revenue	-0-	1,886,000

\$150,000 is a one-time appropriation for juvenile prostitution law enforcement and officer training grants under Minnesota Statutes, section 299A.71.

\$250,000 is a one-time appropriation for a grant to the Ramsey county attorney's office to establish and fund the joint domestic abuse prosecution unit described in article 6, section 10.

\$30,000 is a one-time appropriation for grants under Minnesota Statutes, section 299A.62, to local law enforcement agencies or regional jails for the purchase of dogs trained to detect or locate controlled substances by scent. Grants are limited to one dog per agency. Local law enforcement agencies that previously received a grant under Laws 1999, chapter 216, article 1, section 7, subdivision 6, are ineligible for a grant.

\$1,886,000 is for the automobile theft prevention program described in Minnesota Statutes, section 299A.75. This is a one-time appropriation from the automobile theft prevention account in the special revenue fund. The commissioner may not spend any money the commissioner receives from surcharges in fiscal year 2001, in excess of this appropriation unless the legislature approves of the spending.

Subd. 6. Drug Policy and Violence Prevention

	-0-	150,000
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\$150,000 is a one-time appropriation for distribution as matching funds to counties participating in multijurisdictional narcotics task forces that receive federal Byrne grant funds. These matching funds are available statewide to any county currently participating in a task force, any county seeking to join an existing task force, and any county starting its own task force. These matching funds may be used to enhance enforcement of drug laws by training and educating law enforcement personnel and other interested members of the community.

APPROPRIATIONS	
Available for the Year	
Ending June 30	
2000	2001
Sec. 6. CENTER FOR CRIME VICTIM SERVICES	1,240,000
	-0-
Sec. 7. CORRECTIONS	2,250,000
	-0-

\$1,200,000 is a one-time appropriation for per diem payments for battered women shelter facilities incurred during the administrative transfer of responsibility for these payments from the department of human services to the department of public safety. Any portion of this appropriation that is not expended for payments incurred before July 1, 2000, may be transferred to the department's fiscal year 2001 appropriation for the per diem program. The department of public safety's liability for battered women shelter per diem payments that are incurred through June 30, 2000, and are not paid by the department of human services extends only to this appropriation. The department shall process payments in the order in which they are received until this appropriation is completely expended. No part of the department's fiscal year 2001 per diem program appropriation or any other funding may be used for program expenses incurred before July 1, 2000.

\$40,000 is a one-time appropriation for a grant to the center for applied research and policy analysis at Metropolitan state university for the domestic violence shelter study described in article 6, section 11.

\$1,750,000 is a one-time appropriation for a grant or grants to counties, groups of counties, or a county or group of counties and a tribal government, for up to 30 percent of the construction cost of adult regional detention facilities.

\$500,000 is a one-time appropriation for predesign of a joint headquarters building for the department of corrections and the department of public safety.

The commissioner shall predesign a vocational building at Minnesota correctional facility-St. Cloud.

The fiscal year 2001 general fund appropriation for juvenile residential treatment grants in Laws 1999, chapter 216, article 1, section 13, subdivision 4, is reduced by \$1,942,000. This is a one-time reduction.

Sec. 8. AUTOMOBILE THEFT PREVENTION BOARD

The fiscal year 2000 transfer from the automobile theft prevention account in the special revenue fund to the commissioner of public safety in Laws 1999, chapter 216, article 1, section 18, is reduced by \$100,000.

APPROPRIATIONS
 Available for the Year
 Ending June 30
 2000 2001

By June 30, 2000, the commissioner of finance shall transfer the available unencumbered balance from the automobile theft prevention account in the special revenue fund to the general fund. Minnesota Statutes, section 168A.40, subdivision 4, does not apply to money transferred to the general fund under this paragraph.

Sec. 9. SENTENCING GUIDELINES COMMISSION	-0-	20,000
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\$20,000 is a one-time appropriation for salary increases.

Sec. 10. MINNESOTA SAFETY COUNCIL	-0-	200,000
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\$200,000 is a one-time appropriation for the crosswalk safety awareness program described in article 6, section 9.

Sec. 11. UNIVERSITY OF MINNESOTA	-0-	20,000
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\$20,000 is a one-time appropriation to cover the cost of updating the parent education curriculum.

Sec. 12. Laws 1999, chapter 216, article 1, section 7, subdivision 6, is amended to read:

Subd. 6. Law Enforcement and Community Grants

10,290,000	7,583,000
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\$1,000,000 the first year is for grants to pay the costs of developing or implementing a criminal justice information integration plan as described in Minnesota Statutes, section 299C.65, subdivision 6 or 7. The commissioner shall make a minimum of two grants from this appropriation. This is a one-time appropriation.

The commissioner of public safety shall consider using a portion of federal Byrne grant funds for costs related to developing or implementing a criminal justice information system integration plan as described in Minnesota Statutes, section 299C.65, subdivision 6 or 7.

\$400,000 the first year is for a grant to the city of Marshall to construct, furnish, and equip a regional emergency response training center. The balance, if any, does not cancel but is available for the fiscal year ending June 30, 2001.

\$10,000 the first year is for the commissioner of public safety to reconvene the task force that developed the statewide master plan for fire and law enforcement training facilities under Laws 1998, chapter 404, section 21, subdivision 3, for the purpose of developing specific recommendations concerning the siting, financing and use of these training facilities. The commissioner's report shall include detailed recommendations concerning the following issues:

- (1) the specific cities, counties, or regions of the state where training facilities should be located;
- (2) the reasons why a training facility should be sited in the recommended location, including a description of the public safety training needs in that part of the state;
- (3) the extent to which neighboring cities and counties should be required to collaborate in funding and operating the recommended training facilities;
- (4) an appropriate amount for a local funding match (up to 50 percent) for cities and counties using the training facility to contribute in money or other resources to build, expand, or operate the facility;
- (5) the feasibility of providing training at one or more of the recommended facilities for both law enforcement and fire safety personnel;
- (6) whether the regional or statewide need for increased public safety training resources can be met through the expansion of existing training facilities rather than the creation of new facilities and, if so, which facilities should be expanded; and
- (7) any other issues the task force deems relevant.

By January 15, 2000, the commissioner shall submit the report to the chairs and ranking minority members of the house and senate committees and divisions with jurisdiction over capital investment issues and criminal justice funding and policy.

\$746,000 the first year and \$766,000 the second year are for personnel and administrative costs for the criminal gang oversight council and strike force described in Minnesota Statutes, section 299A.64.

\$1,171,000 the first year and \$2,412,000 are for the grants authorized under Minnesota Statutes, section 299A.66, subdivisions 1 and 2. Of this appropriation, \$1,595,000 each year shall be included in the 2002-2003 biennial base budget.

By January 15, 2000, the criminal gang oversight council shall submit a report to the chairs and ranking minority members of the senate and house committees and divisions with jurisdiction over criminal justice funding and policy describing the following:

- (1) the types of crimes on which the oversight council and strike force have primarily focused their investigative efforts since their inception;
- (2) a detailed accounting of how the oversight council and strike force have spent all funds and donations they have received since their inception, including donations of goods and services;

(3) the extent to which the activities of the oversight council and strike force overlap or duplicate the activities of the fugitive task force or the activities of any federal, state, or local task forces that investigate interjurisdictional criminal activity; and

(4) the long-term goals that the criminal gang oversight council and strike force hope to achieve.

The commissioner of public safety shall consider using a portion of federal Byrne grant funds for criminal gang prevention and intervention activities to (1) help gang members separate themselves, or remain separated, from gangs; and (2) prevent individuals from becoming affiliated with gangs.

\$50,000 the first year is for a grant to the Minnesota Safety Council to continue the crosswalk safety awareness campaign. The Minnesota Safety Council shall work with the department of transportation to develop a long range plan to continue the crosswalk safety awareness campaign.

\$500,000 the first year is for grants under Minnesota Statutes, section 299A.62, subdivision 1. These grants shall be distributed as provided in Minnesota Statutes, section 299A.62, subdivision 2. This is a one-time appropriation.

Up to \$30,000 of the appropriation for grants under Minnesota Statutes, section 299A.62, is for grants to requesting local law enforcement agencies to purchase dogs trained to detect or locate controlled substances by scent. Grants are limited to one dog per county.

\$50,000 the first year and \$50,000 the second year are for grants to the northwest Hennepin human services council to administer the northwest community law enforcement project, to be available until June 30, 2001. This is a one-time appropriation.

\$30,000 the first year is to assist volunteer ambulance services, licensed under Minnesota Statutes, chapter 144E, in purchasing automatic external defibrillators. Ambulance services are eligible for a grant under this provision if they do not already possess an automatic external defibrillator and if they provide a 25 percent match in nonstate funds. This is a one-time appropriation.

\$50,000 the first year and \$50,000 the second year are for grants under Minnesota Statutes, section 119A.31, subdivision 1, clause (12), to organizations that focus on intervention and prevention of teenage prostitution.

The commissioner of public safety shall administer a program to distribute tire deflators to local or state law enforcement agencies selected by the commissioner of public safety ~~and to distribute or otherwise make available a computer-controlled driving simulator to local or state law enforcement agencies or POST-certified skills programs selected by the commissioner of public safety.~~

Before any decisions are made on which law enforcement agencies will receive tire deflators ~~or the driving simulator~~, a committee consisting of a representative from the Minnesota chiefs of police association, a representative from the Minnesota sheriffs association, a representative from the state patrol, and a representative from the Minnesota police and peace officers association shall evaluate the applications. The commissioner shall consult with the committee concerning its evaluation and recommendations on distribution proposals prior to making a final decision on distribution.

Law enforcement agencies that receive tire deflators under this section must: (i) provide any necessary training to their employees concerning use of the tire deflators; (ii) compile statistics on use of the tire deflators and the results; (iii) provide a one-to-one match in nonstate funds; and (iv) report this information to the commissioner as required.

~~Law enforcement agencies or POST-certified skills programs that receive a computer-controlled driving simulator under this section must:~~

~~(1) provide necessary training to their employees in emergency vehicle operations and in the conduct of police pursuits;~~

~~(2) provide a five-year plan for maintaining the hardware necessary to operate the driving simulator;~~

~~(3) provide a five-year plan to update software necessary to operate the driving simulator;~~

~~(4) provide a plan to make the driving simulator available at a reasonable cost and with reasonable availability to other law enforcement agencies to train their officers; and~~

~~(5) provide an estimate of the availability of the driving simulator for use by other law enforcement agencies.~~

By January 15, 2001, the commissioner shall report to the chairs and ranking minority members of the house and senate committees and divisions having jurisdiction over criminal justice matters on the tire deflators ~~and the driving simulator distributed under this section.~~

\$285,000 the first year is for a one-time grant to the city of Minneapolis to implement a coordinated criminal justice system response to the CODEFOR (Computer Optimized Development-Focus on Results) law enforcement strategy. This appropriation is available until expended.

\$795,000 the first year is for a one-time grant to Hennepin county to implement a coordinated criminal justice system response to the CODEFOR (Computer Optimized Development-Focus on Results) law enforcement strategy. This appropriation is available until expended.

\$420,000 the first year is for a one-time grant to the fourth judicial district public defender's office to accommodate the CODEFOR (Computer Optimized Development-Focus on Results) law enforcement strategy. This appropriation is available until expended.

\$150,000 the first year and \$150,000 the second year are for weed and seed grants under Minnesota Statutes, section 299A.63. Money not expended the first year is available for grants during the second year. This is a one-time appropriation.

\$200,000 each year is a one-time appropriation for a grant to the center for reducing rural violence to continue the technical assistance and related rural violence prevention services the center offers to rural communities.

\$500,000 the first year and \$500,000 the second year are to operate the weekend camp program at Camp Ripley described in Laws 1997, chapter 239, article 1, section 12, subdivision 3, as amended by Laws 1998, chapter 367, article 10, section 13. The powers and duties of the department of corrections with respect to the weekend program are transferred to the department of public safety under Minnesota Statutes, section 15.039. The commissioner shall attempt to expand the program to serve 500 juveniles per year within this appropriation.

An additional \$125,000 the first year and \$125,000 the second year are for the weekend camp program at Camp Ripley.

\$500,000 the first year and \$500,000 the second year are for Asian-American juvenile crime intervention and prevention grants under Minnesota Statutes, section 256.486. The powers and duties of the department of human services, with respect to that program, are transferred to the department of public safety under Minnesota Statutes, section 15.039. This is a one-time appropriation.

Sec. 13. Laws 1999, chapter 216, article 1, section 18, is amended to read:

Sec. 18. AUTOMOBILE THEFT PREVENTION BOARD	2,277,000	1,886,000
		<u>-0-</u>

This appropriation is from the automobile theft prevention account in the special revenue fund.

Of this appropriation, up to \$400,000 the first year is transferred to the commissioner of public safety for the purchase and distribution of tire deflators to local or state law enforcement agencies and for the purchase of a computer-controlled driving simulator. Any amount not spent by the commissioner of public safety for this purpose shall be returned to the automobile theft prevention account in the special revenue fund and may be used for other automobile theft prevention activities.

The automobile theft prevention board may not spend any money it receives from surcharges in the fiscal year 2000-2001 biennium, unless the legislature approves the spending.

The executive director of the automobile theft prevention board may not sit on the automobile theft prevention board.

Sec. 14. Laws 1999, chapter 216, article 1, section 14, is amended to read:

Sec. 14. CORRECTIONS OMBUDSMAN 470,000 ~~400,000~~ 310,000

If the reduction in the base level funding causes a reduction in the number of employees, then the commissioner of corrections and commissioner of public safety shall make reasonable efforts to transfer the affected employees to positions within the department of corrections or department of public safety.

Sec. 15. Laws 1999, chapter 216, article 1, section 9, is amended to read:

Sec. 9. CRIME VICTIM OMBUDSMAN 404,000 ~~389,000~~ 379,000

\$20,000 the first year is for the crime victims case management system.

ARTICLE 5

COURTS

Section 1. Minnesota Statutes 1998, section 169.89, subdivision 2, is amended to read:

Subd. 2. [PETTY MISDEMEANOR PENALTY; NO JURY TRIAL.] A person charged with a petty misdemeanor is not entitled to a jury trial but shall be tried by a judge without a jury. If convicted, the person is not subject to imprisonment but shall be punished by a fine of not more than ~~\$200~~ \$300.

Sec. 2. Minnesota Statutes 1998, section 609.02, subdivision 3, is amended to read:

Subd. 3. [MISDEMEANOR.] "Misdemeanor" means a crime for which a sentence of not more than 90 days or a fine of not more than ~~\$700~~ \$1,000, or both, may be imposed.

Sec. 3. Minnesota Statutes 1998, section 609.02, subdivision 4a, is amended to read:

Subd. 4a. [PETTY MISDEMEANOR.] "Petty misdemeanor" means a petty offense which is prohibited by statute, which does not constitute a crime and for which a sentence of a fine of not more than ~~\$200~~ \$300 may be imposed.

Sec. 4. Minnesota Statutes 1998, section 609.03, is amended to read:

609.03 [PUNISHMENT WHEN NOT OTHERWISE FIXED.]

If a person is convicted of a crime for which no punishment is otherwise provided the person may be sentenced as follows:

(1) If the crime is a felony, to imprisonment for not more than five years or to payment of a fine of not more than \$10,000, or both; or

(2) If the crime is a gross misdemeanor, to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both; or

(3) If the crime is a misdemeanor, to imprisonment for not more than 90 days or to payment of a fine of not more than ~~\$700~~ \$1,000, or both; or

(4) If the crime is other than a misdemeanor and a fine is imposed but the amount is not specified, to payment of a fine of not more than \$1,000, or to imprisonment for a specified term of not more than six months if the fine is not paid.

Sec. 5. Minnesota Statutes 1998, section 609.033, is amended to read:

609.033 [INCREASED MAXIMUM PENALTIES FOR MISDEMEANORS.]

Any law of this state which provides for a maximum fine of ~~\$500~~ \$700 as a penalty for a ~~violation~~ misdemeanor shall, on or after August 1, ~~1983~~ 2000, be deemed to provide for a maximum fine of ~~\$700~~ \$1,000.

Sec. 6. Minnesota Statutes 1998, section 609.0331, is amended to read:

609.0331 [INCREASED MAXIMUM PENALTIES FOR PETTY MISDEMEANORS.]

A law of this state that provides, on or after August 1, ~~1987~~ 2000, for a maximum penalty of ~~\$100~~ \$200 for a petty misdemeanor is considered to provide for a maximum fine of ~~\$200~~ \$300.

Sec. 7. Minnesota Statutes 1998, section 609.0332, subdivision 1, is amended to read:

Subdivision 1. [INCREASED FINE.] From August 1, ~~1987~~ 2000, if a state law or municipal charter sets a limit of ~~\$100~~ \$200 or less on the fines that a statutory or home rule charter city, town, county, or other political subdivision may prescribe for an ordinance violation that is defined as a petty misdemeanor, that law or charter is considered to provide that the political subdivision has the power to prescribe a maximum fine of ~~\$200~~ \$300 for the petty misdemeanor violation.

Sec. 8. Minnesota Statutes 1998, section 609.034, is amended to read:

609.034 [INCREASED MAXIMUM PENALTY FOR ORDINANCE VIOLATIONS.]

Any law of this state or municipal charter which limits the power of any statutory or home rule charter city, town, county, or other political subdivision to prescribe a maximum fine of ~~\$500~~ \$700 or less for an ordinance shall on or after August 1, ~~1983~~ 2000, be deemed to provide that the statutory or home rule charter city, town, county, or other political subdivision has the power to prescribe a maximum fine of ~~\$700~~ \$1,000.

Sec. 9. [AUTOMATED VICTIM NOTIFICATION SYSTEM.]

All courts and state and local correctional facilities shall consider implementing an automated victim notification system. The commissioner of public safety, in cooperation with the commissioners of children, families, and learning; corrections; and economic security; shall provide financial assistance to implement these systems. The commissioners shall determine the extent of the financial assistance and the manner in which it will be provided. Participating local governments shall provide a cash or in-kind match as determined by the commissioner of public safety.

Sec. 10. [COURT SECURITY TRAINING PROGRAM.]

The superintendent of the bureau of criminal apprehension shall develop and implement a training program for court and law enforcement personnel. The training program must:

- (1) include methods to increase security within court houses and surrounding property;
- (2) focus on protecting judges, court employees, members of the public, and participants in the legal process; and
- (3) allow individuals who receive it to, in turn, effectively train others.

Sec. 11. [EFFECTIVE DATE.]

Sections 1 to 8 are effective August 1, 2000, and apply to violations committed on or after that date.

ARTICLE 6

PUBLIC SAFETY

Section 1. Minnesota Statutes 1998, section 168A.40, subdivision 3, is amended to read:

Subd. 3. [SURCHARGE.] Each insurer engaged in the writing of policies of automobile insurance shall collect a surcharge, at the rate of 50 cents per vehicle for every six months of coverage, on each policy of automobile insurance providing comprehensive insurance coverage issued or renewed in this state. The surcharge may not be considered premium for any purpose, including the computation of premium tax or agents' commissions. The amount of the surcharge must be separately stated on either a billing or policy declaration sent to an insured. Insurers shall remit the revenue derived from this surcharge at least quarterly to the ~~board~~ commissioner of public safety for purposes of the automobile theft prevention program described in section 299A.75. For purposes of this subdivision, "policy of automobile insurance" has the meaning given it in section 65B.14, covering only the following types of vehicles as defined in section 168.011:

- (1) a passenger automobile;
- (2) a pick-up truck;
- (3) a van but not commuter vans as defined in section 168.126; or
- (4) a motorcycle,

except that no vehicle with a gross vehicle weight in excess of 10,000 pounds is included within this definition.

Sec. 2. Minnesota Statutes 1998, section 168A.40, subdivision 4, is amended to read:

Subd. 4. [AUTOMOBILE THEFT PREVENTION ACCOUNT.] A special revenue account is created in the state treasury to be credited with the proceeds of the surcharge imposed under subdivision 3. Revenue in the account may be used only for the automobile theft prevention program described in section 299A.75. ~~The board may not spend in any fiscal year more than ten percent of the money in the fund for its administrative and operating costs.~~

Sec. 3. Minnesota Statutes 1998, section 169.21, subdivision 2, is amended to read:

Subd. 2. [RIGHTS IN ABSENCE OF SIGNAL.] (a) Where traffic-control signals are not in place or in operation, the driver of a vehicle shall stop to yield the right-of-way to a pedestrian crossing the roadway within a marked crosswalk or ~~within any crosswalk~~ at an intersection but with no marked crosswalk. The driver must remain stopped until the pedestrian has passed the lane in which the vehicle is stopped. No pedestrian shall suddenly leave a curb or other place of safety and walk or run into the path of a vehicle which is so close that it is impossible for the driver to yield. This provision shall not apply under the conditions as otherwise provided in this subdivision.

(b) When any vehicle is stopped at a marked crosswalk or at ~~any unmarked crosswalk~~ at an intersection with no marked crosswalk to permit a pedestrian to cross the roadway, the driver of any other vehicle approaching from the rear shall not overtake and pass the stopped vehicle.

(c) It is unlawful for any person to drive a motor vehicle through a column of school children crossing a street or highway or past a member of a school safety patrol or adult crossing guard, while the member of the school safety patrol or adult crossing guard is directing the movement of children across a street or highway and while the school safety patrol member or adult crossing guard is holding an official signal in the stop position. A peace officer may arrest the driver of a motor vehicle if the peace officer has probable cause to believe that the driver has operated the vehicle in violation of this paragraph within the past four hours.

(d) A person who violates this subdivision is guilty of a misdemeanor and may be sentenced to imprisonment for not more than 90 days or to payment of a fine of not more than \$700, or both. A person who violates this subdivision a second or subsequent time within one year of a previous conviction under this subdivision is guilty of a gross misdemeanor and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$3,000, or both.

Sec. 4. Minnesota Statutes 1998, section 169.21, subdivision 3, is amended to read:

Subd. 3. [CROSSING BETWEEN INTERSECTIONS.] Every pedestrian crossing a roadway at any point other than within a marked crosswalk or ~~within an unmarked crosswalk~~ at an intersection with no marked crosswalk shall yield the right-of-way to all vehicles upon the roadway.

Any pedestrian crossing a roadway at a point where a pedestrian tunnel or overhead pedestrian crossing has been provided shall yield the right-of-way to all vehicles upon the roadway.

Between adjacent intersections at which traffic-control signals are in operation pedestrians shall not cross at any place except in a marked crosswalk.

Notwithstanding the other provisions of this section every driver of a vehicle shall: (a) exercise due care to avoid colliding with any bicycle or pedestrian upon any roadway and (b) give an audible signal when necessary and exercise proper precaution upon observing any child or any obviously confused or incapacitated person upon a roadway.

Sec. 5. [169.2151] [PEDESTRIAN SAFETY CROSSINGS.]

A local road authority may provide by ordinance for the designation of pedestrian safety crossings on highways under the road authority's jurisdiction where pedestrian safety considerations require extra time for pedestrian crossing in addition to the time recommended under the Minnesota manual of uniform traffic control devices for pedestrian signals. The ordinance may provide for timing of pedestrian signals for such crossings, consistent with the recommendations of the uniform manual for pedestrian signal timing at senior citizen and handicapped pedestrian crossings. Cities other than cities of the first class may designate a pedestrian safety crossing only with the approval of the road authority having jurisdiction over the crossing. The authority of local road authorities to determine pedestrian signal timing under this section is in addition to any other control exercised by local road authorities over the timing of pedestrian signals.

Sec. 6. [299A.71] [JUVENILE PROSTITUTION LAW ENFORCEMENT AND OFFICER TRAINING GRANTS.]

Subdivision 1. [ESTABLISHMENT.] A grant program is established for enhanced law enforcement efforts and peace officer education and training to combat juvenile prostitution. The goal of the grants is to provide peace officers with the knowledge and skills to recognize individuals who sexually exploit youth, charge and prosecute these individuals for promotion and solicitation of prostitution, and effectively communicate with the victims of juvenile prostitution.

Subd. 2. [ELIGIBILITY.] The commissioner of public safety shall make juvenile prostitution prevention grants to local law enforcement agencies to provide enhanced efforts targeted to juvenile prostitution and training and staff development relating to the prevention of juvenile prostitution. The law enforcement agency must utilize all of the grant funding received for efforts to combat juvenile prostitution.

Subd. 3. [GRANT APPLICATION.] A local law enforcement agency must submit an application to the commissioner of public safety in the form and manner the commissioner establishes.

Sec. 7. [299A.75] [AUTOMOBILE THEFT PREVENTION PROGRAM.]

Subdivision 1. [PROGRAM DESCRIBED.] (a) The commissioner of public safety shall:

(1) develop and sponsor the implementation of statewide plans, programs, and strategies to combat automobile theft, improve the administration of the automobile theft laws, and provide a forum for identification of critical problems for those persons dealing with automobile theft;

(2) coordinate the development, adoption, and implementation of plans, programs, and strategies relating to interagency and intergovernmental cooperation with respect to automobile theft enforcement;

(3) annually audit the plans and programs that have been funded in whole or in part to evaluate the effectiveness of the plans and programs and withdraw funding should the commissioner determine that a plan or program is ineffective or is no longer in need of further financial support from the fund;

(4) develop a plan of operation including an assessment of the scope of the problem of automobile theft, including areas of the state where the problem is greatest; an analysis of various methods of combating the problem of automobile theft; a plan for providing financial support to combat automobile theft; a plan for eliminating car hijacking; and an estimate of the funds required to implement the plan; and

(5) distribute money from the automobile theft prevention special revenue account for automobile theft prevention activities, including:

(i) paying the administrative costs of the program;

(ii) providing financial support to the state patrol and local law enforcement agencies for automobile theft enforcement teams;

(iii) providing financial support to state or local law enforcement agencies for programs designed to reduce the incidence of automobile theft and for improved equipment and techniques for responding to automobile thefts;

(iv) providing financial support to local prosecutors for programs designed to reduce the incidence of automobile theft;

(v) providing financial support to judicial agencies for programs designed to reduce the incidence of automobile theft;

(vi) providing financial support for neighborhood or community organizations or business organizations for programs designed to reduce the incidence of automobile theft;

(vii) providing financial support for automobile theft educational and training programs for state and local law enforcement officials, driver and vehicle services exam and inspections staff, and members of the judiciary; and

(viii) conducting educational programs designed to inform automobile owners of methods of preventing automobile theft and to provide equipment, for experimental purposes, to enable automobile owners to prevent automobile theft.

(b) The commissioner may not spend in any fiscal year more than ten percent of the money in the fund for the program's administrative and operating costs.

Subd. 2. [ANNUAL REPORT.] By January 15 of each year, the commissioner shall report to the governor and legislature on the activities and expenditures in the preceding year.

Sec. 8. [299E.03] [CAPITOL COMPLEX SECURITY OVERSIGHT COMMITTEE.]

Subdivision 1. [MEMBERSHIP.] (a) The capitol complex security oversight committee consists of the following individuals or their designees:

- (1) the senate majority leader;
 - (2) the speaker of the house of representatives;
 - (3) the chief justice of the supreme court;
 - (4) the chair of the senate committee or division having jurisdiction over criminal justice funding;
 - (5) the chair of the house of representatives committee or division having jurisdiction over criminal justice funding;
 - (6) the commissioner of public safety;
 - (7) the commissioner of administration;
 - (8) the senate sergeant at arms;
 - (9) the house of representatives' sergeant at arms;
 - (10) the chief of the St. Paul police department;
 - (11) the president of a statewide association representing government relations professionals;
 - (12) the director of the capitol complex security division; and
 - (13) the chief supervisor of the state patrol.
- (b) The committee may elect a chair from among its members.

Subd. 2. [DUTIES.] The oversight committee shall:

(1) develop both a short-term and a long-term plan relating to the provision of security in the capitol complex and in other state-owned or leased buildings and property, including providing necessary security to the following: legislators, constitutional officers, members of the judiciary, commissioners of state agencies, state employees, visiting dignitaries, and members of the public;

(2) develop guidelines that may be used to evaluate the methods by which this security is provided;

(3) evaluate the budget for providing this security and make annual budgetary recommendations to the legislature; and

(4) provide oversight to the entity providing capitol area security and annually report to the legislature on the entity's effectiveness.

The plans described in clause (1) must consider potential shifting needs for security and the impact of new security technology.

Subd. 3. [EXPIRATION AND COMPENSATION.] Notwithstanding section 15.059, the oversight committee does not expire. Committee members may not receive compensation for serving, but may receive expense reimbursements as provided in section 15.059.

Sec. 9. [CROSSWALK SAFETY AWARENESS PROGRAM.]

The Minnesota safety council shall continue its crosswalk safety awareness program by:

- (1) developing and distributing crosswalk safety education campaign materials;
- (2) creating and placing advertisements in mass media throughout the state; and
- (3) making grants to local units of government and law enforcement agencies for:
 - (i) implementing pedestrian safety awareness activities;
 - (ii) providing increased signage and crosswalk markings and evaluating their effect on highway safety; and
 - (iii) enhancing enforcement of pedestrian safety laws.

Sec. 10. [JOINT DOMESTIC ABUSE PROSECUTION UNIT.]

Subdivision 1. [ESTABLISHMENT.] A pilot project is established to develop a joint domestic abuse prosecution unit administered by the Ramsey county attorney's office and the St. Paul city attorney's office. The unit has authority to prosecute misdemeanors, gross misdemeanors, and felonies. The unit shall also coordinate efforts with child protection attorneys. The unit may include four cross-deputized assistant city attorneys and assistant county attorneys. A victim/witness advocate, a law clerk, and a legal secretary may provide support.

Subd. 2. [GOALS.] The goals of this pilot project are to:

- (1) recognize children as both victims and witnesses in domestic abuse situations;
- (2) recognize and respect the interests of children in the prosecution of domestic abuse; and
- (3) reduce the exposure to domestic violence for both adult and child victims.

Subd. 3. [REPORT.] The Ramsey county attorney's office and the St. Paul city attorney's office shall report to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice policy and funding on the pilot project. The report may include the number and types of cases referred, the number of cases charged, the outcome of cases, and other relevant outcome measures. A progress report is due January 15, 2001, and a final report is due January 15, 2002.

Subd. 4. [SHARING OF PILOT PROJECT RESULTS.] The Ramsey county attorney's office and the St. Paul city attorney's office shall share the results of the pilot project with the state and other counties and cities.

Sec. 11. [DOMESTIC VIOLENCE SHELTER STUDY.]

By March 15, 2001, the center for applied research and policy analysis at Metropolitan State University, in cooperation with the Minnesota center for crime victim services and the department of public safety, shall study and make recommendations to the chairs and ranking minority members of the senate and house committees and

divisions having jurisdiction over criminal justice funding on issues related to providing shelter for victims of domestic violence. The study must estimate the relative impact of the following, as it relates to providing shelter for victims of domestic violence:

- (1) the incidence of domestic violence;
- (2) law enforcement practices in response to domestic violence;
- (3) the number of victims seeking shelter and whether adequate shelter space exists, and trends regarding this;
- (4) the number of victims who have children also needing shelter;
- (5) the financial status of domestic violence victims;
- (6) the necessary length of stay in shelters; and
- (7) opportunities for victims to leave shelters.

In studying these issues, the center shall analyze costs and demand for shelters in other states having programs comparable to Minnesota's.

Sec. 12. [REVISOR INSTRUCTION.]

In the next edition of Minnesota Statutes, the revisor shall eliminate all references to the automobile theft prevention board and correct all cross references to statutes repealed in section 13.

Sec. 13. [REPEALER.]

Minnesota Statutes 1998, section 168A.40, subdivision 1, and Minnesota Statutes 1999 Supplement, section 168A.40, subdivision 2, are repealed.

Sec. 14. [EFFECTIVE DATE.]

Sections 3 to 5 are effective September 1, 2000.

ARTICLE 7

CORRECTIONS

Section 1. [241.018] [PER DIEM CALCULATION.]

(a) The commissioner of corrections shall develop a uniform method to calculate the average department wide per diem cost of incarcerating offenders at state adult correctional facilities. In addition to other costs currently factored into the per diem, it must include an appropriate percentage of capitol costs for all adult correctional facilities and 65 percent of the department's management services budget.

(b) The commissioner also shall use this method of calculating per diem costs for offenders in each state adult correctional facility. When calculating the per diem cost of incarcerating offenders at a particular facility, the commissioner shall include an appropriate percentage of capital costs for the facility and an appropriate prorated amount, given the facility's population, of 65 percent of the department's management services budget.

(c) The commissioner shall ensure that these new per diem methods are used in all future instances in which per diem charges are reported.

(d) The commissioner shall report information related to these per diems to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding by January 15, 2001.

Sec. 2. Minnesota Statutes 1999 Supplement, section 242.192, is amended to read:

242.192 [CHARGES TO COUNTIES.]

(a) Until June 30, 2001, the commissioner shall charge counties or other appropriate jurisdictions for 65 percent of the actual per diem cost of confinement, excluding educational costs and nonbillable service, of juveniles at the Minnesota correctional facility-Red Wing and of juvenile females committed to the commissioner of corrections. This charge applies to juveniles committed to the commissioner of corrections and juveniles admitted to the Minnesota correctional facility-Red Wing under established admissions criteria. This charge applies to both counties that participate in the Community Corrections Act and those that do not. The commissioner shall ~~annually~~ determine costs, ~~making necessary adjustments to reflect the actual costs of confinement~~ the per diem cost of confinement based on projected population, pricing incentives, market conditions, and the requirement that expense and revenue balance out over a period of two years. All money received under this section must be deposited in the state treasury and credited to the general fund.

(b) Until June 30, 2001, the department of corrections shall be responsible for 35 percent of the per diem cost of confinement described in this section.

Sec. 3. [242.193] [JUVENILE RESIDENTIAL TREATMENT GRANTS.]

Subdivision 1. [GRANTS.] Within the limits of available appropriations, the commissioner of corrections shall make juvenile residential treatment grants to counties to defray the cost of juvenile residential treatment. The commissioner shall distribute 80 percent of the money appropriated for these purposes to noncommunity corrections counties and 20 percent to Community Corrections Act counties. The commissioner shall distribute the money according to the formula contained in section 401.10.

Subd. 2. [REPORT.] By January 15 of each year, each county that received a grant shall submit a report to the commissioner describing the purposes for which the grants were used. By March 15 of each year, the commissioner shall summarize this information and report it to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice funding.

Sec. 4. Minnesota Statutes 1998, section 242.41, is amended to read:

242.41 [THE MINNESOTA CORRECTIONAL FACILITY-RED WING.]

There is established the Minnesota correctional facility-Red Wing at Red Wing, Minnesota, in which may be placed persons committed to the commissioner of corrections by the courts of this state ~~who, in the opinion of the commissioner, may benefit from the programs available thereat or admitted consistent with established admissions criteria.~~ When reviewing placement requests from counties, the commissioner shall take into consideration the purpose of the Minnesota correctional facility-Red Wing which is to educate and provide treatment for serious and chronic juvenile offenders for which the county has exhausted local resources. The general control and management of the facility shall be under the commissioner of corrections.

Sec. 5. Minnesota Statutes 1998, section 242.43, is amended to read:

242.43 [COMMISSIONER, DUTIES.]

The commissioner of corrections shall receive, clothe, maintain, and instruct, ~~at the expense of the state,~~ all children duly committed to the corrections department and placed in a state correctional facility for juveniles and keep them in custody until placed on probation, paroled, or discharged. The commissioner may place any of these

children in suitable foster care facilities or cause them to be instructed in such trades or employment as in the commissioner's judgment will be most conducive to their reformation and tend to the future benefit and advantage of these children. The commissioner may discharge any child so committed, or may recall to the facility at any time any child paroled, placed on probation, or transferred; and, upon recall, may resume the care and control thereof. The discharge of a child by the commissioner shall be a complete release from all penalties and disabilities created by reason of the commitment.

Upon the parole or discharge of any inmate of any state juvenile correctional facility, the commissioner of corrections may pay to each inmate released an amount of money not exceeding the sum of \$10. All payments shall be made from the current expense fund of the facility.

Sec. 6. Minnesota Statutes 1998, section 242.44, is amended to read:

242.44 [PUPILS.]

The commissioner of corrections, so far as the accommodations of the correctional facilities and other means at the commissioner's disposal will permit, ~~shall may receive and keep until they reach 19 years of age, or until placed in homes, or discharged, all persons committed to the commissioner's care and custody by a juvenile court juvenile delinquents and juvenile offenders serving a juvenile disposition under section 260B.130, subdivision 4. The commissioner's housing of these individuals must be consistent with federal and state law, including established admissions criteria for Minnesota correctional facility-Red Wing.~~ The commissioner may place these youths at employment, may provide education suitable to their years and capacity, and may place them in suitable homes. Under rules prescribed by the commissioner, when deemed best for these youths, ~~they persons committed to the commissioner's care and custody by a juvenile court~~ may be paroled or discharged from the facility by the commissioner. All pupils in the facility shall be clothed, instructed, and maintained ~~at the expense of the state by the commissioner of corrections.~~

Sec. 7. [260B.199] [PLACEMENT OF JUVENILE OFFENDERS AT MINNESOTA CORRECTIONAL FACILITY-RED WING.]

Subdivision 1. [WHEN COURT MUST CONSIDER; PROHIBITION ON PLACEMENT AT OUT-OF-STATE FACILITY.] The admissions criteria for the Minnesota correctional facility-Red Wing shall include a requirement that the county of referral must have considered all appropriate local or regional placements and have exhausted potential in-state placements in the geographic region. The court must state on the record that this effort was made and placements rejected before ordering a placement or commitment to the Minnesota correctional facility-Red Wing. Before a court orders a disposition under section 260B.198 or 260B.130, subdivision 4, for a child, the court shall determine whether the child meets the established admissions criteria for the Minnesota correctional facility-Red Wing. If the child meets the admissions criteria, the court shall place the child at the facility and may not place the child in an out-of-state facility, unless the court makes a finding on the record that the safety of the child or the safety of the community can be best met by placement in an out-of-state facility or that the out-of-state facility is located closer to the child's home.

Subd. 2. [REPORT REQUIRED.] (a) A court that places a child in an out-of-state facility shall report the following information to the sentencing guidelines commission:

(1) the out-of-state facility the child was placed at and the reasons for this placement;

(2) the in-state facilities at which placement was considered;

(3) the reasons for not choosing an in-state facility;

(4) the reasons why the child did not meet the established admissions criteria for the Minnesota correctional facility-Red Wing, if applicable; and

(5) if the child met the admissions criteria, the reasons why the safety of the child or the safety of the community could not be met at the Minnesota correctional facility-Red Wing.

(b) By February 15 of each year, the commission shall forward a summary of the reports received from courts under this subdivision for the preceding year to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding.

Sec. 8. [260B.201] [MANDATORY COMMITMENT TO COMMISSIONER OF CORRECTIONS.]

Subdivision 1. [DEFINITIONS.] (a) As used in this section, the following terms have the meanings given them.

(b) "Chemical dependency treatment" means a comprehensive set of planned and organized services, therapeutic experiences, and interventions that are intended to improve the prognosis, function, or outcome of patients by reducing the risk of the use of alcohol, drugs, or other mind-altering substances and assist the patient to adjust to, and deal more effectively with, life situations.

(c) An offender has "failed or refused to successfully complete" treatment when based on factors within the offender's control, the offender is not able to substantially achieve the program's goals and the program's director determines that based on the offender's prior placement or treatment history, further participation in the program would not result in its successful completion.

(d) "Probation" has the meaning given in section 609.02, subdivision 15.

(e) "Sex offender treatment" means a comprehensive set of planned and organized services, therapeutic experiences, and interventions that are intended to improve the prognosis, function, or outcome of patients by reducing the risk of sexual reoffense and other aggressive behavior and assist the patient to adjust to, and deal more effectively with, life situations.

Subd. 2. [WHEN COMMITMENT REQUIRED.] (a) A court having jurisdiction over a child shall commit the child to the custody of the commissioner of corrections or place the child at the Minnesota correctional facility-Red Wing if the child:

(1) was previously adjudicated delinquent or convicted as an extended jurisdiction juvenile for an offense for which registration under section 243.166 was required;

(2) was placed on probation for the offense and ordered to complete a sex offender or chemical dependency treatment program; and

(3) subsequently failed or refused to successfully complete the program.

(b) If the child was initially convicted as an extended jurisdiction juvenile, the court may execute the child's adult sentence under section 260B.130, subdivision 4. Notwithstanding paragraph (c), if the court does not do this, it shall comply with paragraph (a).

(c) A court may place a child in an out-of-state facility if the court makes a finding on the record that the safety of the child or the safety of the community can be best met by placement in an out-of-state facility or that the out-of-state facility is located closer to the child's home.

Subd. 3. [REPORT REQUIRED.] A court ordering an alternative placement under subdivision 2, paragraph (c), shall report to the sentencing guidelines commission on the placement ordered and the reasons for not committing the child to the custody of the commissioner of corrections. If the alternative placement is to an out-of-state facility, the report must include specific information that the safety of the child or the safety of the community can best be met by placement in an out-of-state facility or that the out-of-state facility is located closer to the child's home. By

February 15 of each year, the commission shall summarize the reports received from courts under this paragraph for the preceding year and forward this summary to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy and funding.

Sec. 9. [LEGISLATIVE INTENT.]

It is the intent of the legislature that this article encourage courts to place juvenile offenders at the Minnesota correctional facility-Red Wing who would otherwise be placed in out-of-state facilities. Except as provided in section 8, it is not the legislature's intent to discourage the placement of juvenile offenders at non-state-operated facilities within Minnesota.

Sec. 10. [STUDY; REPORT.]

(a) The commissioner of corrections, in consultation with the counties, shall study the state's juvenile correctional system as it relates to serious and chronic offenders. The study must analyze and make proposals regarding:

(1) the role of the state and counties in providing services;

(2) the funding of these services;

(3) the extent to which research-based best practices exist and are accessible to counties;

(4) the method and process used to administer the juvenile commitment and parole systems;

(5) the degree to which existing practice reflects the legislature's intent in enacting juvenile justice laws; and

(6) other related issues deemed relevant by the commissioner or the counties.

(b) By January 15, 2001, the commissioner shall report the study's findings and proposals to the chairs and ranking minority members of the senate and house of representatives committees and divisions having jurisdiction over criminal justice policy funding.

Sec. 11. [REPORT.]

The commissioner shall report information relating to changes in per diem charges to counties for juveniles placed at the Minnesota correctional facility-Red Wing and the resulting reduction in juvenile residential treatment grants to the chairs and ranking minority members of the senate and house committees and divisions having jurisdiction over criminal justice funding by January 15, 2001. This report shall specifically address any impact on the populations at other state, public, or private juvenile residential facilities and shall specifically include any effect on the population of the Thistledeew Camp caused by the per diem reduction at Red Wing. The report shall also recommend approaches, based on consultation with and input from counties, to achieve financial stability at Minnesota correctional facility-Red Wing.

Sec. 12. [CONVEYANCE OF STATE LAND.]

Subdivision 1. [CONVEYANCE AUTHORIZED.] Notwithstanding Minnesota Statutes, sections 92.45, 94.09, 94.10, and 103F.335, subdivision 3, or any other law to the contrary, the commissioner of administration may convey all, or any part of, the land and the state building located on the land described in subdivision 3, to the central Minnesota regional jail joint powers group comprised of Aitkin, Cass, Crow Wing, Morrison, Todd, and Wadena counties, after the commissioner of human services declares the property surplus to its needs.

Subd. 2. [FORM.] (a) The conveyance shall be in a form approved by the attorney general.

(b) The conveyance shall restrict use of the land to county governmental purposes under a joint powers agreement, including regional jails and community corrections programs, and shall provide that ownership of any portion of the land or building that ceases to be used for such purposes shall revert to the state of Minnesota.

Subd. 3. [LAND DESCRIPTION.] The legal description of the land is: that part of the Southeast Quarter (SE 1/4) of the Northeast Quarter (NE 1/4) of Section 29, Township 45 North, Range 30 West, Crow Wing County, Minnesota, described as follows: Building 5 and Rectangular site area, on a NW to SE axis, where the northwest side of said area is the centerline of Robin Road. Extending southwest, 540'-0" from the midpoint between Building 5 and Building 7, the SW to NE dimension is 540'-0". Extending southeast, 675'-0" from the centerline of Robin Road, the SE to NW dimension is 675'-0". Containing 8.37 acres, more or less. Subject to the right-of-way of the Township road along the east side thereof, subject to other easements, reservations, and restrictions of record, if any. Including a road easement for ingress and egress from state Highway 18 over State Avenue and Robin Road to the junction of Meadowlark Lane.

Subd. 4. [DETERMINATION.] The commissioner of human services has determined that the land described in subdivision 3 and the building on the land will not be needed for future operations of the Brainerd regional human services center. The state's land management interests would best be served by conveying the land to the central Minnesota regional jail joint powers group for governmental use.

ARTICLE 8

APPROPRIATIONS

Section 1. [HEALTH AND HUMAN SERVICES APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively, and if an earlier appropriation was made for that purpose for that year, the appropriation in this article is added to it. Where a dollar amount appears in parenthesis, it means a reduction of an earlier appropriation for that purpose for that year.

SUMMARY BY FUND

APPROPRIATIONS	2000	2001	BIENNIAL TOTAL
General	\$10,328,000	\$81,995,000	\$92,323,000
State Government Special Revenue	150,000	-0-	150,000
Health Care Access Fund	1,266,000	3,401,000	4,667,000
Lottery Prize Fund	-0-	248,000	248,000
TOTAL	\$11,744,000	\$85,644,000	\$97,388,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Sec. 2. COMMISSIONER OF HUMAN SERVICES

Subdivision 1. Total Appropriation	\$11,594,000	\$84,604,000
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Summary by Fund

General	10,328,000	80,955,000
Health Care		
Access	1,266,000	3,401,000
Lottery	-0-	248,000

This appropriation is added to the appropriation in Laws 1999, chapter 245, article 1, section 2.

The amounts that are added to or reduced from the appropriation for each program are specified in the following subdivisions.

Subd. 2. Children's Grants

	1,130,000	3,307,000
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[ADOPTION ASSISTANCE/RELATIVE CUSTODY ASSISTANCE.] Of this appropriation, \$674,000 in fiscal year 2000 and \$1,800,000 in fiscal year 2001 is for the adoption assistance program under Minnesota Statutes, section 259.67, and \$456,000 in fiscal year 2000 and \$912,000 in fiscal year 2001 is for the relative custody assistance program under Minnesota Statutes, section 257.85. This is a one-time appropriation that shall not be added to the base level funding for these programs.

Subd. 3. Basic Health Care Grants

	14,984,000	50,813,000
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Summary by Fund

General	13,718,000	47,412,000
Health Care		
Access	1,266,000	3,401,000

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Minnesota Care Grants Health Care Access Fund

	1,266,000	3,401,000
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[WELFARE TO WORK.] The commissioner is authorized to apply for a grant from the Robert Wood Johnson Foundation for technical support with health care program processes to assist families as they move from welfare to work and shall seek federal financial participation. Any federal matching funds received as a result of the grant shall be dedicated to the commissioner for the project funded by the grant. All funds received shall be accounted for in a special revenue fund account.

(b) MA Basic Health Care Grants- Families and Children

General	22,751,000	23,328,000
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[ADVANCE CAPITATION PAYMENTS.] The commissioner shall provide an advance of up to \$500,000 in June of 2001 and June of 2002, not to exceed the total monthly per capita payment due for services provided in June, to county-based purchasing sites operating under Minnesota Statutes, section 256B.692. These advances shall be recovered from the following month's per capita payments. Notwithstanding section 6, this paragraph expires on August 1, 2002.

(c) MA Basic Health Care Grants - Elderly and Disabled

General	(3,730,000)	14,071,000
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[SPECIAL TRANSPORTATION.] Of the general fund appropriation for the fiscal year beginning July 1, 2000, \$436,000 for medical assistance and \$8,000 for general assistance medical care is for the commissioner to increase mileage reimbursement for special transportation under Minnesota Statutes, section 256B.0625, subdivision 17, by ten cents per mile for services rendered from July 1, 2000, to June 30, 2001.

(d) General Assistance Medical Care

General	(5,303,000)	10,013,000
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(e) Health Care Nonentitlement Grants

	-0-	-0-
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APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Subd. 4. State-Operated Services

	-0-	(1,495,000)
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[STATE-OPERATED SERVICES BASE REDUCTION.] The general fund base level appropriation for state operated services programs and activities shall be reduced by \$1,495,000 for fiscal year 2001.

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) RTC Facilities

	-0-	(1,495,000)
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Subd. 5. Continuing Care and Community Support Grants

	(35,029,000)	6,611,000
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Summary by Fund

General	(35,029,000)	6,363,000
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Lottery	-0-	248,000
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Community Services Block Grants

	-0-	901,000
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(b) Aging Adult Service Grants

	-0-	207,000
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[EPILEPSY.] Of the general fund appropriation, \$7,000 in fiscal year 2001 is to the commissioner to provide a three percent reimbursement increase to living skills training programs for persons with intractable epilepsy who need assistance in the transition to independent living.

[HOME SHARE PROGRAM.] Base level funding for the home share program established under Minnesota Statutes, section 256.973, for fiscal year 2002 shall be \$175,000. Notwithstanding section 6, this paragraph expires on June 30, 2002.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

(c) Deaf and Hard-of-Hearing Services Grants

	-0-	21,000
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(d) Mental Health Grants

General	-0-	1,830,000
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Lottery	-0-	248,000
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[SERVICES FOR FARMERS.] Of the appropriation from the general fund for the fiscal year beginning July 1, 2000, \$400,000 is to the commissioner for the following purposes:

(1) \$250,000 is to be transferred to the commissioner of agriculture for grants to organizations participating in the farm wrap network and the rural help network. The grants may be used for mental health services and emergency services for farmers.

(2) \$150,000 is to be transferred to the board of trustees of the Minnesota state colleges and universities for mental health counseling support to farm families and business operators through the farm business management program at Central Lakes college and Ridgewater college.

[COMPULSIVE GAMBLING TREATMENT.] For the fiscal year beginning July 1, 2000, \$248,000 is appropriated from the lottery prize fund to the commissioner for the compulsive gambling treatment program. Of this appropriation, \$143,000 is for a grant to gamblers intervention services in Duluth to be spent as follows:

(1) \$100,000 is to establish an outpatient gambling treatment program in Brainerd; and

(2) \$43,000 is to make treatment center building improvements to accommodate expanded group services.

\$75,000 is for a grant to the Minnesota arrowhead region gambling treatment alliance to provide extended outreach and family counseling through its Virginia center.

The remaining \$30,000 is for a grant to gamblers choice in Minneapolis to make treatment center building improvements to accommodate expanded group services.

These are one-time appropriations and shall not become part of base-level funding for the 2002-2003 biennium.

APPROPRIATIONS
Available for the Year
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(e) Developmental Disabilities Support Grants	-0-	204,000
(f) Medical Assistance Long-Term Care Waivers and Home Care	(12,385,000)	2,797,000
(g) Medical Assistance Long-Term Care Facilities	(20,790,000)	(3,405,000)
(h) Alternative Care Grants	-0-	1,633,000
(i) Group Residential Housing	(1,854,000)	(295,000)
(j) Chemical Dependency Entitlement Grants	-0-	2,470,000
Subd. 6. Economic Support Grants	30,509,000	25,368,000

The amounts that may be spent from this appropriation for each purpose are as follows:

[ASSISTANCE TO FAMILIES GRANTS TANF FORECAST ADJUSTMENT.] The federal Temporary Assistance to Needy Families (TANF) block grant fund appropriated to the commissioner of human services in Laws 1999, chapter 245, article 1, section 2, subdivision 10, for MFIP cash grants are reduced by \$37,513,000 in fiscal year 2000 and \$30,217,000 in fiscal year 2001.

[FEDERAL TANF FUNDS.] (1) In addition to the Federal Temporary Assistance for Needy Families (TANF) block grant funds appropriated to the commissioner of human services in Laws 1999, chapter 245, article 1, section 2, subdivision 10, federal TANF funds are appropriated to the commissioner in amounts up to \$20,000,000 in fiscal year 2000 and \$80,440,000 in fiscal year 2001. In addition to these funds, the commissioner may draw or transfer any other appropriations of federal TANF funds or transfers of federal TANF funds that are enacted into state law.

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(2) Of the amounts in clause (1), \$19,680,000 in fiscal year 2001 is for the local intervention grants program under Minnesota Statutes, section 256J.625 and related grant programs and shall be expended as follows:

(a) \$500,000 in fiscal year 2001 is for a grant to the Southeast Asian MFIP services collaborative to replicate in a second location an existing model of an intensive intervention transitional employment training project which serves TANF-eligible recipients and which moves refugee and immigrant welfare recipients unto unsubsidized employment and leads to economic self-sufficiency. This is a one-time appropriation.

(b) \$500,000 in fiscal year 2001 is for nontraditional career assistance and training programs under Minnesota Statutes, section 256K.30, subdivision 4. This is a one-time appropriation.

(c) \$18,680,000 is for local intervention grants for self-sufficiency program under Minnesota Statutes, section 256J.625. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for the local intervention grants program is \$27,180,000 each year.

(3) Of the amounts in clause (2), paragraph (c) for local intervention grants, \$7,000,000 in fiscal year 2001 shall be transferred to the commissioner of health for distribution to county boards according to the formula in Minnesota Statutes, section 256J.625, subdivision 3, to be used by county public health boards to serve families with incomes at or below 200 percent of the federal poverty guidelines, in the manner specified by Minnesota Statutes, section 145A.16, subdivision 3, clauses (2) through (6). Training, evaluation and technical assistance shall be provided in accordance with Minnesota Statutes, section 145A.16, subdivisions 5 to 7. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for this activity is \$7,000,000 each year.

(4) Of the amounts in clause (1), \$250,000 in fiscal year 2001 is appropriated to the commissioner to contract with the board of trustees of the Minnesota state colleges and universities to provide tuition waivers to employees of health care and human services providers located in the state that are members of qualifying consortia operating under Minnesota Statutes, sections 116L.10 to 116L.15.

(5) Of the amounts in clause (1), \$320,000 in fiscal year 2001 is for training job counselors about the MFIP program. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that

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the base level funding for employment services includes \$320,000 each year for this activity. The appropriations in this clause shall not become part of the base for the 2004-2005 biennium.

(6) Of the amounts in clause (1), \$1,000,000 in fiscal year 2001 is for out-of-wedlock pregnancy prevention funds to serve children in TANF-eligible families under Minnesota Statutes, section 256K.35. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for this program is \$1,000,000 each year. The appropriations in this clause shall not become part of the base for the 2004-2005 biennium.

(7) Of the amounts in clause (1), \$1,000,000 in fiscal year 2001 is to provide services to TANF-eligible families who are participating in the supportive housing and managed care pilot project under Minnesota Statutes, section 256K.25. For fiscal years 2002 and 2003 the commissioner of finance shall ensure that the base level funding for this project is \$1,000,000 each year. The appropriations in this clause shall not become part of the base for this project for the 2004-2005 biennium.

[TANF TRANSFER TO SOCIAL SERVICES.] \$7,500,000 is transferred from the state's federal TANF block grant to the state's federal Title XX block grant in fiscal year 2001 and in fiscal year 2002, for purposes of increasing services for families with children whose incomes are at or below 200 percent of the federal poverty guidelines. Notwithstanding section 6, this paragraph expires June 30, 2002.

[TANF MOE.] (a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under United States Code, title 42, section 609(a)(7), the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF MOE expenditures:

(1) MFIP cash and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K; and

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(5) expenditures made on behalf of noncitizen MFIP recipients who qualify for the medical assistance without federal financial participation program under Minnesota Statutes, section 256B.06, subdivision 4, paragraphs (d), (e), and (j).

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF MOE requirements. For the activities listed in paragraph (a), clauses (2) to (6), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31. If nonfederal expenditures for the programs and purposes listed in paragraph (a) are insufficient to meet the state's TANF MOE requirements, the commissioner shall recommend additional allowable sources of nonfederal expenditures to the legislature, if the legislature is or will be in session to take action to specify additional sources of nonfederal expenditures for TANF MOE before a federal penalty is imposed. The commissioner shall otherwise provide notice to the legislative commission on planning and fiscal policy under paragraph (d).

(c) If the commissioner uses authority granted under Laws 1999, chapter 245, article 1, section 10, or similar authority granted by a subsequent legislature, to meet the state's TANF MOE requirements in a reporting period, the commissioner shall inform the chairs of the appropriate legislative committees about all transfers made under that authority for this purpose.

(d) If the commissioner determines that nonfederal expenditures for the programs under Minnesota Statutes, section 256J.025, are insufficient to meet TANF MOE expenditure requirements, and if the legislature is not or will not be in session to take timely action to avoid a federal penalty, the commissioner may report nonfederal expenditures from other allowable sources as TANF MOE expenditures after the requirements of this paragraph are met.

The commissioner may report nonfederal expenditures in addition to those specified under paragraph (a) as nonfederal TANF MOE expenditures, but only ten days after the commissioner of finance has first submitted the commissioner's recommendations for additional allowable sources of nonfederal TANF MOE expenditures to the members of the legislative commission on planning and fiscal policy for their review.

(e) The commissioner of finance shall not incorporate any changes in federal TANF expenditures or nonfederal expenditures for TANF MOE that may result from reporting additional allowable

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sources of nonfederal TANF MOE expenditures under the interim procedures in paragraph (d) into the February or November forecasts required under Minnesota Statutes, section 16A.103, unless the commissioner of finance has approved the additional sources of expenditures under paragraph (d).

(f) The provisions of paragraphs (a) to (e) supersede any contrary provisions in Laws 1999, chapter 245, article 1, section 2, subdivision 10.

(g) The provisions of Minnesota Statutes, section 256.011, subdivision 3, which require that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law do not apply if the grants or aids are federal TANF funds.

(h) Notwithstanding section 6 of this article, paragraphs (a) to (g) expire June 30, 2003.

(i) Paragraphs (a) to (h) are effective the day following final enactment.

(a) Assistance to Families Grants

9,628,000	(2,305,000)
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(b) Work Grants

-0-	(250,000)
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(c) AFDC and Other Assistance

20,000,000	30,734,000
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[TRANSFERS TO MINNESOTA HOUSING FINANCE AGENCY.] (a) By June 30, 2001, the commissioner shall transfer \$50,000,000 of the general funds appropriated under this paragraph to the Minnesota housing finance agency for transfer to the housing development fund. The program funded by this transfer shall be known as the "Bruce F. Vento Year 2000 Affordable Housing Program." Up to \$15,000,000 may be transferred in fiscal year 2000.

(b) Of the funds transferred in paragraph (a), \$5,000,000 in fiscal year 2001 and \$15,000,000 in fiscal year 2002 is for a loan to Habitat for Humanity of Minnesota, Inc. The loan shall be an interest-free deferred loan. The loan shall become due and payable in the event and to the extent that Habitat for Humanity

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of Minnesota, Inc. does not invest repayments and prepayment of mortgage loans financed with this appropriation in new mortgages for additional homebuyers through Habitat for Humanity of Minnesota, Inc. To the extent practicable, funding must be allocated to Habitat for Humanity chapters on the basis of the number of MFIP households residing within a chapter's service area compared to the statewide total of MFIP households and on the basis of a chapter's capacity.

(c) Of the funds transferred in paragraph (a), \$15,000,000 in fiscal year 2001 and \$15,000,000 in fiscal year 2002 is for the affordable rental investment fund program under Minnesota Statutes, section 462A.21, subdivision 8b. To the extent practicable, the number of units financed with the appropriation under this paragraph within a city, county, or region shall reflect the number of MFIP households residing within the city, county, or region compared to the statewide total of MFIP households. This appropriation must be used to finance rental housing units that serve families:

- (1) receiving MFIP benefits under Minnesota Statutes, section 256J.01, or its successor program; and
- (2) who have lost eligibility for MFIP due to increased income from employment or due to the collection of child or spousal support under part D of title IV of the Social Security Act.

Units produced with this appropriation must remain affordable for a 30-year period.

In order to coordinate the availability of housing developed with the appropriation under this paragraph with MFIP families in need of affordable housing, the commissioner of the Minnesota housing finance agency, with the assistance of the commissioner of human services, shall establish cooperative relationships with county agencies as defined in Minnesota Statutes, section 256J.08, local employment and training service providers as defined in Minnesota Statutes, section 256J.49, local social service agencies, or other organizations that provide assistance to MFIP households.

The commissioner of the Minnesota housing finance agency shall develop strategies to promote occupancy of the units financed by the appropriation under this paragraph by households most in need of subsidized housing. The strategies shall include provisions that encourage households to move into homeownership or unsubsidized housing as the household secures stable employment and achieves self-sufficiency. The commissioner of the Minnesota housing finance agency shall consult with interested parties in developing these strategies.

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(d) The commissioner of the Minnesota housing finance agency and the commissioner of human services shall jointly prepare and submit a report to the governor and the legislature on the results of the funding provided under this section. The report shall include:

- (1) information on the number of units produced;
- (2) the household size and income of the occupants of the units at initial occupancy; and
- (3) to the extent the information is available, measures related to the occupants' attachment to the workforce and public assistance usage, and number of occupant moves.

The report must be submitted annually beginning January 15, 2003.

(e) Section 6, sunset of uncodified language, does not apply to paragraphs (a) to (d). Paragraphs (a) to (d) are effective the day following final enactment.

[WORKING FAMILY CREDIT.] (a) On a regular basis, the commissioner of revenue, with the assistance of the commissioner of human services, shall calculate the value of the refundable portion of the Minnesota working family credits provided under Minnesota Statutes, section 290.0671, that qualifies for federal reimbursement from the temporary assistance to needy families block grant. The commissioner of revenue shall provide the commissioner of human services with such expenditure records and information as are necessary to support draws of federal funds. The commissioner of human services shall reimburse the commissioner of revenue for the costs of providing the information required by this paragraph.

(b) Federal TANF funds, as specified in this paragraph, are appropriated to the commissioner of human services based on calculations under paragraph (a) of working family tax credit expenditures that qualify for reimbursement from the TANF block grant for income tax refunds payable in federal fiscal years beginning October 1, 1999. The draws of federal TANF funds shall be made on a regular basis based on calculations of credit expenditures by the commissioner of revenue. Up to the following amounts of federal TANF draws are appropriated to the commissioner of human services to deposit into the general fund: in fiscal year 2000, \$30,957,000; and in fiscal year 2001, \$33,895,000.

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(d) General Assistance

	557,000	(3,134,000)
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(e) Minnesota Supplemental Aid

	324,000	323,000
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Sec. 3. COMMISSIONER OF HEALTH

Subdivision 1. Total Appropriation	-0-	1,040,000
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Summary by Fund

General	-0-	1,040,000
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This appropriation is added to the appropriation in Laws 1999, chapter 245, article 1, section 3.

The amounts that may be spent from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Health Systems and Special Populations	-0-	865,000
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Summary by Fund

General	-0-	865,000
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[POISON INFORMATION CENTERS.] Of the general fund appropriation for the fiscal year beginning July 1, 2000, \$790,000 is to the commissioner for the operation of poison information centers authorized under Minnesota Statutes, section 145.93. This is a one-time appropriation.

[BASE LEVEL REDUCTION.] For fiscal years 2002 and 2003, the base level appropriation for Minnesota poison information centers under Minnesota Statutes, section 145.93 shall be reduced by \$380,000 each year. Section 6, sunset of uncodified language, does not apply to this provision.

[FUNERAL AND PRENEED COMPLAINT RESPONSES.] (a) Of this appropriation, \$75,000 in fiscal year 2001 is to the commissioner for the purposes of responding to complaints as required under Minnesota Statutes, chapter 149A. To the extent that resources are available, the commissioner shall also provide information and technical assistance to the organizations regulated under that chapter. This appropriation shall not become part of base level funding for the 2002-2003 biennium.

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(b) The commissioner shall make recommendations by January 15, 2001, to the chairs of the senate health and family security budget division and the house health and human services finance committee on whether there is a need for additional funding for ongoing implementation of the regulatory provisions of Minnesota Statutes, chapter 149A, and if so, proposals for an alternative funding source to the general fund.

Subd. 3. Health Protection	-0-	175,000
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Summary by Fund

General	-0-	175,000
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[SEXUALLY TRANSMITTED INFECTIONS.] Of the general fund appropriation for the fiscal year beginning July 1, 2000, \$175,000 is to the commissioner to expand access to free screening and testing for sexually transmitted infections. The appropriation must be used in accordance with Minnesota Statutes, section 144.065. This is a one-time appropriation and shall not become part of base-level funding for the 2002-2003 biennium.

Sec. 4. HEALTH-RELATED BOARDS

Subdivision 1. Total Appropriation	150,000	-0-
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This appropriation is added to the appropriation in Laws 1999, chapter 205, article 1, section 5.

The appropriations in this section are from the state government special revenue fund.

[NO SPENDING IN EXCESS OF REVENUES.] The commissioner of finance shall not permit the allotment, encumbrance, or expenditure of money appropriated in this section in excess of the anticipated biennial revenues or accumulated surplus revenues from fees collected by the boards. Neither this provision nor Minnesota Statutes, section 214.06, applies to transfers from the general contingent account.

Subd. 2. BOARD OF PSYCHOLOGY	150,000	-0-
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[LEGAL COSTS.] Of this appropriation, \$150,000 for the fiscal year beginning July 1, 1999, is to the board to pay for extraordinary legal costs. This is a one-time appropriation and shall not become part of base-level funding for the 2002-2003 biennium.

Sec. 5. CARRYOVER LIMITATION

None of the appropriations in articles 8 to 11 which are allowed to be carried forward from fiscal year 2000 to fiscal year 2001 shall become part of the base level funding for the 2002-2003 biennial budget, unless specifically directed by the legislature.

Sec. 6. SUNSET OF UNCODIFIED LANGUAGE

All uncodified language contained in this article expires on June 30, 2001, unless a different expiration date is explicit.

Sec. 7. [EFFECTIVE DATE.]

The appropriations and reductions for fiscal year 2000 in this article are effective the day following final enactment.

ARTICLE 9

HEALTH CARE

Section 1. Minnesota Statutes 1998, section 144.551, subdivision 1, is amended to read:

Subdivision 1. [RESTRICTED CONSTRUCTION OR MODIFICATION.] (a) The following construction or modification may not be commenced:

(1) any erection, building, alteration, reconstruction, modernization, improvement, extension, lease, or other acquisition by or on behalf of a hospital that increases the bed capacity of a hospital, relocates hospital beds from one physical facility, complex, or site to another, or otherwise results in an increase or redistribution of hospital beds within the state; and

(2) the establishment of a new hospital.

(b) This section does not apply to:

(1) construction or relocation within a county by a hospital, clinic, or other health care facility that is a national referral center engaged in substantial programs of patient care, medical research, and medical education meeting state and national needs that receives more than 40 percent of its patients from outside the state of Minnesota;

(2) a project for construction or modification for which a health care facility held an approved certificate of need on May 1, 1984, regardless of the date of expiration of the certificate;

(3) a project for which a certificate of need was denied before July 1, 1990, if a timely appeal results in an order reversing the denial;

(4) a project exempted from certificate of need requirements by Laws 1981, chapter 200, section 2;

(5) a project involving consolidation of pediatric specialty hospital services within the Minneapolis-St. Paul metropolitan area that would not result in a net increase in the number of pediatric specialty hospital beds among the hospitals being consolidated;

(6) a project involving the temporary relocation of pediatric-orthopedic hospital beds to an existing licensed hospital that will allow for the reconstruction of a new philanthropic, pediatric-orthopedic hospital on an existing site and that will not result in a net increase in the number of hospital beds. Upon completion of the reconstruction, the licenses of both hospitals must be reinstated at the capacity that existed on each site before the relocation;

(7) the relocation or redistribution of hospital beds within a hospital building or identifiable complex of buildings provided the relocation or redistribution does not result in: (i) an increase in the overall bed capacity at that site; (ii) relocation of hospital beds from one physical site or complex to another; or (iii) redistribution of hospital beds within the state or a region of the state;

(8) relocation or redistribution of hospital beds within a hospital corporate system that involves the transfer of beds from a closed facility site or complex to an existing site or complex provided that: (i) no more than 50 percent of the capacity of the closed facility is transferred; (ii) the capacity of the site or complex to which the beds are transferred does not increase by more than 50 percent; (iii) the beds are not transferred outside of a federal health systems agency boundary in place on July 1, 1983; and (iv) the relocation or redistribution does not involve the construction of a new hospital building;

(9) a construction project involving up to 35 new beds in a psychiatric hospital in Rice county that primarily serves adolescents and that receives more than 70 percent of its patients from outside the state of Minnesota;

(10) a project to replace a hospital or hospitals with a combined licensed capacity of 130 beds or less if: (i) the new hospital site is located within five miles of the current site; and (ii) the total licensed capacity of the replacement hospital, either at the time of construction of the initial building or as the result of future expansion, will not exceed 70 licensed hospital beds, or the combined licensed capacity of the hospitals, whichever is less;

(11) the relocation of licensed hospital beds from an existing state facility operated by the commissioner of human services to a new or existing facility, building, or complex operated by the commissioner of human services; from one regional treatment center site to another; or from one building or site to a new or existing building or site on the same campus; ~~or~~

(12) the construction or relocation of hospital beds operated by a hospital having a statutory obligation to provide hospital and medical services for the indigent that does not result in a net increase in the number of hospital beds; or

(13) a construction project involving the addition of up to 31 new beds in an existing nonfederal hospital in Beltrami county.

Sec. 2. Minnesota Statutes 1998, section 144A.071, subdivision 4a, is amended to read:

Subd. 4a. [EXCEPTIONS FOR REPLACEMENT BEDS.] It is in the best interest of the state to ensure that nursing homes and boarding care homes continue to meet the physical plant licensing and certification requirements by permitting certain construction projects. Facilities should be maintained in condition to satisfy the physical and emotional needs of residents while allowing the state to maintain control over nursing home expenditure growth.

The commissioner of health in coordination with the commissioner of human services, may approve the renovation, replacement, upgrading, or relocation of a nursing home or boarding care home, under the following conditions:

(a) to license or certify beds in a new facility constructed to replace a facility or to make repairs in an existing facility that was destroyed or damaged after June 30, 1987, by fire, lightning, or other hazard provided:

(i) destruction was not caused by the intentional act of or at the direction of a controlling person of the facility;

(ii) at the time the facility was destroyed or damaged the controlling persons of the facility maintained insurance coverage for the type of hazard that occurred in an amount that a reasonable person would conclude was adequate;

(iii) the net proceeds from an insurance settlement for the damages caused by the hazard are applied to the cost of the new facility or repairs;

(iv) the new facility is constructed on the same site as the destroyed facility or on another site subject to the restrictions in section 144A.073, subdivision 5;

(v) the number of licensed and certified beds in the new facility does not exceed the number of licensed and certified beds in the destroyed facility; and

(vi) the commissioner determines that the replacement beds are needed to prevent an inadequate supply of beds.

Project construction costs incurred for repairs authorized under this clause shall not be considered in the dollar threshold amount defined in subdivision 2;

(b) to license or certify beds that are moved from one location to another within a nursing home facility, provided the total costs of remodeling performed in conjunction with the relocation of beds does not exceed \$750,000;

(c) to license or certify beds in a project recommended for approval under section 144A.073;

(d) to license or certify beds that are moved from an existing state nursing home to a different state facility, provided there is no net increase in the number of state nursing home beds;

(e) to certify and license as nursing home beds boarding care beds in a certified boarding care facility if the beds meet the standards for nursing home licensure, or in a facility that was granted an exception to the moratorium under section 144A.073, and if the cost of any remodeling of the facility does not exceed \$750,000. If boarding care beds are licensed as nursing home beds, the number of boarding care beds in the facility must not increase beyond the number remaining at the time of the upgrade in licensure. The provisions contained in section 144A.073 regarding the upgrading of the facilities do not apply to facilities that satisfy these requirements;

(f) to license and certify up to 40 beds transferred from an existing facility owned and operated by the Amherst H. Wilder Foundation in the city of St. Paul to a new unit at the same location as the existing facility that will serve persons with Alzheimer's disease and other related disorders. The transfer of beds may occur gradually or in stages, provided the total number of beds transferred does not exceed 40. At the time of licensure and certification of a bed or beds in the new unit, the commissioner of health shall delicense and decertify the same number of beds in the existing facility. As a condition of receiving a license or certification under this clause, the facility must make a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate as a result of the transfers allowed under this paragraph;

(g) to license and certify nursing home beds to replace currently licensed and certified boarding care beds which may be located either in a remodeled or renovated boarding care or nursing home facility or in a remodeled, renovated, newly constructed, or replacement nursing home facility within the identifiable complex of health care facilities in which the currently licensed boarding care beds are presently located, provided that the number of boarding care beds in the facility or complex are decreased by the number to be licensed as nursing home beds and further provided that, if the total costs of new construction, replacement, remodeling, or renovation exceed ten percent of the appraised value of the facility or \$200,000, whichever is less, the facility makes a written commitment to the commissioner of human services that it will not seek to receive an increase in its property-related payment rate by reason of the new construction, replacement, remodeling, or renovation. The provisions contained in section 144A.073 regarding the upgrading of facilities do not apply to facilities that satisfy these requirements;

(h) to license as a nursing home and certify as a nursing facility a facility that is licensed as a boarding care facility but not certified under the medical assistance program, but only if the commissioner of human services certifies to the commissioner of health that licensing the facility as a nursing home and certifying the facility as a nursing facility will result in a net annual savings to the state general fund of \$200,000 or more;

(i) to certify, after September 30, 1992, and prior to July 1, 1993, existing nursing home beds in a facility that was licensed and in operation prior to January 1, 1992;

(j) to license and certify new nursing home beds to replace beds in a facility acquired by the Minneapolis community development agency as part of redevelopment activities in a city of the first class, provided the new facility is located within three miles of the site of the old facility. Operating and property costs for the new facility must be determined and allowed under section 256B.431 or 256B.434;

(k) to license and certify up to 20 new nursing home beds in a community-operated hospital and attached convalescent and nursing care facility with 40 beds on April 21, 1991, that suspended operation of the hospital in April 1986. The commissioner of human services shall provide the facility with the same per diem property-related payment rate for each additional licensed and certified bed as it will receive for its existing 40 beds;

(l) to license or certify beds in renovation, replacement, or upgrading projects as defined in section 144A.073, subdivision 1, so long as the cumulative total costs of the facility's remodeling projects do not exceed \$750,000;

(m) to license and certify beds that are moved from one location to another for the purposes of converting up to five four-bed wards to single or double occupancy rooms in a nursing home that, as of January 1, 1993, was county-owned and had a licensed capacity of 115 beds;

(n) to allow a facility that on April 16, 1993, was a 106-bed licensed and certified nursing facility located in Minneapolis to layaway all of its licensed and certified nursing home beds. These beds may be relicensed and recertified in a newly-constructed teaching nursing home facility affiliated with a teaching hospital upon approval by the legislature. The proposal must be developed in consultation with the interagency committee on long-term care planning. The beds on layaway status shall have the same status as voluntarily delicensed and decertified beds, except that beds on layaway status remain subject to the surcharge in section 256.9657. This layaway provision expires July 1, 1998;

(o) to allow a project which will be completed in conjunction with an approved moratorium exception project for a nursing home in southern Cass county and which is directly related to that portion of the facility that must be repaired, renovated, or replaced, to correct an emergency plumbing problem for which a state correction order has been issued and which must be corrected by August 31, 1993;

(p) to allow a facility that on April 16, 1993, was a 368-bed licensed and certified nursing facility located in Minneapolis to layaway, upon 30 days prior written notice to the commissioner, up to 30 of the facility's licensed and certified beds by converting three-bed wards to single or double occupancy. Beds on layaway status shall have the same status as voluntarily delicensed and decertified beds except that beds on layaway status remain subject to the surcharge in section 256.9657, remain subject to the license application and renewal fees under section 144A.07 and shall be subject to a \$100 per bed reactivation fee. In addition, at any time within three years of the effective date of the layaway, the beds on layaway status may be:

(1) relicensed and recertified upon relocation and reactivation of some or all of the beds to an existing licensed and certified facility or facilities located in Pine River, Brainerd, or International Falls; provided that the total project construction costs related to the relocation of beds from layaway status for any facility receiving relocated beds may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073;

(2) relicensed and recertified, upon reactivation of some or all of the beds within the facility which placed the beds in layaway status, if the commissioner has determined a need for the reactivation of the beds on layaway status.

The property-related payment rate of a facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for a facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than three years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(q) to license and certify beds in a renovation and remodeling project to convert 12 four-bed wards into 24 two-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey county; had a licensed capacity of 154 beds; and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(r) to license and certify up to 117 beds that are relocated from a licensed and certified 138-bed nursing facility located in St. Paul to a hospital with 130 licensed hospital beds located in South St. Paul, provided that the nursing facility and hospital are owned by the same or a related organization and that prior to the date the relocation is completed the hospital ceases operation of its inpatient hospital services at that hospital. After relocation, the nursing facility's status under section 256B.431, subdivision 2j, shall be the same as it was prior to relocation. The nursing facility's property-related payment rate resulting from the project authorized in this paragraph shall become effective no earlier than April 1, 1996. For purposes of calculating the incremental change in the facility's rental per diem resulting from this project, the allowable appraised value of the nursing facility portion of the existing health care facility physical plant prior to the renovation and relocation may not exceed \$2,490,000;

(s) to license and certify two beds in a facility to replace beds that were voluntarily delicensed and decertified on June 28, 1991;

(t) to allow 16 licensed and certified beds located on July 1, 1994, in a 142-bed nursing home and 21-bed boarding care home facility in Minneapolis, notwithstanding the licensure and certification after July 1, 1995, of the Minneapolis facility as a 147-bed nursing home facility after completion of a construction project approved in 1993 under section 144A.073, to be laid away upon 30 days' prior written notice to the commissioner. Beds on layaway status shall have the same status as voluntarily delicensed or decertified beds except that they shall remain subject to the surcharge in section 256.9657. The 16 beds on layaway status may be relicensed as nursing home beds and recertified at any time within five years of the effective date of the layaway upon relocation of some or all of the beds to a licensed and certified facility located in Watertown, provided that the total project construction costs related to the relocation of beds from layaway status for the Watertown facility may not exceed the dollar threshold provided in subdivision 2 unless the construction project has been approved through the moratorium exception process under section 144A.073.

The property-related payment rate of the facility placing beds on layaway status must be adjusted by the incremental change in its rental per diem after recalculating the rental per diem as provided in section 256B.431, subdivision 3a, paragraph (d). The property-related payment rate for the facility relicensing and recertifying beds from layaway status must be adjusted by the incremental change in its rental per diem after recalculating its rental per diem using the number of beds after the relicensing to establish the facility's capacity day divisor, which shall be effective the first day of the month following the month in which the relicensing and recertification became effective. Any beds remaining on layaway status more than five years after the date the layaway status became effective must be removed from layaway status and immediately delicensed and decertified;

(u) to license and certify beds that are moved within an existing area of a facility or to a newly constructed addition which is built for the purpose of eliminating three- and four-bed rooms and adding space for dining, lounge areas, bathing rooms, and ancillary service areas in a nursing home that, as of January 1, 1995, was located in Fridley and had a licensed capacity of 129 beds;

(v) to relocate 36 beds in Crow Wing county and four beds from Hennepin county to a 160-bed facility in Crow Wing county, provided all the affected beds are under common ownership;

(w) to license and certify a total replacement project of up to 49 beds located in Norman county that are relocated from a nursing home destroyed by flood and whose residents were relocated to other nursing homes. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(x) to license and certify a total replacement project of up to 129 beds located in Polk county that are relocated from a nursing home destroyed by flood and whose residents were relocated to other nursing homes. The operating cost payment rates for the new nursing facility shall be determined based on the interim and settle-up payment provisions of Minnesota Rules, part 9549.0057, and the reimbursement provisions of section 256B.431, except that subdivision 26, paragraphs (a) and (b), shall not apply until the second rate year after the settle-up cost report is filed. Property-related reimbursement rates shall be determined under section 256B.431, taking into account any federal or state flood-related loans or grants provided to the facility;

(y) to license and certify beds in a renovation and remodeling project to convert 13 three-bed wards into 13 two-bed rooms and 13 single-bed rooms, expand space, and add improvements in a nursing home that, as of January 1, 1994, met the following conditions: the nursing home was located in Ramsey county, was not owned by a hospital corporation, had a licensed capacity of 64 beds, and had been ranked among the top 15 applicants by the 1993 moratorium exceptions advisory review panel. The total project construction cost estimate for this project must not exceed the cost estimate submitted in connection with the 1993 moratorium exception process;

(z) to license and certify up to 150 nursing home beds to replace an existing 285 bed nursing facility located in St. Paul. The replacement project shall include both the renovation of existing buildings and the construction of new facilities at the existing site. The reduction in the licensed capacity of the existing facility shall occur during the construction project as beds are taken out of service due to the construction process. Prior to the start of the construction process, the facility shall provide written information to the commissioner of health describing the process for bed reduction, plans for the relocation of residents, and the estimated construction schedule. The relocation of residents shall be in accordance with the provisions of law and rule; or

(aa) to allow the commissioner of human services to license an additional 36 beds to provide residential services for the physically handicapped under Minnesota Rules, parts 9570.2000 to 9570.3400, in a 198-bed nursing home located in Red Wing, provided that the total number of licensed and certified beds at the facility does not increase;

(bb) to license and certify a new facility in St. Louis county with 44 beds constructed to replace an existing facility in St. Louis county with 31 beds, which has resident rooms on two separate floors and an antiquated elevator that creates safety concerns for residents and prevents nonambulatory residents from residing on the second floor. The project shall include the elimination of three- and four-bed rooms;

(cc) to license and certify four beds in a 16-bed certified boarding care home in Minneapolis to replace beds that were voluntarily delicensed and decertified on or before March 31, 1992. The licensure and certification is conditional upon the facility periodically assessing and adjusting its resident mix and other factors which may contribute to a potential institution for mental disease declaration. The commissioner of human services shall retain

the authority to audit the facility at any time and shall require the facility to comply with any requirements necessary to prevent an institution for mental disease declaration, including delicensure and decertification of beds, if necessary; or

(dd) to license and certify 72 beds in an existing facility in Mille Lacs county with 80 beds as part of a renovation project. The renovation must include construction of an addition to accommodate ten residents with beginning and midstage dementia in a self-contained living unit; creation of three resident households where dining, activities, and support spaces are located near resident living quarters; designation of four beds for rehabilitation in a self-contained area; designation of 30 private rooms; and other improvements.

Sec. 3. Minnesota Statutes 1998, section 144A.071, is amended by adding a subdivision to read:

Subd. 4b. [LICENSED BEDS ON LAYAWAY STATUS.] A licensed and certified nursing facility may lay away, upon prior written notice to the commissioner of health, up to 50 percent of its licensed and certified beds. A nursing facility may not discharge a resident in order to lay away a bed. Notice to the commissioner shall be given 60 days prior to the effective date of the layaway. Beds on layaway shall have the same status as voluntarily delicensed and decertified beds and shall not be subject to license fees and license surcharge fees. In addition, beds on layaway may be removed from layaway at any time on or after one year after the effective date of layaway in the facility of origin, with a 60-day notice to the commissioner. A nursing facility that removes beds from layaway may not place beds on layaway status for one year after the effective date of the removal from layaway. The commissioner may approve the immediate removal of beds from layaway if necessary to provide access to those nursing home beds to residents relocated from other nursing homes due to emergency situations or closure. In the event approval is granted, the one-year restriction on placing beds on layaway after a removal of beds from layaway shall not apply. Beds may remain on layaway for up to five years.

Sec. 4. Minnesota Statutes 1998, section 148B.32, subdivision 1, is amended to read:

Subdivision 1. [UNLICENSED PRACTICE PROHIBITED.] After adoption of rules by the board implementing sections 148B.29 to 148B.39, no individual shall engage in marriage and family therapy practice unless that individual holds a valid license issued under sections 148B.29 to 148B.39.

~~Marriage and family therapists may not be reimbursed under medical assistance, chapter 256B, except to the extent such care is reimbursed under section 256B.0625, subdivision 5, or when marriage and family therapists are employed by a managed care organization with a contract to provide mental health care to medical assistance enrollees, and are reimbursed through the managed care organization.~~

Sec. 5. Minnesota Statutes 1998, section 252.28, is amended by adding a subdivision to read:

Subd. 3b. [OLMSTED COUNTY LICENSING EXEMPTION.] (a) Notwithstanding subdivision 3, the commissioner may license service sites each accommodating up to five residents moving from a 43-bed intermediate care facility for persons with mental retardation or related conditions located in Olmsted county that is closing under section 252.292.

(b) Notwithstanding the provisions of any other state law or administrative rule, the rate provisions of section 256I.05, subdivision 1, apply to the exception in this subdivision.

Sec. 6. Minnesota Statutes 1999 Supplement, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner. Administration and supervision of human services activities or services includes, but is not limited to, assuring timely and accurate distribution of benefits, completeness of service, and quality program management. In addition to administering and supervising human services activities vested by law in the department, the commissioner shall have the authority to:

(a) require county agency participation in training and technical assistance programs to promote compliance with statutes, rules, federal laws, regulations, and policies governing human services;

(b) monitor, on an ongoing basis, the performance of county agencies in the operation and administration of human services, enforce compliance with statutes, rules, federal laws, regulations, and policies governing welfare services and promote excellence of administration and program operation;

(c) develop a quality control program or other monitoring program to review county performance and accuracy of benefit determinations;

(d) require county agencies to make an adjustment to the public assistance benefits issued to any individual consistent with federal law and regulation and state law and rule and to issue or recover benefits as appropriate;

(e) delay or deny payment of all or part of the state and federal share of benefits and administrative reimbursement according to the procedures set forth in section 256.017;

(f) make contracts with and grants to public and private agencies and organizations, both profit and nonprofit, and individuals, using appropriated funds; and

(g) enter into contractual agreements with federally recognized Indian tribes with a reservation in Minnesota to the extent necessary for the tribe to operate a federally approved family assistance program or any other program under the supervision of the commissioner. The commissioner shall consult with the affected county or counties in the contractual agreement negotiations, if the county or counties wish to be included, in order to avoid the duplication of county and tribal assistance program services. The commissioner may establish necessary accounts for the purposes of receiving and disbursing funds as necessary for the operation of the programs.

(2) Inform county agencies, on a timely basis, of changes in statute, rule, federal law, regulation, and policy necessary to county agency administration of the programs.

(3) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(4) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(5) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(6) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter

431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(7) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(8) Act as designated guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded. For children under the guardianship of the commissioner whose interests would be best served by adoptive placement, the commissioner may contract with a licensed child-placing agency to provide adoption services. A contract with a licensed child-placing agency must be designed to supplement existing county efforts and may not replace existing county programs, unless the replacement is agreed to by the county board and the appropriate exclusive bargaining representative or the commissioner has evidence that child placements of the county continue to be substantially below that of other counties. Funds encumbered and obligated under an agreement for a specific child shall remain available until the terms of the agreement are fulfilled or the agreement is terminated.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by county agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, rules, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed four years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The secretary of health and human services of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(b) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) According to federal requirements, establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs. For the medical assistance and the AFDC program formerly codified in sections 256.72 to 256.87, disallowances shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for the AFDC program formerly codified in sections 256.72 to 256.87, and medical assistance programs. For the food stamp program, sanctions shall be shared by each county board, with 50 percent of the sanction being distributed to each county in the same proportion as that county's administrative costs for food stamps are to the total of all food stamp administrative costs for all counties, and 50 percent of the sanctions being distributed to each county in the same proportion as that county's value of food stamp benefits issued are to the total of all benefits issued for all counties. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements 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 prescription 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. Rebate agreements for prescription drugs delivered on or after July 1, 2002, must include rebates for individuals covered under the prescription drug program who are under 65 years of age. For each drug, the amount of the rebate shall be equal to the basic rebate as defined for purposes of the federal rebate program in United States Code, title 42, section 1396r-8(c)(1). This basic rebate shall be applied to single-source and multiple-source drugs. The manufacturers must provide full payment within 30 days of receipt of the state invoice for the rebate within the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act. The manufacturers must provide the commissioner with any information necessary to verify the rebate determined per drug. The rebate program shall utilize the terms and conditions used for the federal rebate program established pursuant to section 1927 of title XIX of the Social Security Act.

(22) Operate the department's communication systems account established in Laws 1993, First Special Session chapter 1, article 1, section 2, subdivision 2, to manage shared communication costs necessary for the operation of the programs the commissioner supervises. A communications account may also be established for each regional treatment center which operates communications systems. Each account must be used to manage shared communication costs necessary for the operations of the programs the commissioner supervises. The commissioner may distribute the costs of operating and maintaining communication systems to participants in a manner that reflects actual usage. Costs may include acquisition, licensing, insurance, maintenance, repair, staff time and other

costs as determined by the commissioner. Nonprofit organizations and state, county, and local government agencies involved in the operation of programs the commissioner supervises may participate in the use of the department's communications technology and share in the cost of operation. The commissioner may accept on behalf of the state any gift, bequest, devise or personal property of any kind, or money tendered to the state for any lawful purpose pertaining to the communication activities of the department. Any money received for this purpose must be deposited in the department's communication systems accounts. Money collected by the commissioner for the use of communication systems must be deposited in the state communication systems account and is appropriated to the commissioner for purposes of this section.

(23) Receive any federal matching money that is made available through the medical assistance program for the consumer satisfaction survey. Any federal money received for the survey is appropriated to the commissioner for this purpose. The commissioner may expend the federal money received for the consumer satisfaction survey in either year of the biennium.

(24) Incorporate cost reimbursement claims from First Call Minnesota into the federal cost reimbursement claiming processes of the department according to federal law, rule, and regulations. Any reimbursement received is appropriated to the commissioner and shall be disbursed to First Call Minnesota according to normal department payment schedules.

(25) Develop recommended standards for foster care homes that address the components of specialized therapeutic services to be provided by foster care homes with those services.

Sec. 7. Minnesota Statutes 1998, section 256.955, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The commissioner of human services shall establish and administer a ~~senior citizen~~ senior citizen prescription drug program. ~~Qualified senior citizens shall be eligible for prescription drug coverage under the program beginning no later than January 1, 1999.~~

Sec. 8. Minnesota Statutes 1998, section 256.955, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] (a) For purposes of this section, the following definitions apply.

(b) "Health plan" has the meaning provided in section 62Q.01, subdivision 3.

(c) "Health plan company" has the meaning provided in section 62Q.01, subdivision 4.

(d) "Qualified ~~senior citizen~~ individual" means an individual ~~age 65 or older~~ who: meets the requirements described in subdivision 2a or 2b, and:

(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 who is not determined eligible for medical assistance according to section 256B.0575, who are is not determined eligible for medical assistance or general assistance medical care without a spenddown, or who are is not 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.

EFFECTIVE DATE: This section is effective October 1, 2000.

Sec. 9. Minnesota Statutes 1998, section 256.955, is amended by adding a subdivision to read:

Subd. 2a. [ELIGIBILITY.] (a) An individual satisfying the following requirements and the requirements described in subdivision 2, paragraph (d), is eligible for the prescription drug program:

(1) is at least 65 years of age or older; and

(2) 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.

EFFECTIVE DATE: This section is effective October 1, 2000.

Sec. 10. Minnesota Statutes 1998, section 256.955, is amended by adding a subdivision to read:

Subd. 2b. [ELIGIBILITY.] (a) Effective July 1, 2002, an individual satisfying the following requirements and the requirements described in subdivision 2, paragraph (d), is eligible for the prescription drug program:

(1) is under 65 years of age; and

(2) is eligible as a qualified Medicare beneficiary according to section 256B.057, subdivision 3, or is eligible under section 256B.057, subdivision 3, and is also eligible for medical assistance or general assistance medical care with a spenddown as defined in section 256B.056, subdivision 5.

Sec. 11. Minnesota Statutes 1999 Supplement, section 256.955, subdivision 4, is amended to read:

Subd. 4. [APPLICATION PROCEDURES AND COORDINATION WITH MEDICAL ASSISTANCE.] Applications and information on the program must be made available at county social service agencies, health care provider offices, and agencies and organizations serving senior citizens and persons with disabilities. ~~Senior citizens~~ Individuals shall submit applications and any information specified by the commissioner as being necessary to verify eligibility directly to the county social service agencies:

(1) beginning January 1, 1999, the county social service agency shall determine medical assistance spenddown eligibility of individuals who qualify for the ~~senior citizen~~ prescription drug program of individuals; and

(2) program payments will be used to reduce the spenddown obligations of individuals who are determined to be eligible for medical assistance with a spenddown as defined in section 256B.056, subdivision 5.

Seniors Qualified individuals who are eligible for medical assistance with a spenddown shall be financially responsible for the deductible amount up to the satisfaction of the spenddown. No deductible applies once the spenddown has been met. Payments to providers for prescription drugs for persons eligible under this subdivision shall be reduced by the deductible.

County social service agencies shall determine an applicant's eligibility for the program within 30 days from the date the application is received. Eligibility begins the month after approval.

Sec. 12. Minnesota Statutes 1999 Supplement, section 256.955, subdivision 8, is amended to read:

Subd. 8. [REPORT.] The commissioner shall annually report to the legislature on the ~~senior citizen~~ prescription drug program. The report must include demographic information on enrollees, per-prescription expenditures, total program expenditures, hospital and nursing home costs avoided by enrollees, any savings to medical assistance and Medicare resulting from the provision of prescription drug coverage under Medicare by health maintenance organizations, other public and private options for drug assistance to the ~~senior covered~~ population, any hardships caused by the annual deductible, and any recommendations for changes in the ~~senior~~ prescription drug program.

Sec. 13. Minnesota Statutes 1999 Supplement, section 256.955, subdivision 9, is amended to read:

Subd. 9. [PROGRAM LIMITATION.] The commissioner shall administer the ~~senior~~ prescription drug program so that the costs total no more than funds appropriated plus the drug rebate proceeds. ~~Senior Prescription~~ prescription drug program rebate revenues are appropriated to the commissioner and shall be expended to augment funding of the ~~senior~~ prescription drug program. New enrollment shall cease if the commissioner determines that, given current enrollment, costs of the program will exceed appropriated funds and rebate proceeds. ~~This section shall be repealed upon federal approval of the waiver to allow the commissioner to provide prescription drug coverage for qualified Medicare beneficiaries whose income is less than 150 percent of the federal poverty guidelines.~~

Sec. 14. Minnesota Statutes 1998, section 256.9751, is amended to read:

256.9751 [~~CONGREGATE HOUSING ON-SITE COORDINATION (OSC)~~ SERVICES PROJECTS.]

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the following terms have the meanings given them.

(a) [~~CONGREGATE HOUSING.~~] "Congregate housing" means federally or locally subsidized housing and nonsubsidized low- and moderate-income multifamily housing units which may not have common areas for activities and for serving food, designed for the elderly; ~~consisting of private apartments and common areas which can be used for activities and for serving meals.~~

(b) [~~CONGREGATE HOUSING ON-SITE COORDINATION SERVICES PROJECTS.~~] "~~Congregate housing~~ On-site coordination services project" means a project in which services are or could be made available to ~~older~~ persons age 55 or older who live in ~~subsidized housing~~ a designated service area and which helps ~~delay or prevent nursing home placement~~ them remain independent. To be considered a ~~congregate housing~~ on-site coordination services project, a project must have: (1) an on-site coordinator, ~~and~~; (2) a plan for assuring the availability of one meal per day, seven days a week, for each elderly participant ~~in need~~ who needs a meal to continue to live independently; and (3) an approved designated service area.

(c) [ON-SITE COORDINATOR.] "On-site coordinator" means a person who works on-site in a ~~building or buildings~~ designated service area and who serves as a contact for older persons who need services, support, and assistance in order to ~~delay or prevent nursing home placement~~ help them remain independent.

(d) [~~CONGREGATE HOUSING ON-SITE COORDINATION SERVICES PROJECT PARTICIPANTS OR PROJECT PARTICIPANTS.~~] "~~Congregate housing~~ On-site coordination services project participants" or "project participants" means elderly persons ~~60~~ 55 years old or older, who are currently residents of; or who are ~~applying for residence in housing sites~~ planning to move into a designated service area and who need support services to remain independent.

(e) [DESIGNATED SERVICE AREA OR DSA.] "Designated service area" or "DSA" means the congregate housing site or sites, and surrounding neighborhoods and communities that have a concentration of persons age 55 or older that is higher than the state average, in which on-site coordination services will be provided.

Subd. 3. [GRANT PROGRAM.] The ~~Minnesota board on aging~~ commissioner shall establish a ~~congregate housing on-site coordination services grant program which that is coordinated with county government programs and services for elderly persons and, in counties where they exist, with seniors' agenda for independent living (SAIL) projects as defined in section 256B.0917, that~~ will enable communities and neighborhoods to provide on-site coordinators to serve ~~as a contact for older persons who need services and support, and or need assistance to access in accessing services,~~ in order to delay or prevent nursing home placement and remain independent.

Subd. 4. [USE OF GRANT FUNDS.] Grant funds shall be used to develop and fund on-site coordinator positions. Grant funds shall not be used to duplicate existing funds, to modify buildings, or to purchase equipment.

Subd. 5. [GRANT ELIGIBILITY.] A public or nonprofit agency or housing unit may apply for funds to provide a coordinator for ~~congregate housing on-site coordination~~ services to an identified population of frail elderly persons in a ~~subsidized multiunit apartment building or buildings in a community~~ designated service area. The ~~board commissioner~~ shall give preference to applicants that meet the requirements of this section, and that have a common dining site in the designated service area. A local match ~~may~~ shall be required. State money received may also be used to match federal money allocated for ~~congregate housing on-site coordination~~ services. Grants shall be awarded to urban and rural sites.

Subd. 6. [CRITERIA FOR SELECTION.] The ~~Minnesota board on aging~~ commissioner shall select projects under this section according to the following criteria:

(1) the extent to which the proposed project assists older persons to age-in-place to prevent or delay nursing home placement;

(2) the extent to which the proposed project identifies the needs of project participants;

(3) the extent to which the proposed project identifies how the on-site coordinator will help meet the needs of project participants;

(4) the extent to which the proposed project plan assures the availability of one meal a day, seven days a week, for each elderly participant in need in the designated service area;

(5) the extent to which the proposed project demonstrates involvement of participants, communities, and family members in the project; and

(6) the extent to which the proposed project demonstrates involvement coordination of housing providers community agencies and public and private service agencies, including area agencies on aging.

The commissioner shall consult with the county board of the county in which the project would be implemented, and shall not select any project without approval of the county board. A designated service area with a senior dining program may be given preference.

Subd. 7. [GRANT APPLICATIONS.] The ~~Minnesota board on aging~~ commissioner shall request proposals for grants and award grants using the criteria in subdivision 6. Grant applications shall include:

(1) documentation of the need for ~~congregate on-site coordination~~ services in the DSA so the residents can remain independent;

(2) a description of the resources, such as social services and health services, that will be available in the DSA community to provide the necessary support services;

(3) a description of the target population, as defined in subdivision 1, paragraph (d);

(4) a performance plan that includes written performance objectives, outcomes, timelines, and the procedure the grantee will use to document and measure success in meeting the objectives; and

(5) letters of support from appropriate public and private agencies and organizations, such as area agencies on aging and county human service departments that demonstrate an intent to ~~work with~~ collaborate and coordinate with the agency requesting a grant.

Subd. 8. [REPORT.] ~~By January 1, 1993, the Minnesota board on aging shall submit a report to the legislature evaluating the programs. The report must document the project costs and outcomes that helped delay or prevent nursing home placement. The report must describe steps taken for quality assurance and must also include recommendations based on the project findings. The commissioner shall collect data on a quarterly basis on the number of persons served and other factors relating to the goals, activities, and accomplishments of the projects. The commissioner shall provide this data in summary form to the legislature in annual reports, due January 1, 2001, and each January 1 thereafter. The annual reports must also include recommendations based on project findings.~~

Subd. 9. [TECHNICAL ASSISTANCE.] The commissioner may provide technical assistance to sponsors of on-site coordination services programs or may contract or delegate the provision of technical assistance.

Subd. 10. [OTHER AGENCIES.] The commissioner may delegate, use, or employ any federal, state, regional, or local public or private agency or organization, including organizations of physically handicapped persons, upon terms the commissioner deems necessary or desirable, to assist in the exercise of any of the powers granted in this section.

Sec. 15. Minnesota Statutes 1999 Supplement, section 256B.057, subdivision 3, is amended to read:

Subd. 3. [QUALIFIED MEDICARE BENEFICIARIES.] A person who is entitled to Part A Medicare benefits, whose income is equal to or less than 100 percent of the federal poverty guidelines, and whose assets are no more than ~~twice the asset limit used to determine eligibility for the supplemental security income program~~ \$10,000 for a single individual and \$18,000 for a married couple or family of two or more, is eligible for medical assistance reimbursement of Part A and Part B premiums, Part A and Part B coinsurance and deductibles, and cost-effective premiums for enrollment with a health maintenance organization or a competitive medical plan under section 1876 of the Social Security Act. Reimbursement of the Medicare coinsurance and deductibles, when added to the amount paid by Medicare, must not exceed the total rate the provider would have received for the same service or services if the person were a medical assistance recipient with Medicare coverage. Increases in benefits under Title II of the Social Security Act shall not be counted as income for purposes of this subdivision until the first day of the second full month following publication of the change in the federal poverty guidelines.

EFFECTIVE DATE: This section is effective October 1, 2000.

Sec. 16. Minnesota Statutes 1998, section 256B.0625, is amended by adding a subdivision to read:

Subd. 41. [MENTAL HEALTH PROFESSIONAL.] Notwithstanding Minnesota Rules, part 9505.0175, subpart 28, the definition of a mental health professional shall include a person who is qualified as specified in section 245.462, subdivision 18, clause (5); or 245.4871, subdivision 27, clause (5), for the purpose of this section and Minnesota Rules, parts 9505.0170 to 9505.0475.

Sec. 17. Minnesota Statutes 1999 Supplement, section 256B.094, subdivision 6, is amended to read:

Subd. 6. [MEDICAL ASSISTANCE REIMBURSEMENT OF CASE MANAGEMENT SERVICES.] (a) Medical assistance reimbursement for services under this section shall be made on a monthly basis. Payment is based on face-to-face or telephone contacts between the case manager and the client, client's family, primary caregiver, legal representative, or other relevant person identified as necessary to the development or implementation of the goals of the individual service plan regarding the status of the client, the individual service plan, or the goals for the client.

These contacts must meet the minimum standards in clauses (1) and (2):

(1) there must be a face-to-face contact at least once a month except as provided in clause (2); and

(2) for a client placed outside of the county of financial responsibility in an excluded time facility under section 256G.02, subdivision 6, or through the Interstate Compact on the Placement of Children, section 260.851, and the placement in either case is more than 60 miles beyond the county boundaries, there must be at least one contact per month and not more than two consecutive months without a face-to-face contact.

(b) Except as provided under paragraph (c), the payment rate is established using time study data on activities of provider service staff and reports required under sections 245.482, 256.01, subdivision 2, paragraph (17), and 256E.08, subdivision 8.

(c) Payments for tribes may be made according to section 256B.0625 or other relevant federally approved rate setting methodology for child welfare targeted case management provided by Indian health services and facilities operated by a tribe or tribal organization.

(d) Payment for case management provided by county or tribal social services contracted vendors shall be based on a monthly rate negotiated by the host county or tribal social services. The negotiated rate must not exceed the rate charged by the vendor for the same service to other payers. If the service is provided by a team of contracted vendors, the county or tribal social services may negotiate a team rate with a vendor who is a member of the team. The team shall determine how to distribute the rate among its members. No reimbursement received by contracted vendors shall be returned to the county or tribal social services, except to reimburse the county or tribal social services for advance funding provided by the county or tribal social services to the vendor.

(e) If the service is provided by a team that includes contracted vendors and county or tribal social services staff, the costs for county or tribal social services staff participation in the team shall be included in the rate for county or tribal social services provided services. In this case, the contracted vendor and the county or tribal social services may each receive separate payment for services provided by each entity in the same month. To prevent duplication of services, each entity must document, in the recipient's file, the need for team case management and a description of the roles and services of the team members.

Separate payment rates may be established for different groups of providers to maximize reimbursement as determined by the commissioner. The payment rate will be reviewed annually and revised periodically to be consistent with the most recent time study and other data. Payment for services will be made upon submission of a valid claim and verification of proper documentation described in subdivision 7. Federal administrative revenue earned through the time study, or under paragraph (c), shall be distributed according to earnings, to counties, reservations, or groups of counties or reservations which have the same payment rate under this subdivision, and to the group of counties or reservations which are not certified providers under section 256F.10. The commissioner shall modify the requirements set out in Minnesota Rules, parts 9550.0300 to 9550.0370, as necessary to accomplish this.

Sec. 18. Minnesota Statutes 1999 Supplement, 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, or a new building addition to relocate beds from three- and four-bed wards. 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 144A.073 after July 1, 1999, or any building project that is a relocation, renovation, upgrading, or conversion authorized under section 144A.073, after July 1, 2001, the replacement-costs-new per bed limit shall be \$74,280 per licensed bed in multiple-bed rooms, \$92,850 per licensed bed in semiprivate 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.

(i) For a total replacement, as defined in paragraph (g), authorized under section 144A.073 for a 96-bed nursing home in Carlton county, the replacement-costs-new per bed limit shall be \$74,280 per licensed bed in multiple-bed rooms, \$92,850 per licensed bed in semiprivate rooms with a fixed partition separating the resident's beds, and \$111,420 per licensed bed in a single room. Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), does not apply. The resulting maximum allowable replacement-costs-new multiplied by 1.25 shall constitute the project's dollar threshold for purposes of application of the limit set forth in section 144A.071, subdivision 2. The commissioner of health may waive the requirements of section 144A.073, subdivision 3b, paragraph (b), clause (2), on the condition that the other requirements of that paragraph are met.

(j) For a total replacement, as defined in paragraph (g), authorized under section 144A.073 involving a new building addition that relocates beds from three-bed wards for an 80-bed nursing home in Redwood county, the replacement-costs-new per bed limit shall be \$74,280 per licensed bed for multiple-bed rooms; \$92,850 per licensed bed for semiprivate rooms with a fixed partition separating the beds; and \$111,420 per licensed bed for single rooms. These amounts shall be adjusted annually, beginning January 1, 2001. Minnesota Rules, part 9549.0060, subpart 11, item C, subitem (2), does not apply. The resulting maximum allowable replacement-costs-new multiplied by 1.25 shall constitute the project's dollar threshold for purposes of application of the limit set forth in section 144A.071, subdivision 2. The commissioner of health may waive the requirements of section 144A.073, subdivision 3b, paragraph (b), clause (2), on the condition that the other requirements of that paragraph are met.

Sec. 19. Minnesota Statutes 1999 Supplement, section 256B.431, subdivision 28, is amended to read:

Subd. 28. [NURSING FACILITY RATE INCREASES BEGINNING JULY 1, 1999, AND JULY 1, 2000.] (a) For the rate years beginning July 1, 1999, and July 1, 2000, the commissioner shall make available to each nursing facility reimbursed under this section or section 256B.434 an adjustment to the total operating payment rate. For nursing facilities reimbursed under this section or section 256B.434, the July 1, 2000, operating payment rate increases provided in this subdivision shall be applied to each facility's June 30, 2000, operating payment rate. For each facility, total operating costs shall be separated into costs that are compensation related and all other costs. Compensation-related costs include salaries, payroll taxes, and fringe benefits for all employees except management fees, the administrator, and central office staff.

(b) For the rate year beginning July 1, 1999, the commissioner shall make available a rate increase for compensation-related costs of 4.843 percent and a rate increase for all other operating costs of 3.446 percent.

(c) For the rate year beginning July 1, 2000, the commissioner shall make available:

(1) a rate increase for compensation-related costs of 3.632 percent;

(2) an additional rate increase which must be used to increase the per-hour pay rate of all employees except management fees, the administrator, and central office staff by an equal dollar amount and to pay associated costs for FICA, the Medicare tax, workers' compensation premiums, and federal and state unemployment insurance, to be calculated according to clauses (i) to (iii):

(i) the commissioner shall calculate the arithmetic mean of the eleven June 30, 2000, operating rates for each facility;

(ii) the commissioner shall construct an array of nursing facilities from highest to lowest, according to the arithmetic mean calculated in clause (i). A numerical rank shall be assigned to each facility in the array. The facility with the highest mean shall be assigned a numerical rank of one. The facility with the lowest mean shall be assigned a numerical rank equal to the total number of nursing facilities in the array. All other facilities shall be assigned a numerical rank in accordance with their position in the array;

(iii) the amount of the additional rate increase shall be \$1 plus an amount equal to \$3.13 multiplied by the ratio of the facility's numeric rank divided by the number of facilities in the array; and

(3) a rate increase for all other operating costs of 2.585 percent.

Money received by a facility as a result of the additional rate increase provided under clause (2) shall be used only for wage increases implemented on or after July 1, 2000, and shall not be used for wage increases implemented prior to that date.

(d) The payment rate adjustment for each nursing facility must be determined under clause (1) or (2):

(1) for each nursing facility that reports salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the commissioner shall determine the payment rate adjustment using the categories specified in paragraph (a) multiplied by the rate increases specified in paragraph (b) or (c), and then dividing the resulting amount by the nursing facility's actual resident days. In determining the amount of a payment rate adjustment for a nursing facility reimbursed under section 256B.434, the commissioner shall determine the proportions of the facility's rates that are compensation-related costs and all other operating costs based on the facility's most recent cost report; and

(2) for each nursing facility that does not report salaries for registered nurses, licensed practical nurses, aides, orderlies, and attendants separately, the payment rate adjustment shall be computed using the facility's total operating costs, separated into the categories specified in paragraph (a) in proportion to the weighted average of all facilities determined under clause (1), multiplied by the rate increases specified in paragraph (b) or (c), and then dividing the resulting amount by the nursing facility's actual resident days.

(e) A nursing facility may apply for the compensation-related payment rate adjustment calculated under this subdivision. The application must be made to the commissioner and contain a plan by which the nursing facility will distribute the compensation-related portion of the payment rate adjustment to employees of the nursing facility. For nursing facilities in which the employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative constitutes the plan. For the second rate year, a negotiated agreement constitutes the plan only if the agreement is finalized after the date of enactment of all rate increases for the second rate year. The commissioner shall review the plan to ensure that

the payment rate adjustment per diem is used as provided in paragraphs (a) to (c). To be eligible, a facility must submit its plan for the compensation distribution by December 31 each year. A facility may amend its plan for the second rate year by submitting a revised plan by December 31, 2000. If a facility's plan for compensation distribution is effective for its employees after July 1 of the year that the funds are available, the payment rate adjustment per diem shall be effective the same date as its plan.

(f) A copy of the approved distribution plan must be made available to all employees. This must be done by giving each employee a copy or by posting it in an area of the nursing facility to which all employees have access. If an employee does not receive the compensation adjustment described in their facility's approved plan and is unable to resolve the problem with the facility's management or through the employee's union representative, the employee may contact the commissioner at an address or phone number provided by the commissioner and included in the approved plan.

(g) If the reimbursement system under section 256B.435 is not implemented until July 1, 2001, the salary adjustment per diem authorized in subdivision 2i, paragraph (c), shall continue until June 30, 2001.

(h) For the rate year beginning July 1, 1999, the following nursing facilities shall be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if subdivision 26, paragraph (a), was not applied:

- (1) a nursing facility in Carver county licensed for 33 nursing home beds and four boarding care beds;
- (2) a nursing facility in Faribault county licensed for 159 nursing home beds on September 30, 1998; and
- (3) a nursing facility in Houston county licensed for 68 nursing home beds on September 30, 1998.

(i) For the rate year beginning July 1, 1999, the following nursing facilities shall be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if subdivision 26, paragraphs (a) and (b), were not applied:

- (1) a nursing facility in Chisago county licensed for 135 nursing home beds on September 30, 1998; and
- (2) a nursing facility in Murray county licensed for 62 nursing home beds on September 30, 1998.

(j) For the rate year beginning July 1, 1999, a nursing facility in Hennepin county licensed for 134 beds on September 30, 1998, shall:

(1) have the prior year's allowable care-related per diem increased by \$3.93 and the prior year's other operating cost per diem increased by \$1.69 before adding the inflation in subdivision 26, paragraph (d), clause (2); and

(2) be allowed a rate increase equal to 67 percent of the rate increase that would be allowed if subdivision 26, paragraphs (a) and (b), were not applied.

The increases provided in paragraphs (h), (i), and (j) shall be included in the facility's total payment rates for the purposes of determining future rates under this section or any other section.

Sec. 20. Minnesota Statutes 1998, section 256B.431, is amended by adding a subdivision to read:

Subd. 29. [FACILITY RATE INCREASES EFFECTIVE JULY 1, 2000.] Following the determination under subdivision 28 of the payment rate for the rate year beginning July 1, 2000, for a facility in Roseau county licensed for 49 beds, the facility's operating cost per diem shall be increased by the following amounts:

- (1) case mix class A, \$1.97;
- (2) case mix class B, \$2.11;

- (3) case mix class C, \$2.26;
- (4) case mix class D, \$2.39;
- (5) case mix class E, \$2.54;
- (6) case mix class F, \$2.55;
- (7) case mix class G, \$2.66;
- (8) case mix class H, \$2.90;
- (9) case mix class I, \$2.97;
- (10) case mix class J, \$3.10; and
- (11) case mix class K, \$3.36.

These increases shall be included in the facility's total payment rates for the purpose of determining future rates under this section or any other section.

Sec. 21. Minnesota Statutes 1998, section 256B.431, is amended by adding a subdivision to read:

Subd. 30. [BED LAYAWAY AND DELICENSURE.] (a) For rate years beginning on or after July 1, 2000, a nursing facility reimbursed under this section which has placed beds on layaway shall, for purposes of application of the downsizing incentive in subdivision 3a, paragraph (d), and calculation of the rental per diem, have those beds given the same effect as if the beds had been delicensed so long as the beds remain on layaway. At the time of a layaway, a facility may change its single bed election for use in calculating capacity days under Minnesota Rules, part 9549.0060, subpart 11. The property payment rate increase shall be effective the first day of the month following the month in which the layaway of the beds becomes effective under section 144A.071, subdivision 4b.

(b) For rate years beginning on or after July 1, 2000, notwithstanding any provision to the contrary under section 256B.434, a nursing facility reimbursed under that section which has placed beds on layaway shall, for so long as the beds remain on layaway, be allowed to:

(1) aggregate the applicable investment per bed limits based on the number of beds licensed immediately prior to entering the alternative payment system;

(2) retain or change the facility's single bed election for use in calculating capacity days under Minnesota Rules, part 9549.0060, subpart 11; and

(3) establish capacity days based on the number of beds immediately prior to the layaway and the number of beds after the layaway.

The commissioner shall increase the facility's property payment rate by the incremental increase in the rental per diem resulting from the recalculation of the facility's rental per diem applying only the changes resulting from the layaway of beds and clauses (1), (2), and (3). If a facility reimbursed under section 256B.434 completes a moratorium exception project after its base year, the base year property rate shall be the moratorium project property rate. The base year rate shall be inflated by the factors in section 256B.434, subdivision 4, paragraph (c). The property payment rate increase shall be effective the first day of the month following the month in which the layaway of the beds becomes effective.

(c) If a nursing facility removes a bed from layaway status in accordance with section 144A.071, subdivision 4b, the commissioner shall establish capacity days based on the number of licensed and certified beds in the facility not on layaway and shall reduce the nursing facility's property payment rate in accordance with paragraph (b).

(d) For the rate years beginning on or after July 1, 2000, notwithstanding any provision to the contrary under section 256B.434, a nursing facility reimbursed under that section, which has delicensed beds after July 1, 2000, by giving notice of the delicensure to the commissioner of health according to the notice requirements in section 144A.071, subdivision 4b, shall be allowed to:

(1) aggregate the applicable investment per bed limits based on the number of beds licensed immediately prior to entering the alternative payment system;

(2) retain or change the facility's single bed election for use in calculating capacity days under Minnesota Rules, part 9549.0060, subpart 11; and

(3) establish capacity days based on the number of beds immediately prior to the delicensure and the number of beds after the delicensure.

The commissioner shall increase the facility's property payment rate by the incremental increase in the rental per diem resulting from the recalculation of the facility's rental per diem applying only the changes resulting from the delicensure of beds and clauses (1), (2), and (3). If a facility reimbursed under section 256B.434 completes a moratorium exception project after its base year, the base year property rate shall be the moratorium project property rate. The base year rate shall be inflated by the factors in section 256B.434, subdivision 4, paragraph (c). The property payment rate increase shall be effective the first day of the month following the month in which the delicensure of the beds becomes effective.

(e) For nursing facilities reimbursed under this section or section 256B.434, any beds placed on layaway shall not be included in calculating facility occupancy as it pertains to leave days defined in Minnesota Rules, part 9505.0415.

(f) For nursing facilities reimbursed under this section or section 256B.434, the rental rate calculated after placing beds on layaway may not be less than the rental rate prior to placing beds on layaway.

(g) A nursing facility receiving a rate adjustment as a result of this section shall comply with section 256B.47, subdivision 2.

(h) A facility that does not utilize the space made available as a result of bed layaway or delicensure under this subdivision to reduce the number of beds per room or provide more common space for nursing facility uses or perform other activities related to the operation of the nursing facility shall have its property rate increase calculated under this subdivision reduced by the ratio of the square footage made available that is not used for these purposes to the total square footage made available as a result of bed layaway or delicensure.

Sec. 22. Minnesota Statutes 1998, section 256B.434, is amended by adding a subdivision to read:

Subd. 4b. [FACILITY RATE INCREASES EFFECTIVE JULY 1, 2000.] For the rate year beginning July 1, 2000, the nursing facilities described in clauses (1) to (6) shall receive the rate increases indicated. The increases under this subdivision shall be added following the determination under section 256B.431, subdivision 28, of the payment rate for the rate year beginning July 1, 2000, and shall be included in the facility's total payment rates for the purposes of determining future rates under this section or any other section:

(1) a nursing facility in Hennepin county licensed for 290 beds shall receive an operating cost per diem increase of 5.9 percent, provided that the facility delicensures, decertifies, or places on layaway status, if that status is otherwise permitted by law, 70 beds;

(2) a nursing facility in Goodhue county licensed for 84 beds shall receive an increase of \$1.54 in each case mix payment rate;

(3) a nursing facility located in Rochester and licensed for 103 beds on January 1, 2000, shall receive an increase in its case mix resident class A payment of \$3.78, and an increase in the payment rate for all other case mix classes of that amount multiplied by the class weight for that case mix class established in Minnesota Rules, part 9549.0058, subpart 3;

(4) a nursing facility in Wright county licensed for 154 beds shall receive an increase of \$2.03 in each case mix payment rate to be used for employee wage and benefit enhancements;

(5) a facility in Todd county licensed for 78 beds, shall have its operating cost per diem increased by the following amounts:

(i) case mix class A, \$1.16;

(ii) case mix class B, \$1.50;

(iii) case mix class C, \$1.89;

(iv) case mix class D, \$2.26;

(v) case mix class E, \$2.63;

(vi) case mix class F, \$2.65;

(vii) case mix class G, \$2.96;

(viii) case mix class H, \$3.55;

(ix) case mix class I, \$3.76;

(x) case mix class J, \$4.08; and

(xi) case mix class K, \$4.76; and

(6) a nursing facility in Pine City that decertified 22 beds in calendar year 1999 shall have its property-related per diem payment rate increased by \$1.59.

Sec. 23. Minnesota Statutes 1998, section 256B.501, is amended by adding a subdivision to read:

Subd. 13. [ICF/MR RATE INCREASES BEGINNING OCTOBER 1, 1999, AND OCTOBER 1, 2000.] (a) For the rate years beginning October 1, 1999, and October 1, 2000, the commissioner shall make available to each facility reimbursed under this section, section 256B.5011, and Laws 1993, First Special Session chapter 1, article 4, section 11, an adjustment to the total operating payment rate. For each facility, total operating costs shall be separated into costs that are compensation related and all other costs. "Compensation-related costs" means the facility's allowable program operating cost category employee training expenses and the facility's allowable salaries, payroll taxes, and fringe benefits. The term does not include these same salary-related costs for both administrative or central office employees.

For the purpose of determining the adjustment to be granted under this subdivision, the commissioner must use the most recent cost report that has been subject to desk audit.

(b) For the rate year beginning October 1, 1999, the commissioner shall make available a rate increase for compensation-related costs of 4.6 percent and a rate increase for all other operating costs of 3.2 percent.

(c) For the rate year beginning October 1, 2000, the commissioner shall make available:

(1) a rate increase for compensation related costs of 6.5 percent, 45 percent of which shall be used to increase the per-hour pay rate of all employees except administrative and central office employees by an equal dollar amount and to pay associated costs for FICA, the Medicare tax, workers' compensation premiums, and federal and state unemployment insurance provided that this portion of the compensation-related increase shall be used only for wage increases implemented on or after October 1, 2000, and shall not be used for wage increases implemented prior to that date; and

(2) a rate increase for all other operating costs of two percent.

(d) For each facility, the commissioner shall determine the payment rate adjustment using the categories specified in paragraph (a) multiplied by the rate increases specified in paragraph (b) or (c), and then dividing the resulting amount by the facility's actual resident days.

(e) Any facility whose payment rates are governed by closure agreements, receivership agreements, or Minnesota Rules, part 9553.0075, are not eligible for an adjustment otherwise granted under this subdivision.

(f) A facility may apply for the compensation-related payment rate adjustment calculated under this subdivision. The application must be made to the commissioner and contain a plan by which the facility will distribute the compensation-related portion of the payment rate adjustment to employees of the facility. For facilities in which the employees are represented by an exclusive bargaining representative, an agreement negotiated and agreed to by the employer and the exclusive bargaining representative constitutes the plan. For the second rate year, a negotiated agreement may constitute the plan only if the agreement is finalized after the date of enactment of all rate increases for the second rate year. The commissioner shall review the plan to ensure that the payment rate adjustment per diem is used as provided in this subdivision. To be eligible, a facility must submit its plan for the compensation distribution by December 31 each year. A facility may amend its plan for the second rate year by submitting a revised plan by December 31, 2000. If a facility's plan for compensation distribution is effective for its employees after October 1 of the year that the funds are available, the payment rate adjustment per diem shall be effective the same date as its plan.

(g) A copy of the approved distribution plan must be made available to all employees. This must be done by giving each employee a copy or by posting it in an area of the facility to which all employees have access. If an employee does not receive the compensation adjustment described in their facility's approved plan and is unable to resolve the problem with the facility's management or through the employee's union representative, the employee may contact the commissioner at an address or telephone number provided by the commissioner and included in the approved plan.

Sec. 24. Minnesota Statutes 1999 Supplement, section 256B.69, subdivision 5b, is amended to read:

Subd. 5b. [PROSPECTIVE REIMBURSEMENT RATES.] (a) For prepaid medical assistance and general assistance medical care program contract rates set by the commissioner under subdivision 5 and effective on or after January 1, 1998, capitation rates for nonmetropolitan counties shall on a weighted average be no less than 88 percent of the capitation rates for metropolitan counties, excluding Hennepin county. The commissioner shall make a pro rata adjustment in capitation rates paid to counties other than nonmetropolitan counties in order to make this provision budget neutral.

(b) For prepaid medical assistance program contract rates set by the commissioner under subdivision 5 and effective on or after January 1, 2001, capitation rates for nonmetropolitan counties shall, on a weighted average, be no less than 89 percent of the capitation rates for metropolitan counties, excluding Hennepin county.

(c) This subdivision shall not affect the nongeographically based risk adjusted rates established under section 62Q.03, subdivision 5a, paragraph (f).

Sec. 25. Minnesota Statutes 1999 Supplement, section 256B.69, subdivision 5c, is amended to read:

Subd. 5c. [MEDICAL EDUCATION AND RESEARCH FUND.] (a) Beginning in January 1999 and each year thereafter:

(1) the commissioner of human services shall transfer an amount equal to the reduction in the prepaid medical assistance and prepaid general assistance medical care payments resulting from clause (2), excluding nursing facility and elderly waiver payments and demonstration projects operating under subdivision 23, to the medical education and research fund established under section 62J.692;

(2) until January 1, 2002, the county medical assistance and general assistance medical care capitation base rate prior to plan specific adjustments and after the regional rate adjustments under section 256B.69, subdivision 5b, shall be reduced 6.3 percent for Hennepin county, two percent for the remaining metropolitan counties, and no reduction for nonmetropolitan Minnesota counties; and after January 1, 2002, the county medical assistance and general assistance medical care capitation base rate prior to plan specific adjustments shall be reduced 6.3 percent for Hennepin county, two percent for the remaining metropolitan counties, and 1.6 percent for nonmetropolitan Minnesota counties; and

(3) the amount calculated under clause (1) shall not be adjusted for subsequent changes to the capitation payments for periods already paid.

(b) This subdivision shall be effective upon approval of a federal waiver which allows federal financial participation in the medical education and research fund.

Sec. 26. Minnesota Statutes 1998, section 256B.69, subdivision 5d, is amended to read:

Subd. 5d. [MODIFICATION OF PAYMENT DATES EFFECTIVE JANUARY 1, 2001.] Effective for services rendered on or after January 1, 2001, capitation payments under this section and under section 256D.03 for services provided in the month of June shall be made no earlier than the first day after the month of service.

Sec. 27. Minnesota Statutes 1998, section 256L.05, subdivision 5, is amended to read:

Subd. 5. [AVAILABILITY OF PRIVATE INSURANCE.] The commissioner, in consultation with the commissioners of health and commerce, shall provide information regarding the availability of private health insurance coverage and the possibility of disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c), to all: (1) families and individuals enrolled in the MinnesotaCare program whose gross family income is equal to or more than 200 225 percent of the federal poverty guidelines; and (2) single adults and households without children enrolled in the MinnesotaCare program whose gross family income is equal to or more than 165 percent of the federal poverty guidelines. This information must be provided upon initial enrollment and annually thereafter. The commissioner shall also include information regarding the availability of private health insurance coverage in the notice of ineligibility provided to persons subject to disenrollment under section 256L.07, subdivision 1, paragraphs (b) and (c).

Sec. 28. Laws 1997, chapter 225, article 4, section 4, as amended by Laws 1999, chapter 245, article 4, section 104, is amended to read:

Sec. 4. [~~SENIOR~~ PRESCRIPTION DRUG PROGRAM.]

The commissioner shall report to the legislature the estimated costs of the senior prescription drug program without funding caps. The report shall be included as part of the November and February forecasts.

The commissioner of finance shall annually reimburse the general fund with health care access funds for the estimated increased costs in the QMB/SLMB program directly associated with the ~~senior~~ prescription drug program. This reimbursement shall sunset June 30, 2001.

Sec. 29. Laws 1999, chapter 245, article 1, section 2, subdivision 8, is amended to read:

Subd. 8. Continuing Care and Community Support Grants

General	1,174,195,000	1,259,767,000
Lottery Prize	1,158,000	1,158,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Community Social Services Block Grants

	42,597,000	43,498,000
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[CSSA TRADITIONAL APPROPRIATION.] Notwithstanding Minnesota Statutes, section 256E.06, subdivisions 1 and 2, the appropriations available under that section in fiscal years 2000 and 2001 must be distributed to each county proportionately to the aid received by the county in calendar year 1998. The commissioner, in consultation with counties, shall study the formula limitations in subdivision 2 of that section, and report findings and any recommendations for revision of the CSSA formula and its formula limitation provisions to the legislature by January 15, 2000.

(b) Consumer Support Grants

	1,123,000	1,123,000
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(c) Aging Adult Service Grants

	7,965,000	7,765,000
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[LIVING-AT-HOME/BLOCK NURSE PROGRAM.] Of the general fund appropriation, \$120,000 in fiscal year 2000 and \$120,000 in fiscal year 2001 is for the commissioner to provide funding to six additional living-at-home/block nurse programs. This appropriation shall become part of the base for the 2002-2003 biennium.

[MINNESOTA SENIOR SERVICE CORPS.] Of this appropriation, \$160,000 for the biennium is from the general fund to the commissioner for the following purposes:

(a) \$40,000 in fiscal year 2000 and \$40,000 in fiscal year 2001 is to increase the hourly stipend by ten cents per hour in the foster grandparent program, the retired and senior volunteer program, and the senior companion program.

(b) \$40,000 in fiscal year 2000 and \$40,000 in fiscal year 2001 is for a grant to the tri-valley opportunity council in Crookston to expand services in the ten-county area of northwestern Minnesota.

(c) This appropriation shall become part of the base for the 2002-2003 biennium.

[HEALTH INSURANCE COUNSELING.] Of this appropriation, \$100,000 in fiscal year 2000 and \$100,000 in fiscal year 2001 is from the general fund to the commissioner to transfer to the board on aging for the purpose of awarding health insurance counseling and assistance grants to the area agencies on aging providing state-funded health insurance counseling services. Access to health insurance counseling programs shall be provided by the senior linkage line service of the board on aging and the area agencies on aging. The board on aging shall explore opportunities for obtaining alternative funding from nonstate sources, including contributions from individuals seeking health insurance counseling services. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(d) Deaf and Hard-of-Hearing Services Grants

1,859,000	1,760,000
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[SERVICES TO DEAF PERSONS WITH MENTAL ILLNESS.] Of this appropriation, \$100,000 each year is to the commissioner for a grant to a nonprofit agency that currently serves deaf and hard-of-hearing adults with mental illness through residential programs and supported housing outreach. The grant must be used to operate a community support program for persons with mental illness that is communicatively accessible for persons who are deaf or hard-of-hearing. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[DEAF-BLIND ORIENTATION AND MOBILITY SERVICES.] Of this appropriation, \$120,000 for the biennium is to the commissioner for a grant to DeafBlind Services Minnesota to hire an orientation ~~and~~ mobility, ~~and~~ deaf-blind specialist to work with deaf-blind people ~~and~~ for related costs. The specialist will provide services to deaf-blind Minnesotans, and training to teachers and rehabilitation counselors, on a statewide basis. ~~This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium. Notwithstanding section 13, this paragraph expires on June 30, 2003.~~

(e) Mental Health Grants

General	45,169,000	46,528,000
Lottery Prize	1,158,000	1,158,000

[CRISIS HOUSING.] Of the general fund appropriation, \$126,000 in fiscal year 2000 and \$150,000 in fiscal year 2001 is to the commissioner for the adult mental illness crisis housing assistance program under Minnesota Statutes, section 245.99. This appropriation shall become part of the base for the 2002-2003 biennium.

[ADOLESCENT COMPULSIVE GAMBLING GRANT.] \$150,000 in fiscal year 2000 and \$150,000 in fiscal year 2001 is appropriated from the lottery prize fund created under Minnesota Statutes, section 349A.10, subdivision 2, to the commissioner for the purposes of a grant to a compulsive gambling council located in St. Louis county for a statewide compulsive gambling prevention and education project for adolescents.

(f) Developmental Disabilities Community Support Grants

9,323,000	10,958,000
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[CRISIS INTERVENTION PROJECT.] Of this appropriation, \$40,000 in fiscal year 2000 is to the commissioner for the action, support, and prevention project of southeastern Minnesota.

[SILS FUNDING.] Of this appropriation, \$1,000,000 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, \$1,000,000 in fiscal year 2000 and \$2,500,000 in fiscal year 2001 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

349,052,000	414,240,000
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[PROVIDER RATE INCREASES.] (a) The commissioner shall increase reimbursement rates by four percent the first year of the biennium and by ~~three~~ 5.9 percent the second year for the providers listed in paragraph (b). The increases shall be effective for services rendered on or after July 1 of each year.

(b) The rate increases described in this section shall be provided to home and community-based waived services for persons with mental retardation or related conditions under Minnesota Statutes, section 256B.501; home and community-based waived 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 waived services under Minnesota Statutes, section 256B.49; nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a; personal care services and nursing supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivision 19a; private-duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7; day training and habilitation services for adults with mental retardation or related conditions under Minnesota Statutes, sections 252.40 to 252.46; alternative care services under Minnesota Statutes, section 256B.0913; adult residential program grants under Minnesota Rules, parts 9535.2000 to 9535.3000; adult and family community support grants under Minnesota Rules, parts 9535.1700 to 9535.1760; semi-independent living services under Minnesota Statutes, section 252.275, including SILS funding under county social services grants formerly funded under Minnesota Statutes, chapter 256I; and community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication.

(c) The commissioner shall increase reimbursement rates by two percent for the group residential housing supplementary service rate under Minnesota Statutes, section 256I.05, subdivision 1a, for services rendered on or after January 1, 2000.

(d) Providers that receive a rate increase under this section shall use at least 80 percent of the additional revenue the first year to increase the compensation paid to employees other than the administrator and central office staff. In the second year, providers must use the additional revenue as follows:

(1) at least 41 percent to increase the compensation paid to employees other than the administrator and central office staff;

(2) at least 49 percent to increase the per-hour pay rate of all employees other than the administrator and central office staff by an equal dollar amount and to pay associated costs for FICA, the Medicare tax, workers' compensation premiums, and federal and state unemployment insurance. For public employees, the portion of this increase reserved to increase the per-hour pay rate for certain staff by an equal dollar amount shall be available and pay rates shall be increased only to the extent that they comply with laws governing public employees collective bargaining. Money received by a provider as a result of the additional rate increase described in this clause shall be used only for wage increases implemented on or after July 1, 2000, and shall not be used for wage increases implemented prior to that date; and

(3) up to ten percent for other purposes.

(e) A copy of the provider's plan for complying with paragraph (d) must be made available to all employees. This must be done by giving each employee a copy or by posting it in an area of the provider's operation to which all employees have access. If an employee does not receive the salary adjustment described in the plan and is unable to resolve the problem with the provider, the employee may contact the employee's union representative. If the employee is not covered by a collective bargaining agreement, the employee may contact the commissioner at a phone number provided by the commissioner and included in the provider's plan.

(f) Section 13, sunset of uncodified language, does not apply to this provision.

[DEVELOPMENTAL DISABILITIES WAIVER SLOTS.] Of this appropriation, \$1,746,000 in fiscal year 2000 and \$4,683,000 in fiscal year 2001 is to increase the availability of home and community-based waiver services for persons with mental retardation or related conditions.

(h) Medical Assistance Long-Term Care Facilities

546,228,000	558,349,000
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[MORATORIUM EXCEPTIONS.] Of this appropriation, \$250,000 in fiscal year 2000 and \$250,000 in fiscal year 2001 is from the general fund to the commissioner for the medical assistance costs of moratorium exceptions approved by the commissioner of health under Minnesota Statutes, section 144A.073. Unexpended money appropriated for fiscal year 2000 shall not cancel but shall be available for fiscal year 2001.

[NURSING FACILITY OPERATED BY THE RED LAKE BAND OF CHIPPEWA INDIANS.] (1) The medical assistance payment rates for the 47-bed nursing facility operated by the Red Lake Band of Chippewa Indians must be calculated according to allowable reimbursement costs under the medical assistance program, as specified in Minnesota Statutes, section 246.50, and are subject to the facility-specific Medicare upper limits.

(2) In addition, the commissioner shall make available an operating payment rate adjustment effective July 1, 1999, and July 1, 2000, that is equal to the adjustment provided under Minnesota Statutes, section 256B.431, subdivision 28. The commissioner must use the facility's final 1998 and 1999 Medicare cost reports, respectively, to calculate the adjustment. The adjustment shall be available based on a plan submitted and approved according to Minnesota Statutes, section 256B.431, subdivision 28. Section 13, sunset of uncodified language, does not apply to this paragraph.

[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	60,873,000	59,981,000
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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.

[ALTERNATIVE CARE 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	66,477,000	70,390,000
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[GROUP RESIDENTIAL FACILITY FOR WOMEN IN RAMSEY COUNTY.] (a) Notwithstanding Minnesota Statutes 1998, section 256I.05, subdivision 1d, the new 23-bed group residential facility for women in Ramsey county, with approval by the county agency, may negotiate a supplementary service rate in addition to the board and lodging rate for facilities licensed and registered by the Minnesota department of health under Minnesota Statutes, section 15.17. The supplementary service rate shall not exceed \$564 per person per month and the total rate may not exceed \$1,177 per person per month.

(b) Of the general fund appropriation, \$19,000 in fiscal year 2000 and \$38,000 in fiscal year 2001 is to the commissioner for the costs associated with paragraph (a). This appropriation shall become part of the base for the 2002-2003 biennium.

(k) Chemical Dependency Entitlement Grants

General	36,751,000	38,847,000
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(l) Chemical Dependency Nonentitlement Grants

General	6,778,000	6,328,000
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[CHEMICAL DEPENDENCY SERVICES.] Of this appropriation, \$450,000 in fiscal year 2000 is to the commissioner for chemical dependency services to persons who qualify under Minnesota Statutes, section 254B.04, subdivision 1, paragraph (b).

Sec. 30. Laws 1999, chapter 245, article 10, section 10, is amended to read:

Sec. 10. [REPEALER.]

(a) Minnesota Statutes 1998, section 256.973, is repealed effective June 30, 2001 2002.

(b) Laws 1997, chapter 225, article 6, section 8, is repealed.

Sec. 31. [EMPLOYER-BASED HEALTH INSURANCE.]

Subdivision 1. [FEDERAL MATCHING FUNDS.] The commissioner of human services shall determine requirements necessary to obtain federal matching funds for payment of a direct subsidy for the employee share of employer-based health care coverage that is available to dependent children of employees with household incomes that do not exceed 200 percent of the federal poverty guidelines.

Subd. 2. [REPORT.] The commissioner shall report to the legislature by January 15, 2001, on the parameters and status of the federal requirements described in subdivision 1, after consultation with the commissioners of health and commerce and with representatives of large and small employers, including rural business purchasing alliances. In the report, the commissioner shall make recommendations on how best to provide direct subsidies for employer-based health care coverage for dependent children of employees with household incomes that do not exceed 200 percent of the federal poverty guidelines. The commissioner shall report the optimal way to meet the needs of the dependent children in a manner that does not: (1) require modifications to existing or future employer-based health care coverage; or (2) create incentives for employers to utilize publicly subsidized health care.

Sec. 32. [INFORMATION ON PRESCRIPTION DRUG PATIENT ASSISTANCE AND COST SAVINGS PROGRAMS.]

The commissioner of human services must work with the board of medical practice, organizations representing pharmaceutical manufacturers, and organizations representing pharmacies, to develop a strategy to provide information to all physicians and pharmacists on prescription drug patient assistance programs and cost savings opportunities offered by pharmaceutical manufacturers. Any strategy developed must provide physicians and pharmacists with regular updates on prescription drug patient assistance programs and cost savings opportunities and be implemented without cost to physicians, pharmacists, or the state.

Sec. 33. [TASK FORCE EXTENDED; REPORT.]

The day training and habilitation task force established under Laws 1999, chapter 152, shall be extended to June 15, 2001. The task force shall present a report recommending a new payment rate schedule for day training and habilitation services to the legislature by January 15, 2001.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 34. [RESPITE CARE FOR FAMILY ADULT FOSTER CARE PROVIDERS.]

The commissioner of human services, in consultation with affected groups, including counties, family adult foster care providers, guardians and family members, and advocacy agencies, shall develop legislative proposals, including cost projections, to provide 30 days of respite care per year for family adult foster care providers. The proposals must include funding options that rely upon federal and state funding. The commissioner shall provide the legislative proposals and cost projections to the chairs of the house health and human services policy committee, the house health and human services finance committee, the senate health and family security policy committee, and the senate health and family security budget division, by December 1, 2000.

Sec. 35. [MEDICAL EDUCATION DISTRIBUTION FORMULA STUDY.]

The commissioner of health shall convene a group of stakeholders that includes representatives of teaching programs and training sites throughout the state and members of the medical education and research advisory committee for the purpose of evaluating the appropriateness of the current distribution formula and considering alternatives for allocating the amount transferred in accordance with Minnesota Statutes, section 256B.69, subdivision 5c. The commissioner shall report the findings and recommendations of this group to the legislature by January 15, 2001.

Sec. 36. [INSTRUCTION TO REVISOR.]

(a) The revisor of statutes shall change the phrase "senior citizen drug program" wherever it appears in the next edition of Minnesota Statutes and Minnesota Rules to "prescription drug program."

(b) The revisor, in the next edition of Minnesota Statutes, shall recodify section 256.9751 as section 256.9731, and make any necessary changes in cross-references.

Sec. 37. [INCONSISTENT AMENDMENTS.]

The amendments to Minnesota Statutes, section 256B.501, subdivision 13, in section 10 prevail over the amendments to that section in 2000 H. F. No. 3557, if enacted.

ARTICLE 10

HUMAN SERVICES ASSISTANCE PROGRAM MODIFICATIONS

Section 1. Minnesota Statutes 1999 Supplement, section 119B.011, subdivision 15, is amended to read:

Subd. 15. [INCOME.] "Income" means earned or unearned income received by all family members, including public assistance cash benefits and at-home infant care subsidy payments, unless specifically excluded and child support and maintenance distributed to the family under section 256.741, subdivision 15. The following are excluded from income: funds used to pay for health insurance premiums for family members, Supplemental Security Income, scholarships, work-study income, and grants that cover costs or reimbursement for tuition, fees, books, and educational supplies; student loans for tuition, fees, books, supplies, and living expenses; state and federal earned income tax credits; in-kind income such as food stamps, energy assistance, foster care assistance, medical assistance, child care assistance, and housing subsidies; earned income of full or part-time students, who have not earned a high school diploma or GED high school equivalency diploma including earnings from summer employment; grant awards under the family subsidy program; nonrecurring lump sum income only to the extent that it is earmarked and used for the purpose for which it is paid; and any income assigned to the public authority according to section 256.74 or 256.741.

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 2. Minnesota Statutes 1998, section 256.01, is amended by adding a subdivision to read:

Subd. 18. [IMMIGRATION STATUS VERIFICATIONS.] Notwithstanding any waiver of this requirement by the secretary of the United States Department of Health and Human Services, effective July 1, 2001, the commissioner shall utilize the Systematic Alien Verification for Entitlements (SAVE) program to conduct immigration status verifications:

(1) as required under United States Code, title 8, section 1642;

(2) for all applicants for food assistance benefits, whether under the federal food stamp program, the MFIP or work first program, or the Minnesota food assistance program;

(3) for all applicants for general assistance medical care, except assistance for an emergency medical condition, for immunization with respect to an immunizable disease, or for testing and treatment of symptoms of a communicable disease; and

(4) for all applicants for general assistance, Minnesota supplemental aid, MinnesotaCare, or group residential housing, when the benefits provided by these programs would fall under the definition of "federal public benefit" under United States Code, title 8, section 1642, if federal funds were used to pay for all or part of the benefits.

The commissioner shall report to the Immigration and Naturalization Service all undocumented persons who have been identified through application verification procedures or by the self-admission of an applicant for assistance. Reports made under this subdivision must comply with the requirements of section 411A of the Social Security Act, as amended, and United States Code, title 8, section 1644.

Sec. 3. Minnesota Statutes 1999 Supplement, section 256.019, is amended to read:

256.019 [RECOVERY OF MONEY; APPORTIONMENT.]

Subdivision 1. [RETENTION RATES.] When an assistance recovery amount is recovered from any source for assistance given collected and posted by a county agency under the provisions governing public assistance programs including the aid to families with dependent children program formerly codified in sections 256.72 to 256.87, MFIP, general assistance medical care, emergency assistance, general assistance, and Minnesota supplemental aid, the county may keep one-half of the recovery made by the county agency using any method other than recoupment. For medical assistance, if the recovery is made by a county agency using any method other than recoupment, the county may keep one-half of the nonfederal share of the recovery.

This does not apply to recoveries from medical providers or to recoveries begun by the department of human services' surveillance and utilization review division, state hospital collections unit, and the benefit recoveries division or, by the attorney general's office, or child support collections. In the food stamp program, the nonfederal share of recoveries in the federal tax refund offset program (FTROP) only will be divided equally between the state agency and the involved county agency.

Subd. 2. [RETENTION RATES FOR AFDC AND MFIP.] (a) When an assistance recovery amount is collected and posted by a county agency under the provisions governing the aid to families with dependent children program formerly codified in 1996 in sections 256.72 to 256.87 or MFIP under chapter 256J, the commissioner shall reimburse the county agency from the proceeds of the recovery using the applicable rate specified in paragraph (b) or (c).

(b) For recoveries of overpayments made on or before September 30, 1996, from the aid to families with dependent children program including the emergency assistance program, the commissioner shall reimburse the county agency at a rate of one-quarter of the recovery made by any method other than recoupment.

(c) For recoveries of overpayments made after September 30, 1996, from the aid to families with dependent children including the emergency assistance program and programs funded in whole or in part by the temporary assistance to needy families program under section 256J.02, subdivision 2, and recoveries of nonfederally funded food assistance under section 256J.11, the commissioner shall reimburse the county agency at a rate of one-quarter of the recovery made by any method other than recoupment.

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 4. Minnesota Statutes 1998, section 256.741, is amended by adding a subdivision to read:

Subd. 15. [CHILD SUPPORT DISTRIBUTION.] The state shall distribute current child support and maintenance received by the state to an individual who assigns the right to that support under subdivision 2, paragraph (a).

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 5. Minnesota Statutes 1999 Supplement, section 256D.053, subdivision 1, is amended to read:

Subdivision 1. [PROGRAM ESTABLISHED.] The Minnesota food assistance program is established to provide food assistance to legal noncitizens residing in this state who are ineligible to participate in the federal Food Stamp Program solely due to the provisions of section 402 or 403 of Public Law Number 104-193, as authorized by Title VII of the 1997 Emergency Supplemental Appropriations Act, Public Law Number 105-18, and as amended by Public Law Number 105-185.

Beginning July 1, ~~2000~~ 2002, the Minnesota food assistance program is limited to those noncitizens described in this subdivision who are 50 years of age or older.

Sec. 6. Minnesota Statutes 1999 Supplement, section 256J.02, subdivision 2, is amended to read:

Subd. 2. [USE OF MONEY.] State money appropriated for purposes of this section and TANF block grant money must be used for:

- (1) financial assistance to or on behalf of any minor child who is a resident of this state under section 256J.12;
- (2) employment and training services under this chapter or chapter 256K;
- (3) emergency financial assistance and services under section 256J.48;
- (4) diversionary assistance under section 256J.47;
- (5) the health care and human services training and retention program under chapter 116L, for costs associated with families with children with incomes below 200 percent of the federal poverty guidelines;
- (6) the pathways program under section 116L.04, subdivision 1a;
- (7) welfare-to-work extended employment services for MFIP participants with severe impairment to employment as defined in section 268A.15, subdivision 1a;
- (8) the family homeless prevention and assistance program under section 462A.204;
- (9) the rent assistance for family stabilization demonstration project under section 462A.205; ~~and~~
- (10) welfare to work transportation authorized under Public Law Number 105-178;
- (11) reimbursements for the federal share of child support collections passed through to the custodial parent;
- (12) reimbursements for the working family credit under section 290.0671;
- (13) intensive ESL grants under 2000 H. F. No. 3800, article 1, if enacted;
- (14) transitional housing programs under section 119A.43;
- (15) programs and pilot projects under chapter 256K; and
- (16) program administration under this chapter.

EFFECTIVE DATE: Clause (11) of this section is effective January 1, 2001.

Sec. 7. Minnesota Statutes 1999 Supplement, section 256J.08, subdivision 86, is amended to read:

Subd. 86. [UNEARNED INCOME.] "Unearned income" means income received by a person that does not meet the definition of earned income. Unearned income includes income from a contract for deed, interest, dividends, reemployment compensation, disability insurance payments, veterans benefits, pension payments, return on capital investment, insurance payments or settlements, severance payments, child support and maintenance payments, and payments for illness or disability whether the premium payments are made in whole or in part by an employer or participant.

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 8. Minnesota Statutes 1999 Supplement, section 256J.21, subdivision 2, is amended to read:

Subd. 2. [INCOME EXCLUSIONS.] (a) The following must be excluded in determining a family's available income:

(1) payments for basic care, difficulty of care, and clothing allowances received for providing family foster care to children or adults under Minnesota Rules, parts 9545.0010 to 9545.0260 and 9555.5050 to 9555.6265, and payments received and used for care and maintenance of a third-party beneficiary who is not a household member;

(2) reimbursements for employment training received through the Job Training Partnership Act, United States Code, title 29, chapter 19, sections 1501 to 1792b;

(3) reimbursement for out-of-pocket expenses incurred while performing volunteer services, jury duty, employment, or informal carpooling arrangements directly related to employment;

(4) all educational assistance, except the county agency must count graduate student teaching assistantships, fellowships, and other similar paid work as earned income and, after allowing deductions for any unmet and necessary educational expenses, shall count scholarships or grants awarded to graduate students that do not require teaching or research as unearned income;

(5) loans, regardless of purpose, from public or private lending institutions, governmental lending institutions, or governmental agencies;

(6) loans from private individuals, regardless of purpose, provided an applicant or participant documents that the lender expects repayment;

(7)(i) state income tax refunds; and

(ii) federal income tax refunds;

(8)(i) federal earned income credits;

(ii) Minnesota working family credits;

(iii) state homeowners and renters credits under chapter 290A; and

(iv) federal or state tax rebates;

(9) funds received for reimbursement, replacement, or rebate of personal or real property when these payments are made by public agencies, awarded by a court, solicited through public appeal, or made as a grant by a federal agency, state or local government, or disaster assistance organizations, subsequent to a presidential declaration of disaster;

- (10) the portion of an insurance settlement that is used to pay medical, funeral, and burial expenses, or to repair or replace insured property;
- (11) reimbursements for medical expenses that cannot be paid by medical assistance;
- (12) payments by a vocational rehabilitation program administered by the state under chapter 268A, except those payments that are for current living expenses;
- (13) in-kind income, including any payments directly made by a third party to a provider of goods and services;
- (14) assistance payments to correct underpayments, but only for the month in which the payment is received;
- (15) emergency assistance payments;
- (16) funeral and cemetery payments as provided by section 256.935;
- (17) nonrecurring cash gifts of \$30 or less, not exceeding \$30 per participant in a calendar month;
- (18) any form of energy assistance payment made through Public Law Number 97-35, Low-Income Home Energy Assistance Act of 1981, payments made directly to energy providers by other public and private agencies, and any form of credit or rebate payment issued by energy providers;
- (19) Supplemental Security Income, including retroactive payments;
- (20) Minnesota supplemental aid, including retroactive payments;
- (21) proceeds from the sale of real or personal property;
- (22) adoption assistance payments under section 259.67;
- (23) state-funded family subsidy program payments made under section 252.32 to help families care for children with mental retardation or related conditions, consumer support grant funds under section 256.476, and resources and services for a disabled household member under one of the home and community-based waiver services programs under chapter 256B;
- (24) interest payments and dividends from property that is not excluded from and that does not exceed the asset limit;
- (25) rent rebates;
- (26) income earned by a minor caregiver, minor child through age 6, or a minor child who is at least a half-time student in an approved elementary or secondary education program;
- (27) income earned by a caregiver under age 20 who is at least a half-time student in an approved elementary or secondary education program;
- (28) MFIP child care payments under section 119B.05;
- (29) all other payments made through MFIP to support a caregiver's pursuit of greater self-support;
- (30) income a participant receives related to shared living expenses;
- (31) reverse mortgages;

(32) benefits provided by the Child Nutrition Act of 1966, United States Code, title 42, chapter 13A, sections 1771 to 1790;

(33) benefits provided by the women, infants, and children (WIC) nutrition program, United States Code, title 42, chapter 13A, section 1786;

(34) benefits from the National School Lunch Act, United States Code, title 42, chapter 13, sections 1751 to 1769e;

(35) relocation assistance for displaced persons under the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, United States Code, title 42, chapter 61, subchapter II, section 4636, or the National Housing Act, United States Code, title 12, chapter 13, sections 1701 to 1750jj;

(36) benefits from the Trade Act of 1974, United States Code, title 19, chapter 12, part 2, sections 2271 to 2322;

(37) war reparations payments to Japanese Americans and Aleuts under United States Code, title 50, sections 1989 to 1989d;

(38) payments to veterans or their dependents as a result of legal settlements regarding Agent Orange or other chemical exposure under Public Law Number 101-239, section 10405, paragraph (a)(2)(E);

(39) income that is otherwise specifically excluded from MFIP consideration in federal law, state law, or federal regulation;

(40) security and utility deposit refunds;

(41) American Indian tribal land settlements excluded under Public Law Numbers 98-123, 98-124, and 99-377 to the Mississippi Band Chippewa Indians of White Earth, Leech Lake, and Mille Lacs reservations and payments to members of the White Earth Band, under United States Code, title 25, chapter 9, section 331, and chapter 16, section 1407;

(42) all income of the minor parent's parents and stepparents when determining the grant for the minor parent in households that include a minor parent living with parents or stepparents on MFIP with other children; and

(43) income of the minor parent's parents and stepparents equal to 200 percent of the federal poverty guideline for a family size not including the minor parent and the minor parent's child in households that include a minor parent living with parents or stepparents not on MFIP when determining the grant for the minor parent. The remainder of income is deemed as specified in section 256J.37, subdivision 1b;

(44) payments made to children eligible for relative custody assistance under section 257.85;

(45) vendor payments for goods and services made on behalf of a client unless the client has the option of receiving the payment in cash; and

(46) the principal portion of a contract for deed payment.

Sec. 9. Minnesota Statutes 1998, section 256J.32, is amended by adding a subdivision to read:

Subd. 7a. [REQUIREMENT TO REPORT TO IMMIGRATION AND NATURALIZATION SERVICES.] Notwithstanding subdivision 7, effective July 1, 2001, the commissioner shall report to the Immigration and Naturalization Services all undocumented persons who have been identified through application verification procedures or by the self-admission of an applicant for assistance. Reports made under this subdivision must comply with the requirements of section 411A of the Social Security Act, as amended, and United States Code, title 8, section 1644.

Sec. 10. Minnesota Statutes 1999 Supplement, section 256J.33, subdivision 4, is amended to read:

Subd. 4. [MONTHLY INCOME TEST.] A county agency must apply the monthly income test retrospectively for each month of MFIP eligibility. An assistance unit is not eligible when the countable income equals or exceeds the MFIP standard of need or the family wage level for the assistance unit. The income applied against the monthly income test must include:

(1) gross earned income from employment, prior to mandatory payroll deductions, voluntary payroll deductions, wage authorizations, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36, unless the employment income is specifically excluded under section 256J.21, subdivision 2;

(2) gross earned income from self-employment less deductions for self-employment expenses in section 256J.37, subdivision 5, but prior to any reductions for personal or business state and federal income taxes, personal FICA, personal health and life insurance, and after the disregards in section 256J.21, subdivision 4, and the allocations in section 256J.36;

(3) unearned income after deductions for allowable expenses in section 256J.37, subdivision 9, and allocations in section 256J.36, unless the income has been specifically excluded in section 256J.21, subdivision 2;

(4) gross earned income from employment as determined under clause (1) which is received by a member of an assistance unit who is a minor child or minor caregiver and less than a half-time student;

(5) child support and spousal support received ~~or anticipated to be received~~ by an assistance unit;

(6) the income of a parent when that parent is not included in the assistance unit;

(7) the income of an eligible relative and spouse who seek to be included in the assistance unit; and

(8) the unearned income of a minor child included in the assistance unit.

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 11. Minnesota Statutes 1999 Supplement, section 256J.34, subdivision 1, is amended to read:

Subdivision 1. [PROSPECTIVE BUDGETING.] A county agency must use prospective budgeting to calculate the assistance payment amount for the first two months for an applicant who has not received assistance in this state for at least one payment month preceding the first month of payment under a current application. Notwithstanding subdivision 3, paragraph (a), clause (2), a county agency must use prospective budgeting for the first two months for a person who applies to be added to an assistance unit. Prospective budgeting is not subject to overpayments or underpayments unless fraud is determined under section 256.98.

(a) The county agency must apply the income received or anticipated in the first month of MFIP eligibility against the need of the first month. The county agency must apply the income received or anticipated in the second month against the need of the second month.

(b) When the assistance payment for any part of the first two months is based on anticipated income, the county agency must base the initial assistance payment amount on the information available at the time the initial assistance payment is made.

(c) The county agency must determine the assistance payment amount for the first two months of MFIP eligibility by budgeting both recurring and nonrecurring income for those two months.

~~(d) The county agency must budget the child support income received or anticipated to be received by an assistance unit to determine the assistance payment amount from the month of application through the date in which MFIP eligibility is determined and assistance is authorized. Child support income which has been budgeted to determine the assistance payment in the initial two months is considered nonrecurring income. An assistance unit must forward any payment of child support to the child support enforcement unit of the county agency following the date in which assistance is authorized.~~

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 12. Minnesota Statutes 1999 Supplement, section 256J.34, subdivision 4, is amended to read:

Subd. 4. [SIGNIFICANT CHANGE IN GROSS INCOME.] The county agency must recalculate the assistance payment when an assistance unit experiences a significant change, as defined in section 256J.08, resulting in a reduction in the gross income received in the payment month from the gross income received in the budget month. The county agency must issue a supplemental assistance payment based on the county agency's best estimate of the assistance unit's income and circumstances for the payment month. Supplemental assistance payments that result from significant changes are limited to two in a 12-month period regardless of the reason for the change. Notwithstanding any other statute or rule of law, supplementary assistance payments shall not be made when the significant change in income is the result of receipt of a lump sum, receipt of an extra paycheck, business fluctuation in self-employment income, or an assistance unit member's participation in a strike or other labor action. ~~Supplementary assistance payments due to a significant change in the amount of direct support received must not be made after the date the assistance unit is required to forward support to the child support enforcement unit under subdivision 1, paragraph (d).~~

EFFECTIVE DATE: This section is effective January 1, 2001.

Sec. 13. Minnesota Statutes 1999 Supplement, section 256J.37, subdivision 9, is amended to read:

Subd. 9. [UNEARNED INCOME.] ~~(a)~~ The county agency must apply unearned income to the MFIP standard of need. When determining the amount of unearned income, the county agency must deduct the costs necessary to secure payments of unearned income. These costs include legal fees, medical fees, and mandatory deductions such as federal and state income taxes.

(b) Effective ~~January~~ July 1, 2001, the county agency shall count \$100 of the value of public and assisted rental subsidies provided through the Department of Housing and Urban Development (HUD) as unearned income. The full amount of the subsidy must be counted as unearned income when the subsidy is less than \$100.

(c) The provisions of paragraph (b) shall not apply to MFIP participants who are exempt from the employment and training services component because they are:

(i) individuals who are age 60 or older;

(ii) individuals who are suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment; or

(iii) caregivers whose presence in the home is required because of the professionally certified illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household.

(d) The provisions of paragraph (b) shall not apply to an MFIP assistance unit where the parental caregiver receives supplemental security income.

Sec. 14. Minnesota Statutes 1998, section 256J.45, subdivision 3, is amended to read:

Subd. 3. [GOOD CAUSE EXEMPTIONS FOR NOT ATTENDING ORIENTATION.] (a) The county agency shall not impose the sanction under section 256J.46 if it determines that the participant has good cause for failing to attend orientation. Good cause exists when:

(1) appropriate child care is not available;

(2) the participant is ill or injured;

(3) a family member is ill and needs care by the participant that prevents the participant from attending orientation. For a caregiver with a child or adult in the household who meets the disability or medical criteria for home care services under section 256B.0627, subdivision 1, paragraph (c) or a home and community-based waiver services program under chapter 256B, or meets the criteria for severe emotional disturbance under section 245.4871, subdivision 6, or for serious and persistent mental illness under section 245.462, subdivision 20, paragraph (c), good cause also exists when an interruption in the provision of those services occurs which prevents the participant from attending orientation;

(4) the caregiver is unable to secure necessary transportation;

(5) the caregiver is in an emergency situation that prevents orientation attendance;

(6) the orientation conflicts with the caregiver's work, training, or school schedule; or

(7) the caregiver documents other verifiable impediments to orientation attendance beyond the caregiver's control.

(b) Counties must work with clients to provide child care and transportation necessary to ensure a caregiver has every opportunity to attend orientation.

Sec. 15. Minnesota Statutes 1998, section 256J.47, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A family is eligible to receive diversionary assistance once every ~~36~~ 12 months if:

(1) a family member has resided in this state for at least 30 days;

(2) the caregiver provides verification that the caregiver has either experienced an unexpected occurrence that makes it impossible to retain or obtain employment or the caregiver has a temporary loss of income, which is not due to refusing to accept or terminating suitable employment as defined in section 256J.49, without good cause under section 256J.57, resulting in an emergency;

(3) the caregiver is at risk of MFIP-S eligibility if diversionary assistance is not provided and household income is below ~~140~~ 200 percent of the federal poverty guidelines; and

(4) the diversionary assistance will resolve the emergency and divert the family from applying for MFIP-S.

For purposes of this section, diversionary assistance means a one-time lump-sum payment to an individual or third-party vendor to prevent long-term receipt of public assistance.

Sec. 16. Minnesota Statutes 1998, section 256J.49, subdivision 13, is amended to read:

Subd. 13. [WORK ACTIVITY.] "Work activity" means any activity in a participant's approved employment plan that is tied to the participant's employment goal. For purposes of the ~~MFIP-S~~ MFIP program, any activity that is included in a participant's approved employment plan meets the definition of work activity as counted under the federal participation standards. Work activity includes, but is not limited to:

- (1) unsubsidized employment;
- (2) subsidized private sector or public sector employment, including grant diversion as specified in section 256J.69;
- (3) work experience, including CWEP as specified in section 256J.67, and including work associated with the refurbishing of publicly assisted housing if sufficient private sector employment is not available;
- (4) on-the-job training as specified in section 256J.66;
- (5) job search, either supervised or unsupervised;
- (6) job readiness assistance;
- (7) job clubs, including job search workshops;
- (8) job placement;
- (9) job development;
- (10) job-related counseling;
- (11) job coaching;
- (12) job retention services;
- (13) job-specific training or education;
- (14) job skills training directly related to employment;
- (15) the self-employment investment demonstration (SEID), as specified in section 256J.65;
- (16) preemployment activities, based on availability and resources, such as volunteer work, literacy programs and related activities, citizenship ~~and~~ classes, English as a second language (ESL) classes as limited by the provisions of section 256J.52, subdivisions 3, paragraph (d), and 5, paragraph (c), or participation in dislocated worker services, chemical dependency treatment, mental health services, peer group networks, displaced homemaker programs, strength-based resiliency training, parenting education, or other programs designed to help families reach their employment goals and enhance their ability to care for their children;
- (17) community service programs;
- (18) vocational educational training or educational programs that can reasonably be expected to lead to employment, as limited by the provisions of section 256J.53;
- (19) apprenticeships;
- (20) satisfactory attendance in general educational development diploma classes or an adult diploma program;
- (21) satisfactory attendance at secondary school, if the participant has not received a high school diploma;
- (22) adult basic education classes;
- (23) internships;

- (24) bilingual employment and training services;
- (25) providing child care services to a participant who is working in a community service program; and
- (26) activities included in a safety plan that is developed under section 256J.52, subdivision 6.

Sec. 17. Minnesota Statutes 1998, section 256J.50, subdivision 5, is amended to read:

Subd. 5. [PARTICIPATION REQUIREMENTS FOR SINGLE-PARENT AND TWO-PARENT ALL CASES.]

(a) ~~A county must establish a uniform schedule for requiring participation by single parents. Mandatory participation must be required within six months of eligibility for cash assistance.~~ For two-parent cases, participation is required concurrent with the receipt of MFIP-~~S~~ MFIP cash assistance.

For single-parent cases, participation is required concurrent with the receipt of MFIP cash assistance for all counties except Blue Earth and Nicollet, effective July 1, 2000, and is required for Blue Earth and Nicollet counties effective January 1, 2001. For Blue Earth and Nicollet counties only, from July 1, 2000 to December 31, 2000, mandatory participation for single-parent cases must be required within six months of eligibility for cash assistance.

(b) Beginning January 1, 1998, with the exception of caregivers required to attend high school under the provisions of section 256J.54, subdivision 5, MFIP caregivers, upon completion of the secondary assessment, must develop an employment plan and participate in work activities.

(c) Upon completion of the secondary assessment:

(1) In single-parent families with no children under six years of age, the job counselor and the caregiver must develop an employment plan that includes 20 to 35 hours per week of work activities for the period January 1, 1998, to September 30, 1998; 25 to 35 hours of work activities per week in federal fiscal year 1999; and 30 to 35 hours per week of work activities in federal fiscal year 2000 and thereafter.

(2) In single-parent families with a child under six years of age, the job counselor and the caregiver must develop an employment plan that includes 20 to 35 hours per week of work activities.

(3) In two-parent families, the job counselor and the caregivers must develop employment plans which result in a combined total of at least 55 hours per week of work activities.

Sec. 18. Minnesota Statutes 1998, section 256J.50, subdivision 7, is amended to read:

Subd. 7. [LOCAL SERVICE UNIT PLAN.] (a) Each local or county service unit shall prepare and submit a plan as specified in section 268.88.

(b) The plan must include a description of how projects funded under the local intervention grants for self-sufficiency in section 256J.625, subdivisions 2 and 3, operate in the local service unit, including:

(1) the target populations of hard-to-employ participants and working participants in need of job retention and wage advancement services, with a description of how individual participant needs will be met;

(2) services that will be provided which may include paid work experience, enhanced mental health services, outreach to sanctioned families, child care for social services, child care transition year set-aside, homeless and housing advocacy, and transportation;

(3) projected expenditures by activity;

(4) anticipated program outcomes including the anticipated impact the intervention efforts will have on performance measures under section 256J.751 and on reducing the number of MFIP participants expected to reach their 60-month time limit; and

(5) a description of services that are provided or will be provided to MFIP participants affected by chemical dependency, mental health issues, learning disabilities, or family violence.

Each plan must demonstrate how the county or tribe is working within its organization and with other organizations in the community to serve hard-to-employ populations, including how organizations in the community were engaged in planning for use of these funds, services other entities will provide under the plan, and whether multicounty or regional strategies are being implemented as part of this plan.

(c) Activities and expenditures in the plan must enhance or supplement MFIP activities without supplanting existing activities and expenditures. However, this paragraph does not require a county to maintain either:

(1) its current provision of child care assistance to MFIP families through the expenditure of county resources under chapter 256E for social services child care assistance if funds are appropriated by another law for an MFIP social services child care pool;

(2) its current provision of transition-year child care assistance through the expenditure of county resources if funds are appropriated by another law for this purpose; or

(3) its current provision of intensive ESL programs through the expenditure of county resources if funds are appropriated by another law for intensive ESL grants.

(d) The plan required under this subdivision must be approved before the local or county service unit is eligible to receive funds under section 256J.625, subdivisions 2 and 3.

Sec. 19. Minnesota Statutes 1999 Supplement, section 256J.52, subdivision 3, is amended to read:

Subd. 3. [JOB SEARCH; JOB SEARCH SUPPORT PLAN.] (a) If, after the initial assessment, the job counselor determines that the participant possesses sufficient skills that the participant is likely to succeed in obtaining suitable employment, the participant must conduct job search for a period of up to eight weeks, for at least 30 hours per week. The participant must accept any offer of suitable employment. Upon agreement by the job counselor and the participant, a job search support plan may limit a job search to jobs that are consistent with the participant's employment goal. The job counselor and participant must develop a job search support plan which specifies, at a minimum: whether the job search is to be supervised or unsupervised; support services that will be provided while the participant conducts job search activities; the courses necessary to obtain certification or licensure, if applicable, and after obtaining the license or certificate, the client must comply with subdivision 5; and how frequently the participant must report to the job counselor on the status of the participant's job search activities. The job search support plan ~~may~~ must also specify that the participant fulfill ~~a specified portion no more than half~~ of the required hours of job search through attending adult basic education or English as a second language classes, if one or both of those activities are approved by the job counselor.

(b) During the eight-week job search period, either the job counselor or the participant may request a review of the participant's job search plan and progress towards obtaining suitable employment. If a review is requested by the participant, the job counselor must concur that the review is appropriate for the participant at that time. If a review is conducted, the job counselor may make a determination to conduct a secondary assessment prior to the conclusion of the job search.

(c) Failure to conduct the required job search, to accept any offer of suitable employment, to develop or comply with a job search support plan, or voluntarily quitting suitable employment without good cause results in the imposition of a sanction under section 256J.46. If at the end of eight weeks the participant has not obtained suitable employment, the job counselor must conduct a secondary assessment of the participant under subdivision 3.

(d) In order for an English as a second language (ESL) class to be an approved work activity, a participant must be at or below a spoken language proficiency level of SPL5 or its equivalent, as measured by a nationally recognized test. A participant may not be approved for more than a total of 24 months of ESL activities while participating in the employment and training services component of MFIP. In approving ESL as a work activity, the job counselor must give preference to enrollment in an intensive ESL program, if one is available, over a regular ESL program. If an intensive ESL program is approved, the restriction in paragraph (a) that no more than half of the required hours of job search is fulfilled through attending ESL classes does not apply.

Sec. 20. Minnesota Statutes 1999 Supplement, section 256J.52, subdivision 5, is amended to read:

Subd. 5. [EMPLOYMENT PLAN; CONTENTS.] (a) Based on the secondary assessment under subdivision 4, the job counselor and the participant must develop an employment plan for the participant that includes specific activities that are tied to an employment goal and a plan for long-term self-sufficiency, and that is designed to move the participant along the most direct path to unsubsidized employment. The employment plan must list the specific steps that will be taken to obtain employment and a timetable for completion of each of the steps. Upon agreement by the job counselor and the participant, the employment plan may limit a job search to jobs that are consistent with the participant's employment goal.

(b) As part of the development of the participant's employment plan, the participant shall have the option of selecting from among the vendors or resources that the job counselor determines will be effective in supplying one or more of the services necessary to meet the employment goals specified in the participant's plan. In compiling the list of vendors and resources that the job counselor determines would be effective in meeting the participant's employment goals, the job counselor must determine that adequate financial resources are available for the vendors or resources ultimately selected by the participant.

(c) In order for an English as a second language (ESL) class to be an approved work activity, a participant must be at or below a spoken language proficiency level of SPL5 or its equivalent, as measured by a nationally recognized test. A participant may not be approved for more than a total of 24 months of ESL activities while participating in the employment and training services component of MFIP. In approving ESL as a work activity, the job counselor must give preference to enrollment in an intensive ESL program, if one is available, over a regular ESL program.

(d) The job counselor and the participant must sign the developed plan to indicate agreement between the job counselor and the participant on the contents of the plan.

Sec. 21. Minnesota Statutes 1999 Supplement, section 256J.56, is amended to read:

256J.56 [EMPLOYMENT AND TRAINING SERVICES COMPONENT; EXEMPTIONS.]

(a) An MFIP caregiver is exempt from the requirements of sections 256J.52 to 256J.55 if the caregiver belongs to any of the following groups:

- (1) individuals who are age 60 or older;
- (2) individuals who are suffering from a professionally certified permanent or temporary illness, injury, or incapacity which is expected to continue for more than 30 days and which prevents the person from obtaining or retaining employment. Persons in this category with a temporary illness, injury, or incapacity must be reevaluated at least quarterly;
- (3) caregivers whose presence in the home is required because of the professionally certified illness or incapacity of another member in the assistance unit, a relative in the household, or a foster child in the household;
- (4) women who are pregnant, if the pregnancy has resulted in a professionally certified incapacity that prevents the woman from obtaining or retaining employment;

(5) caregivers of a child under the age of one year who personally provide full-time care for the child. This exemption may be used for only 12 months in a lifetime. In two-parent households, only one parent or other relative may qualify for this exemption;

(6) individuals who are single parents, or one parent in a two-parent family, employed at least 35 hours per week;

(7) individuals experiencing a personal or family crisis that makes them incapable of participating in the program, as determined by the county agency. If the participant does not agree with the county agency's determination, the participant may seek professional certification, as defined in section 256J.08, that the participant is incapable of participating in the program.

Persons in this exemption category must be reevaluated every 60 days; ~~or~~

(8) second parents in two-parent families employed for 20 or more hours per week, provided the first parent is employed at least 35 hours per week; or

(9) caregivers with a child or an adult in the household who meets the disability or medical criteria for home care services under section 256B.0627, subdivision 1, paragraph (c), or a home and community-based waiver services program under chapter 256B, or meets the criteria for severe emotional disturbance under section 245.4871, subdivision 6, or for serious and persistent mental illness under section 245.462, subdivision 20, paragraph (c). Caregivers in this exemption category are presumed to be prevented from obtaining or retaining employment.

A caregiver who is exempt under clause (5) must enroll in and attend an early childhood and family education class, a parenting class, or some similar activity, if available, during the period of time the caregiver is exempt under this section. Notwithstanding section 256J.46, failure to attend the required activity shall not result in the imposition of a sanction.

(b) The county agency must provide employment and training services to MFIP caregivers who are exempt under this section, but who volunteer to participate. Exempt volunteers may request approval for any work activity under section 256J.49, subdivision 13. The hourly participation requirements for nonexempt caregivers under section 256J.50, subdivision 5, do not apply to exempt caregivers who volunteer to participate.

Sec. 22. [256J.625] [LOCAL INTERVENTION GRANTS FOR SELF-SUFFICIENCY.]

Subdivision 1. [ESTABLISHMENT; GUARANTEED MINIMUM ALLOCATION.] (a) The commissioner shall make grants under this subdivision to assist county and tribal TANF programs to more effectively serve hard-to-employ MFIP participants. Funds appropriated for local intervention grants for self-sufficiency must be allocated first in amounts equal to the guaranteed minimum in paragraph (b), and second according to the provisions of subdivision 2. Any remaining funds must be allocated according to the formula in subdivision 3. Counties or tribes must have an approved local service unit plan under section 256J.50, subdivision 7, paragraph (b), in order to receive and expend funds under subdivisions 2 and 3.

(b) Each county or tribal program shall receive a guaranteed minimum annual allocation of \$25,000.

Subd. 2. [SET-ASIDE FUNDS.] (a) Of the funds appropriated for grants under this section, after the allocation in subdivision 1, paragraph (b), is made, 20 percent of the remaining funds each year shall be retained by the commissioner and awarded to counties or tribes whose approved plans demonstrate additional need based on their identification of hard-to-employ families and working participants in need of job retention and wage advancement services, strong anticipated outcomes for families and an effective plan for monitoring performance, or, use of a multicounty, multi-entity or regional approach to serve hard-to-employ families and working participants in need of job retention and wage advancement services who are identified as a target population to be served in the plan submitted under section 256J.50, subdivision 7, paragraph (b). In distributing funds under this paragraph, the commissioner must achieve a geographic balance. The commissioner may award funds under this paragraph to other

public, private, or nonprofit entities to deliver services in a county or region where the entity or entities submit a plan that demonstrates a strong capability to fulfill the terms of the plan and where the plan shows an innovative or multi-entity approach.

(b) For fiscal year 2001 only, of the funds available under this subdivision the commissioner must allocate funding in the amounts specified in article 1, section 2, subdivision 7, for an intensive intervention transitional employment training project and for nontraditional career assistance and training programs. These allocations must occur before any set-aside funds are allocated under paragraph (a).

Subd. 2a. [ALTERNATIVE DISTRIBUTION FORMULA.] (a) By January 31, 2001, the commissioner of human services must develop and present to the appropriate legislative committees a distribution formula that is an alternative to the formula allocation specified in subdivision 3. The proposed distribution formula must target hard-to-employ MFIP participants, and it must include an incentive-based component that is designed to encourage county and tribal programs to effectively serve hard-to-employ participants. The commissioner's proposal must also be designed to be implemented for fiscal years 2002 and 2003 in place of the formula allocation specified in subdivision 3.

(b) Notwithstanding the provisions of subdivision 2, paragraph (a), if the commissioner does not develop a proposed formula as required in paragraph (a), the set-aside funds for fiscal years 2002 and 2003 that the commissioner would otherwise distribute under subdivision 2, paragraph (a), must not be distributed under that provision. Funds available under subdivision 2, paragraph (a), must instead be allocated in equal amounts to each county and tribal program in fiscal years 2002 and 2003.

Subd. 3. [FORMULA ALLOCATION.] Funds remaining after the allocations in subdivisions 1 and 2 must be allocated as follows:

(1) 85 percent shall be allocated in proportion to each county's and tribal TANF program's one-parent MFIP cases that have received MFIP assistance for at least 25 months, as sampled on December 31 of the previous calendar year, excluding cases where all caregivers are age 60 or over.

(2) 15 percent shall be allocated to each county's and tribal TANF program's two-parent MFIP cases that have received MFIP assistance for at least 25 months, as sampled on December 31 of the previous calendar year, excluding cases where all caregivers are age 60 or over.

Subd. 4. [USE OF FUNDS.] (a) A county or tribal program may use funds allocated under this subdivision to provide services to MFIP participants who are hard-to-employ and their families. Services provided must be intended to reduce the number of MFIP participants who are expected to reach the 60-month time limit under section 256J.42. Counties, tribes, and other entities receiving funds under subdivisions 2 or 3 must submit semiannual progress reports to the commissioner which detail program outcomes.

(b) Funds allocated under this section may not be used to provide benefits that are defined as "assistance" in Code of Federal Regulations, title 45, section 260.31, to an assistance unit that is only receiving the food portion of MFIP benefits.

(c) A county may use funds allocated under this section for that part of the match for federal access to jobs transportation funds that is TANF-eligible. A county may also use funds allocated under this section to enhance transportation choices for eligible recipients up to 150 percent of the federal poverty guidelines.

Subd. 5. [SUNSET.] The grant program under this section sunsets on June 30, 2003.

Sec. 23. [256J.655] [NONTRADITIONAL CAREER ASSISTANCE AND TRAINING.]

With the approval of the job counselor, a participant may enroll and participate in a nontraditional career assistance and training (NCAT) program under section 256K.30. An MFIP recipient participating in an NCAT program with the approval of the job counselor is also eligible for employment and training services, including child care and transportation.

Sec. 24. [256J.88] [CHILD ONLY TANF PROGRAM.]

Children who receive assistance under this chapter, in which the assistance unit does not include a caregiver, but only includes a minor child, shall become part of the program established under this section.

Sec. 25. [256K.25] [SUPPORTIVE HOUSING AND MANAGED CARE PILOT PROJECT.]

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] (a) The commissioner shall establish a supportive housing and managed care pilot project in two counties, one within the seven-county metropolitan area and one outside of that area, to determine whether the integrated delivery of employment services, supportive services, housing, and health care into a single, flexible program will:

(1) reduce public expenditures on homeless families with minor children, homeless noncustodial parents, and other homeless individuals;

(2) increase the employment rates of these persons; and

(3) provide a new alternative to providing services to this hard-to-serve population.

(b) The commissioner shall create a program for counties for the purpose of providing integrated intensive and individualized case management services, employment services, health care services, rent subsidies or other short- or medium-term housing assistance, and other supportive services to eligible families and individuals. Minimum project and application requirements shall be developed by the commissioner in cooperation with counties and their nonprofit partners with the goal to provide the maximum flexibility in program design.

(c) Services available under this project must be coordinated with available health care services for an eligible project participant.

Subd. 2. [DEFINITION.] For purposes of this section, "homeless" means having no appropriate housing available and lacking the resources necessary to access permanent housing, as determined by the county requesting funding under subdivision 3, and:

(1) living, or being at imminent risk of living, on the street or in a shelter; or

(2) having been evicted from a dwelling or discharged from a regional treatment center, state-operated community-based program, community hospital, or residential treatment program.

Subd. 3. [COUNTY ELIGIBILITY.] A county may request funding under this pilot project if the county:

(1) agrees to develop, in cooperation with nonprofit partners, a supportive housing and managed care pilot project that integrates the delivery of employment services, supportive services, housing and health care for eligible families and individuals, or agrees to contract with an existing integrated program;

(2) for eligible participants who are also MFIP recipients, agrees to develop, in cooperation with nonprofit partners, procedures to ensure that the services provided under the pilot project are closely coordinated with the services provided under MFIP; and

(3) develops a method for evaluating the quality of the integrated services provided and the amount of any resulting cost savings to the county and state.

Subd. 4. [PARTICIPANT ELIGIBILITY.] (a) In order to be eligible for the pilot project, the county must determine that a participant is homeless or is at risk of homelessness; has a mental illness, a history of substance abuse, or HIV; and is a family that meets the criteria in paragraph (b) or is an individual who meets the criteria in paragraph (c).

(b) An eligible family must include a minor child or a pregnant woman, and:

(1) be receiving or be eligible for MFIP assistance under chapter 256J; or

(2) include an adult caregiver who is employed or is receiving employment and training services, and have household income below the MFIP exit level in section 256J.24, subdivision 10.

(c) An eligible individual must:

(1) meet the eligibility requirements of the group residential housing program under section 256I.04, subdivision 1; or

(2) be a noncustodial parent who is employed or is receiving employment and training services, and have household income below the MFIP exit level in section 256J.24, subdivision 10.

Subd. 5. [FUNDING.] A county may request funding from the commissioner for a specified number of TANF-eligible project participants. The commissioner shall review the request for compliance with subdivisions 1 to 4 and may approve or disapprove the request. If other funds are available, the commissioner may allocate funding for project participants who meet the eligibility requirements of subdivision 4, paragraph (c).

Subd. 6. [REPORT.] Participating counties and the commissioner shall collaborate to prepare and issue an annual report, beginning December 1, 2001, to the chairs of the appropriate legislative committees on the pilot project's use of public resources, including other funds leveraged for this initiative, the employment and housing status of the families and individuals served in the project, and the cost-effectiveness of the project. The annual report must also evaluate the pilot project with respect to the following project goals: that participants will lead more productive, healthier, more stable and better quality lives; that the teams created under the project to deliver services for each project participant will be accountable for ensuring that services are more appropriate, cost-effective and well-coordinated; and that the system-wide costs of serving this population, and the inappropriate use of emergency, crisis-oriented or institutional services, will be materially reduced. The commissioner shall provide data that may be needed to evaluate the project to participating counties that request the data.

Subd. 7. [SUNSET.] The pilot project under this section sunsets on June 30, 2006.

Sec. 26. [256K.30] [GRANTS FOR NONTRADITIONAL CAREER ASSISTANCE AND TRAINING PROGRAMS.]

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] The commissioner shall establish a program of reimbursement-based grants to nonprofit organizations to provide nontraditional career assistance and training (NCAT) programs that encourage and assist low-income women with minor children to enter nontraditional careers in the trades and in manual and technical operations.

Subd. 2. [REQUIREMENTS FOR GRANTEEES.] To be eligible for a grant under this section, an NCAT program must include the career assistance component specified in subdivision 4.

Subd. 3. [OUTREACH COMPONENT.] An NCAT program may include an outreach component that provides outreach to girls and women through public and private elementary and secondary schools, appropriate community organizations, or existing state and county employment and training programs. The outreach must consist of: general information concerning opportunities for women in the trades, manual, and technical occupations, including specific fields where worker shortages exist; and specific information about training programs offered. The outreach may include printed or recorded information, hands-on experiences for women and girls, presentations to women and girls, or ongoing contact with appropriate staff.

Federal TANF funds may not be used for the outreach component of an NCAT program.

Subd. 4. [CAREER ASSISTANCE COMPONENT.] An NCAT program may include a career assistance component that provides the following assistance for low-income women to enter careers in the trades and technical occupations:

(1) training designed to prepare women to succeed in nontraditional occupations, conducted by an NCAT grantee or in collaboration with another institution. The training must cover the knowledge and skills required for the trade, information about on-the-job realities for women in the particular trade, physical strength and stamina training as needed, opportunities for developing workplace problem-solving skills, and information about the current and projected future job market and likely career path for the trade;

(2) assistance with child care and transportation during training, during job search, and for at least the first two months of posttraining employment;

(3) job placement assistance during training, during job search, and for at least two years after completion of the training program; and

(4) job retention support may be in the form of mentorship programs, support groups, or ongoing staff contact for at least the first year of posttraining employment, including access to job-related information, assistance with workplace issue resolution, and access to advocacy services.

Subd. 5. [NCAT; ELIGIBLE PARTICIPANTS.] To be eligible to enroll in an NCAT program under this section, a participant must be a female caregiver receiving assistance under chapter 256J or this chapter.

Subd. 6. [ACCESSIBILITY REQUIRED.] Approved NCAT programs must be accessible to women who are MFIP participants. Factors that contribute to a program's accessibility include:

(1) affordability of tuition and supplies;

(2) geographic proximity to low-income neighborhoods, child care, and public transportation routes; and

(3) flexibility of the hours per week required by the program and the duration of the program, in order to be compatible with the program participants' family needs and the need for participants to be employed during training.

Sec. 27. [256K.35] [AT-RISK YOUTH OUT-OF-WEDLOCK PREGNANCY PREVENTION PROGRAM.]

Subdivision 1. [ESTABLISHMENT AND PURPOSE.] The commissioner shall establish a statewide grant program to prevent or reduce the incidence of out-of-wedlock pregnancies among homeless, runaway, or thrown-away youth who are at risk of being prostituted or currently being used in prostitution. The goal of the out-of-wedlock pregnancy prevention program is to significantly increase the number of existing short-term shelter beds for these youth in the state. By providing street outreach and supportive services for emergency shelter, transitional housing, and services to reconnect the youth with their families where appropriate, the number of youth at risk of being sexually exploited or actually being sexually exploited, and thus at risk of experiencing an out-of-wedlock pregnancy, will be reduced.

Subd. 2. [FUNDS AVAILABLE.] The commissioner shall make funds for street outreach and supportive services for emergency shelter and transitional housing for out-of-wedlock pregnancy prevention available to eligible nonprofit corporations or government agencies to provide supportive services for emergency and transitional housing for at-risk youth. The commissioner shall consider the need for emergency and transitional housing supportive services throughout the state, and must give priority to applicants who offer 24-hour emergency facilities.

Subd. 3. [APPLICATION; ELIGIBILITY.] (a) A nonprofit corporation or government agency must submit an application to the commissioner in the form and manner the commissioner establishes. The application must describe how the applicant meets the eligibility criteria under paragraph (b). The commissioner may also require an applicant to provide additional information.

(b) To be eligible for funding under this section, an applicant must meet the following criteria:

(1) the applicant must have a commitment to helping the community, children, and preventing juvenile prostitution. If the applicant does not have any past experience with youth involved in or at risk of being used in prostitution, the applicant must demonstrate knowledge of best practices in this area and develop a plan to follow those practices;

(2) the applicant must present a plan to communicate with local law enforcement officials, social services, and the commissioner consistent with state and federal law; and

(3) the applicant must present a plan to encourage homeless, runaway, or thrown-away youth to either reconnect with family or to transition into long-term housing.

Subd. 4. [USES OF FUNDS.] (a) Funds available under this section must be used to create and maintain supportive services for emergency shelter and transitional housing for homeless, runaway, and thrown-away youth. Federal TANF funds must be used to serve youth and their families with household income below 200 percent of the federal poverty guidelines. If other funds are available, services may be provided to youth outside of TANF-eligible families.

(b) Funds available under this section shall not be used to conduct general education or awareness programs unrelated to the operation of an emergency shelter or transitional housing.

Sec. 28. Laws 1997, chapter 203, article 9, section 21, as amended by Laws 1998, chapter 407, article 6, section 111, is amended to read:

Sec. 21. [INELIGIBILITY FOR STATE FUNDED PROGRAMS.]

(a) Beginning July 1, 2000 Effective on the date specified, the following persons will be ineligible for general assistance and general assistance medical care under Minnesota Statutes, chapter 256D, group residential housing under Minnesota Statutes, chapter 256I, and ~~MFIP-S~~ MFIP assistance under Minnesota Statutes, chapter 256J, funded with state money:

(1) Beginning July 1, 2002, persons who are terminated from or denied Supplemental Security Income due to the 1996 changes in the federal law making persons whose alcohol or drug addiction is a material factor contributing to the person's disability ineligible for Supplemental Security Income, and are eligible for general assistance under Minnesota Statutes, section 256D.05, subdivision 1, paragraph (a), clause ~~(17)~~ 15, general assistance medical care under Minnesota Statutes, chapter 256D, or group residential housing under Minnesota Statutes, chapter 256I;

(2) Beginning July 1, 2002, legal noncitizens who are ineligible for Supplemental Security Income due to the 1996 changes in federal law making certain noncitizens ineligible for these programs due to their noncitizen status; and

(3) Beginning July 1, 2001, legal noncitizens who are eligible for ~~MFIP-S~~ MFIP assistance, either the cash assistance portion or the food assistance portion, funded entirely with state money.

(b) State money that remains unspent due to changes in federal law enacted after May 12, 1997, that reduce state spending for legal noncitizens or for persons whose alcohol or drug addiction is a material factor contributing to the person's disability, or enacted after February 1, 1998, that reduce state spending for food benefits for legal noncitizens shall not cancel and shall be deposited in the TANF reserve account.

Sec. 29. [PILOT PROJECTS FOR MFIP ELIGIBLE FAMILIES.]

The commissioner of human services shall authorize Dakota county and four other counties to test alternative approaches to improve compliance with MFIP work requirements or to encourage rapid entrance into the workforce. The projects are intended to improve employability and self-sufficiency outcomes for MFIP eligible families. These county pilots may test different approaches which include, but are not limited to, diversion of MFIP eligible applicants and case suspension or closure for participants unwilling to fulfill the conditions of the employment or job search support plan.

For purposes of eligibility for child care assistance under Minnesota Statutes, chapter 119B, all pilot program participants shall be eligible for the same benefits as MFIP recipients.

The four counties, other than Dakota county, will be selected as pilot sites through a request for proposals (RFP) process. Dakota county's proposal shall meet the same criteria required of those counties that respond to the RFP. County proposals must define the nature and scope of the pilot and must be cost neutral to the state. The commissioner must analyze proposals for system impacts. The commissioner may authorize counties to implement these pilots when the state agency determines the county agency is prepared and any system changes are complete. The commissioner will work with the counties in developing policies and guidelines for operating the pilots. The commissioner will provide technical assistance to county agencies to evaluate the effectiveness of the pilots. The commissioner and county agencies shall report the evaluation findings to the chairs of the house health and human services and senate health and family security policy and fiscal committees by February 1, 2002. An interim status report must be provided to the committee chairs by February 1, 2001.

Sec. 30. [REPORTS ON SAVE IMPLEMENTATION.]

On January 15, 2003, and January 15, 2004, the commissioner shall report to the chairs of the house health and human services policy committee and the senate health and family security committee on the usage and costs of the SAVE program over the previous year. These reports must include summary, nonidentifying information on the number of inquiries per month that were submitted to the SAVE system, the number of times secondary verifications were pursued as a result of the inquiries submitted to SAVE, and the number of times the county determined, as a result of information provided through the SAVE system, that an applicant to a program listed in section 256.01, subdivision 18, was ineligible for benefits due to the applicant's immigration status.

Sec. 31. [REPORT ON EFFECT OF ELIGIBILITY SUNSET DELAY.]

The health care division of the department of human services shall conduct a study to identify the characteristics of the GA, GAMC, and GRH recipients for whom program eligibility has been extended past June 30, 2000, due to a change in state law. Division staff must collect and report summary information about the affected recipients that includes, but is not limited to, information about the recipients': current employment status and employment history; disabilities; past and present involvement in chemical dependency treatment or related services; criminal history, if any; and other barriers that affect the recipients' ability to live independently. The report must not include uniquely identifying information about the affected recipients. The report must also include information on the actual and projected costs of extending these recipients' eligibility for the GA, GAMC, and GRH programs past June 30, 2000. The report must be submitted to the chairs of the house of representatives and senate policy and fiscal committees with jurisdiction over these programs by January 15, 2001.

Sec. 32. [REPEALER.]

Laws 1999, chapter 245, article 5, section 24, is repealed.

ARTICLE 11

TECHNICAL CORRECTIONS

Section 1. Minnesota Statutes 1999 Supplement, section 62J.535, subdivision 2, is amended to read:

Subd. 2. [COMPLIANCE.] (a) Concurrent with the ~~effective dates~~ date of required compliance established under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time, for uniform electronic billing standards, all health care providers must conform to the uniform billing standards developed under subdivision 1.

(b) Notwithstanding paragraph (a), the requirements for the uniform remittance advice report shall be effective 12 months after the date of the required compliance of the standards for the electronic remittance advice transaction are effective under United States Code, title 42, sections 1320d to 1320d-8, as amended from time to time.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 2. Minnesota Statutes 1998, section 125A.74, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] A district may enroll as a provider in the medical assistance program and receive medical assistance payments for covered special education services provided to persons eligible for medical assistance under chapter 256B. To receive medical assistance payments, the district must pay the nonfederal share of medical assistance services provided according to section 256B.0625, subdivision 26, and comply with relevant provisions of state and federal statutes and regulations governing the medical assistance program.

Sec. 3. Minnesota Statutes 1998, section 125A.74, subdivision 2, is amended to read:

Subd. 2. [FUNDING.] A district that provides a covered service to an eligible person and complies with relevant requirements of the medical assistance program is entitled to receive payment for the ~~service provided, including that portion of the payment services that will subsequently be reimbursed by the federal government, in the same manner as other medical assistance providers. The school district is not required to provide matching funds or pay part of the costs of the service, as long as the rate charged for the service does not exceed medical assistance limits that apply to all medical assistance providers.~~

Sec. 4. Minnesota Statutes 1999 Supplement, section 144.395, is amended by adding a subdivision to read:

Subd. 3. [SUNSET.] The tobacco use prevention and local public health endowment fund expires June 30, 2015. Upon expiration, the commissioner of finance shall transfer the principal and any remaining interest to the general fund.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 1999 Supplement, section 144.396, subdivision 11, is amended to read:

Subd. 11. [AUDITS REQUIRED.] The legislative auditor shall audit tobacco use prevention and local public health endowment fund expenditures to ensure that the money is spent for tobacco use prevention measures and public health initiatives.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 1999 Supplement, section 144.396, subdivision 12, is amended to read:

Subd. 12. [ENDOWMENT FUND NOT TO SUPPLANT EXISTING FUNDING.] Appropriations from the ~~account~~ tobacco use prevention and local public health endowment fund must not be used as a substitute for traditional sources of funding tobacco use prevention activities or public health initiatives. Any local unit of government receiving money under this section must ensure that existing local financial efforts remain in place.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 7. Minnesota Statutes 1999 Supplement, section 256B.0916, subdivision 1, is amended to read:

Subdivision 1. [REDUCTION OF WAITING LIST.] (a) The legislature recognizes that as of January 1, 1999, 3,300 persons with mental retardation or related conditions have been screened and determined eligible for the home and community-based waiver services program for persons with mental retardation or related conditions. Many wait for several years before receiving service.

(b) The waiting list for this program shall be reduced or eliminated by June 30, 2003. In order to reduce the number of eligible persons waiting for identified services provided through the home and community-based waiver for persons with mental retardation or related conditions, during the period from July 1, 1999, to June 30, 2003, funding shall be increased to add 100 additional eligible persons each year beyond the February 1999 medical assistance forecast.

(c) The commissioner shall allocate resources in such a manner as to use all resources budgeted for the home and community-based waiver for persons with mental retardation or related conditions according to the priorities listed in subdivision 2, paragraph (b), and then to serve other persons on the waiting list. Resources allocated for a fiscal year to serve persons affected by public and private sector ICF/MR closures, but not expected to be expended for that purpose, must be reallocated within that fiscal year to serve other persons on the waiting list, and the number of waiver diversion slots shall be adjusted accordingly.

(d) For fiscal year 2001, at least one-half of the increase in funding over the previous year provided in the February 1999 medical assistance forecast for the home and community-based waiver for persons with mental retardation and related conditions, including changes made by the 1999 legislature, must be used to serve persons who are not affected by public and private sector ICF/MR closures.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 8. Minnesota Statutes 1999 Supplement, section 256D.03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) For a person who is eligible under subdivision 3, paragraph (a), clause (3), general assistance medical care covers, except as provided in paragraph (c):

- (1) inpatient hospital services;
- (2) outpatient hospital services;
- (3) services provided by Medicare certified rehabilitation agencies;
- (4) prescription drugs and other products recommended through the process established in section 256B.0625, subdivision 13;
- (5) equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level;

- (6) eyeglasses and eye examinations provided by a physician or optometrist;
 - (7) hearing aids;
 - (8) prosthetic devices;
 - (9) laboratory and X-ray services;
 - (10) physician's services;
 - (11) medical transportation;
 - (12) chiropractic services as covered under the medical assistance program;
 - (13) podiatric services;
 - (14) dental services;
 - (15) outpatient services provided by a mental health center or clinic that is under contract with the county board and is established under section 245.62;
 - (16) day treatment services for mental illness provided under contract with the county board;
 - (17) prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization;
 - (18) psychological services, medical supplies and equipment, and Medicare premiums, coinsurance and deductible payments;
 - (19) medical equipment not specifically listed in this paragraph when the use of the equipment will prevent the need for costlier services that are reimbursable under this subdivision;
 - (20) services performed by a certified pediatric nurse practitioner, a certified family nurse practitioner, a certified adult nurse practitioner, a certified obstetric/gynecological nurse practitioner, a certified neonatal nurse practitioner, or a certified geriatric nurse practitioner in independent practice, if (1) the service is otherwise covered under this chapter as a physician service, (2) ~~a~~ the service provided on an inpatient basis is not included as part of the cost for inpatient services included in the operating payment rate, and (3) the service is within the scope of practice of the nurse practitioner's license as a registered nurse, as defined in section 148.171;
 - (21) services of a certified public health nurse or a registered nurse practicing in a public health nursing clinic that is a department of, or that operates under the direct authority of, a unit of government, if the service is within the scope of practice of the public health nurse's license as a registered nurse, as defined in section 148.171; and
 - (22) telemedicine consultations, to the extent they are covered under section 256B.0625, subdivision 3b.
- (b) Except as provided in paragraph (c), for a recipient who is eligible under subdivision 3, paragraph (a), clause (1) or (2), general assistance medical care covers the services listed in paragraph (a) with the exception of special transportation services.
- (c) Gender reassignment surgery and related services are not covered services under this subdivision unless the individual began receiving gender reassignment services prior to July 1, 1995.

(d) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under sections 256B.02, subdivision 8, and 256B.0625. For payments made during fiscal year 1990 and later years, the commissioner shall consult with an independent actuary in establishing prepayment rates, but shall retain final control over the rate methodology. Notwithstanding the provisions of subdivision 3, an individual who becomes ineligible for general assistance medical care because of failure to submit income reports or recertification forms in a timely manner, shall remain enrolled in the prepaid health plan and shall remain eligible for general assistance medical care coverage through the last day of the month in which the enrollee became ineligible for general assistance medical care.

(e) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions:

(i) For the period July 1, 1985 to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: ~~payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.~~

(ii) For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: ~~payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.~~

(iii) For the period January 1, 1987 to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: ~~payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.~~

(iv) For the period July 1, 1987 to June 30, 1988, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: ~~payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than five percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.~~

~~(v)~~ For the period July 1, 1988 to June 30, 1989, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: ~~payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may not be reduced. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than five percent.~~

~~(f)~~ There shall be no copayment required of any recipient of benefits for any services provided under this subdivision. A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

~~(g)~~ (f) Any county may, from its own resources, provide medical payments for which state payments are not made.

~~(h)~~ (g) Chemical dependency services that are reimbursed under chapter 254B must not be reimbursed under general assistance medical care.

~~(i)~~ (h) The maximum payment for new vendors enrolled in the general assistance medical care program after the base year shall be determined from the average usual and customary charge of the same vendor type enrolled in the base year.

~~(j)~~ (i) The conditions of payment for services under this subdivision are the same as the conditions specified in rules adopted under chapter 256B governing the medical assistance program, unless otherwise provided by statute or rule.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 9. Laws 1999, chapter 245, article 1, section 2, subdivision 5, is amended to read:

Subd. 5. Basic Health Care Grants

Summary by Fund

General	867,174,000	916,234,000
Health Care Access	116,490,000	145,469,000

The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Minnesota Care Grants- Health Care Access

116,490,000	145,469,000
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[HOSPITAL INPATIENT COPAYMENTS.] The commissioner of human services may require hospitals to refund hospital inpatient copayments paid by enrollees pursuant to Minnesota Statutes, section 256L.03, subdivision 5, between March 1, 1999, and December 31, 1999. If the commissioner requires hospitals to refund these copayments, the hospitals shall collect the copayment directly from the commissioner.

[MINNESOTACARE OUTREACH FEDERAL MATCHING FUNDS.] Any federal matching funds received as a result of the MinnesotaCare outreach activities authorized by Laws 1997, chapter 225, article 7, section 2, subdivision 1, shall be deposited in the health care access fund and dedicated to the commissioner to be used for those outreach purposes.

[FEDERAL RECEIPTS FOR ADMINISTRATION.] Receipts received as a result of federal participation pertaining to administrative costs of the Minnesota health care reform waiver shall be deposited as nondedicated revenue in the health care access fund. Receipts received as a result of federal participation pertaining to grants shall be deposited in the federal fund and shall offset health care access funds for payments to providers.

[HEALTH CARE ACCESS FUND.] The commissioner may expend money appropriated from the health care access fund for MinnesotaCare in either fiscal year of the biennium.

(b) MA Basic Health Care Grants- Families and Children

General	307,053,000	320,112,000
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[COMMUNITY DENTAL CLINICS.] Of this appropriation, \$600,000 in fiscal year 2000 is for the commissioner to provide start-up grants to establish community dental clinics under Minnesota Statutes, section 256B.76, paragraph (b), clause ~~(5)~~ (4). The commissioner shall award grants and shall require grant recipients to match the state grant with nonstate funding on a one-to-one basis. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(c) MA Basic Health Care Grants- Elderly & Disabled

General	404,814,000	451,928,000
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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, section 256.015, 256B.042, and 256B.15, are waived as necessary for the limited purpose of resolving the state's claims in connection with In re Factor VIII or IX Concentrate Blood Products Litigation, MDL-986, No. 93-C7452 (N.D.III.).

(d) General Assistance Medical Care

General	141,805,000	128,012,000
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(e) Basic Health Care - Nonentitlement

General	13,502,000	16,182,000
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[DENTAL ACCESS GRANT.] Of this appropriation, \$75,000 is from the general fund to the commissioner in fiscal year 2000 for a grant to a nonprofit dental provider group operating a dental clinic in Clay county. The grant must be used to increase access to dental services for recipients of medical assistance, general assistance medical care, and the MinnesotaCare program in the northwest area of the state. This appropriation is available the day following final enactment.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 11. Laws 1999, chapter 245, article 1, section 2, subdivision 8, is amended to read:

Subd. 8. Continuing Care and Community Support Grants

General	1,174,195,000	1,259,767,000
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Lottery Prize	1,158,000	1,158,000
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The amounts that may be spent from this appropriation for each purpose are as follows:

(a) Community Social Services Block Grants

	42,597,000	43,498,000
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[CSSA TRADITIONAL APPROPRIATION.] Notwithstanding Minnesota Statutes, section 256E.06, subdivisions 1 and 2, the appropriations available under that section in fiscal years 2000 and 2001 must be distributed to each county proportionately to the aid received by the county in calendar year 1998. The commissioner, in consultation with counties, shall study the formula limitations in subdivision 2 of that section, and report findings and any recommendations for revision of the CSSA formula and its formula limitation provisions to the legislature by January 15, 2000.

(b) Consumer Support Grants

1,123,000	1,123,000
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(c) Aging Adult Service Grants

7,965,000	7,765,000
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[LIVING-AT-HOME/BLOCK NURSE PROGRAM.] Of the general fund appropriation, \$120,000 in fiscal year 2000 and \$120,000 in fiscal year 2001 is for the commissioner to provide funding to six additional living-at-home/block nurse programs. This appropriation shall become part of the base for the 2002-2003 biennium.

[MINNESOTA SENIOR SERVICE CORPS.] Of this appropriation, \$160,000 for the biennium is from the general fund to the commissioner for the following purposes:

(a) \$40,000 in fiscal year 2000 and \$40,000 in fiscal year 2001 is to increase the hourly stipend by ten cents per hour in the foster grandparent program, the retired and senior volunteer program, and the senior companion program.

(b) \$40,000 in fiscal year 2000 and \$40,000 in fiscal year 2001 is for a grant to the tri-valley opportunity council in Crookston to expand services in the ten-county area of northwestern Minnesota.

(c) This appropriation shall become part of the base for the 2002-2003 biennium.

[HEALTH INSURANCE COUNSELING.] Of this appropriation, \$100,000 in fiscal year 2000 and \$100,000 in fiscal year 2001 is from the general fund to the commissioner to transfer to the board on aging for the purpose of awarding health insurance counseling and assistance grants to the area agencies on aging providing state-funded health insurance counseling services. Access to health insurance counseling programs shall be provided by the senior linkage line service of the board on aging and the area agencies on aging. The board on aging shall explore opportunities for obtaining alternative funding from nonstate sources, including contributions from individuals seeking health insurance counseling services. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(d) Deaf and Hard-of-Hearing Services Grants

1,859,000	1,760,000
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[SERVICES TO DEAF PERSONS WITH MENTAL ILLNESS.] Of this appropriation, \$100,000 each year is to the commissioner for a grant to a nonprofit agency that currently serves deaf and

hard-of-hearing adults with mental illness through residential programs and supported housing outreach. The grant must be used to operate a community support program for persons with mental illness that is communicatively accessible for persons who are deaf or hard-of-hearing. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

[DEAF-BLIND ORIENTATION AND MOBILITY SERVICES.] Of this appropriation, \$120,000 for the biennium is to the commissioner for a grant to Deaf-Blind Services Minnesota to hire an orientation and mobility specialist to work with deaf-blind people. The specialist will provide services to deaf-blind Minnesotans, and training to teachers and rehabilitation counselors, on a statewide basis. This is a one-time appropriation and shall not become part of base level funding for this activity for the 2002-2003 biennium.

(e) Mental Health Grants

General	45,169,000	46,528,000
Lottery Prize	1,158,000	1,158,000

[CRISIS HOUSING.] Of the general fund appropriation, \$126,000 in fiscal year 2000 and \$150,000 in fiscal year 2001 is to the commissioner for the adult mental illness crisis housing assistance program under Minnesota Statutes, section 245.99. This appropriation shall become part of the base for the 2002-2003 biennium.

[ADOLESCENT COMPULSIVE GAMBLING GRANT.] \$150,000 in fiscal year 2000 and \$150,000 in fiscal year 2001 is appropriated from the lottery prize fund created under Minnesota Statutes, section 349A.10, subdivision 2, to the commissioner for the purposes of a grant to a compulsive gambling council located in St. Louis county for a statewide compulsive gambling prevention and education project for adolescents.

(f) Developmental Disabilities Community Support Grants

	9,323,000	10,958,000
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[CRISIS INTERVENTION PROJECT.] Of this appropriation, \$40,000 in fiscal year 2000 is to the commissioner for the action, support, and prevention project of southeastern Minnesota.

[SILS FUNDING.] Of this appropriation, \$1,000,000 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, \$1,000,000 in fiscal year 2000 and \$2,500,000 in fiscal year 2001 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

349,052,000

414,240,000

[PROVIDER RATE INCREASES.] (a) The commissioner shall increase reimbursement rates by four percent the first year of the biennium and by three percent the second year for the providers listed in paragraph (b). The increases shall be effective for services rendered on or after July 1 of each year.

(b) The rate increases described in this section shall be provided to home and community-based waived services for persons with mental retardation or related conditions under Minnesota Statutes, section 256B.501; home and community-based waived 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 waived services under Minnesota Statutes, section 256B.49; nursing services and home health services under Minnesota Statutes, section 256B.0625, subdivision 6a; personal care services and nursing supervision of personal care services under Minnesota Statutes, section 256B.0625, subdivision 19a; private-duty nursing services under Minnesota Statutes, section 256B.0625, subdivision 7; day training and habilitation services for adults with mental retardation or related conditions under Minnesota Statutes, sections 252.40 to 252.46; alternative care services under Minnesota Statutes, section 256B.0913; adult residential program grants under Minnesota Rules, parts 9535.2000 to 9535.3000; adult and family community support grants under Minnesota Rules, parts 9535.1700 to 9535.1760; semi-independent living services under Minnesota Statutes, section 252.275, including SILS funding under county social services grants formerly funded under Minnesota Statutes, chapter 256I; and community support services for deaf and hard-of-hearing adults with mental illness who use or wish to use sign language as their primary means of communication.

(c) The commissioner shall increase reimbursement rates by two percent for the group residential housing supplementary service rate under Minnesota Statutes, section 256I.05, subdivision 1a, for services rendered on or after January 1, 2000.

(d) Providers that receive a rate increase under this section shall use at least 80 percent of the additional revenue to increase the compensation paid to employees other than the administrator and central office staff.

(e) A copy of the provider's plan for complying with paragraph (d) must be made available to all employees. This must be done by giving each employee a copy or by posting it in an area of the provider's operation to which all employees have access. If an employee does not receive the salary adjustment described in the plan and is unable to resolve the problem with the provider, the employee may contact the employee's union representative. If the employee is not covered by a collective bargaining agreement, the employee may contact the commissioner at a phone number provided by the commissioner and included in the provider's plan.

(f) Section 13, sunset of uncodified language, does not apply to this provision.

[DEVELOPMENTAL DISABILITIES WAIVER SLOTS.] Of this appropriation, \$1,746,000 in fiscal year 2000 and \$4,683,000 in fiscal year 2001 is to increase the availability of home and community-based waiver services for persons with mental retardation or related conditions.

(h) Medical Assistance Long-Term Care Facilities

546,228,000

558,349,000

[MORATORIUM EXCEPTIONS.] Of this appropriation, \$250,000 in fiscal year 2000 and \$250,000 in fiscal year 2001 is from the general fund to the commissioner for the medical assistance costs of moratorium exceptions approved by the commissioner of health under Minnesota Statutes, section 144A.073. Unexpended money appropriated for fiscal year 2000 shall not cancel but shall be available for fiscal year 2001.

[NURSING FACILITY OPERATED BY THE RED LAKE BAND OF CHIPPEWA INDIANS.] (1) The medical assistance payment rates for the 47-bed nursing facility operated by the Red Lake Band of Chippewa Indians must be calculated according to allowable reimbursement costs under the medical assistance program, as specified in Minnesota Statutes, section 246.50, and are subject to the facility-specific Medicare upper limits.

(2) In addition, the commissioner shall make available an operating payment rate adjustment effective July 1, 1999, and July 1, 2000, that is equal to the adjustment provided under Minnesota Statutes, section 256B.431, subdivision 28. The commissioner must use the facility's final 1998 and 1999 Medicare cost reports, respectively, to calculate the adjustment. The adjustment shall be available based on a plan submitted and

approved according to Minnesota Statutes, section 256B.431, subdivision 28. Section 13, sunset of uncodified language, does not apply to this paragraph.

[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~~ 43. This amount is available the day following final enactment.

(i) Alternative Care Grants

General	60,873,000	59,981,000
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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.

[ALTERNATIVE CARE 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	66,477,000	70,390,000
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[GROUP RESIDENTIAL FACILITY FOR WOMEN IN RAMSEY COUNTY.] (a) Notwithstanding Minnesota Statutes 1998, section 256I.05, subdivision 1d, the new 23-bed group residential facility for women in Ramsey county, with approval by the county agency, may negotiate a supplementary service rate in addition to the board and lodging rate for facilities licensed and registered by the Minnesota department of health under Minnesota Statutes, section ~~15.17~~ 157.17. The supplementary service rate shall not exceed \$564 per person per month and the total rate may not exceed \$1,177 per person per month.

(b) Of the general fund appropriation, \$19,000 in fiscal year 2000 and \$38,000 in fiscal year 2001 is to the commissioner for the costs associated with paragraph (a). This appropriation shall become part of the base for the 2002-2003 biennium.

(k) Chemical Dependency Entitlement Grants

General	36,751,000	38,847,000
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(l) Chemical Dependency Nonentitlement Grants

General	6,778,000	6,328,000
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[CHEMICAL DEPENDENCY SERVICES.] Of this appropriation, \$450,000 in fiscal year 2000 is to the commissioner for chemical dependency services to persons who qualify under Minnesota Statutes, section 254B.04, subdivision 1, paragraph (b).

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 10. Laws 1999, chapter 245, article 4, section 121, is amended to read:

Sec. 121. [EFFECTIVE DATE.]

(a) Sections 3, 4, 5, 45, 95, and 97, subdivision 3, paragraph (d), are effective July 1, 2000.

(b) Section 56 is effective upon federal approval.

EFFECTIVE DATE: This section is effective the day following final enactment.

Sec. 11. [REPEALER.]

(a) Minnesota Statutes 1999 Supplement, section 144.396, subdivision 13, is repealed.

(b) Laws 1997, chapter 203, article 7, section 27, is repealed.

EFFECTIVE DATE: This section is effective the day following final enactment.

ARTICLE 12

STATE GOVERNMENT APPROPRIATIONS

Section 1. [APPROPRIATIONS.]

The sums shown in the columns marked "APPROPRIATIONS" are appropriated from the general fund, or any other fund named, to the agencies and for the purposes specified in this article, to be available for the fiscal years indicated for each purpose. The figures "2000" and "2001" mean that the appropriation or appropriations listed under them are available for the fiscal year ending June 30, 2000, or June 30, 2001, respectively, and if an earlier appropriation was made for that purpose for that year, the appropriation in this article is added to it. Where a dollar amount appears in parentheses, it means a reduction of an earlier appropriation for that purpose for that year.

SUMMARY BY FUND

	2000	2001	BIENNIAL TOTAL
General	\$2,994,000	\$(524,000)	\$2,470,000
Special Revenue	-0-	249,000	249,000
TOTAL	\$2,994,000	\$(275,000)	\$2,719,000

APPROPRIATIONS
Available for the Year
Ending June 30

	2000	2001
	\$	\$
Sec. 2. SECRETARY OF STATE	4,000,000	-0-
<p>To construct and maintain the Uniform Commercial Code central filing system required by Laws 2000, chapter 399, to be available until June 30, 2001.</p>		
Sec. 3. OFFICE OF STRATEGIC AND LONG-RANGE PLANNING	200,000	-0-

For grants of \$50,000 each to regional development commissions or, in regions not served by regional development commissions, to regional organizations selected by the director, to support planning work on behalf of local units of government. A region that received a grant from the appropriation in Laws 1999, chapter 250, article 1, section 11 or 14, for regional planning is not eligible to receive a grant from this appropriation. This appropriation is available until June 30, 2001. The planning work must include, but need not be limited to:

- (1) development of local zoning ordinances;
- (2) land use plans;
- (3) community or economic development plans;
- (4) transportation and transit plans;
- (5) solid waste management plans;
- (6) wastewater management plans;
- (7) workforce development plans;
- (8) housing development plans or market analysis;
- (9) rural health service and senior nutrition plans; or
- (10) natural resources management plans.

Sec. 4. ADMINISTRATION

Subdivision 1. Office of Technology Long-Range Plan

APPROPRIATIONS
Available for the Year
Ending June 30

	2000	2001
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Notwithstanding Laws 1999, chapter 250, article 1, section 12, subdivision 3, the appropriation for the second year is available for expenditure.

Subd. 2. Metropolitan Radio Board

	-0-	249,000
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This appropriation is from the special revenue fund.

This appropriation is canceled if a law is enacted authorizing a statewide 800 megahertz radio system.

Subd. 3. Year 2000 Contingency Surplus

Notwithstanding Laws 1999, chapter 250, article 1, section 12, subdivision 4, of the unexpended balance of the appropriation to address year 2000 changes, \$1,400,000 is reappropriated to enable the electronic delivery of government services and \$600,000 is added to the appropriation to the commissioner of revenue for the income tax reengineering initiative in Laws 1999, chapter 250, article 1, section 16, subdivision 2. These appropriations are available until June 30, 2003.

Subd. 4. Data Practices Base Adjustment

If H. F. No. 3501 is enacted by the 2000 legislature, the commissioner of finance shall not treat any costs imposed by it as a base adjustment to the budget of the department of administration for fiscal year 2002 or 2003.

Subd. 5. Facilities Management

	-0-	1,268,000
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To be added to the appropriation for office space costs of the legislature and veterans organizations, for ceremonial space, and for statutorily free space, in Laws 1999, chapter 250, article 1, section 12, subdivision 5. This is a one-time appropriation.

Sec. 5. CAMPAIGN FINANCE AND DISCLOSURE BOARD

	38,000	-0-
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For legal costs for the board's defense of a constitutionality challenge, to be available until June 30, 2001.

Sec. 6. EMPLOYEE RELATIONS

	-0-	100,000
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To pay the costs of conducting the postretirement and active employee health care study and preparing the report required by 2000 S. F. No. 2796, article 5, section 1. The retirement funds participating in the study may contribute a total of \$100,000 additional money to help pay these costs.

APPROPRIATIONS
Available for the Year
Ending June 30
2000 2001

Sec. 7. GAMBLING CONTROL BOARD 90,000 -0-

For workers' compensation claims. Money not expended in the first year is available for expenditure in the second year.

Sec. 8. MINNEAPOLIS EMPLOYEES RETIREMENT FUND (1,334,000) (1,892,000)

This is a reduction in payments made to the Minneapolis employees retirement fund under Minnesota Statutes, section 422A.101, subdivision 3. The reduction for fiscal year 2002 is estimated to be \$1,892,000 and the reduction for fiscal year 2003 is estimated to be \$1,892,000.

Sec. 9. Minnesota Statutes 1999 Supplement, section 16A.103, subdivision 1, is amended to read:

Subdivision 1. [STATE REVENUE AND EXPENDITURES.] In February and November each year, the commissioner shall prepare a forecast of state revenue and expenditures. The November forecast must be delivered to the legislature and governor no later than the end of the first week of December. The February forecast must be delivered to the legislature and governor by the end of February. Forecasts must be delivered to the legislature and governor on the same day. If requested by the legislative commission on planning and fiscal policy, delivery to the legislature must include a presentation to the commission.

Subd. 1a. [FORECAST PARAMETERS.] The forecast must assume the continuation of current laws and reasonable estimates of projected growth in the national and state economies and affected populations. Revenue must be estimated for all sources provided for in current law. Expenditures must be estimated for all obligations imposed by law and those projected to occur as a result of inflation and variables outside the control of the legislature.

Subd. 1b. [FORECAST VARIABLE.] In determining the rate of inflation, the application of inflation, the amount of state bonding as it affects debt service, the calculation of investment income, and the other variables to be included in the expenditure part of the forecast, the commissioner must consult with the ~~chair~~ chairs and lead minority members of the senate state government finance committee; ~~and the chair of the house committee~~ on ways and means committee, and ~~house and senate legislative~~ house and senate legislative fiscal staff. This consultation must occur at least three weeks before the forecast is to be released. No later than two weeks prior to the release of the forecast, the commissioner must inform the chairs and lead minority members of the senate state government finance committee and the house ways and means committee, and legislative fiscal staff of any changes in these variables from the previous forecast.

Subd. 1c. [EXPENDITURE DATA.] State agencies must submit any revisions in expenditure data the commissioner determines necessary for the forecast to the commissioner at least four weeks prior to the release of the forecast. The information submitted by state agencies and any modifications to that information made by the commissioner must be made available to legislative fiscal staff no later than three weeks prior to the release of the forecast.

Subd. 1d. [REVENUE DATA.] On a monthly basis, the commissioner must provide legislative fiscal staff with an update of the previous month's state revenues no later than 12 days after the end of that month.

Subd. 1e. [ECONOMIC INFORMATION.] The commissioner must review economic information including economic forecasts with legislative fiscal staff no later than two weeks before the forecast is released. The commissioner must invite the chairs and lead minority members of the senate state government finance committee and the house ways and means committee, and legislative fiscal staff to attend any meetings held with outside economic advisors. The commissioner must provide legislative fiscal staff with monthly economic forecast information received from outside sources.

Subd. 1f. [PERSONAL INCOME.] In addition, the commissioner shall forecast Minnesota personal income for each of the years covered by the forecast and include these estimates in the forecast documents.

Subd. 1g. [PERIOD TO BE FORECAST.] A forecast prepared during the first fiscal year of a biennium must cover that biennium and the next biennium. A forecast prepared during the second fiscal year of a biennium must cover that biennium and the next two bienniums.

Sec. 10. Minnesota Statutes 1998, section 16A.11, subdivision 3, is amended to read:

Subd. 3. [PART TWO: DETAILED BUDGET.] (a) Part two of the budget, the detailed budget estimates both of expenditures and revenues, must contain any statements on the financial plan which the governor believes desirable or which may be required by the legislature. The detailed estimates shall include the governor's budget arranged in tabular form.

(b) The detailed estimates must include a separate line listing the total number of professional or technical service contracts and the total cost of those contracts for the prior biennium and the projected number of professional or technical service contracts and the projected costs of those contracts for the current and upcoming biennium. They must also include a summary of the personnel employed by the agency, reflected as full-time equivalent positions, and the number of professional or technical service consultants for the current biennium.

(c) The detailed estimates for internal service funds must include the number of full-time equivalents by program; detail on any loans from the general fund, including dollar amounts by program; proposed investments in technology or equipment of \$100,000 or more; an explanation of any operating losses or increases in retained earnings; and a history of the rates that have been charged, with an explanation of any rate changes and the impact of the rate changes on affected agencies.

Sec. 11. Minnesota Statutes 1998, section 16A.126, subdivision 2, is amended to read:

Subd. 2. [IMMEDIATE NEEDS.] To reduce reserves for unforeseen needs, and so reduce these rates, the commissioner may transfer money from the general fund to a revolving fund. Before doing so, the commissioner must decide there is not enough money in the revolving fund for an immediate, necessary expenditure. The amount necessary to make the transfer is appropriated from the general fund to the commissioner of finance. The commissioner shall report the amount and purpose of the transfer to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the department of finance.

Sec. 12. Minnesota Statutes 1999 Supplement, section 16A.129, subdivision 3, is amended to read:

Subd. 3. [CASH ADVANCES.] When the operations of any nongeneral fund account would be impeded by projected cash deficiencies resulting from delays in the receipt of grants, dedicated income, or other similar receivables, and when the deficiencies would be corrected within the budget period involved, the commissioner of finance may use general fund cash reserves to meet cash demands. If funds are transferred from the general fund to meet cash flow needs, the cash flow transfers must be returned to the general fund as soon as sufficient cash balances are available in the account to which the transfer was made. ~~The fund to which general fund cash was advanced must pay interest on the cash advance at a rate comparable to the rate earned by the state on invested treasurer's cash, as determined monthly by the commissioner. An amount necessary to pay the interest is appropriated from the nongeneral fund to which the cash advance was made.~~ Any interest earned on general fund cash flow transfers accrues to the general fund and not to the accounts or funds to which the transfer was made. The commissioner may advance general fund cash reserves to nongeneral fund accounts where the receipts from other governmental units cannot be collected within the budget period.

Sec. 13. [16A.633] [CAPITAL FUNDING CONTINGENT ON MAINTAINING DATA.]

Subdivision 1. [STATE AGENCIES.] Each state agency shall provide to the commissioner of administration the data necessary for the commissioner to maintain the department's database on the location, description, and condition of state-owned facilities. The data must be provided by September 1 each year. The commissioner of administration must maintain both the current inventory data and historical data. A state agency is not eligible to receive capital funding unless the agency has provided the data required.

Subd. 2. [MINNESOTA STATE COLLEGES AND UNIVERSITIES.] The board of trustees of the Minnesota state colleges and universities shall establish and maintain data on the location, description, and condition of board-owned facilities that is comparable with the database established by the department of administration. The data must be updated annually and the board must maintain both current inventory data and historical data. The board is not eligible to receive capital funding unless the board has established and maintains the data required.

Subd. 3. [UNIVERSITY OF MINNESOTA.] The board of regents of the University of Minnesota is requested to establish and maintain data on the location, description, and condition of university-owned facilities that is comparable with the database established by the department of administration. The university is requested to update the data annually and maintain both current inventory data and historical data. The board of regents is not eligible to receive capital funding unless the board has established and maintains the data required.

Sec. 14. Minnesota Statutes 1998, section 16B.052, is amended to read:

16B.052 [AUTHORITY TO TRANSFER FUNDS.]

The commissioner may, with the approval of the commissioner of finance, transfer from an internal service or enterprise fund account to another internal service or enterprise fund account, any contributed capital appropriated by the legislature. The transfer may be made only to provide working capital or positive cash flow in the account to which the money is transferred. The commissioner shall report the amount and purpose of the transfer to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the department of administration. The transfer must be repaid within 18 months.

Sec. 15. Minnesota Statutes 1998, section 16B.48, subdivision 4, is amended to read:

Subd. 4. [REIMBURSEMENTS.] Except as specifically provided otherwise by law, each agency shall reimburse intertechnologies and general services revolving funds for the cost of all services, supplies, materials, labor, and depreciation of equipment, including reasonable overhead costs, which the commissioner is authorized and directed to furnish an agency. The cost of all publications or other materials produced by the commissioner and financed from the general services revolving fund must include reasonable overhead costs. The commissioner of administration shall report the rates to be charged for each revolving fund no later than July 1 each year to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the department of administration. The commissioner of finance shall make appropriate transfers to the revolving funds described in this section when requested by the commissioner of administration. The commissioner of administration may make allotments, encumbrances, and, with the approval of the commissioner of finance, disbursements in anticipation of such transfers. In addition, the commissioner of administration, with the approval of the commissioner of finance, may require an agency to make advance payments to the revolving funds in this section sufficient to cover the agency's estimated obligation for a period of at least 60 days. All reimbursements and other money received by the commissioner of administration under this section must be deposited in the appropriate revolving fund. Any earnings remaining in the fund established to account for the documents service prescribed by section 16B.51 at the end of each fiscal year not otherwise needed for present or future operations, as determined by the commissioners of administration and finance, must be transferred to the general fund.

Sec. 16. Minnesota Statutes 1998, section 16B.485, is amended to read:

16B.485 [INTERFUND LOANS.]

The commissioner may, with the approval of the commissioner of finance, make loans from an internal service or enterprise fund to another internal service or enterprise fund, and the amount necessary is appropriated from the fund that makes the loan. The commissioner shall report the amount and purpose of the loan to the chair of the committee or division in the senate and house of representatives with primary jurisdiction over the budget of the department of administration. The term of a loan made under this section must be not more than 24 months.

Sec. 17. Minnesota Statutes 1998, section 16E.04, is amended by adding a subdivision to read:

Subd. 3. [RISK ASSESSMENT AND MITIGATION.] (a) A risk assessment and risk mitigation plan are required for an information systems development project estimated to cost more than \$1,000,000 that is undertaken by a state agency in the executive or judicial branch or by a constitutional officer. The commissioner of administration must contract with an entity outside of state government to conduct the assessment and prepare the mitigation plan for a project estimated to cost more than \$5,000,000. The outside entity conducting the risk assessment and preparing the mitigation plan must not have any other direct or indirect financial interest in the project. The risk assessment and risk mitigation plan must provide for periodic monitoring by the commissioner until the project is completed.

(b) The risk assessment and risk mitigation plan must be paid for with money appropriated for the information systems development project. No more than ten percent of the amount anticipated to be spent on the project, other than the money spent on the risk assessment and risk mitigation plan, may be spent until the risk assessment and mitigation plan are reported to the commissioner of administration and the commissioner has approved the risk mitigation plan.

Sec. 18. Minnesota Statutes 1998, section 422A.101, subdivision 3, is amended to read:

Subd. 3. [STATE CONTRIBUTIONS.] (a) Subject to the limitation set forth in paragraph (c), the state shall pay to the Minneapolis employees retirement fund annually an amount equal to the amount calculated under paragraph (b).

(b) The payment amount is an amount equal to the financial requirements of the Minneapolis employees retirement fund reported in the actuarial valuation of the fund prepared by the commission-retained actuary pursuant to section 356.215 for the most recent year but based on a target date for full amortization of the unfunded actuarial accrued liabilities by June 30, 2020, less the amount of employee contributions required pursuant to section 422A.10, and the amount of employer contributions required pursuant to subdivisions 1a, 2, and 2a. Payments shall be made ~~in four equal installments, occurring on March 15, July 15, September 15, and November 15~~ annually.

(c) The annual state contribution under this subdivision may not exceed ~~\$10,455,000 through fiscal year 1998 and \$9,000,000 beginning in fiscal year 1999~~, plus the cost of the annual supplemental benefit determined under section 356.865.

(d) If the amount determined under paragraph (b) exceeds \$11,910,000, the excess must be allocated to and paid to the fund by the employers identified in subdivisions 1a and 2, other than units of metropolitan government. Each employer's share of the excess is proportionate to the employer's share of the fund's unfunded actuarial accrued liability as disclosed in the annual actuarial valuation prepared by the actuary retained by the legislative commission on pensions and retirement compared to the total unfunded actuarial accrued liability attributed to all employers identified in subdivisions 1a and 2, other than units of metropolitan government. Payments must be made in equal installments as set forth in paragraph (b).

Sec. 19. Laws 1999, chapter 250, article 1, section 11, is amended to read:

Sec. 11. OFFICE OF STRATEGIC AND LONG-RANGE
PLANNING

6,891,000

4,417,000

\$100,000 the first year is to integrate the office's information technology and is available until June 30, 2003. The director shall report on the progress of the unit to the chairs of the legislative committees responsible for this budget item by January 15, 2000, 2001, and 2002.

\$1,600,000 the first year is for a generic environmental impact statement on animal agriculture.

\$200,000 the first year is to perform program evaluations of agencies in the executive branch.

The program evaluation division will report to the legislature by December 1, 2000, ways to reduce state government expenditures by five to ten percent.

\$100,000 the first year is to provide administrative support to community-based planning efforts.

\$150,000 the first year is for a grant of \$50,000 to the southwest regional development commission for the continuation of the pilot program and two additional grants of \$50,000 each to regional development commissions or, in regions not served by regional development commissions, to regional organizations selected by the director of strategic and long-range planning, to support planning work on behalf of local units of government. The planning work shall include, but need not be limited to:

- (1) development of local zoning ordinances;
- (2) land use plans;
- (3) community or economic development plans;
- (4) transportation and transit plans;
- (5) solid waste management plans;
- (6) wastewater management plans;
- (7) workforce development plans;
- (8) housing development plans and/or market analysis;
- (9) rural health service plans;
- (10) natural resources management plans; or

(11) development of geographical information systems database to serve a region's needs, including hardware and software purchases and related labor costs.

\$200,000 the first year is to prepare the generic environmental impact statement on urban development required by section 108. Any unencumbered balance remaining in the first year does not cancel and is available for the second year of the biennium.

\$24,000 the first year is for the southwest Minnesota wind monitoring project.

\$100,000 the first year is for a grant to the city of Mankato to complete the Mankato area growth management and planning study, phase 2. The appropriation is available until June 30, 2002. The appropriation must be matched by an in-kind donation of \$100,000 in administrative, technical, and higher educational internship support and supervision. The value of the in-kind donations must be determined by the commissioner of finance.

The city shall serve as fiscal agent to complete the study under the 1997 regional planning joint powers agreement among the cities of Mankato, North Mankato, and Eagle Lake; the counties of Nicollet and Blue Earth; and the towns of Mankato, South Bend, Lime, Decoria, and Belgrade, without limitation on the rights of the parties to that agreement to add or remove members. The study is intended as an alternative to community-based planning. The study is intended to develop information and analysis to provide guidance on such issues as:

(1) the development of joint planning agreements to implement a unified growth management strategy;

(2) joint service ventures, such as planning or zoning administration in urban fringe areas;

(3) orderly growth and annexation agreements between cities and townships;

(4) feedlot regulations in urban fringe areas and future growth corridors;

(5) service strategies for unsewered subdivisions;

(6) other joint ventures for city, county, and township service delivery in fringe areas;

(7) feasibility of a rural township taxing district; and

(8) alternatives to the current community-based planning legislation that would add flexibility and improve the planning process.

The city of Mankato shall report the results of the study to the legislature by January 15, 2002.

Sec. 20. Laws 1999, chapter 250, article 1, section 12, subdivision 8, is amended to read:

Subd. 8. Public Broadcasting

3,443,000	3,330,000
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\$1,450,000 the first year and \$1,450,000 the second year are for matching grants for public television.

\$600,000 the first year and \$600,000 the second year are for public television equipment needs. Equipment grant allocations shall be made after considering the recommendations of the Minnesota public television association.

\$441,000 the first year and \$441,000 the second year are for grants and for contracts with the senate and house of representatives for ~~public information~~ television, Internet, intranet, and other transmission of legislative activities. At least one-half must go for programming to be ~~broadcast in~~ transmitted to rural Minnesota.

\$25,000 the first year and \$25,000 the second year are for grants to the Twin Cities regional cable channel.

\$320,000 the first year and \$320,000 the second year are for community service grants to public educational radio stations, which must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations under Minnesota Statutes, section 129D.14. Of this appropriation, \$30,000 the first year and \$30,000 the second year are for station WTIP-FM in Grand Marais, which need not meet the requirements of Minnesota Statutes, section 129D.14, until July 1, 2002.

\$494,000 the first year and \$494,000 the second year are for equipment grants to public radio stations. These grants must be allocated after considering the recommendations of the Association of Minnesota Public Educational Radio Stations and Minnesota Public Radio, Inc.

If an appropriation for either year for grants to public television or radio stations is not sufficient, the appropriation for the other year is available for it.

Sec. 21. Laws 1999, chapter 250, article 1, section 14, subdivision 3, is amended to read:

Subd. 3. Information and Management Services

16,643,000	9,932,000
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~~\$100,000 the first year is for a grant to the city of Mankato to complete the Mankato area growth management and planning study, phase 2. The appropriation is available until June 30, 2002. The appropriation must be matched by an in-kind donation of \$100,000 in administrative, technical, and higher educational internship support and supervision. The value of the in-kind donations must be determined by the commissioner of finance.~~

~~The city shall serve as fiscal agent to complete the study under the 1997 regional planning joint powers agreement among the cities of Mankato, North Mankato, and Eagle Lake; the counties of Nicollet and Blue Earth; and the towns of Mankato, South Bend, Lime, Decoria, and Belgrade, without limitation on the rights of the parties to that agreement to add or remove members. The study is intended as an alternative to community-based planning. The study is intended to develop information and analysis to provide guidance on such issues as:~~

- ~~(1) the development of joint planning agreements to implement a unified growth management strategy;~~
- ~~(2) joint service ventures, such as planning or zoning administration in urban fringe areas;~~
- ~~(3) orderly growth and annexation agreements between cities and townships;~~
- ~~(4) feedlot regulations in urban fringe areas and future growth corridors;~~
- ~~(5) service strategies for unsewered subdivisions;~~
- ~~(6) other joint ventures for city, county, and township service delivery in fringe areas;~~
- ~~(7) feasibility of a rural township taxing district; and~~
- ~~(8) alternatives to the current community-based planning legislation that would add flexibility and improve the planning process.~~

~~The city of Mankato shall report the results of the study to the legislature by January 15, 2002.~~

~~\$6,839,000 the first year is a one-time appropriation to upgrade the human resources and payroll system and is available until June 30, 2003. The commissioner shall report on the progress of this project to the chairs of the legislative committees responsible for this budget item by January 15, 2000, 2001, and 2002.~~

~~The commissioner of finance shall work with the commissioners of employee relations and administration and shall develop as part of the human resource and payroll systems upgrade, and submit to~~

the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000, a long-range plan for the statewide business systems: human resources, payroll, accounting, and procurement. The plan must detail each system's original development costs, its expected life cycle, the estimated cost of upgrading software to newer versions during its life cycle, its operating costs to date, and the factors that are expected to drive future operating costs within the departments of finance, administration, and employee relations. The plan must also include an evaluation of and recommendations on whether, for the statewide business systems, the state should use software that is developed and maintained in house; proprietary software, either modified or unmodified; a private vendor; or a particular combination of these options.

The commissioner of finance, in consultation with senate and house fiscal staff and the commissioner of administration, shall develop recommendations for inclusion in the governor's fiscal year 2002-2003 budget document on the presentation of internal service funds. The commissioner of finance shall submit the recommendations to the chairs of the senate governmental operations budget division and the house state government finance committee by January 15, 2000.

The department shall prepare a separate budget book for the biennium beginning July 1, 2001, containing all of the administration's technology initiatives. The book must also include a complete inventory of state-owned and leased technology, along with a projected replacement schedule. The inventory must include information on how the technology fits into the state's master plan.

Sec. 22. Laws 1999, chapter 250, article 1, section 18, is amended to read:

Sec. 18. VETERANS AFFAIRS	5,885,000	4,369,000
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\$1,544,000 the first year and \$1,544,000 the second year are for emergency financial and medical needs of veterans. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

\$12,000 the first year and \$13,000 the second year are one-time funding to provide grants to local veterans' organizations that provide transportation services for veterans to veterans administration medical facilities.

The commissioner of veterans affairs, in cooperation with the board of directors of the Minnesota veterans homes and the United States Veterans Administration, shall study the feasibility and desirability of supplementing the missions of the veterans homes and the Veterans Administration hospitals in Minnesota by entering into agreements with health care providers throughout the state to provide free or reduced-cost comprehensive health care

to veterans close to their places of residence as a supplement to private health insurance. The commissioner shall report the results of the study and any recommendations to the legislature by January 15, 2000.

With the approval of the commissioner of finance, the commissioner of veterans affairs may transfer the unencumbered balance from the veterans relief program to other department programs during the fiscal year. Before the transfer, the commissioner of veterans affairs shall explain why the unencumbered balance exists. The amounts transferred must be identified to the chairs of the senate governmental operations budget committee and the house state government finance committee.

\$275,000 the first year and \$275,000 the second year are for a grant to the Vinland National Center.

\$1,485,000 the first year is to make bonus payments authorized under Minnesota Statutes, section 197.79. The appropriation may not be used for administrative purposes. The appropriation does not expire until the commissioner acts on all applications submitted under Minnesota Statutes, section 197.79.

\$105,000 the first year is to administer the bonus program established under Minnesota Statutes, section 197.79. The appropriation does not expire until the commissioner acts on all the applications submitted under Minnesota Statutes, section 197.79.

\$233,000 the first year and \$235,000 the second year are for grants to county veterans offices ~~for training of county veterans service officers to enhance their effectiveness.~~

Sec. 23. [CLARIFICATION; EFFECT ON REPEAL.]

Laws 1999, chapter 250, article 3, does not repeal rules or fees in effect on the day before the effective date of Laws 1999, chapter 250, article 3.

Sec. 24. [BASE ADJUSTMENTS PROHIBITED.]

If a capital project authorized by the 2000 legislature causes a change in operating costs for a state agency, the commissioner of finance shall not treat that change as a base adjustment in the agency's budget for fiscal years 2002 and 2003.

Sec. 25. [REPEALER.]

Laws 1999, chapter 250, article 1, section 15, subdivision 4, is repealed.

Sec. 26. [EFFECTIVE DATE.]

Except as otherwise provided in this article, this article is effective the day following final enactment. Section 13 is effective June 30, 2001. Section 17 is effective the day following final enactment and applies to information systems development projects that have not progressed beyond initial planning and assessment before its effective date.

ARTICLE 13

MINNESOTA COMPREHENSIVE HEALTH ASSOCIATION

Section 1. [MINNESOTA WORKERS' COMPENSATION ASSIGNED RISK PLAN SURPLUS UTILIZATION.]

On January 15, 2001, the commissioner of finance shall transfer \$15,000,000 in assets of the assigned risk plan to the general fund and \$15,000,000 is appropriated from the general fund to the commissioner of commerce to be paid to the Minnesota comprehensive health association for the exclusive purpose of reducing the association's operating deficit assessment for calendar year 2001."

Delete everything after the enacting clause and insert:

"A bill for an act relating to state government; appropriating money for jobs and economic development, environment, natural resources, agriculture, criminal justice, state government, health, and human services; modifying term limit provisions for the rehabilitation advisory council for the blind; modifying a match requirement for the Judy Garland museum; exempting certain individuals from certain unemployment insurance additional benefits requirements; authorizing certain school food service workers to use wage credits earned for benefit purposes; exempting the jobs skills partnership board from certain state contracting requirements; modifying certain fees; providing for the expiration of securities filings; providing for a refund of certain excess securities fees; authorizing the rural policy and development center board to appoint additional members; authorizing the job skills partnership board to make certain grants; authorizing the Minnesota state colleges and universities board to make certain investments; increasing certain penalties; providing certain rights to next of kin of a deceased employee; extending the expiration date of the legislative electric energy task force; modifying provisions relating to renewable energy incentive payments; setting a goal for the department of economic security; increasing grant limits; modifying unemployment benefit eligibility; modifying a dislocated worker grant provision; codifying electrical inspection fee provisions; extending sunset date for board of boxing; transferring boxing regulation to the board of health; authorizing a study; modifying unclaimed property provisions; extending the time a grant is available; canceling certain appropriations; reducing appropriations to the department of commerce; modifying agricultural licensing fees; changing certain agricultural chemical reimbursement and ethanol producer payment provisions; modifying provisions relating to rural finance authority; creating the agroforestry loan program; creating certain recreation areas; modifying natural resources funding formulas; modifying state trail and park provisions; modifying drainage authority funding sources; modifying storage tank provisions; modifying certain resource recovery facility provisions; modifying provisions relating to state land transfers; creating an agricultural land set-aside program; increasing criminal penalty fines; requiring a study on issues related to providing shelter for victims of domestic violence; authorizing local road authorities to provide by ordinance for designation of pedestrian safety crossings on highways under certain circumstances; establishing a capitol complex oversight committee consisting of legislative and executive agency members to plan and oversee security in the capitol complex area; requiring the Minnesota safety council to enhance its crosswalk safety awareness program; authorizing the council to make grants to local units of government for enhancing enforcement of pedestrian safety laws; establishing a joint domestic abuse prosecution unit to be administered by the Ramsey county attorney's office and St. Paul city attorney office; establishing a grant program for peace officer education to combat juvenile prostitution; requiring the commissioner of public safety to develop an automobile theft prevention program; requiring the commissioner of corrections to develop a uniform method to calculate per diem cost of incarcerating offenders at state adult correctional facilities; adopting a formula that requires counties and the state to share costs of confinement at Minnesota correctional facility-Red Wing; authorizing the commissioner of corrections to make juvenile residential treatment grants; requiring placement of juveniles at Red Wing if admission criteria are met unless the court finds the safety of the child or community can best be met in an out-of-state facility; requiring mandatory commitment to the commissioner of corrections of certain juveniles who have refused or failed to complete sex offender or chemical treatment programs; authorizing conveyance of state land for regional jail programs; modifying provisions relating to state government operations; reducing the Minnesota comprehensive health association's operating deficit assessment; allowing a hospital construction project in Beltrami county; allowing exceptions to the nursing home moratorium; removing the reimbursement prohibition for marriage and family therapists under medical assistance; expanding the senior drug

program; requiring information on prescription drug patient assistance; changing long-term care provisions; increasing rates for nursing facilities and other providers; changing provisions governing public assistance programs; providing for immigration status verification and requiring a report to the Immigration and Naturalization Service on undocumented aliens; making changes to the distribution and treatment of child support in public assistance programs; establishing a local interventions for self-sufficiency grant program; establishing a supportive housing pilot project; establishing a nontraditional career assistance and training program; establishing an at-risk youth out-of-wedlock pregnancy prevention program; extending public assistance eligibility for certain groups; authorizing county pilot projects for families on public assistance; making technical corrections; amending Minnesota Statutes 1998, sections 16A.11, subdivision 3; 16A.126, subdivision 2; 16B.052; 16B.48, subdivision 4; 16B.485; 16C.05, subdivision 3; 16E.04, by adding a subdivision; 17.4988, subdivision 2; 17A.03, subdivision 5; 18E.04, subdivision 4; 41A.09, subdivision 3a; 41B.03, subdivisions 1 and 2; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 2; 41B.045, subdivision 2; 60H.03, by adding a subdivision; 80A.122, by adding a subdivision; 80A.28, subdivision 1; 85.015, by adding a subdivision; 85.34, subdivision 1, and by adding subdivisions; 97A.055, subdivision 2; 103E.011, by adding a subdivision; 116L.04, subdivision 1; 125A.74, subdivisions 1 and 2; 144.551, subdivision 1; 144A.071, subdivision 4a, and by adding a subdivision; 148B.32, subdivision 1; 168A.40, subdivisions 3 and 4; 169.21, subdivisions 2 and 3; 169.89, subdivision 2; 181A.12, subdivision 1; 182.661, subdivision 1; 182.666, subdivision 2, and by adding a subdivision; 216C.41, subdivision 3; 242.41; 242.43; 242.44; 252.28, by adding a subdivision; 256.01, by adding a subdivision; 256.741, by adding a subdivision; 256.955, subdivisions 1, 2, and by adding subdivisions; 256.9751; 256B.0625, by adding a subdivision; 256B.431, by adding subdivisions; 256B.434, by adding a subdivision; 256B.501, by adding a subdivision; 256B.69, subdivision 5d; 256J.32, by adding a subdivision; 256J.45, subdivision 3; 256J.47, subdivision 1; 256J.49, subdivision 13; 256J.50, subdivisions 5 and 7; 256L.05, subdivision 5; 268.362, subdivision 2; 297A.44, subdivision 1; 345.31, by adding a subdivision; 345.39, subdivision 1; 383B.235, by adding a subdivision; 422A.101, subdivision 3; 609.02, subdivisions 3 and 4a; 609.03; 609.033; 609.0331; 609.0332, subdivision 1; and 609.034; Minnesota Statutes 1999 Supplement, sections 16A.103, subdivision 1; 16A.129, subdivision 3; 62J.535, subdivision 2; 116.073, subdivision 1; 116J.421, subdivision 2; 119B.011, subdivision 15; 144.395, by adding a subdivision; 144.396, subdivisions 11 and 12; 242.192; 256.01, subdivision 2; 256.019; 256.955, subdivisions 4, 8, and 9; 256B.057, subdivision 3; 256B.0916, subdivision 1; 256B.094, subdivision 6; 256B.431, subdivisions 17 and 28; 256B.69, subdivisions 5b and 5c; 256D.03, subdivision 4; 256D.053, subdivision 1; 256J.08, subdivision 86; 256J.21, subdivision 2; 256J.33, subdivision 4; 256J.34, subdivisions 1 and 4; 256J.37, subdivision 9; 256J.52, subdivisions 3 and 5; 256J.56; 268.085, subdivision 4; 268.98, subdivision 3; and 326.105; Laws 1997, chapter 200, article 1, section 5, subdivision 3; chapter 203, article 9, section 21, as amended; chapter 225, article 4, section 4, as amended; Laws 1998, chapter 389, article 16, section 31, subdivision 2, as amended; chapter 404, section 7, subdivision 23, as amended; Laws 1999, chapter 216, article 1, sections 7, subdivision 6; 9; 14; and 18; chapter 223, article 1, section 6, subdivision 1; article 2, section 81, as amended; chapter 231, sections 2, subdivision 2; 6, as amended; 11, subdivision 3; and 14; chapter 245, article 1, section 2, subdivisions 5 and 8; article 4, section 121; and article 10, section 10; and chapter 250, article 1, sections 11; 12, subdivision 8; 14, subdivision 3; and 18; proposing coding for new law in Minnesota Statutes, chapters 16A; 41B; 116L; 136F; 144; 169; 182; 241; 242; 256J; 256K; 260B; 268; 299A; 299E; 326; and 345; repealing Minnesota Statutes 1998, section 168A.40, subdivision 1; Minnesota Statutes 1999 Supplement, sections 144.396, subdivision 13; and 168A.40, subdivision 2; Laws 1997, chapter 203, article 7, section 27; and Laws 1999, chapter 250, article 1, section 15, subdivision 4; and Minnesota Rules, part 3800.3810."

We request adoption of this report and repassage of the bill.

House Conferees: KEVIN GOODNO, TIM FINSETH, LYNDA BOUDREAU AND ROD SKOE.

Senate Conferees: DON SAMUELSON, JANE KRENTZ, LEONARD R. PRICE, JERRY R. JANEZICH AND SHEILA M. KISCADEN.

Goodno moved that the report of the Conference Committee on H. F. No. 2699 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2699, A bill for an act relating to public administration; appropriating money for health and human services, agriculture, environment and natural resources, criminal justice, state government, and economic development; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing penalties; amending Minnesota Statutes 1998, sections 13.82, subdivision 3b; 15.0591, subdivision 2; 15A.0815, subdivisions 2 and 3; 16A.10, by adding a subdivision; 16A.11, subdivision 3; 16A.124, by adding a subdivision; 16A.126, subdivision 2; 16B.052; 16B.31, by adding a subdivision; 16B.335, subdivision 5; 16B.42, subdivisions 2 and 3; 16B.48, subdivision 4; 16B.485; 17A.03, subdivision 5; 18E.04, subdivision 4; 41A.09, subdivision 3a; 41B.03, subdivisions 1 and 2; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 2; 41B.045, subdivision 2; 43A.38, subdivision 1; 60H.03, by adding a subdivision; 80A.122, by adding a subdivision; 80A.28, subdivision 1; 85A.02, subdivision 5a; 103E.011, by adding a subdivision; 115B.17, subdivision 19; 119A.05, subdivision 1; 119A.37, subdivision 4; 120B.22, subdivision 1; 121A.15, subdivisions 4 and 10; 125A.74, subdivisions 1 and 2; 138.17, subdivision 10; 144.551, subdivision 1; 144A.071, by adding a subdivision; 169.01, subdivision 37; 169.121, subdivision 3b; 169.129, by adding a subdivision; 169.21, subdivisions 2 and 3; 169.89, subdivision 2; 179A.18, subdivision 1; 181.932, subdivision 1; 182.661, subdivision 1; 182.666, subdivision 2, and by adding a subdivision; 193.143; 198.03, subdivision 1; 221.173; 242.41; 242.43; 242.44; 254B.03, subdivision 1; 256.01, by adding a subdivision; 256.011, subdivision 3; 256.741, by adding a subdivision; 256.955, subdivisions 1 and 2; 256.9753, subdivision 3; 256.995, subdivision 1; 256B.431, by adding subdivisions; 256B.69, subdivision 5d; 256J.08, by adding a subdivision; 256J.15, by adding a subdivision; 256J.32, by adding a subdivision; 256J.40; 256J.45, subdivision 3; 256J.46, by adding subdivisions; 256J.47, subdivision 1; 256J.49, subdivision 13; 256J.50, subdivisions 5 and 7; 256J.52, by adding a subdivision; 256L.05, subdivision 5; 257.75, subdivision 6; 268.362, subdivision 2; 345.31, by adding a subdivision; 345.39, subdivision 1; 349A.02, subdivision 1; 352.91, subdivision 3c, and by adding subdivisions; 352D.02, subdivision 1; 352D.04, subdivision 2; 356.30, subdivision 1; 383B.225, subdivision 2; 390.005, subdivision 3; 390.33, subdivision 1; 422A.101, subdivision 3; 471.345, by adding a subdivision; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; 490.124, subdivision 1; 518B.01, subdivision 21; 609.02, subdivisions 3 and 4a; 609.03; 609.033; 609.0331; 609.0332, subdivision 1; 609.034; 609.135, by adding a subdivision; 609.2231, subdivision 1; 609.378, subdivision 1; 611A.07, subdivision 1; 611A.32, subdivisions 1, 2, 3, and 5; 611A.33; 611A.34, subdivisions 1, 2, and 3; 611A.345; 611A.35; 611A.36, subdivisions 1 and 2; 626.556, by adding a subdivision; 629.342, subdivision 2; and 629.72, subdivision 6; Minnesota Statutes 1999 Supplement, sections 3.971, subdivision 8; 10A.01, subdivisions 2 and 21; 13.99, subdivision 108, and by adding a subdivision; 15.059, subdivision 5a; 16A.103, subdivision 1; 16A.129, subdivision 3; 16B.616, subdivisions 3 and 4; 62J.535, subdivision 2; 62J.694, subdivision 2; 116.073, subdivision 1; 116J.421, subdivision 2; 119B.011, subdivision 15; 119B.02, subdivision 1; 125B.21, subdivision 1; 144.395, by adding a subdivision; 144.396, subdivisions 11 and 12; 144A.04, subdivision 5; 147.09; 169.121, subdivisions 3, 3d, and 3f; 169.1217, subdivision 7; 169.129, subdivision 1; 179A.04, subdivision 3; 181.932, subdivision 2; 214.01, subdivision 2; 241.272, subdivision 6; 242.192; 256.01, subdivision 2; 256.019; 256.955, subdivisions 4, 8, and 9; 256B.0916, subdivision 1; 256B.69, subdivision 5b; 256D.03, subdivision 4; 256J.02, subdivision 2; 256J.08, subdivision 86; 256J.21, subdivision 2; 256J.26, subdivision 1; 256J.33, subdivision 4; 256J.34, subdivisions 1 and 4; 256J.46, subdivisions 1, 2, and 2a; 256J.52, subdivisions 3 and 5; 256J.56; 256L.07, subdivision 1; 326.105; 473.3993, subdivision 3; 609.135, subdivision 2; 626.556, subdivision 2; and 626.558, subdivision 1; Laws 1997, chapter 200, article 1, section 5, subdivision 3; Laws 1997, chapter 225, article 4, section 4, as amended; Laws 1998, chapter 389, article 16, section 31, subdivision 2, as amended; Laws 1999, chapter 216, article 1, sections 2, subdivision 3; 9; 14; Laws 1999, chapter 223, article 1, section 6, subdivision 1; article 2, section 81, as amended; article 3, section 8; Laws 1999, chapter 231, sections 2, subdivision 2; 6, as amended; 11, subdivision 3; Laws 1999, chapter 245, article 1, section 2, subdivisions 3, 5, and 10; article 4, section 121; and Laws 1999, chapter 250, article 1, sections 11; 14, subdivision 3; 18; and 116; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 10A; 16A; 41B; 43A; 85; 136F; 144; 145; 169; 181; 182; 198; 242; 252; 256J; 256K; 260B; 326; 345; 473; and 611A; proposing coding for new law as Minnesota Statutes, chapter 146A; repealing Minnesota Statutes 1998, sections 16B.37, subdivisions 1, 2, and 3; 16B.88; 16E.01, subdivisions 2 and 3; 16E.03, subdivisions 1 and 3; 16E.04, subdivision 1; 16E.05; 16E.06; 16E.07, subdivisions 1, 2, 3, 5, 6, 7, 8, 9, 10, and 11; 136F.59, subdivision 3; 168A.40, subdivisions 1 and 3; 184A.01; 184A.02; 184A.03; 184A.04; 184A.05; 184A.06; 184A.07; 184A.08; 184A.09; 184A.10; 184A.11; 184A.12; 184A.13; 184A.14; 184A.15; 184A.16; 184A.17; 184A.18; 184A.19; 184A.20; 241.41; 241.42; 241.43; 241.44; 241.441; 241.45; 256J.46, subdivision 1a; 352.91, subdivision 4; 465.795; 465.796; 465.797, subdivisions

2, 3, 4, 5, 6, and 7; 465.7971; 465.798; 465.799; 465.801; 465.802; 465.803; 465.81; 465.82, subdivisions 1, 2, and 3; 465.83; 465.84; 465.85; 465.86; 465.87; and 465.88; Minnesota Statutes 1999 Supplement, sections 16E.01, subdivision 1; 16E.02; 16E.03, subdivisions 2, 4, 5, 6, 7, and 8; 16E.04, subdivision 2; 16E.07, subdivision 4; 16E.08; 43A.318; 144.396, subdivision 13; 168A.40, subdivision 2; 465.797, subdivisions 1 and 5a; and 465.82, subdivision 4; Laws 1997, chapter 203, article 7, section 27; Laws 1999, chapter 135, section 9; Laws 1999, chapter 245, article 5, section 24; and Laws 1999, chapter 250, article 1, section 15, subdivision 4; Minnesota Rules, parts 3800.3810; 7672.0100; 7672.0200; 7672.0300; 7672.0400; 7672.0500; 7672.0600; 7672.0700; 7672.0800; 7672.0900; 7672.1000; 7672.1100; 7672.1200; 7672.1300; 7674.0100; 7674.0200; 7674.0300; 7674.0400; 7674.0500; 7674.0600; 7674.0700; 7674.0800; 7674.0900; 7674.1000; 7674.1100; and 7674.1200.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 110 yeas and 21 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Howes	Mahoney	Pelowski	Swenson
Anderson, I.	Dorn	Huntley	Mares	Peterson	Sykora
Bakk	Entenza	Jaros	Mariani	Pugh	Tingelstad
Biernat	Erhardt	Jennings	McCollum	Rest	Tomassoni
Bishop	Erickson	Johnson	McElroy	Rhodes	Trimble
Boudreau	Finseth	Juhnke	McGuire	Rifenberg	Tuma
Bradley	Folliard	Kahn	Molnau	Rostberg	Tunheim
Broecker	Fuller	Kalis	Mulder	Rukavina	Vandever
Carlson	Goodno	Kelliher	Mullery	Schumacher	Wagenius
Carruthers	Gray	Kielkucki	Murphy	Seagren	Wenzel
Cassell	Greenfield	Knoblach	Ness	Seifert, J.	Westerberg
Chaudhary	Greiling	Koskinen	Nornes	Seifert, M.	Westfall
Clark, J.	Gunther	Kubly	Opatz	Skoe	Westrom
Clark, K.	Haake	Kuisle	Osskopp	Skoglund	Winter
Daggett	Haas	Larsen, P.	Osthoff	Solberg	Spk. Sviggum
Davids	Hackbarth	Leighton	Otremba	Stanek	
Dawkins	Harder	Leppik	Ozment	Stang	
Dehler	Hasskamp	Lieder	Pawlenty	Storm	
Dempsey	Hilty	Luther	Paymar	Swapinski	

Those who voted in the negative were:

Abrams	Gleason	Larson, D.	Milbert	Smith	Workman
Anderson, B.	Holberg	Lenczewski	Olson	Van Dellen	
Buesgens	Holsten	Lindner	Paulsen	Wejcman	
Gerlach	Krinkie	Marko	Reuter	Wilkin	

The bill was repassed, as amended by Conference, and its title agreed to.

TAKEN FROM THE TABLE

Pawlenty moved that H. F. No. 3800, as amended by Conference, be taken from the table. The motion prevailed.

H. F. No. 3800, as amended by Conference, was reported to the House.

H. F. No. 3800, A bill for an act relating to education; providing for family and early childhood education; making changes to adult basic education programs; modifying child care licensing and inservice training requirements; transferring energy assistance programs; changing eligibility for individual development accounts; changing requirements for child care assistance; providing for kindergarten through grade 12 general education, special programs, employment and transitions, facilities and technology, educational excellence and other policy, nutrition, fund transfers, libraries, and technical, conforming, and clarifying amendments; providing for higher education; modifying salary and compensation procedures for the chancellor and other personnel of the Minnesota state colleges and universities; requiring board of regents and board of trustees to maintain certain data to be eligible for capital funding; modifying and making technical changes for state designer selection board, student residency, and child care grant provisions; increasing aggregate principal amount of revenue bonds issued by board of trustees; requiring a study and report; modifying state graduation requirements; providing for the North Star Standard alternative to the profile of learning; requiring board of trustees to plan and coordinate programs with certain intermediate school districts and to provide relief to campuses experiencing increased health care costs; transferring certain programs from the higher education services office to the department of children, families, and learning; appropriating money to Minnesota state colleges and universities to fund increased enrollment; appropriating money; amending Minnesota Statutes 1998, sections 15A.081, subdivision 7b, and by adding a subdivision; 16B.33, subdivisions 2 and 3a; 120A.22, subdivision 3; 120A.41; 120B.03, subdivisions 1 and 3; 121A.61, subdivision 3; 122A.18, subdivision 2; 122A.31, subdivision 4; 123A.06, by adding a subdivision; 123A.485, subdivision 4; 123B.02, by adding a subdivision; 123B.51, subdivision 6; 123B.52, by adding a subdivision; 123B.53, by adding subdivisions; 123B.59, subdivision 6, and by adding subdivisions; 123B.71, subdivisions 3 and 10; 123B.75, subdivision 5; 123B.79, subdivision 7; 123B.85, subdivision 1; 123B.86, subdivision 1; 123B.88, subdivision 3; 124D.081, subdivision 6; 124D.111, subdivision 1; 124D.128, subdivision 4; 124D.44; 124D.454, subdivisions 2 and 10; 124D.52, subdivisions 1, 2, 3, and by adding subdivisions; 124D.86, subdivision 6, and by adding subdivisions; 125A.76, subdivision 7; 126C.10, by adding a subdivision; 126C.12, subdivision 2; 126C.40, subdivision 1, and by adding a subdivision; 126C.69, subdivision 3; 127A.05, subdivision 4; 127A.41, subdivisions 8 and 9; 127A.48, subdivision 1; 135A.031, subdivision 2; 136A.125, by adding a subdivision; 136D.281, subdivision 4; 136D.741, subdivision 4; 136D.88, subdivision 4; 136F.40; 136F.98, subdivision 1; 245A.14, subdivision 4, and by adding subdivisions; 471.15; and 475.53, subdivision 4; Minnesota Statutes 1999 Supplement, sections 119B.011, subdivision 20; 120B.02; 120B.30, subdivision 1; 122A.09, subdivision 4; 123B.53, subdivisions 4, 6, and by adding subdivisions; 123B.54; 123B.59, subdivision 6, and by adding subdivisions; 124D.10, subdivisions 3, 4, 6, 8, 10, 11, 14, 15, and 23; 124D.11, subdivisions 1, 4, and 6; 124D.1155, subdivision 2; 124D.128, subdivision 2; 124D.453, subdivision 3; 124D.53, subdivision 3; 124D.84, subdivision 1; 124D.86, subdivisions 1 and 3; 124D.87; 125A.023, subdivisions 3 and 5; 125A.08; 125A.15; 125A.76, subdivision 2; 125A.79, subdivision 8; 125A.80; 125B.21, subdivision 3; 126C.052; 126C.10, subdivisions 1, 2, 14, 23, 24, 25, and 26; 126C.12, subdivision 1; 126C.17, subdivision 9; 126C.40, subdivision 6; 126C.44; 126C.63, subdivision 8; 126C.69, subdivision 9; 127A.45, subdivision 12a; 127A.51; 181A.04, subdivision 6; 260C.143, subdivision 4; and 290.0674, subdivision 1; Laws 1997, First Special Session chapter 4, article 8, section 4, as amended; Laws 1998, First Special Session chapter 1, article 1, sections 10, subdivision 1, as amended; 11, subdivision 2, as amended; Laws 1999, chapter 205, article 1, sections 65; 71, subdivisions 3, 7, and 9; article 2, section 4, subdivisions 2, 3, and 4; article 3, section 5, subdivision 9; article 4, section 12, subdivisions 5, 6, and 7; chapter 241, article 1, sections 66; 68, subdivisions 4 and 5; 69; and 70; article 2, section 60, subdivisions 7, 9, 12, 13, 14, 17, and 19; article 3, sections 3, subdivisions 2 and 4; 5; article 4, sections 27, subdivisions 2, 3, 4, 5, 7, 10, and 11; and 29; article 5, section 18, subdivisions 5 and 6; article 6, section 14, subdivisions 2, 3, 4, and 5; article 8, section 4, subdivision 5; article 9, section 49; article 10, section 6; proposing coding for new law in Minnesota Statutes, chapters 16A; 120B; 121A; 122A; 123B; 124D; 125B; 134; repealing Minnesota Statutes 1998, sections 120B.03, subdivision 2; 120B.04; 123B.59, subdivision 7; 124D.453; 124D.53; 126C.30; 126C.31; 126C.32; 126C.33; 126C.34; 126C.35; 126C.36; 136D.281, subdivision 8; 136D.741, subdivision 8; and 136D.88, subdivision 8; Laws 1998, First Special Session chapter 1, article 1, section 10, subdivision 2, as amended; Laws 1999, chapters 216, article 4, section 12; 241, article 1, section 64; article 9, sections 35 and 36; article 10, section 5; and 245, article 4, section 3; Minnesota Rules, parts 3501.0300; 3501.0310; 3501.0320, subpart 2, items E and F; 3501.0330; 3501.0340; 3501.0350; 3501.0360; 3501.0370; 3501.0380; 3501.0390; 3501.0400;

3501.0410; 3501.0420; 3501.0430, items A to D; 3501.0440; 3501.0441; 3501.0442; 3501.0443; 3501.0444; 3501.0445; 3501.0446; 3501.0447; 3501.0448; 3501.0449; 3501.0450; 3501.0460; 3501.0461; 3501.0462; 3501.0463; 3501.0464; 3501.0465; 3501.0466; 3501.0467; 3501.0468; 3501.0469; 3535.9920; and 4830.9005 to 4830.9030.

The bill, as amended by Conference, was placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 123 yeas and 8 nays as follows:

Those who voted in the affirmative were:

Abeler	Entenza	Huntley	Mahoney	Paymar	Swenson
Abrams	Erhardt	Jaros	Mares	Pelowski	Sykora
Anderson, I.	Erickson	Jennings	Mariani	Peterson	Tingelstad
Bakk	Finseth	Johnson	Marko	Pugh	Tomassoni
Biernat	Folliard	Juhnke	McCollum	Rest	Trimble
Bishop	Fuller	Kahn	McElroy	Rhodes	Tuma
Boudreau	Gerlach	Kalis	McGuire	Rifenberg	Tunheim
Broecker	Gleason	Kelliher	Milbert	Rostberg	Vandever
Carlson	Goodno	Kielkucki	Molnau	Rukavina	Wagenius
Carruthers	Gray	Knoblach	Mulder	Schumacher	Wejzman
Cassell	Greenfield	Koskinen	Mullery	Seagren	Wenzel
Chaudhary	Greiling	Krinkie	Murphy	Seifert, J.	Westerberg
Clark, J.	Gunther	Kubly	Ness	Seifert, M.	Westfall
Clark, K.	Haake	Kuisle	Nornes	Skoe	Westrom
Daggett	Haas	Larsen, P.	Opatz	Skoglund	Wilkin
Davids	Hackbarth	Larson, D.	Osskopp	Smith	Winter
Dawkins	Harder	Leighton	Osthoff	Solberg	Workman
Dehler	Hasskamp	Lenczewski	Otremba	Stanek	Spk. Sviggum
Dempsey	Hilty	Leppik	Ozment	Stang	
Dorman	Holsten	Lieder	Paulsen	Storm	
Dorn	Howes	Luther	Pawlenty	Swapinski	

Those who voted in the negative were:

Anderson, B.	Buesgens	Lindner	Reuter
Bradley	Holberg	Olson	Van Dellen

The bill was repassed, as amended by Conference, and its title agreed to.

The following Conference Committee Report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 4078

A bill for an act relating to capital improvements; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions and directions; establishing the Red River State Recreation Area and the Mill Towns Trail; establishing a working group on effects of increased activity in the DM&E railroad corridor; providing for certain surcharge forgiveness for a time for Gillette Children's Hospital, with certain conditions; authorizing the sale of state bonds; appropriating money; amending Minnesota Statutes 1998, sections 85.015, by adding a subdivision; 136F.36, subdivisions 1, 3, and by adding a subdivision; 136F.60, by adding a subdivision; and 136F.64, subdivision 1; Minnesota Statutes 1999 Supplement, sections

119A.45; and 124D.88, subdivision 3; Laws 1998, chapter 404, sections 3, subdivision 24; 5, subdivision 11, as amended; 7, subdivision 23, as amended; and 23, subdivision 13; proposing coding for new law in Minnesota Statutes, chapter 240A.

May 9, 2000

The Honorable Steve Sviggum
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

We, the undersigned conferees for H. F. No. 4078, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 4078 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

CAPITAL IMPROVEMENTS

Section 1. [CAPITAL IMPROVEMENT APPROPRIATIONS.]

The sums in the column under "APPROPRIATIONS" are appropriated from the bond proceeds fund, or another named fund, to the state agencies or officials indicated, to be spent for public purposes including, but not limited to, acquiring and bettering public land and buildings and other public improvements of a capital nature, as specified in this article. Unless otherwise specified, the appropriations in this article are available until the project is completed or abandoned.

SUMMARY

UNIVERSITY OF MINNESOTA	\$100,213,000
MINNESOTA STATE COLLEGES AND UNIVERSITIES	131,021,000
PERPICH CENTER FOR ARTS EDUCATION	877,000
CHILDREN, FAMILIES, AND LEARNING	80,741,000
MINNESOTA STATE ACADEMIES	3,066,000
NATURAL RESOURCES	73,177,000
OFFICE OF ENVIRONMENTAL ASSISTANCE	2,200,000
BOARD OF WATER AND SOIL RESOURCES	23,800,000
AGRICULTURE	21,700,000
ZOOLOGICAL GARDENS	1,000,000

ADMINISTRATION	81,450,000
AMATEUR SPORTS COMMISSION	1,110,000
ARTS	4,500,000
MILITARY AFFAIRS	3,625,000
VETERANS AFFAIRS	25,000
HUMAN SERVICES	12,471,000
HEALTH	7,135,000
VETERANS HOMES BOARD	11,700,000
PUBLIC SAFETY	2,844,000
CORRECTIONS	18,035,000
TRADE AND ECONOMIC DEVELOPMENT	51,382,000
HOUSING FINANCE AGENCY	2,000,000
MINNESOTA HISTORICAL SOCIETY	5,750,000
BOND SALE EXPENSES	448,000
CANCELLATIONS	(29,913,000)
TOTAL	\$610,357,000
Bond Proceeds Fund (General Fund Debt Service)	470,900,000
Bond Proceeds Fund Cancellations	(20,902,000)
Bond Proceeds Fund (User Financed Debt Service)	71,359,000
General Fund	98,011,000
General Fund Cancellations	(9,011,000)

APPROPRIATIONS
\$

Sec. 2. UNIVERSITY OF MINNESOTA

Subdivision 1. To the board of regents of the University of Minnesota for the purposes specified in this section	100,213,000
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APPROPRIATIONS

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Subd. 2. Higher Education Asset Preservation and Replacement

9,000,000

To be spent in accordance with Minnesota Statutes, section 135A.046.

The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for HEAPR under this subdivision, at the same campus as the project for which the original appropriation was made and the debt service requirement under subdivision 9 is reduced accordingly. Minnesota Statutes, section 16A.642 applies from the date of the original appropriation to the unspent amount transferred.

Subd. 3. Twin Cities - Minneapolis

(a) Molecular and Cellular Biology Building

35,000,000

To complete construction, furnish, and equip a new molecular and cellular biology building on the east bank of the Minneapolis campus. This appropriation is in addition to project funding of \$35,000,000 in Laws 1998, chapter 404, section 2, subdivision 11.

(b) Art Building

18,500,000

To design, construct, furnish, and equip a new art building on the west bank of the Minneapolis campus. This appropriation is contingent on \$23,000,000 of nonstate money for this project. The nonstate money is in lieu of the one-third debt service payments.

Subd. 4. Twin Cities - St. Paul

(a) Microbial and Plant Genomics Building

10,000,000

To design, construct, furnish, and equip a new microbial and plant genomics center on the St. Paul campus. This appropriation is contingent on \$10,000,000 in nonstate matching money for this project. The nonstate money is in lieu of the one-third debt service payments.

(b) Plant Growth Facilities - Phase I

5,963,000

To construct a biocontainment facility in partnership with the Minnesota department of agriculture.

APPROPRIATIONS

\$

Subd. 5. Crookston Kiehle Building 6,500,000

To design, construct, furnish, and equip an addition for the Technology Center, Learning Resources Center, and support spaces for art, music, and theater, and to renovate existing space.

Subd. 6. Duluth Music Performance Center 6,100,000

To design, construct, furnish, and equip a music performance laboratory, that will include a lobby, auditorium, stage, green room, rehearsal space, media space, and related facilities.

Subd. 7. Morris Science and Math Building Renovation, Phase 2 8,000,000

To renovate, furnish, and equip the existing science building, including converting obsolete labs and classrooms into instructional research space.

Subd. 8. Research and Outreach Centers 1,150,000

To remodel facilities and replace the sewage handling system for the Cloquet Forestry Center; to construct a wean and finish facility for swine research at Waseca.

Subd. 9. Debt Service

(a) The board of regents shall pay one-third of the debt service on state bonds sold to finance projects authorized by this section, except for higher education asset preservation and replacement, the art building, and the microbial and plant genomics building. After each sale of general obligation bonds, the commissioner of finance shall notify the board of regents of the amounts assessed for each year for the life of the bonds.

(b) The commissioner shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If the board fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the board to the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

APPROPRIATIONS

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Sec. 3. MINNESOTA STATE COLLEGES AND UNIVERSITIES

Subdivision 1. To the board of trustees of the Minnesota state colleges and universities for the purposes specified in this section 131,021,000

Subd. 2. Higher Education Asset Preservation and Replacement 30,000,000

This appropriation is for the purposes specified in Minnesota Statutes, section 135A.046, including safety and statutory compliance, envelope integrity, mechanical systems, and space restoration. The following must be funded out of this appropriation: replacement or renovation of the boilers at Winona State University; \$3,000,000 for Minnesota State University, Mankato, to make capital repairs to athletic facilities; and the completion of the HVAC project at the Hutchinson campus of Ridgewater College.

The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for HEAPR under this subdivision, at the same campus as the project for which the original appropriation was made and the debt service requirement under subdivision 23 is reduced accordingly. Minnesota Statutes, section 16A.642 applies from the date of the original appropriation to the unspent amount transferred.

Subd. 3. Alexandria Technical College 500,000

To design a new classroom and office building, including an auditorium.

Subd. 4. Anoka-Hennepin Technical College 12,500,000

For roof repairs and replacements, heat, ventilation, and air conditioning improvements, necessary repairs and remodeling, and demolition. Any roof replacement must be for an industry standard roof.

The technical college shall complete an evaluation of programs, program placement, and space needs by June 30, 2000. The technical college shall, as soon as practicable, submit copies of the reports and agreements required by this subdivision to the chairs of the house and senate higher education funding divisions.

The commissioner may not release this appropriation until the following conditions for establishing a middle college on the campus are satisfied:

APPROPRIATIONS

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(1) by June 30, 2000, a completed memorandum of understanding between the board and the Anoka-Hennepin school district on programs to be offered for the secondary technical education program, allocation of space in the current building and the new building to be constructed pursuant to clause (2), and terms for the mutual operation of the campus; and

(2) by June 30, 2000, a completed agreement between Anoka county and the Anoka-Hennepin school district on financing and constructing a new building for a secondary technical education program on the campus for a value of at least \$8,500,000. The school district may enter into a lease/purchase agreement with the county as part of the financing transaction and the board may convey title to land to accomplish such purpose. Minnesota Statutes, sections 94.09 to 94.16, and 103F.535, do not apply to these real estate transactions.

Subd. 5. Bemidji State University

(a) American Indian History Center 2,000,000

To predesign, design, construct, furnish, and equip a museum and center for American Indian history and policy.

(b) Northwest Technical College 5,000,000

(a) To design, construct, furnish, and equip a technology laboratory building.

(b) The remaining money from the appropriation in Laws 1998, chapter 404, section 3, subdivision 5, may be used for predesign and design of the project in paragraph (a), and predesign of phase II.

(c) The board of trustees must not convey the technical college to the school district.

(d) The board of trustees shall advise the chairs of the senate higher education budget division and the house higher education finance committee before initiating predesign of phase II.

Subd. 6. Fond Du Lac Tribal and Community College 4,500,000

To construct and remodel classroom, lab, and recreational space at the college.

This appropriation is contingent on \$3,000,000 of nonstate money for this project. The total project authorization is increased by the total of nonstate money for the project.

APPROPRIATIONS

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Subd. 7. Itasca Community College

3,600,000

To design, construct, furnish, and equip an engineering building. The costs of the portion of the project for student housing may not be paid from this appropriation.

Costs of the student housing may be paid with the proceeds of Minnesota state college and university revenue bonds issued in the same manner and with the same effect as provided in Minnesota Statutes, section 136F.90, for projects at state universities. The revenue bonds may be secured by any revenue of the Minnesota state college and university system. All or part of the costs of the student housing may be paid with contributions from nonstate sources. The costs of the student housing are in addition to this appropriation.

Subd. 8. Minneapolis Community and Technical College

11,700,000

To design, construct, furnish, and equip a new library and information technology center, and remodel the Helland Center.

Subd. 9. Minnesota State University - Mankato, Phase 2

6,907,000

To design, renovate, and construct an addition to, and equip student athletic facilities at, the Pennington Building, Highland Center, Highland North, and the Taylor Center.

Subd. 10. Minnesota West Community and Technical College at Worthington

The board, for Minnesota west community and technical college, may enter into a market-rate lease agreement with the YMCA for not to exceed 20 years, subject to Minnesota Statutes, section 16A.695, for the lease of land on the Worthington campus. Siting and design of the facility must be consistent with the college's master plan and Minnesota state colleges and universities building standards. Minnesota west community and technical college may negotiate for use of the facility for college purposes. The lease may also include the city of Worthington. Before authorizing the project and leasing property under this subdivision, the board must notify the public of the proposed project, disclose the names of the participants in the project, conduct a feasibility study on the project and disclose its results as well as the private and public contributions to the project, including how it is to be financed, and hold a public hearing on the project. The lease must contain a provision that it terminate if the improved property is no longer used for the partial benefit of the students at the Worthington campus.

APPROPRIATIONS

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Subd. 11. Moorhead State University

(a) Expansion and Parking Facilities 3,600,000

This appropriation is from the general fund.

To demolish structures, eliminate blight, and construct parking facilities.

(b) Hagen Hall Science Building 1,600,000

To design an addition and design remodeling of Hagen Hall for sciences.

(c) Campus Security Building

The board of trustees of the Minnesota state colleges and universities may construct a campus security building at Moorhead State University. The board may accept nonstate money to support construction of the building. The board may enter into an agreement with the city of Moorhead whereby the city provides money for the construction of the building in exchange for the lease of space in the building for use by the city police department. Notwithstanding Minnesota Statutes, section 16B.24, or any other law to the contrary, the board may lease space in the building to the city for up to 25 years without obtaining state executive council approval.

(d) Student Services and Residence Hall

The board of trustees of the Minnesota state colleges and universities may lease state property, including state bond financed property, at Moorhead State University to a private developer for the construction of student services, alumni foundation, and student residence hall facilities. Notwithstanding Minnesota Statutes, sections 16A.695, subdivision 2, and 16B.24, or any other law, the board may lease the property for a term of up to one-half the useful life of the property without obtaining state executive council approval. The board shall evaluate financing options available under Minnesota Statutes, sections 136A.25 to 136A.42, and 136F.98.

Subd. 12. Normandale Community College - Phase I 11,400,000

To design, construct, furnish, and equip an addition to the current science building.

APPROPRIATIONS

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<p>Subd. 13. North Hennepin Community College - Phase II</p> <p>To design, renovate, furnish, and equip the old science building and construct a connecting link and an addition to become a new general education building.</p>	<p>11,000,000</p>
<p>Subd. 14. Northland Community College and Technical College - Phase II</p> <p>To remodel and construct an addition to the Developmental Learning Center and campus connector and replacement of the HVAC system.</p>	<p>5,000,000</p>
<p>Subd. 15. Northwest Technical College - Moorhead Campus</p> <p>To design, construct, and renovate the Health Sciences Instructional Center and construct an addition, replace the boiler, and add parking.</p>	<p>1,258,000</p>
<p>Subd. 16. Ridgewater Community and Technical College at Willmar</p> <p>Ridgewater community and technical college may build an addition to kennels for veterinary technology at Willmar campus with existing college money.</p>	
<p>Subd. 17. Rochester Community and Technical College</p> <p>(a) Site Development</p> <p>To complete construction of an internal campus road system; design and construct replacement athletic fields displaced by road improvements; and predesign, design, and partially construct a quadrangle between the main building and the sports center, including underground utilities to already approved buildings, landscaping, and reconfigured entrance.</p> <p>(b) Construct Greenhouse and Classrooms</p> <p>To design and construct a greenhouse, and to renovate associated instructional, office, and maintenance space.</p>	<p>1,400,000</p> <p>4,500,000</p>
<p>Subd. 18. Southwest State University</p> <p>To design the renovation of the library, including realignment of library functions to improve access and improvements to the infrastructure.</p>	<p>800,000</p>

APPROPRIATIONS

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Subd. 19. St. Cloud State University

(a) Lawrence Hall Remodeling 3,864,000

To remodel the lower floors of Lawrence Hall for administrative and instructional space. The cost of remodeling the top floor for student housing must be paid entirely with the proceeds of Minnesota state college and university revenue bonds and is in addition to this appropriation.

(b) The board may do predesign for the renovation of Centennial Hall and design for the renovation of Eastman Hall and Riverview Hall using resources other than this appropriation that may be available to the board.

Subd. 20. St. Cloud Technical College 7,992,000

To design and remodel the A and B wings, construct an addition to the boiler room, and enlarge the HVAC system. Subject to approval by the board of trustees, the college may use up to \$500,000 of this appropriation for land acquisition.

Subd. 21. Winona State University 1,600,000

To design a new science building.

Subd. 22. Land Acquisition 300,000

To acquire the building at the northwest corner of 7th and Maria in St. Paul for Metropolitan State University.

Subd. 23. Debt Service

(a) The board shall pay one-third of the debt service on state bonds sold to finance projects authorized by this section, except for subdivisions 2 and 6. After each sale of general obligation bonds, the commissioner of finance shall notify the board of the amounts assessed for each year for the life of the bonds.

(b) The commissioner shall reduce the board's assessment each year by one-third of the net income from investment of general obligation bond proceeds in proportion to the amount of principal and interest otherwise required to be paid by the board. The board shall pay its resulting net assessment to the commissioner of finance by December 1 each year. If the board fails to make a payment when due, the commissioner of finance shall reduce allotments for appropriations from the general fund otherwise available to the board and apply the amount of the reduction to cover the missed debt service payment. The commissioner of finance shall credit the payments received from the board to

APPROPRIATIONS

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the bond debt service account in the state bond fund each December 1 before money is transferred from the general fund under Minnesota Statutes, section 16A.641, subdivision 10.

Sec. 4. PERPICH CENTER FOR ARTS EDUCATION

Subdivision 1. To the commissioner of administration for the purposes specified in this section 877,000

Subd. 2. Delta Dormitory Upgrades 296,000

\$214,000 is for capital improvements to the electrical and mechanical systems in the campus residence hall.

\$82,000 is from the general fund for window treatments and furniture replacement.

Subd. 3. Asset Preservation 500,000

For asset preservation capital improvements on the campus including, but not limited to, design and construction of replacement of windows, removal of precast panels, installation of walls and insulation, and new water piping.

Subd. 4. Air Conditioning Gaia Building 81,000

Purchase, design, and install air conditioning system.

Sec. 5. CHILDREN, FAMILIES, AND LEARNING

Subdivision 1. To the commissioner of children, families, and learning for the purposes specified in this section 80,741,000

Subd. 2. Metropolitan Magnet Schools

For grants in accordance with the metropolitan magnet school grant program under Minnesota Statutes, section 124D.88.

(a) East Metro 16,000,000

For a grant to district No. 6067, Tri-District, to complete construction of the East Metro Middle School. This is in addition to appropriations in Laws 1998, chapter 404, section 5, subdivision 5, and Laws 1999, chapter 240, section 3. Notwithstanding Minnesota Statutes, section 16B.31, subdivision 2, this project may proceed as planned at the \$17,700,000 level, in anticipation of receiving additional funding at a later session of the legislature.

(b) West Metro 500,000

APPROPRIATIONS

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This appropriation is from the general fund.

For a grant to the West Metro Education Program to complete construction of the Fine Arts Interdisciplinary Resource School.

Subd. 3. Monolithic Dome, Grand Meadow 3,000,000

For an alternative facilities design grant to independent school district No. 495, Grand Meadow, to construct a new school using monolithic dome construction techniques. The commissioner shall award the grant to demonstrate that a school constructed using monolithic dome construction techniques can provide operating and construction savings for school districts throughout the state. Grand Meadow school district must agree to provide the state with information and data about this construction method and with an analysis of a monolithic dome as a suitable educational environment.

Subd. 4. Pine Point School 4,100,000

For a grant to independent school district No. 25, Pine Point, to construct a new school facility serving kindergarten through grade 8.

Subd. 5. Maximum Effort Capital Loans 44,030,000

For capital loans to school districts as provided in Minnesota Statutes, sections 126C.60 to 126C.72. Capital loans to the recipient school districts are approved in the following amounts:

- | | |
|--|------------|
| (a) Independent School District No. 299, Caledonia | 14,134,000 |
| (b) Independent School District No. 306, La Porte | 7,200,000 |
| (c) Independent School District No. 38, Red Lake | 11,166,000 |
| (d) Independent School District No. 115, Cass Lake | 7,505,000 |
| (e) Independent School District No. 914, Ulen-Hitterdahl | 4,025,000 |

The commissioner shall review the proposed plan and budget of the project and may reduce the amount of the loan to ensure that the project will be economical. The commissioner may recover the cost incurred by the commissioner for any professional services associated with the final review and construction by reducing the proceeds of the loan paid by the district. The commissioner shall report to the legislature any reductions to the appropriations in this subdivision by January 10, 2001.

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The commissioner must study how the maximum effort loan program should be restructured to allow more school districts to qualify for capital financing under the current debt service equalization aid program without needing to turn to the maximum effort loan program. The commissioner must report to the capital investment and K-12 education finance committees of the house and the education finance committee and the K-12 education budget division of the senate. The department must not accept any applications for the maximum effort loan program until after the end of the 2001 legislative session.

Subd. 6. Early Childhood Learning and Child Protection Facilities	3,000,000
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For grants to construct or rehabilitate facilities for programs under Minnesota Statutes, section 119A.45, as amended in this act.

Subd. 7. Youth Enrichment Grants	5,000,000
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This appropriation is from the general fund.

For grants to local government units to design, furnish, equip, renovate, replace, or construct parks and recreation facilities and school facilities, including soccer fields, to provide youth, with preference for youth in grades 4 to 8, with regular enrichment activities during nonschool hours, including after school, evenings, weekends, and school vacation periods, and that will provide equal access and programming for all children. Provided there are sufficient applications, 50 percent of this appropriation may only be spent in accordance with the recommendations of the Minnesota amateur sports commission. The buildings or facilities may be leased to nonprofit community organizations, subject to Minnesota Statutes, section 16A.695, for the same purposes. Enrichment programs include academic enrichment, homework assistance, computer and technology use, arts and cultural activities, clubs, school-to-work and workforce development, athletic, and recreational activities. Grants must be used to expand the number of children participating in enrichment programs or improve the quality or range of program offerings. The facilities must be fully available for programming sponsored by nonprofit and community groups serving youth, or school, county, or city programs, for maximum hours after school, evenings, weekends, summers, and other school vacation periods. Priority must be given to proposals that demonstrate collaborations among political subdivisions, private, nonprofit, and public agencies, including regional entities dealing with at-risk youth, and community and parent organizations in arranging for programming, staffing, transportation, and equipment. All proposals must include an inventory of existing facilities and an assessment of programming needs in the community. In awarding

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these grants, the commissioner shall consider the regional distributions required in Laws 1996, chapter 463, section 4, subdivision 2. Priority must be given to school attendance areas with high concentrations of children eligible for free or reduced school lunch and to government units demonstrating a commitment to collaborative youth efforts.

Subd. 8. Library for the Blind Shelving 600,000

This appropriation is from the general fund.

To purchase and install permanent compact shelving in the basement area.

Subd. 9. Library Access Grants 1,000,000

For library access grants under Minnesota Statutes, section 134.45, to remove architectural barriers from a library building or site.

Subd. 10. Minnesota Planetarium 1,000,000

For a grant to the city of Minneapolis to predesign and design a new Minnesota planetarium located in conjunction with the Minneapolis downtown library.

Subd. 11. Multicultural Development Grants 1,511,000

(a) \$1,011,000 is for a grant to Watonwan county to renovate and expand the Watonwan county-St. James multicultural learning center.

(b) \$500,000 is for a grant to the city of Pelican Rapids to construct a multicultural learning center.

Subd. 12. Glover-Sudduth Center 1,000,000

For a grant to the city of Minneapolis through the Minneapolis Community Development Agency to design and construct the Glover-Sudduth Center for Urban Affairs, Education, and Economic Development. The city may enter into a lease or management agreement for the center, subject to Minnesota Statutes, section 16A.695.

Sec. 6. MINNESOTA STATE ACADEMIES

Subdivision 1. To the commissioner of administration for the purposes specified in this section 3,066,000

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Subd. 2. Asset Preservation	1,000,000
For asset preservation capital improvements on both campuses of the Minnesota State Academies including, but not limited to, general asset preservation, electrical infrastructure upgrades, and sewer and water improvements.	
Subd. 3. West Wing Noyes Hall	2,066,000
For mold abatement and renovation of the west wing of Noyes hall, including improvements to the mechanical system, to eliminate air quality problems.	
Sec. 7. NATURAL RESOURCES	
Subdivision 1. To the commissioner of natural resources for the purposes specified in this section	73,177,000
Subd. 2. Statewide Asset Preservation	2,000,000
For asset preservation improvements at the department of natural resources land, buildings, or other improvements of a capital nature throughout the state. The commissioner shall determine project priorities as appropriate based upon need.	
The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for asset preservation. Minnesota Statutes, section 16A.642 applies from the date of the original appropriation to the unspent amount transferred.	
Subd. 3. Office Facility Development	3,250,000
To design, construct, furnish, and equip a consolidated area office and service facility in Fergus Falls.	
Subd. 4. ADA Compliance	2,000,000
For improvements of a capital nature to remove barriers and make department of natural resources buildings, programs, and services accessible to individuals with disabilities, in compliance with state and federal ADA guidelines.	
Subd. 5. State Park and Recreation Area Building Rehabilitation	1,900,000
To design, repair, rehabilitate, construct, or add to state park buildings throughout the state, according to the management plan required in Minnesota Statutes, chapter 86A. The commissioner shall determine project priorities as appropriate based upon need.	

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Subd. 6. Moose Lake Geologic Interpretive Center	1,000,000
To construct a state geologic interpretive center at Moose Lake state park that features geological artifacts indigenous to Minnesota. The money is to be used for the interpretive center building and exhibits, and necessary road, parking, and sewer work.	
Subd. 7. State Park and Recreation Area Betterment and Rehabilitation	1,500,000
To upgrade, repair, or rehabilitate improvements of a capital nature at state park and recreation area facilities throughout the state, including, but not limited to, resource management projects, trail rehabilitation, campground rehabilitation, and road and bridge repair. This appropriation is to rehabilitate the swimming pool at Buffalo River state park and for other project priorities as appropriate based upon need as determined by the commissioner.	
Subd. 8. State Park and Recreation Area Acquisition	500,000
For acquisition from willing sellers of private lands within state park and recreation area boundaries established by law. The commissioner shall determine project priorities as appropriate based upon need.	
Subd. 9. Big Bog State Recreation Area	2,017,000
For development of the Big Bog state recreation area, including interpretive display development, interpretive wayside development, bog trail development, campground upgrades and enhancements, and road and snowmobile trail upgrades.	
Subd. 10. Red River State Recreation Area	1,000,000
To develop the Red river state recreation area, including the construction of a campground. The area must be developed in a manner that provides a satisfactory, multiple use solution to the existing state park and recreation area deficiency in the area surrounding the city of East Grand Forks. The commissioner shall seek advice and cooperation from the appropriate local units of government and the appropriate state and national agencies, including, but not limited to, the United States Fish and Wildlife Service.	
Subd. 11. Regional Parks: Greater Minnesota	500,000
For grants to public regional parks organizations located outside the metropolitan area as defined in Minnesota Statutes, section 473.121, subdivision 2, to acquire land, design, and construct and	

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redevelop regional parks and trails, open space, and recreational facilities. The improvements must be of a capital nature. Each \$3 of state grants must be matched by \$2 of nonstate funds.

Subd. 12. Metro Regional Park Acquisition and Betterment 5,600,000

This appropriation is for a grant to the metropolitan council. The commissioner shall pay the amount on a reimbursement basis to the metropolitan council upon receipt of a certified copy of a council resolution requesting payment. The appropriation must be used to pay the cost of rehabilitation, acquisition, and development by the council and local government units of regional recreational open-space lands in accordance with the council's policy plan as provided in Minnesota Statutes, section 473.315. \$600,000 of this appropriation is for erosion control in Simon's Ravine at Kaposia Park. This appropriation must not be used for research, planning, administration, or tax equivalency payments. This appropriation may be used for the purchase of homes only if the purchases are included in the work program required by law and they are expressly approved by the legislative commission on Minnesota resources.

Subd. 13. Como Park Education Resource Center 16,000,000

For a grant to the metropolitan council to complete construction of education, administration, meeting, and visitor reception facilities at the Como Park Education Resource Center.

As long as state bonds issued for the Como Park campus are outstanding, admission to the zoo must be free.

Subd. 14. Forest Road and Bridge Projects and Forestry Recreation Facilities 1,000,000

For reconstruction, resurfacing, replacement, or construction of other improvements of a capital nature to state forest roads and bridges and forest recreation facilities throughout the state. The commissioner shall determine project priorities as appropriate based upon need.

Subd. 15. State Trail Acquisition and Development 3,400,000

To acquire and develop state trails as specified in Minnesota Statutes, section 85.015.

\$1,400,000 is to develop the Paul Bunyan trail between Hackensack and Walker.

\$750,000 is to develop the Blazing Star trail in Freeborn county.

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\$400,000 is to acquire and develop the Gitchi-Gami trail in Lake and Cook counties.

\$350,000 is to acquire and develop the Mill Towns Trail through and between the cities of Northfield and Faribault.

\$500,000 is to acquire and develop the Shooting Star trail between Taopi and Lake Louise state park.

Subd. 16. Regional Trail Grants 500,000

For matching grants to be provided to local units of government under Minnesota Statutes, section 85.019, subdivision 4b, as amended in this act, to acquire and develop new, publicly owned trails of regional significance. Of this amount, \$250,000 is to the city of Fairfax to connect the Fair Ridge trail from Fort Ridgely state park to the city of Fairfax; and \$50,000 is to Rock county to connect the Blue Mounds state park to the city of Luverne. The commissioner shall determine project priorities as appropriate based on need.

Subd. 17. St. Paul - Upper Landing Park 3,000,000

For a grant to the city of St. Paul to match a federal authorization for developing the Upper Landing Park.

Subd. 18. Metro Greenways and Natural Areas 1,500,000

To provide grants to local units of government for acquisition or betterment of greenways and natural areas in the metro region and to acquire greenways and natural areas in the metro region through the purchase of conservation easements or fee titles. The commissioner shall determine the project priorities and shall consult with representatives of local units of government, nonprofit organizations, and other interested parties.

Subd. 19. Lake Minnetonka Public Access 4,000,000

To acquire and develop a public access site on the southwest side of Gray's Bay on Lake Minnetonka.

Subd. 20. Lake Superior Public Access - McQuade Road 2,000,000

To design and develop a public access at McQuade Road on Lake Superior in cooperation with the joint powers board made up of the city of Duluth, St. Louis county, the town of Duluth, and the town of Lakewood.

This appropriation is not available until the commissioner has determined that at least \$2,000,000 has been committed from federal sources.

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Subd. 21. Harbor of Refuge at Two Harbors 1,000,000

To develop the harbor of refuge and marina at Two Harbors, including public access improvements, marina slips, parking facilities, utilities, a fuel dock, and an administration building.

This appropriation is not available until the commissioner has determined that at least \$500,000 has been committed from federal sources.

Subd. 22. Dam Repair, Reconstruction, and Removal 1,200,000

For emergency repair or for reconstruction or removal of publicly owned dams. The commissioner shall determine project priorities as appropriate based upon need as provided in Minnesota Statutes, section 103G.511. Projects include but need not be limited to dam removals at Mazeppa and Cannon Falls and dam repairs at Lake Bronson.

\$246,000 of this appropriation is from the general fund to include but not be limited to engineering work for the removal of the Drayton dam and removal of the Straight River dam in Faribault and the Old Mill State Park dam. Up to \$60,000 of the general fund appropriation may be used to reimburse the city of Mazeppa for engineering costs incurred before March 1, 2000, on the Mazeppa Dam removal project.

Subd. 23. Flood Hazard Mitigation Grants 14,000,000

For the flood hazard mitigation grant program to local government units for publicly owned capital improvements to prevent or alleviate flood damages under Minnesota Statutes, section 103F.161. The commissioner shall determine project priorities as appropriate based upon need.

Funding for the Red River basin mediation agreement that is in addition to the governor's recommendation, and funding to mitigate past flood damage and prevent future flooding at Lake of the Isles in Minneapolis, must be reduced by 25 percent from the level those projects would have received with a total appropriation of \$16,000,000.

Subd. 24. Ring Dikes 300,000

This appropriation is from the general fund and is for the construction of ring dikes under Minnesota Statutes, section 103F.161. The ring dikes may be publicly or privately owned.

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Subd. 25. Lewis and Clark Rural Water System	610,000
For a grant to the Lewis and Clark joint powers board to provide 50 percent of the nonfederal share of funding the construction of a rural water system to serve southwestern Minnesota. This appropriation is available to the extent matched by \$8 of federal money and \$1 of local money for each \$1 of state money.	
Subd. 26. Scientific and Natural Area Acquisition and Improvement	500,000
To acquire land for scientific and natural areas and for development, protection, or improvements of a capital nature to scientific and natural areas throughout the state. The commissioner shall determine project priorities as appropriate based upon need.	
Subd. 27. RIM Critical Habitat Match	750,000
To provide the state match for the critical habitat private sector matching account under Minnesota Statutes, section 84.943, for the acquisition or improvements of a capital nature to critical fish, wildlife, and native plant habitats. The commissioner shall determine project priorities as appropriate based upon need.	
Subd. 28. RIM Wildlife Development and Habitat Improvements	1,000,000
For improvements of a capital nature to develop, protect, or improve habitat on wildlife management areas and other state lands and waters throughout the state. The commissioner shall determine project priorities as appropriate based upon need.	
Subd. 29. Native Prairie Bank Easements	1,000,000
For acquisition of prairie bank easements under Minnesota Statutes, section 84.96.	
Subd. 30. Taylors Falls - St. Croix Valley Heritage Center	150,000
This appropriation is from the general fund.	
For a grant to the St. Croix Valley Heritage Coalition, Inc. to assist it in developing plans for creation of the St. Croix Valley Heritage Center at Taylors Falls.	
Subd. 31. Work Program	
The commissioner must submit a work program and semiannual progress reports in the form determined by the legislative commission on Minnesota resources and request its	

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recommendation before spending any money appropriated by subdivisions 5 to 13, 15 to 21, and 26 to 29. The commission's recommendation is advisory only. Failure to respond to a request within 60 days after receipt is a positive recommendation. Work programs involving land acquisition must include a land acquisition plan.

Sec. 8. OFFICE OF ENVIRONMENTAL ASSISTANCE 2,200,000

To the office of environmental assistance for the solid waste capital assistance grants program under Minnesota Statutes, section 115A.54. Grants under this section are exempt from the requirements of Minnesota Statutes, section 16B.335.

Sec. 9. BOARD OF WATER AND SOIL RESOURCES

Subdivision 1. To the board of water and soil resources for the purposes specified in this section 23,800,000

Subd. 2. RIM and PWP Conservation Easements 1,000,000

This appropriation is for the following purposes:

(1) to acquire conservation easements from landowners on marginal lands to protect soil and water quality and to support fish and wildlife habitat as provided in Minnesota Statutes, section 103F.515; and

(2) to acquire perpetual conservation easements on existing type 1, 2, 3, and 6 wetlands and adjacent lands, and for the establishment of permanent cover on adjacent lands, in accordance with Minnesota Statutes, section 103F.516.

Subd. 3. Minnesota River Basin Conservation Reserve Enhancement Program 20,000,000

To acquire easements and implement conservation practices on frequently flooded cropland, including land within the 100-year floodplain and the major tributaries; on marginal cropland along rivers and streams; and on drained or altered wetlands in the Minnesota river basin to protect soil, enhance water quality, and support fish and wildlife habitat as provided in Minnesota Statutes, sections 103F.515 and 103F.516.

Subd. 4. Implementation 500,000

This appropriation is from the general fund.

For administrative expenses to implement subdivisions 2 and 3.

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Subd. 5. Wetland Replacement Due to Public Road Projects

2,300,000

To acquire land for wetlands or restore wetlands to be used to replace wetlands drained or filled as a result of the repair, maintenance, or rehabilitation of existing public roads as required by Minnesota Statutes, section 103G.222, subdivision 1, paragraph (m).

The purchase price paid for acquisition of land, fee, or perpetual easement, must be the amount deemed reasonable by the board. The board may enter into agreements with the federal government, other state agencies, political subdivisions, and nonprofit organizations or fee owners to acquire land and restore and create wetlands and to acquire existing wetland banking credits with money provided by this appropriation. Acquisition of or the conveyance of land may be in the name of the political subdivision.

By October 15, 2000, the board of water and soil resources shall make a recommendation to the governor and the legislature on the inclusion of wetland replacement under Minnesota Statutes, section 103G.222, subdivision 1, paragraph (m), as a biennial budget item.

Subd. 6. Work Program

The board must submit a work program and semiannual progress reports in the form determined by the legislative commission on Minnesota resources and request its recommendation before spending any money appropriated by this section. The commission's recommendation is advisory only. Failure to respond to a request within 60 days after receipt is a positive recommendation. Work programs involving land acquisition must include a land acquisition plan.

Sec. 10. AGRICULTURE

Subdivision 1. To the commissioner of agriculture, or another named agency for the purposes specified in this section

21,700,000

Subd. 2. Rural Finance Authority Loan Participation

20,000,000

To the rural finance authority to purchase participation interests in or to make direct agricultural loans to farmers under Minnesota Statutes, chapter 41B. This appropriation is for the beginning farmer program under Minnesota Statutes, section 41B.039, the loan restructuring program under Minnesota Statutes, section 41B.04, the seller-sponsored program under Minnesota Statutes, section 41B.042, the agricultural improvement loan program under Minnesota Statutes, section 41B.043, and the livestock

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expansion loan program under Minnesota Statutes, section 41B.045. All debt service on bond proceeds used to finance this appropriation must be repaid by the rural finance authority under Minnesota Statutes, section 16A.643. Loan participations must be priced to provide full interest and principal coverage and a reserve for potential losses.

Loans for capital projects from this appropriation are exempt from Minnesota Statutes, section 16B.335. Priority for loans must be given first to basic beginning farmer loans; second, to seller-sponsored loans; and third, to agricultural improvement loans.

Subd. 3. Agriculture Best Management Practices Loans 1,000,000

This appropriation is from the general fund.

For the agricultural best management practices loan program under Minnesota Statutes, section 17.117. In addition to the water quality best management practices eligible for funding under Minnesota Statutes, section 17.117, odor and other air quality best management practices for agricultural livestock facilities are also eligible for funding under this appropriation.

Subd. 4. Agroforestry Loan Program 200,000

This appropriation is from the general fund to the agroforestry revolving loan fund created in new Minnesota Statutes, section 41B.048.

Notwithstanding section 41B.048, subdivision 5, clause (3), a recipient of a loan from this appropriation need not be a member of a producer-owned cooperative that will contract to market the agroforestry crop, but at least 50 percent of this appropriation must be used for loans to recipients who are members.

Subd. 5. Minnesota Center for Agricultural Innovation 500,000

For a grant to the city of Olivia to establish the Minnesota center for agricultural innovation to promote agricultural innovation by providing a place for experts to gather and study agricultural technology.

The appropriation is not available until the commissioner determines that \$500,000 has been committed to the project from nonstate sources.

Sec. 11. MINNESOTA ZOOLOGICAL GARDENS 1,000,000

Heating and Cooling System

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For design, repair, and upgrades to the heating and cooling systems at the Minnesota Zoo.

Sec. 12. ADMINISTRATION

Subdivision 1. To the commissioner of administration for the purposes specified in this section	81,450,000
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Subd. 2. Capital Asset Preservation and Replacement (CAPRA)	10,000,000
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To be spent in accordance with Minnesota Statutes, section 16A.632.

Subd. 3. Asset Preservation	3,000,000
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This appropriation is from the general fund.

For structural and infrastructure repairs of a capital nature to correct high-priority deferred maintenance needs of state facilities under the custodial control of the department of administration. The commissioner of administration shall determine project priorities as appropriate based on need.

The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for asset preservation. Minnesota Statutes, section 16A.642 applies from the date of the original appropriation to the unspent amount transferred.

Subd. 4. Electrical Utility Infrastructure, Phase 4	2,500,000
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To upgrade the primary electrical distribution system in the capitol complex.

Subd. 5. Capitol Security Renovation	1,000,000
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To renovate space in the capitol for the department of public safety's capitol security division and for the related environmental management operation of the department of administration's plant management division.

Subd. 6. Bureau of Criminal Apprehension Headquarters	58,000,000
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This appropriation is from the general fund.

To the commissioner of administration to construct, furnish, and equip a new building for the bureau of criminal apprehension, including offices and forensic laboratories, in St. Paul.

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Subd. 7. World War II Veterans Memorial 150,000

This appropriation is from the general fund.

For design, architectural drawings, and the start of construction for a World War II veterans memorial on the state capitol mall. The design is subject to approval by the capitol area architectural and planning board. The commissioner of veterans affairs shall convene an advisory group, including members of veterans organizations to review and make recommendations about the design of the memorial. The appropriation must be matched by an equal amount from nonstate sources.

Subd. 8. 717 Delaware Street Health Building 4,000,000

To renovate the 717 Delaware Street building of the department of health on the campus of the University of Minnesota.

Subd. 9. Predesign for Health and Human Services and Related Facilities 1,000,000

This appropriation is from the general fund.

To predesign new facilities to house the principal administrative offices of the departments of health and human services. The predesign must consider collocating the two departments and providing laboratory facilities shared with the department of agriculture. The predesign must recommend a site for each of the facilities.

Subd. 10. Capitol Building Predesign 300,000

To predesign the phased restoration of remaining areas in the capitol building.

The commissioner of administration shall appoint a restoration advisory committee, which must include any members or employees of the senate named by the chair of the committee on rules and administration, to advise the commissioner on the expenditure of this appropriation.

Subd. 11. Agency Relocation 500,000

This appropriation is from the general fund.

For relocation of state agencies as determined by the commissioner of administration.

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Subd. 12. Property Acquisition 1,000,000

This appropriation is from the general fund for due diligence expenses, acquisition of land, and to purchase options in order to hold properties that meet state development needs. This appropriation may also be used to demolish buildings located on any lands acquired and to develop temporary parking.

Sec. 13. AMATEUR SPORTS COMMISSION

Subdivision 1. To the amateur sports commission for the purposes specified in this section 1,110,000

Subd. 2. Mighty Ducks Ice Arena Grants 810,000

For ice arena grants under Minnesota Statutes, section 240A.09.

Subd. 3. National Sports Conference Center 300,000

To predesign a sports conference center on the campus of the National Sports Center and for related capital development costs.

Sec. 14. ARTS

Subdivision 1. To the commissioner of administration for the purposes specified in this section 4,500,000

Subd. 2. Lanesboro - Root River Center for the Arts 1,000,000

For a grant to the city of Lanesboro to acquire land for, design, and construct a theater and arts center for lease to the Commonwealth Theatre Company and Cornucopia Arts Center. This appropriation is not available until the commissioner has determined that an equal amount has been committed from nonstate sources. The city may enter into a lease or management agreement for the facility, subject to Minnesota Statutes, section 16A.695.

Subd. 3. Minneapolis - Guthrie Theater 3,000,000

This appropriation is from the general fund.

For a grant to the Minneapolis community development agency to acquire and prepare a site for and to design, construct, furnish, and equip a new Guthrie Theater in the city of Minneapolis. This appropriation is not available until the commissioner has determined that an equal amount has been committed from nonstate sources. The Minneapolis community development agency may enter into a lease or management agreement for the theater.

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Subd. 4. St. Paul - Children's Museum Rooftop Perspectives 500,000

For a grant to the city of St. Paul for new permanent exhibits at the Minnesota Children's Museum. This appropriation is not available until the commissioner has determined that an equal amount has been committed from nonstate sources. The project is subject to the use agreement requirement of Minnesota Statutes, section 16A.695, and Laws 1994, chapter 643, section 81.

Sec. 15. MILITARY AFFAIRS

Subdivision 1. To the adjutant general for the purposes specified in this section 3,625,000

Subd. 2. Kitchen Renovation 1,000,000

To renovate kitchen facilities at National Guard training and community centers in Sauk Centre, Alexandria, Morris, Ortonville, Fairmont, Mankato, Madison, Wadena, Olivia, and Winona. This appropriation is exempt from the requirements of Minnesota Statutes, section 16B.335.

Subd. 3. Asset Preservation 1,500,000

For asset preservation improvements of a capital nature at military affairs facilities statewide.

Subd. 4. Minnesota Military Museum at Camp Ripley 125,000

To upgrade the electrical and lighting, and heating, ventilation, and air conditioning systems in the main building of the Minnesota military museum, to design and construct an addition to the museum, and to insulate a heating system in building I-40. The adjutant general may enter into a lease or management agreement for the museum, subject to Minnesota Statutes, section 16A.695.

Subd. 5. Law Enforcement Training Center

The adjutant general may designate a site within Camp Ripley to establish a live fire tactical operations law enforcement training center and may use existing resources to design and prepare a site for the facility.

Subd. 6. Tactical Live-Fire Village 1,000,000

To construct a live-fire tactical operations law enforcement training facility at Camp Ripley. The facility must be available for civilian law enforcement training on a fee-for-use basis. The commissioner of public safety shall establish the terms and

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conditions of civilian use of the facility after consultation with the civilian advisory committee on Camp Ripley facilities and use, and other Minnesota law enforcement officials and organizations.

Sec. 16. VETERANS AFFAIRS 25,000

This appropriation is from the general fund.

For a grant to Women in Military Service for America Memorial Foundation, Inc., for the women's memorial at Arlington National Cemetery as a reminder to the public about the contributions of women in the military throughout the history of the United States. This appropriation is available until June 30, 2001.

Sec. 17. HUMAN SERVICES

Subdivision 1. To the commissioner of administration for the purposes specified in this section 12,471,000

Subd. 2. Systemwide Roof Repairs and Replacement 1,971,000

For capital repair and replacement of roofs at department of human services facilities statewide.

Subd. 3. Systemwide Asset Preservation 3,000,000

For asset preservation improvements of a capital nature at state regional treatment centers.

The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for asset preservation. Minnesota Statutes, section 16A.642 applies from the date of the original appropriation to the unspent amount transferred.

Subd. 4. Upgrade Pexton Hall, St. Peter 7,200,000

To design, remodel, furnish, and equip 100 licensed beds in the residential and program areas in Pexton hall to securely house individuals committed as sexual psychopathic personalities and sexually dangerous persons; to construct an addition to house a control center, visitation space, and program administration; and to install fencing and security systems.

Subd. 5. Mash-Ka-Wisen Treatment Center Youth Alcohol Treatment Wing 300,000

This appropriation is from the general fund.

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For a grant to the board of directors of the Minnesota Indian Primary Residential Treatment Center, Inc., to build a youth alcohol treatment wing at the Mash-Ka-Wisen treatment center. The appropriation is not available until the commissioner of finance has determined that the appropriation has been matched by a \$1,000,000 federal grant.

Sec. 18. HEALTH 7,135,000

Subdivision 1. Gillette Children's Hospital 7,000,000

To the commissioner of administration for a grant to Ramsey county to design, construct, furnish, and equip the renovation of and an addition to the Gillette Children's Hospital, which until 1974 was a state institution housed in a state building that served the medical needs of crippled children. This appropriation is not available until the commissioner of finance has determined that at least \$7,000,000 has been committed by nonstate sources. Amounts spent since January 1, 1998, by Gillette Children's Specialty Health Care to plan, design, and construct this project may be counted as part of the local match.

Subd. 2. Organ Donor Vehicle 135,000

To the commissioner of health for a grant to a Minnesota organ procurement organization that is certified by the federal Health Care Financing Administration or to an entity that is a charitable entity under section 501(c)(3) of the Internal Revenue Code of 1986 and is created by an organ procurement organization that is certified by the federal Health Care Financing Administration. The grant must be used for a mobile learning center to provide interactive education about organ, tissue, and eye donation to citizens across the state.

This appropriation is from the general fund.

Sec. 19. VETERANS HOMES BOARD

Subdivision 1. To the commissioner of administration for the purposes specified in this section 11,700,000

Subd. 2. Hastings Veterans Home, Phase 2 7,000,000

For design, repair, and renovation of the utility infrastructure systems and related improvements at the campus of the Hastings veterans home.

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Subd. 3. Minneapolis Veterans Home 1,700,000

For infrastructure improvements of a capital nature at the campus of the Minneapolis veterans home, including, but not limited to, replacement of water lines, roofs, and building exteriors, and installation of freight elevators, nursing stations, and security systems.

Subd. 4. Asset Preservation 3,000,000

For asset preservation and infrastructure repairs of a capital nature at veterans homes statewide.

Sec. 20. PUBLIC SAFETY

Subdivision 1. To the commissioner of public safety for the purposes specified in this section 2,844,000

Subd. 2. Regional Public Safety Training Facility Construction Grants 2,000,000

To the commissioner of public safety for grants to state departments or local units of government to predesign, design, construct, expand, or improve public safety training facilities.

The commissioner shall make no less than two grants from this appropriation. One-half of this appropriation must be for a grant or grants in the metropolitan area and one-half must be for a grant or grants in the nonmetropolitan area.

The commissioner may have the members of the public safety training facilities task force established under Laws 1998, chapter 404, section 21, subdivision 3, and employees of the department of administration review proposals.

To be eligible for a grant, a public safety training facility proposal must:

(1) include a plan to meet the state, federal, and local training requirements for agencies in or near the region, either at one new or existing facility or at a number of sites within the region;

(2) at a minimum, address law enforcement and fire training needs; however, other training needs such as emergency medical services, community education, and private sector safety training should also be considered;

(3) clearly define multijurisdictional commitments to the proposal;

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(4) identify regional funding sources that must provide at least 75 percent of the construction costs and, unless a state agency is an ongoing partner in the facility's use and operation, 100 percent of the operating costs;

(5) identify the anticipated service area and trainee population;

(6) include plans for mobile training as needed; and

(7) identify any specialized training that will be offered exclusively in the region.

If a state agency is an ongoing partner in the facility's use and operation, a state source for operating money must also be identified. The commissioner shall consider the training needs and the state of planning and preparations in a region when awarding grants under this subdivision.

Subd. 3. National Weather Service Transmitters

844,000

To buy National Weather Service transmitters for up to 13 sites throughout the state, and for generator upgrades at MNDOT sites to provide full coverage for weather emergencies and to pay for necessary engineering fees (1) to determine the most appropriate locations for the transmitters, antennas, and related equipment, (2) to determine the viability of the towers to accommodate the additional equipment, and (3) to identify and implement alternative sites, if necessary. Operational maintenance of the transmitters will be the responsibility of the National Weather Service as defined by a written agreement between the Minnesota department of administration and the United States Department of Commerce.

This appropriation is from the general fund.

Sec. 21. CORRECTIONS

Subdivision 1. To the commissioner of administration for the purposes specified in this section

18,035,000

Subd. 2. Sewer Repair, MCF-Faribault

7,500,000

To complete design and to repair and replace sanitary and storm sewers.

Subd. 3. Inmate Bed Expansion, MCF-Oak Park Heights

855,000

To design, construct, furnish, and equip a high security administrative control unit of up to 60 beds to house high-risk, violent, and dangerous inmates and to replace a computerized building operating system at the facility. It is anticipated that this appropriation will match up to \$13,124,000 in federal funding.

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Subd. 4. H-Building Remodeling, Phase 3, MCF-Lino Lakes	3,400,000
<p>The commissioner must execute an agreement with Anoka county for the county to pay 100 percent of the cost of meals provided to Anoka county jail inmates by the Lino Lakes facility.</p> <p>To remodel and reorganize the food service building at MCF-Lino Lakes.</p>	
Subd. 5. Mental Health Support and Living Unit, MCF-Red Wing	800,000
<p>To design, renovate, furnish, and equip Brown cottage into a mental health support area and provide up to 14 beds for an inpatient treatment ward. This appropriation may also be used for security improvements of a capital nature at the Dayton security detention cottage.</p>	
Subd. 6. Stillwater, Perimeter Wall Repair	1,000,000
<p>To design and make capital repairs to the interior surface of the perimeter wall.</p> <p>This appropriation must not be used to construct or repair the catwalks on the current wall, or to construct or repair new or current guard towers.</p>	
Subd. 7. Health Services Conversion, MCF-Stillwater	1,800,000
<p>To design, renovate, furnish, and equip the vacant laundry area into a health services unit within the security perimeter of the main building.</p>	
Subd. 8. Bayport Storm Sewer	2,680,000
<p>For a grant to the city of Bayport for the Middle St. Croix River Watershed Management organization for the construction of stage 1 of the sewer system extending from Minnesota department of natural resources pond 82-310P (the prison pond) in Bayport through the Stillwater prison grounds to the St. Croix river. Funds remaining from prior appropriations may be used for construction.</p>	
Subd. 9. Asset Preservation	
<p>The unspent portion of an appropriation, but not to exceed ten percent of the appropriation, for a project in this section that is complete, is available for asset preservation. Minnesota Statutes, section 16A.642 applies from the date of the original appropriation to the unspent amount transferred.</p>	

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Subd. 10. Per Diem Money for Capital Improvements

If the commissioner of corrections contracts with other states, local units of government, or the federal government to rent beds in the Rush City correctional facility under Minnesota Statutes, section 243.51, subdivision 1, to the extent possible, the commissioner shall charge a per diem under the contract that is equal to or greater than the per diem cost of housing Minnesota inmates in the facility. This per diem cost shall be based on the assumption that the facility is at or near capacity. Notwithstanding any laws to the contrary, the commissioner may use the per diem monies for capital improvements recommended by the governor.

Sec. 22. TRADE AND ECONOMIC DEVELOPMENT

Subdivision 1. To the commissioner of trade and economic development or other named agency for the purposes specified in this section

51,382,000

Subd. 2. State Match for Federal Grants

12,893,000

To the public facilities authority:

(a) To match federal grants to the water pollution control revolving fund under Minnesota Statutes, section 446A.07, for eligible projects in the following locations and other locations as determined by the authority: Jordan, La Porte, Butterfield, St. Paul South Highwood, Hibbing, Spring Lake township, Red Wing, Rollingstone, Dassel, Cannon Falls, St. Michael, Northfield, St. Paul I/I Phase II and III, metropolitan council environmental services, Warroad, Audubon, Brooten, Clarissa, Currie, Dover-Eyota-St. Charles, Eagle Bend, Fischer, Granite Falls, Hendricks, Hoffman, Magnolia, Red Wing, West Concord, Zumbrota, Avon, Biwabik, Chatfield, Claremont, Cold Spring, Coleraine/Bovey/Taconite, Elmore, New Germany, Ostrander, Rogers, and Waldorf.

(b) To match federal grants to the drinking water revolving fund under Minnesota Statutes, section 446A.081, for eligible projects in the following locations and other locations as determined by the authority: Green Lake SSWD, McGregor, Zumbro Falls, Shakopee, Aitkin, Eden Valley/Watkins, Long Prairie, Finlayson, Coleraine, Ottertail, Rock county rural water district, Rochester, Brooten, Howard Lake, Watertown, Osseo, Victoria, Lansing Township, Dayton, Henning, Pine River, Staples, Hoffman, Ely, Eden Valley, Glenwood, Winnebago, Montevideo, Clearwater, Tracy, Echo, New Richland, Underwood, Hibbing, Kenyon, Brownton, Wanamingo, Waite Park, Dover, Mayer, New Trier, Onamia, Hinckley, Lyle, Richmond, and Cokato.

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(c) The expenditure and allocation of state matching money between funds described in paragraphs (a) and (b) must be based on the amount of federal money appropriated to the funds. This appropriation must be used for qualified capital projects.

Subd. 3. Wastewater Infrastructure Funding Program

18,319,000

\$10,409,000 of this appropriation is from the general fund of which \$319,000 is to administer the wastewater infrastructure fund program.

To the public facilities authority for grants to eligible municipalities under the wastewater infrastructure program established in Minnesota Statutes, section 446A.072.

To the greatest extent practical, the authority should use the grants for projects on the 2000 intended use plan in priority order to qualified applicants that submit plans and specifications to the pollution control agency or receive a funding commitment from USDA rural development before December 1, 2001. In determining whether the penalty factor under Minnesota Rules, part 7077.0196, should be applied to a project, the pollution control agency shall, beginning with the 2001 Intended Use Plan and Project Priority list, first assess the impact of the new or expanded discharge compared to the impact of the preexisting conditions and to the impact of alternative discharge locations. If the agency determines that the new or expanded discharge is to a less environmentally sensitive area or that it is the preferable location for the discharge compared to the alternatives, the agency shall not apply the penalty factor to the project. The pollution control agency shall include as a factor in prioritizing projects whether a project is a multijurisdictional project connecting areas with failing onsite treatment systems with an existing or regional wastewater treatment system.

The authority shall set aside up to \$400,000 for the Innovative Technology Grants Program to provide 50 percent reimbursement for the cost of equipment and installation into an existing municipal wastewater treatment system. The project must be approved by the pollution control agency and demonstrate the application of existing technology that has not been used before in the treatment of municipal wastewater, but has the potential to improve the treatment of wastewater or make the treatment process more cost effective.

Beginning with the 2001 intended use plan, the pollution control agency shall include whether a community has a moratorium on development as a factor in prioritizing projects. The agency shall adopt rules implementing the provisions of this paragraph under Minnesota Statutes, section 14.389.

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Subd. 4. Clean Water Partnership	2,000,000
For deposit in the water pollution control fund under Minnesota Statutes, section 446A.07, for the clean water partnership loan program under Minnesota Statutes, section 103F.725.	
Subd. 5. Redevelopment Account	6,000,000
This appropriation is from the general fund.	
For transfer to the redevelopment accounts created in Minnesota Statutes, section 116J.561.	
Subd. 6. Hennepin County - Empowerment Zone Projects	3,000,000
For a grant to Hennepin county to acquire and renovate a public service center as part of the Great Lake Center empowerment zone project.	
Subd. 7. Landfall HRA Retaining Walls	100,000
For a grant to the city of Landfall Housing and Redevelopment Authority to repair or replace deteriorating retaining walls.	
Subd. 8. Kanabec County - Mora Workforce Center Elevator	100,000
For a grant to Kanabec county to install an elevator in the county building in Mora to bring the building into compliance with the Americans with Disabilities Act.	
Subd. 9. Koochiching County - Cold Weather Testing Center	2,700,000
For a grant to Koochiching county to design, construct, furnish, and equip the Minnesota Cold Weather Testing Center.	
This appropriation is not available until the commissioner has determined that the necessary additional financing to complete the project with a total cost of at least \$5,400,000, has been committed from nonstate sources.	
The county may enter into a lease or management agreement for the center, subject to Minnesota Statutes, section 16A.695.	
Subd. 10. Minneapolis - Empowerment Zone Projects	5,800,000
For a grant to the city of Minneapolis for public infrastructure improvements in the following empowerment zone projects: the Job Creation Area SEMI-Project and the Near Northside Redevelopment Project. The city of Minneapolis must consult and	

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cooperate with other cities that have neighborhoods affected by these projects including, without limitation, on issues related to noise mitigation and traffic flow.

This appropriation is not available until the commissioner has determined that an equal amount has been committed from nonstate sources.

Subd. 11. Farmamerica 470,000

This appropriation is from the general fund.

For a grant for accessibility and security improvements at Farmamerica - Minnesota's Agricultural Interpretive Center in Waseca, Minnesota.

Sec. 23. HOUSING FINANCE AGENCY 2,000,000

This appropriation is from the general fund.

To the commissioner of the housing finance agency for transfer to the housing development fund to make loans for transitional housing under Minnesota Statutes, section 462A.202, subdivision 2.

Sec. 24. MINNESOTA HISTORICAL SOCIETY

Subdivision 1. To the Minnesota Historical Society for the purposes specified in this section 5,750,000

Subd. 2. Historic Site Preservation and Repair 1,750,000

For capital repair, reconstruction, or replacement of deferred maintenance needs at state historic sites, buildings, landscaping at historic buildings, exhibits, markers, and monuments. Of this amount \$200,000 is for the asset preservation for Le Duc Mansion. The society shall determine project priorities as appropriate based on need.

Subd. 3. St. Anthony Falls Heritage Center 3,000,000

To construct, furnish, and equip the St. Anthony Falls Heritage Center.

This appropriation is added to the appropriation in Laws 1998, chapter 404, section 25, subdivision 7, and is not available until the commissioner of finance has determined that the necessary additional financing to complete a project with a total cost of at least \$24,000,000, has been committed from nonstate sources.

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Subd. 4. North West Company Fur Post Interpretive Center Exhibits 500,000

To construct permanent exhibits at the North West Company Fur Post Interpretive Center. This appropriation is added to the appropriation in Laws 1998, chapter 404, section 25, subdivision 5.

The hall housing the exhibits is named the "Senator Janet B. Johnson Exhibit Hall" and an appropriate plaque so designating must be prominently located in the hall.

Subd. 5. County and Local Preservation Grants 500,000

To be allocated to county and local jurisdictions as matching money for historic preservation projects of a capital nature. Grant recipients must be public entities and must match state funds on at least an equal basis. The facilities must be publicly owned.

Sec. 25. BOND SALE EXPENSES 448,000

To the commissioner of finance for bond sale expenses under Minnesota Statutes, section 16A.641, subdivision 8. This appropriation is from the bond proceeds fund.

Sec. 26. [BOND SALE AUTHORIZATION.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$426,870,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [MAXIMUM EFFORT SCHOOL LOAN FUND.] To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of finance shall sell and issue bonds of the state in an amount up to \$44,030,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Sec. 27. [CANCELLATIONS AND TRANSFERS.]

(a) The \$734,000 appropriation in Laws 1994, chapter 643, section 18, for the design of the labor interpretive center is canceled. The bond sale authorization in Laws 1994, chapter 643, section 31, subdivision 1, is reduced by \$734,000.

(b) The \$1,100,000 appropriation in Laws 1994, chapter 643, section 19, subdivision 9, as amended by Laws 1995, chapter 224, section 124, and Laws 1997, chapter 183, article 3, section 30, for the American Indian history center at Bemidji state university is canceled. The bond sale authorization in Laws 1994, chapter 643, section 31, subdivision 1, is reduced by \$1,100,000.

(c) \$130,000 of the appropriation in Laws 1994, chapter 643, section 23, for dam improvements is canceled. The bond sale authorization in Laws 1994, chapter 643, section 31, subdivision 1, is reduced by \$130,000.

(d) \$383,000 of the appropriation in Laws 1996, chapter 463, section 13, subdivision 9, for a support services facility near the corner of Mississippi Street and University Avenue is canceled. The bond sale authorization in Laws 1996, chapter 643, section 27, subdivision 1, is reduced by \$383,000.

(e) The unobligated balance of the appropriation in Laws 1996, chapter 463, section 15, subdivision 4, for an armory facility and ramp near the corner of Rice Street and University Avenue, estimated to be \$197,000, is canceled to the general fund.

(f) \$1,355,000 of the appropriation in Laws 1996, chapter 463, section 16, subdivision 5, for the Brainerd bed expansion project is canceled. The bond sale authorization in Laws 1996, chapter 463, section 27, subdivision 1, is reduced by \$1,355,000.

(g) The \$500,000 appropriation in Laws 1996, chapter 463, section 22, subdivision 7, for the Battle Point historic site is canceled. The bond sale authorization in Laws 1996, chapter 463, section 27, subdivision 1, is reduced by \$500,000.

(h) \$10,000,000 of the appropriation in Laws 1997, Second Special Session chapter 2, section 2, for public safety disaster assistance funds is canceled. The bond sale authorization in Laws 1997, Second Special Session chapter 2, section 12, is reduced by \$10,000,000.

(i) \$5,800,000 of the appropriation in Laws 1998, chapter 404, section 13, subdivision 5, for the Minnesota labor interpretive center is canceled to the general fund.

(j) \$1,893,000 of the appropriation in Laws 1998, chapter 404, section 5, subdivision 5, for the Southwest Metropolitan Integration Magnet School in Edina is canceled to the general fund.

(k) The \$800,000 appropriation in Laws 1998, chapter 404, section 15, subdivision 5, for a tennis facility in the city of St. Paul is canceled to the general fund.

(l) The \$1,700,000 appropriation in Laws 1998, chapter 404, section 22, for the Battle Point cultural education center is canceled. The bond sale authorization in Laws 1998, chapter 404, section 27, subdivision 1, is reduced by \$1,700,000.

(m) The balance of the appropriation in Laws 1998, chapter 404, section 23, subdivision 11, for the St. Cloud community events center is transferred to the board of trustees of the Minnesota state colleges and universities to construct a new athletic facility on the south side of the existing St. Cloud State University campus. The balance of the bond sale authorization in Laws 1998, chapter 404, section 27, subdivision 1, attributable to the events center project is to provide the money for the athletic facility project.

(n) \$1,000,000 of the appropriation in Laws 1998, chapter 404, section 23, subdivision 24, for the Minnesota African-American Performing Arts Center is canceled. The bond sale authorization in Laws 1998, chapter 404, section 27, subdivision 1, is reduced by \$1,000,000.

(o) The \$4,000,000 appropriation in Laws 1999, chapter 240, article 1, section 3, for the Southwest Metropolitan Integration Magnet School in Edina is canceled. The bond sale authorization in Laws 1999, chapter 240, article 1, section 13, is reduced by \$4,000,000.

(p) \$321,000 of the unobligated balance of the appropriation in Laws 1999, chapter 250, article 1, section 12, subdivision 5, to demolish the capitol square building and restructure the site as a temporary parking lot is canceled to the general fund.

Sec. 28. Minnesota Statutes 1998, section 16A.641, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY.] When authorized by a law enacted in accordance with the constitution, article XI, sections 5 and 7, the commissioner ~~may~~ shall sell and issue general obligation bonds of the state evidencing public debt incurred for any purpose stated in those sections. The full faith, credit, and taxing powers of the state are irrevocably pledged for the prompt and full payment of the bonds and interest. The decision of the commissioner on when to sell bonds must be based on the funding needs of the capital projects, the timing of the bond issue to achieve favorable interest rates, managing cash flow requirements for debt service, other state debt management considerations, and legal factors.

Sec. 29. Minnesota Statutes 1998, section 16A.642, is amended to read:

16A.642 [STATE BONDS: REPORTS; CANCELLATIONS.]

Subdivision 1. [REPORTS.] (a) The commissioner of finance shall report to the chairs of the senate committee on finance and the house of representatives committees on ways and means and on capital investment by February 1 of each odd-numbered year on the following:

(1) all laws authorizing the issuance of state bonds or appropriating general fund money for state or local government ~~building capital investment~~ projects enacted more than ~~five~~ four years before February 1 of that odd-numbered year; the projects authorized to be acquired and constructed ~~with the bond proceeds~~ for which less than 100 percent of the authorized total cost has been expended, encumbered, or otherwise obligated; the cost of contracts to be let in accordance with existing plans and specifications shall be considered expended for this report; and the amount of general fund money appropriated but not spent or otherwise obligated, and the amount of bonds not issued and bond proceeds held but not previously expended, encumbered, or otherwise obligated for these projects; and

(2) all laws authorizing the issuance of state bonds or appropriating general fund money for state or local government capital programs or projects other than those described in clause (1), enacted more than ~~five~~ four years before February 1 of that odd-numbered year; and the amount of general fund money appropriated but not spent or otherwise obligated, and the amount of bonds not issued and bond proceeds held but not previously expended, encumbered, or otherwise obligated for these programs and projects.

(b) The commissioner shall also report on general fund appropriations for capital projects, bond authorizations or bond proceed balances that may be canceled because projects have been canceled, completed, or otherwise concluded, or because the purposes for which the money was appropriated or bonds were authorized or issued have been canceled, completed, or otherwise concluded. The general fund appropriations, bond authorizations or bond proceed balances that are unencumbered or otherwise not obligated that are reported by the commissioner under this subdivision are canceled, effective July 1 of the year of the report, unless specifically reauthorized by act of the legislature.

Subd. 2. [CANCELLATION.] If the commissioner determines that the purposes for which general obligation bonds of the state have been issued or for which general fund monies were appropriated are accomplished or abandoned, after consultation with the affected agencies, and there is a remaining authorization or appropriation for a specific project of \$500 or less, the commissioner may cancel the remaining authorization or appropriation for that project. The commissioner must notify the chairs of the senate finance committee and the house capital investment committee of any bond authorizations or general fund appropriations canceled under this subdivision.

Subd. 3. [APPLICATION OF UNUSED BOND PROCEEDS.] All canceled bond proceeds shall be transferred to the state bond fund and used to pay or redeem bonds from which they were derived.

Subd. 4. [GENERAL FUND CANCELLATIONS.] All canceled general fund appropriations for capital improvement projects under this section are canceled to the general fund.

Sec. 30. Minnesota Statutes 1998, section 16A.67, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The commissioner of finance, ~~upon request of the governor,~~ is authorized to sell and issue state bonds to fund the judgment rendered against the state by the Minnesota supreme court in Cambridge State Bank et al. v. James, 514 N.W. 2d 565, on April 1, 1994, and related claims, and interest accrued on the judgment and related claims, to fund any bond reserve determined to be necessary, and to pay costs of issuance of the bonds. The proceeds of the bonds are appropriated for these purposes. The principal amount of the bonds shall not exceed \$400,000,000. The bonds shall be sold and issued upon such terms and in such manner as the commissioner shall determine to be in the best interests of the state. The final maturity of the bonds shall be not later than June 30, 2005.

Sec. 31. Minnesota Statutes 1998, section 16A.67, subdivision 5, is amended to read:

Subd. 5. [COVENANTS; AGREEMENTS.] The commissioner may, for and on behalf of the state, enter into such covenants and agreements not inconsistent with subdivisions 1 to 4 and sections 246.18, subdivisions 4 and 6; and 349A.10, subdivision 5, as may be necessary or desirable to facilitate the sale and issuance of the bonds on terms favorable to the state, including, but not limited to, covenants and agreements relating to the payment of and security for the bonds, tax-exemption, and disclosure of information required by federal and state securities laws. Such covenants and agreements of the commissioner constitute an enforceable contract of the state and the state pledges and agrees with the holders of any bonds that the state will not limit or alter the rights vested in the commissioner to fulfill the terms of any such covenants or agreements made with the holders of the bonds, or in any way impair the rights and remedies of the holders until the bonds, together with the interest thereon, with interest on any unpaid installments of interest, and all costs and expenses in connection with any action or proceeding by or on behalf of such holders, are fully met and discharged. The commissioner is authorized to include this pledge and agreement of the state in any covenant or agreement with the holders of such bonds. Such covenants may not include covenants to continue to operate the state lottery but may include covenants to continue to seek payment by and reimbursement from nonstate sources of health care costs so long as any bonds issued pursuant to this section are outstanding. The provisions of sections 16A.672 and 16A.675 are applicable to the bonds. The commissioner may pay to the United States of America any rebate in the amounts and at the times required by the United States Internal Revenue Code and treasury regulations promulgated thereunder in order to maintain the federal tax exemption of bonds issued under this section.

Sec. 32. Minnesota Statutes 1998, section 16A.6701, subdivision 2, is amended to read:

Subd. 2. [FEES CREDITED TO SPECIAL REVENUE FUND.] During any period in which bonds are issued and outstanding under section 16A.67, all state license and service fees must be credited to the special revenue fund created in section 16A.67, subdivision 3. Money credited to the special revenue fund must be transferred to the debt service fund established in section 16A.67, subdivision 4, at the times and in the amounts determined by the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67. On or before the tenth day of each month, any money in the special revenue fund not required to be transferred to the debt service fund must be transferred to the general fund. If bonds are not issued and outstanding under section 16A.67, all state license and service fees must be credited to the general fund.

Sec. 33. Minnesota Statutes 1998, section 16A.671, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; ADVISORY RECOMMENDATION.] To ensure that cash is available when needed to pay warrants drawn on the general fund under appropriations and allotments, ~~the governor may authorize the commissioner may~~ may (1) ~~to~~ issue certificates of indebtedness in anticipation of the collection of taxes levied for and other revenues appropriated to the general fund for expenditure during each biennium; and (2) ~~to~~ issue additional certificates to refund outstanding certificates and interest on them, under the constitution, article XI, section 6.

Sec. 34. Minnesota Statutes 1998, section 16A.671, subdivision 2, is amended to read:

Subd. 2. [ADVISORY RECOMMENDATION.] Before certificates are initially sold by any of the methods authorized in subdivision 6, the ~~governor~~ commissioner shall seek the advisory recommendation of the legislative advisory commission, or if there is no commission, the executive council, on (1) the necessity of issuing them, (2) the terms and conditions of the sale, and (3) the maximum amount to be issued and outstanding under the authorization. If the commission or council does not make a recommendation promptly, the recommendation is negative. An additional recommendation is not required for refunding outstanding certificates or for each issuance of certificates in accordance with an approved line of credit, underwriting, or placement agreement.

Sec. 35. Minnesota Statutes 1999 Supplement, section 16B.616, subdivision 3, as amended by Laws 2000, chapter 417, section 1, is amended to read:

Subd. 3. [SAFETY REQUIREMENTS.] In places of public accommodation using bleacher seating, all bleachers or bleacher open spaces over 55 inches above grade or the floor below, and all bleacher guardrails if any part of the guardrail is over 30 inches above grade or the floor below must conform to the following safety requirements:

(1) the open space between bleacher footboards, seats, and guardrails must not exceed four inches, unless approved safety nets are installed, except that retractable bleachers already in place as of January 1, 2001, ~~with~~ may have open spaces not exceeding nine inches, ~~are exempt from the requirement of this clause and any bleachers owned by the University of Minnesota, the Minnesota state colleges and universities, or a private college or university may have open spaces not exceeding nine inches;~~

(2) bleachers must have vertical perimeter guardrails with no more than four-inch rail spacing between vertical rails or other approved guardrails that address climbability and are designed to prevent accidents; and

(3) the state building official shall determine whether the safety nets and guardrail climbability meet the requirements of the alternate design section of the State Building Code. All new bleachers manufactured, installed, sold, or distributed after January 1, 2001, must comply with the State Building Code in effect and this subdivision.

Sec. 36. Minnesota Statutes 1999 Supplement, section 16B.616, subdivision 4, as amended by Laws 2000, chapter 417, section 2, is amended to read:

Subd. 4. [ENFORCEMENT.] (a) A statutory or home rule charter city that is not covered by the code because of action taken under section 16B.72 or 16B.73 is responsible for enforcement in the city of the code's requirements for bleacher safety. In all other areas where the code does not apply because of action taken under section 16B.72 or 16B.73, the county is responsible for enforcement of those requirements.

(b) Municipalities that have not adopted the code may enforce the code requirements for bleacher safety by either entering into a joint powers agreement for enforcement with another municipality that has adopted the code or contracting for enforcement with a qualified and certified building official or state licensed design professional to enforce the code.

(c) Municipalities, school districts, organizations, individuals, and other persons operating or owning places of public accommodation with bleachers that are subject to the safety requirements in subdivision 3 shall provide a signed certification of compliance to the commissioner by January 1, 2002. For bleachers ~~exempted by~~ subject to the exception in subdivision 3, clause (1), entities covered by this paragraph must have on file a bleacher safety management plan and amortization schedule. The certification shall be prepared by a qualified and certified building official or state licensed design professional and shall certify that the bleachers have been inspected and are in compliance with the requirements of this section and are structurally sound. For bleachers owned by a school district, the person the district designates to be responsible for buildings and grounds may make the certification.

Sec. 37. [BIG BOG STATE RECREATION AREA.]

Subdivision 1. [85.013] [Subd. 2c.] [BIG BOG STATE RECREATION AREA, BELTRAMI COUNTY.] Big Bog state recreation area is established in Beltrami county.

Subd. 2. [PURPOSE.] The Big Bog state recreation area is created to expand and diversify regional recreational opportunities and to enrich the cultural, biological, and historical opportunities for visitors to an area of the state that has suffered severe economic distress. The Big Bog recreational area will also enhance public appreciation and provide for the long-term protection of a unique ecosystem.

Subd. 3. [BOUNDARIES.] The following described lands are located within the boundaries of Big Bog state recreation area, all in Beltrami county:

(1) Government Lots 1, 2, and 3 of Section 8, Township 154 North, Range 30 West, EXCEPT a tract in Government Lot 3 beginning 100 feet North of the South boundary of Government Lot 3 on the east right-of-way line of State Trunk Highway 72; thence northerly 200 feet along said trunk highway; thence East to the westerly right-of-way line of old Trunk Highway 72; thence southerly 200 feet along said right-of-way line; thence westerly to the point of beginning;

(2) all of Sections 25, 26, and 27; the east Half, the Northwest Quarter, and the North Half of the Southwest Quarter of Section 34; the North Half and the Southwest Quarter of Section 35; the North Half, the East Half of the Southwest Quarter, the Southwest Quarter of the Southwest Quarter, the West Half of the Southeast Quarter, and the Southeast Quarter of the Southeast Quarter of Section 36, all in Township 156 North, Range 31 West; and

(3) all of Sections 1 and 2; the East Half of Section 3; the East Half, the Southeast Quarter of the Northwest Quarter, the East Half of the Southwest Quarter, and the Southwest Quarter of the Southwest Quarter of Section 10; and all of Sections 11, 12, 13, 14, and 15, all in Township 155 North, Range 31 West.

Subd. 4. [ADMINISTRATION.] The commissioner of natural resources shall administer the area according to Minnesota Statutes, section 86A.05, subdivision 3, subject to existing rules and regulations for state recreation areas.

Subd. 5. [CONTINUED LEASE OF LAND IN BIG BOG STATE RECREATION AREA.] Notwithstanding Minnesota Statutes, sections 85.011, 85.013, 85.053, and 86A.05, the commissioner of natural resources may continue to lease, upon the terms and conditions as the commissioner may prescribe and in the form approved by the attorney general, land within the Big Bog state recreation area that is included in lease number 144-15-109 to Waskish township.

Sec. 38. [RED RIVER STATE RECREATION AREA.]

Subdivision 1. [85.013] [Subd. 20a.] [RED RIVER STATE RECREATION AREA, POLK COUNTY.] The Red River state recreation area is established in Polk county.

Subd. 2. [BOUNDARIES.] The following described lands are located within the boundaries of the Red River state recreation area, all in Polk county:

(1) Lots 3 to 14 of Block 2 including streets and alleys adjacent thereto in Riverside Addition;

(2) Block 1 including streets and alleys adjacent thereto in Surprenant's Addition;

(3) Lots 1 to 24 including streets and alleys adjacent thereto in Grigg's Addition;

(4) Lots 2, 4, 6, 8, 10, and 12 of Block 1, Block 3, Lots 1 to 10 of Block 4, and Lots 1 to 12 in Blocks A and B including streets and alleys adjacent thereto in Grand Forks East;

- (5) Lots 1 to 5 of Block 1 and Blocks 2 to 14 including streets and alleys adjacent thereto in Lake Park Addition;
- (6) Lots 1 to 7 and Lots 19 to 24 of Block 2 including streets and alleys adjacent thereto in E.B. Frederick's Addition;
- (7) Lots 1 to 3 of Block 1 and Blocks 2, 3, and 4 including streets and alleys adjacent thereto in Budge's First Addition;
- (8) Lots 1 to 4 of Block 1 including streets and alleys adjacent thereto in River Heights 1st Addition;
- (9) Blocks 1 and 2 including streets and alleys adjacent thereto in Thompson's Addition;
- (10) Lots 1 to 12 of Block 1, Lots 4 to 12 of Block 2, Block 3, and Lots 1 to 4 of Block 4 in Edwards Outlots and Outlots 4 to 8 including streets and alleys adjacent thereto in Auditor's Plat of Outlots;
- (11) Auditor's Plat of Mrs. Hines' Outlot;
- (12) Lots 6, 8, 10, 12, 14, 16, 18, 20, 22, and 24 of Block 3 and Lots 1 to 8 of Block 2 including streets and alleys adjacent thereto in the Original Townsite of East Grand Forks;
- (13) Blocks 1 to 8 including streets and alleys adjacent thereto in Woodland Addition;
- (14) Lots 1, 3, 5, 7, 9, 11, 13, 15, 17, 19, 21, and 23 of Block 31 and Blocks 32 to 38 including streets and alleys adjacent thereto in Traill's Addition;
- (15) Blocks 2 to 16 including streets and alleys adjacent thereto in Elm Grove;
- (16) Block 1, Lots 1 to 11 of Block 2, and Lots 1 to 11 of Block 3 including streets and alleys adjacent thereto in O'Leary and Ryan's Addition to Elm Grove;
- (17) Lots 6 to 10 of Block 1, Lots 8 to 35 of Block 2, Blocks 3, 4, and 5 including streets and alleys adjacent thereto in Folsom Park Addition;
- (18) Lots 1 to 6 of Block 1 in Jerome's Addition;
- (19) Lots 1 to 4 of Block 3 in Prestige Addition;
- (20) Lots 1 to 14 of Block 1 in Riverview Addition;
- (21) Lots 6 to 16 of Block 3 in Riverview 3rd Addition;
- (22) Lots 1 to 4 of Block 1 in Riverview 4th Addition;
- (23) Lots 1 and 2 of Block 1 in Riverview 5th Addition;
- (24) Lots 1 to 9 of Block 1 and Outlot A in Riverview 6th Addition;
- (25) Lots 1 to 18 of Block 1 and Lots 1 to 5 of Block 2 including streets and alleys adjacent thereto in Timberline 2nd Addition;
- (26) Lots 14 to 16 of Block 1 including streets and alleys adjacent thereto in Timberline Addition;
- (27) Lots 19 and 20 including streets and alleys adjacent thereto in Murphy's Outlots;

- (28) Lots 1 to 10 of Block 1 including streets and alleys thereto in Croy's 2nd Addition;
- (29) Lots 1 to 6 of Block 1 including the streets and alleys adjacent thereto in Point of Woods 2nd Addition;
- (30) Lots 1 to 6 of Block 1 including the streets and alleys adjacent thereto in Point of Woods Addition;
- (31) the unplatted portions of Government Lots 1, 2, and 3 of Section 35, Township 152 North, Range 50 West;
- (32) all of Government Lot 7, the unplatted portion of Government Lot 9, and that part of Government Lots 6 and 8 and the Southeast Quarter of the Southeast Quarter lying southwesterly of the southwesterly right-of-way line of the Burlington Northern and Santa Fe Railroad of Section 1, Township 151 North, Range 50 West;
- (33) the unplatted portions of Government Lots 2, 3, 4, 5, and 6 of Section 2, Township 151 North, Range 50 West;
- (34) all of Government Lots 1 and 2 of Section 11, Township 151 North, Range 50 West;
- (35) all of Government Lots 1, 7, and 11, the unplatted portions of Government Lots 3, 5, 9, and 10, and the Northeast Quarter of the Northwest Quarter of Section 12, Township 151 North, Range 50;
- (36) all of Government Lots 1 and 2, the Southwest Quarter of the Northwest Quarter, and the Northwest Quarter of the Southwest Quarter of Section 13, Township 151 North, Range 50 West;
- (37) all of Government Lots 1, 2, 3, and 4 of Section 14; Township 151 North, Range 50 West;
- (38) that part of Government Lot 7 lying southwesterly of the southwesterly right-of-way line of the Burlington Northern and Santa Fe Railroad of Section 6, Township 151 North, Range 49 West; and
- (39) all of Government Lots 2, 6, 7, and 9, the Northwest Quarter of the Northeast Quarter, the Northeast Quarter of the Northeast Quarter, the unplatted portions of Government Lots 3 and 5, and that part of Government Lot 1 and the Northeast Quarter of the Northwest Quarter lying southwesterly of the southwesterly right-of-way line of the Burlington Northern and Santa Fe Railroad of Section 7, Township 151 North, Range 49 West.

Subd. 3. [ADMINISTRATION.] The commissioner of natural resources shall administer the area according to Minnesota Statutes, section 86A.05, subdivision 3, subject to existing rules and regulations for state recreation areas. The commissioner shall appoint a citizens' oversight committee to assist with developing and managing the area. The committee shall serve without compensation and is exempt from Minnesota Statutes, section 15.059.

Sec. 39. Minnesota Statutes 1998, section 85.015, is amended by adding a subdivision to read:

Subd. 8a. [MILL TOWNS TRAIL.] (a) The trail shall originate at a point commonly known as Faribault Junction in Rice county, the termination point of the Sakatah Singing Hills Trail, and shall extend through the towns of Faribault, Dundas, Northfield, Waterford, and Randolph, to the termination point of the Cannon Valley Trail in Cannon Falls. The trail may be located within the Cannon River wild, scenic, and recreational river land use district.

(b) The trail shall be developed primarily for riding and hiking. Motorized vehicles, except snowmobiles, are prohibited from the trail.

Sec. 40. Minnesota Statutes 1999 Supplement, section 85.019, subdivision 4b, is amended 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 outside the metropolitan area deemed to be of regional significance according to criteria published by the

commissioner. Recipients must provide a nonstate cash match of at least one-half of total eligible project costs. 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. The commissioner shall make payment to a unit of government upon receiving documentation of reimbursable expenditures. A unit of government may enter into a lease or management agreement for the trail, subject to section 16A.695.

Sec. 41. Minnesota Statutes 1998, section 103F.161, is amended by adding a subdivision to read:

Subd. 3. [RED RIVER BASIN FLOOD MITIGATION PROJECTS.] Notwithstanding subdivision 2, a grant for implementation of a flood hazard mitigation project in the Red river basin that is consistent with the 1998 mediation agreement and approved by the Red river flood damage reduction work group may be for up to 75 percent of the cost of the proposed mitigation measures for the the Agassiz-Audubon, North Ottawa, Hay creek, and Thief River subwatershed projects.

Sec. 42. [115.445] [NOTIFICATION REQUIREMENTS.]

Before the pollution control agency may issue a permit for a new wastewater treatment system that requires a national pollutant discharge elimination system permit or a state disposal system permit, and before construction of the system may begin, the following requirements must be met:

(1) the project proposer must provide notice to other political subdivisions as required by section 116.182, subdivision 3a, unless section 116.182, subdivision 3a, does not apply to the project; and

(2) the agency shall evaluate wastewater treatment alternatives to the proposed project that are included in the facilities plan, and any comments received on the facilities plan, considering environmental and cost factors, and shall make the information available to the public and may make written findings regarding its evaluation.

Sec. 43. [115.447] [TRACKING REPORT FOR NEW WASTEWATER FACILITIES.]

The pollution control agency shall annually prepare a report tracking the location and capacity of each new wastewater treatment system requiring a national pollutant discharge elimination system or state disposal system permit built after May 1, 2000. The annual report must also provide the total number of new systems built after that date. The commissioner shall submit the report to the chairs of the legislative committees with jurisdiction over environmental policy and finance by February 1 of each year.

Sec. 44. Minnesota Statutes 1998, section 116.182, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) For the purposes of this section, the terms defined in this subdivision have the meanings given them.

(b) "Agency" means the pollution control agency.

(c) "Authority" means the public facilities authority established in section 446A.03.

(d) "Commissioner" means the commissioner of the pollution control agency.

(e) "Essential project components" means those components of a wastewater disposal system that are necessary to convey or treat a municipality's existing wastewater flows and loadings, ~~and future wastewater flows and loadings based on 50 percent of the projected residential growth of the municipality for a 20-year period.~~

(f) "Municipality" means a county, home rule charter or statutory city, town, the metropolitan council, an Indian tribe or an authorized Indian tribal organization; or any other governmental subdivision of the state responsible by law for the prevention, control, and abatement of water pollution in any area of the state.

(g) "Outstanding international resource value waters" are the surface waters of the state in the Lake Superior Basin, other than Class 7 waters and those waters designated as outstanding resource value waters.

(h) "Outstanding resource value waters" are those that have high water quality, wilderness characteristics, unique scientific or ecological significance, exceptional recreation value, or other special qualities that warrant special protection.

Sec. 45. Minnesota Statutes 1998, section 116J.561, is amended to read:

116J.561 [CREATION OF ~~ACCOUNT~~ ACCOUNTS.]

~~A Two~~ redevelopment ~~account~~ accounts are created, one in the general fund and one in the bond proceeds fund. Money in the ~~account~~ accounts may be used to make grants as provided in section 116J.564 and to pay for the commissioner's costs in reviewing applications and making grants.

Sec. 46. Minnesota Statutes 1999 Supplement, section 116J.567, is amended to read:

116J.567 [SALE OF LAND.]

~~Bond proceeds funds~~ Money in the account in the bond proceeds fund may only be used for redevelopment costs for publicly owned property. ~~Nonbond proceeds funds~~ Money in the account in the general fund may be used for redevelopment costs as defined in section 116J.562, subdivision 2, provided that the land upon which the improvements are made will ultimately be sold to a private developer at the fair market value of the land, unless it can be determined by the commissioner that a sale for less than fair market value does not result in a subsidy to a private business or developer. Net sale proceeds, up to the amount of the grant, must be paid to the account by the development authority within two years of the sale. The sale and repayment provisions of this section do not apply to lands that will be acquired with ~~nonbond money other than bond~~ proceeds funds and retained in public ownership for infrastructure improvement and ponding or other environmental infrastructure. For the purpose of this section, "net sales proceeds" means the purchase price of the land minus redevelopment costs related to the land including redevelopment costs paid with grants made under section 116J.564.

Sec. 47. Minnesota Statutes 1999 Supplement, section 119A.45, as amended by Laws 2000, chapter 444, article 2, section 3, is amended to read:

119A.45 [EARLY CHILDHOOD LEARNING AND CHILD PROTECTION FACILITIES.]

The commissioner may make grants to state agencies and political subdivisions to construct or rehabilitate facilities for early childhood programs, with priority to centers in counties or municipalities with the highest percentage of children living in poverty. The commissioner may also make grants to state agencies and political subdivisions to construct or rehabilitate facilities for crisis nurseries or parenting time centers. The facilities must be owned by the state or a political subdivision, but may be leased under section 16A.695 to organizations that operate the programs. The commissioner must prescribe the terms and conditions of the leases. A grant for an individual facility must not exceed \$200,000 for each program that is housed in the facility, up to a maximum of \$500,000 for a facility that houses three programs or more. Programs include Head Start, early childhood and family education programs, and other early childhood intervention programs. The commissioner must give priority to grants that involve collaboration among sponsors of programs under this section and may give priority to projects that collaborate with child care providers, including all-day and school-age child care programs, special needs care, sick child care, ~~and~~ nontraditional hour care, and programs that include services to refugee and immigrant families. The commissioner may give priority to grants for programs that will increase their child care workers' wages as a result of the grant. At least 25 percent of the amounts appropriated for these grants up to \$50,000 must utilize youthbuild under sections 268.361 to 268.366 or other youth employment and training programs for the labor portion of the construction. Eligible programs must consult with appropriate labor organizations to deliver education and training. State appropriations must be matched on a 50 percent basis with nonstate funds. The matching requirement must apply programwide and not to individual grants.

Sec. 48. Minnesota Statutes 1999 Supplement, section 124D.88, subdivision 3, is amended to read:

Subd. 3. [GRANT APPLICATION PROCESS.] (a) Any group of school districts that meets the criteria required under paragraph (b)(1) may apply for a magnet school grant in an amount not to exceed ~~\$20,800,000~~ for the approved costs or expansion of a magnet school facility.

(b)(1) Any group of districts that submits an application for a grant shall submit a proposal to the commissioner for review and comment under section 123B.71, and the commissioner shall prepare a review and comment on the proposed magnet school facility, regardless of the amount of the capital expenditure required to design, acquire, construct, remodel, improve, furnish, or equip the facility. The commissioner must not approve an application for a magnet school grant for any facility unless the facility receives a favorable review and comment under section 123B.71 and the participating districts:

(i) establish a joint powers board under section 471.59 to represent all participating districts and govern the magnet school facility;

(ii) design the planned magnet school facility to meet the applicable requirements contained in Minnesota Rules, chapter 3535;

(iii) submit a statement of need, including reasons why the magnet school will facilitate integration and improve learning;

(iv) prepare an educational plan that includes input from both community and professional staff; and

(v) develop an education program that will improve learning opportunities for students attending the magnet school.

(2) The districts may develop a plan that permits social service, health, and other programs serving students and community residents to be located within the magnet school facility. The commissioner shall consider this plan when preparing a review and comment on the proposed facility.

(c) When two or more districts enter into an agreement establishing a joint powers board to govern the magnet school facility, all member districts shall have the same powers.

(d) A joint powers board of participating school districts established under paragraphs (b) and (c) that intends to apply for a grant must adopt a resolution stating the costs of the proposed project, the purpose for which the debt is to be incurred, and an estimate of the dates when the contracts for the proposed project will be completed. A copy of the resolution must accompany any application for a state grant under this section.

(e)(1) The commissioner shall examine and consider all grant applications. If the commissioner finds that any joint powers district is not a qualified grant applicant, the commissioner shall promptly notify that joint powers board. The commissioner shall make awards to no more than two qualified applicants whose applications have been on file with the commissioner more than 30 days.

(2) A grant award is subject to verification by the joint powers board under paragraph (f). A grant award must not be made until the participating districts determine the site of the magnet school facility. If the total amount of the approved applications exceeds the amount of grant funding that is or can be made available, the commissioner shall allot the available amount equally between the approved applicant districts. The commissioner shall promptly certify to each qualified joint powers board the amount, if any, of the grant awarded to it.

(f) Each grant must be evidenced by a contract between the joint powers board and the state acting through the commissioner. The contract obligates the state to pay to the joint powers board an amount computed according to paragraph (e)(2) and a schedule, and terms and conditions acceptable to the commissioner of finance.

(g) Notwithstanding the provisions of section 123B.02, subdivision 3, the joint powers and its individual members may enter into long-term lease agreements as part of the magnet school program.

Sec. 49. Minnesota Statutes 1998, section 134.45, is amended by adding a subdivision to read:

Subd. 5a. [PROHIBITION ON PORNOGRAPHIC USE OF INTERNET.] A public library jurisdiction is not eligible for a grant under this section unless it has adopted a policy to prohibit library users from using the library's Internet access to view, print, or distribute material that is obscene within the meaning of section 617.241.

Sec. 50. Minnesota Statutes 1998, section 135A.034, is amended to read:

135A.034 [BUDGET PRIORITIES.]

Subdivision 1. [OPERATING BUDGET.] The governing boards of the University of Minnesota, and the Minnesota state colleges and universities, the community colleges, and the technical colleges shall each develop, for legislative and executive branch acceptance, its highest budget priorities in accordance with statewide objectives for higher education. It is the intent of the legislature to appropriate at least 67 percent of the total cost of instruction after adjusting for inflation and enrollment changes. However, in the event of a budget shortfall, or if funding of inflation is not possible, available funding shall first be applied to the agreed upon budget priorities.

Subd. 2. [CAPITAL PROJECTS.] The board of regents of the University of Minnesota and the board of trustees of the Minnesota state colleges and universities are requested to consider the following criteria in establishing priorities for requests for bond funds for capital projects:

- (1) maintenance and preservation of existing facilities;
- (2) completion of projects that have received funding;
- (3) updating facilities to meet contemporary needs;
- (4) providing geographic distribution of capital projects; and
- (5) maximizing the use of nonstate contributions.

Sec. 51. Minnesota Statutes 1998, section 136F.36, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ACQUIRE, DEVELOP, AND SELL REAL PROPERTY FOR INSTRUCTIONAL PURPOSES.] For the purpose of instructional construction by technical colleges, the board may build, sell, or transfer personal property and may purchase or otherwise acquire real property that it does not intend to use as a permanent educational site. The board may, upon the terms and conditions it sets, develop and, sell, transfer, or otherwise dispose of real property acquired under this section. A sale shall, transfer, or other disposition must be for at fair market value. For purposes of this section, a sale price resulting from public bidding, public auction, or negotiations between unrelated parties acting in their self-interest is fair market value. Where real property acquired under this section cannot be sold for fair market value, the board may lease the real property under the terms and conditions it sets. The board may also contract for the use of real property it does not own. Where the board makes improvements to real property it does not own, the landowner shall may compensate the board for the fair market value, nominal consideration, or without consideration as may be agreed on between the parties, of the board's contribution to the improvements. No other authorizing legislation or legislative approval is required for an acquisition, improvement, or sale under this section. Proceeds from the sale, lease, or improvement of real property under this section are appropriated to the board.

Sec. 52. Minnesota Statutes 1998, section 136F.36, subdivision 3, is amended to read:

Subd. 3. [WARRANTIES.] The board may, in its discretion, offer the warranties contained in chapter 327A, less extensive warranties or no warranties.

Sec. 53. Minnesota Statutes 1998, section 136F.36, is amended by adding a subdivision to read:

Subd. 5. [STATE EMPLOYEE PURCHASE.] Notwithstanding section 15.054, personal or real property resulting from instructional construction by technical colleges may be sold to a state employee under the following conditions:

- (1) there is reasonable public notice of the sale;
- (2) the sale is by public auction, sealed bid, or listing with a licensed real estate broker;
- (3) the state employee offers the highest price; and
- (4) the state employee was not involved in the development of the property or the award of the sale.

Sec. 54. Minnesota Statutes 1998, section 136F.60, is amended by adding a subdivision to read:

Subd. 4. [TRANSFER OF STATE COLLEGE OR UNIVERSITY-OWNED IMPROVEMENTS.] The board may sell, transfer, or otherwise dispose of an improvement located on state-owned lands, the compensation for which shall be determined by the board. The sale, transfer, or disposition must be accomplished by a bill of sale describing the improvement transferred and the terms and conditions of the sale or transfer. Proceeds from the sale, transfer, or disposition must be retained by the board unless otherwise provided by section 16A.695 or other law.

Sec. 55. Minnesota Statutes 1998, section 136F.64, subdivision 1, is amended to read:

Subdivision 1. [GENERAL AUTHORITY; CONSTRUCTION; IMPROVEMENTS.] (a) Specific legislative authority is not required for repairs or minor capital projects financed with operating appropriation or institutional receipts that:

- (1) are undertaken for asset preservation or code compliance purposes; or
- (2) do not materially increase the net square footage of the institution; and
- (3) do not materially increase the costs of instructional programs.

For any project under this section with a cost in excess of \$50,000, unless the board of trustees determines that an emergency exists, the board must notify the chair of the finance committee of the senate, and the chairs of the ways and means committee and the capital investment committee of the house in writing before incurring any contractual obligations.

(b) The board shall supervise and control the preparation of plans and specifications for the construction, alteration, repair, or enlargement of state college and university buildings, structures, and improvements for which appropriations are made to the board. The board shall advertise for bids and award contracts in connection with the improvements, supervise and inspect the work, approve necessary changes in the plans and specifications, approve estimates for payment, and accept the improvements when completed according to the plans and specifications.

Sec. 56. Minnesota Statutes 1998, section 136F.98, subdivision 1, is amended to read:

Subdivision 1. [ISSUANCE OF BONDS.] The board of trustees of the Minnesota state colleges and universities or a successor may issue ~~additional~~ revenue bonds under sections 136F.90 to 136F.97 ~~in an whose~~ aggregate principal amount at any time may not exceeding \$40,000,000, subject to the resolutions authorizing its outstanding

~~revenue bonds exceed \$100,000,000~~, and payable from the revenue appropriated to the fund established by section 136F.94, and use the proceeds together with other public or private money that may otherwise become available to acquire land, and to acquire, construct, complete, remodel, and equip structures or portions thereof to be used for dormitory, residence hall, student union, food service, and related parking purposes at the state universities. Before issuing the bonds or any part of them, the board shall consult with and obtain the advisory recommendations of the chairs of the house ways and means committee and the senate finance committee about the facilities to be financed by the bonds.

Sec. 57. Minnesota Statutes 1998, section 193.143, is amended to read:

193.143 [STATE ARMORY BUILDING COMMISSION, POWERS.]

Such corporation, subject to the conditions and limitations prescribed in sections 193.141 to 193.149, shall possess all the powers of a body corporate necessary and convenient to accomplish the objectives and perform the duties prescribed by sections 193.141 to 193.149, including the following, which shall not be construed as a limitation upon the general powers hereby conferred:

(1) To acquire by lease, purchase, gift, or condemnation proceedings all necessary right, title, and interest in and to the lands required for a site for a new armory and all other real or personal property required for the purposes contemplated by the Military Code and to hold and dispose of the same, subject to the conditions and limitations herein prescribed; provided that any such real or personal property or interest therein may be so acquired or accepted subject to any condition which may be imposed thereon by the grantor or donor and agreed to by such corporation not inconsistent with the proper use of such property by the state for armory or military purposes as herein provided.

(2) To exercise the right of eminent domain in the manner provided by chapter 117, for the purpose of acquiring any property which such corporation is herein authorized to acquire by condemnation; provided, that the corporation may take possession of any such property so to be acquired at any time after the filing of the petition describing the same in condemnation proceedings; provided further, that this shall not preclude the corporation from abandoning the condemnation of any such property in any case where possession thereof has not been taken.

(3) To construct and equip new armories as authorized herein; to pay therefor out of the funds obtained as hereinafter provided and to hold, manage, and dispose of such armory, equipment, and site as hereinafter provided. The total amount of bonds issued on account of such armories shall not exceed the amount of the cost thereof; provided also, that the total bonded indebtedness of the commission shall not at any time exceed the aggregate sum of ~~\$7,000,000~~ \$15,000,000.

(4) To provide partnerships with federal and state governments and to match federal and local funds, when available.

(5) To sue and be sued.

~~(5)~~ (6) To contract and be contracted with in any matter connected with any purpose or activity within the powers of such corporations as herein specified; provided, that no officer or member of such corporation shall be personally interested, directly or indirectly, in any contract in which such corporation is interested.

~~(6)~~ (7) To employ any and all professional and nonprofessional services and all agents, employees, workers, and servants necessary and proper for the purposes and activities of such corporation as authorized or contemplated herein and to pay for the same out of any portion of the income of the corporation available for such purposes or activities. The officers and members of such corporation shall not receive any compensation therefrom, but may receive their reasonable and necessary expenses incurred in connection with the performance of their duties; provided however, that whenever the duties of any member of the commission require full time and attention the commission may compensate the member therefor at such rates as it may determine.

~~(7)~~ (8) To borrow money and issue bonds for the purposes and in the manner and within the limitations herein specified, and to pledge any and all property and income of such corporation acquired or received as herein provided to secure the payment of such bonds, subject to the provisions and limitations herein prescribed, and to redeem any such bonds if so provided therein or in the mortgage or trust deed accompanying the same.

~~(8)~~ (9) To use for the following purposes any available money received by such corporation from any source as herein provided in excess of those required for the payment of the cost of such armory and for the payment of any bonds issued by the corporation and interest thereon according to the terms of such bonds or of any mortgage or trust deed accompanying the same:

(a) To pay the necessary incidental expenses of carrying on the business and activities of the corporation as herein authorized;

(b) To pay the cost of operating, maintaining, repairing, and improving such new armories;

(c) If any further excess moneys remain, to purchase upon the open market at or above or below the face or par value thereof any bonds issued by the corporation as herein authorized; provided, that any bonds so purchased shall thereupon be canceled.

~~(9)~~ (10) To adopt and use a corporate seal.

~~(10)~~ (11) To adopt all needful bylaws and rules for the conduct of business and affairs of such corporation and for the management and use of all armories while under the ownership and control of such corporation as herein provided, not inconsistent with the use of such armory for armory or military purposes.

~~(11)~~ (12) Such corporation shall issue no stock.

~~(12)~~ (13) No officer or member of such corporation shall have any personal share or interest in any funds or property of the corporation or be subject to any personal liability by reason of any liability of the corporation.

~~(13)~~ (14) The Minnesota state armory building commission created under section 193.142 shall keep all money and credits received by it as a single fund, to be designated as the "Minnesota state armory building commission fund," with separate accounts for each armory; and the commission may make transfers of money from funds appertaining to any armory under its control for use for any other such armory; provided such transfers shall be made only from money on hand, from time to time, in excess of the amounts required to meet payments of interest or principal on bonds or other obligations appertaining to the armory to which such funds pertain and only when necessary to pay expenses of construction, operation, maintenance, and debt service of such other armory; provided further, no such transfer of any money paid for the support of any armory by the municipality in which such armory is situated shall be made by the commission.

~~(14)~~ (15) The corporation created under section 193.142 may designate one or more state or national banks as depositories of its funds, and may provide, upon such conditions as the corporation may determine, that the treasurer of the corporation shall be exempt from personal liability for loss of funds deposited in any such depository due to the insolvency or other acts or omissions of such depository.

~~(15)~~ (16) The governor is empowered to apply for grants of money, equipment, and materials which may be made available to the states by the federal government for leasing, building, and equipping armories for the use of the military forces of the state which are reserve components of the armed forces of the United States, whenever the governor is satisfied that the conditions under which such grants are offered by the federal government, are for the best interests of the state and are not inconsistent with the laws of the state relating to armories, and to accept such grants in the name of the state. The Minnesota state armory building commission is designated as the agency of the state to receive such grants and to use them for armory purposes as prescribed in this chapter, and by federal laws, and regulations not inconsistent therewith.

Sec. 58. Minnesota Statutes 1998, section 246.18, subdivision 7, is amended to read:

Subd. 7. [USE OF CERTAIN REIMBURSEMENT FUNDS.] Except as provided in subdivisions 2, 5, and 6, and unless otherwise required by federal law, during any period in which bonds are issued and outstanding under section 16A.67, all money received from the federal government or other nonstate source for payment or reimbursement of health care costs incurred at regional treatment centers, state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be credited to the special revenue fund created in section 16A.67, subdivision 3. Money credited to the special revenue fund must be transferred to the debt service fund established in section 16A.67, subdivision 4, at the times and in the amounts determined by order of the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67. On or before the tenth day of each month, any money in the special revenue fund not required to be transferred to the debt service fund must be transferred to the general fund. Except as provided in subdivisions 2, 5, and 6, and unless otherwise required by federal law, if bonds are not issued and outstanding under section 16A.67, all money received from the federal government or other nonstate source for payment or reimbursement of health care costs incurred at regional treatment centers, state nursing homes, and other state facilities as defined in section 246.50, subdivision 3, must be credited to the general fund.

Sec. 59. Minnesota Statutes 1998, section 349A.10, subdivision 5, is amended to read:

Subd. 5. [DEPOSIT OF NET PROCEEDS.] Within 30 days after the end of each month, the director shall deposit in the state treasury the net proceeds of the lottery, which is the balance in the lottery fund after transfers to the lottery prize fund and credits to the lottery operations account. Of the net proceeds, 40 percent must be credited to the Minnesota environment and natural resources trust fund, and during any period in which bonds are issued and outstanding under section 16A.67, the remainder must be credited to the special revenue fund created in section 16A.67, subdivision 3, provided that if bonds are not issued and outstanding under section 16A.67, such remainder must be credited to the general fund. Money credited to the special revenue fund must be transferred to the debt service fund established in section 16A.67, subdivision 4, at the times and in the amounts determined by the commissioner of finance to be necessary to provide for the payment and security of bonds issued pursuant to section 16A.67. On or before the tenth day of each month, any money in the special revenue fund not required to be transferred to the debt service fund must be transferred to the general fund.

Sec. 60. Minnesota Statutes 1999 Supplement, section 446A.072, subdivision 4, is amended to read:

Subd. 4. [FUNDING LEVEL.] (a) The authority shall provide supplemental assistance for essential project component costs as certified by the commissioner of the pollution control agency under section 116.182, subdivision 4.

(b) Except as provided in paragraph (c), a municipality may not receive more than \$4,000,000, or \$15,000 per existing connection, whichever is less, under this section unless specifically approved by law. If a project would be eligible for more than \$4,000,000 under paragraph (e), the authority shall include a description of the project and the financing plan in its report on needs in subdivision 11.

(c) A sanitary district or multijurisdictional wastewater treatment district may receive an additional \$1,000,000 for each municipality participating up to a maximum grant of \$8,000,000, unless a higher amount is specifically approved by law. If a project would be eligible for more than \$8,000,000 under paragraph (e), the authority shall include a description of the project and the financing plan in its report on needs in subdivision 11.

(d) The authority shall provide supplemental assistance for up to one-half of the eligible grant funding level determined by the United States Department of Agriculture Rural Development funding for projects listed on the agency's project priority list, in priority order. In the case of multijurisdictional projects when the United States Department of Agriculture Rural Development is unable to fully fund up to one-half of the eligible grant amount, the authority may provide up to an additional \$1,000,000 for each municipality participating up to the limits under paragraph (c) but not to exceed the maximum grant level determined by the United States Department of Agriculture

Rural Development as needed to keep the project affordable. For municipalities that are not eligible for United States Department of Agriculture Rural Development funding for wastewater, the authority shall provide supplemental assistance for: (1) essential project component costs calculated by first determining the amount needed to reduce a municipality's annual residential sewer costs to 1.4 percent of the municipality's median household income or \$25 per month per household, whichever is greater, and then multiplying that amount by 80 percent to determine the actual award amount to supplement loans under section 446A.07; and (2) up to 50 percent of the incremental costs specifically identified by the agency as being attributable to more stringent wastewater standards required to protect outstanding resource value waters or outstanding international resource value waters.

(e) Notwithstanding paragraph (b), in the event that a municipality's monthly residential sewer service charges average above \$50, the authority will provide 90 percent of the grant amount needed to reduce the average monthly sewer service charge to \$50, provided the project is ranked in the top 50 percentile of the agency's intended use plan.

(f) The authority shall provide supplemental assistance to a municipality that would not otherwise qualify for supplemental assistance if:

(1) the municipality voluntarily accepts a sewer connection from another governmental unit to serve residential, industrial, or commercial developments that were completed before March 1, 1996, or are on lots whose plats were recorded before that date; and

(2) fees charged by the municipality for the connection must take into account state and federal grants used by the municipality for the construction of the treatment plant.

The amount of supplemental assistance under this paragraph must be sufficient to reduce debt service payments under section 446A.07 to an extent equivalent to a zero percent loan in an amount up to the other governmental unit's project costs necessary for connection. Eligibility for supplemental assistance under this paragraph ends three years after the agency certifies that the connection has met the operational performance standards established by the agency.

Sec. 61. Minnesota Statutes 1998, section 462A.202, subdivision 2, is amended to read:

Subd. 2. [TRANSITIONAL HOUSING.] The agency may make loans with or without interest to cities and counties to finance the acquisition, improvement, and rehabilitation of existing housing properties or the acquisition, site improvement, and development of new properties for the purposes of providing transitional housing, upon terms and conditions the agency determines. For purposes of this section, "transitional housing" means housing that is provided for a limited duration not exceeding 24 months, except that up to one-third of the residents may live in the housing for up to 36 months. Preference must be given to cities that propose to acquire properties being sold by the resolution trust corporation or the department of housing and urban development. Loans under this subdivision are subject to the restrictions in subdivision 7.

Sec. 62. Laws 1984, chapter 597, section 22, is amended to read:

Sec. 22. [TRANSPORTATION BONDS.]

To provide the money appropriated in this act from the state transportation fund the commissioner of finance ~~upon request of the governor~~ shall sell and issue bonds of the state in an amount up to \$16,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 174.50, 174.51, and by the Constitution, article XI, sections 4 to 7.

Sec. 63. Laws 1987, chapter 400, section 25, subdivision 1, is amended to read:

Subdivision 1. [BUILDING FUND.] To provide the money appropriated in this act from the state building fund the commissioner of finance ~~on request of the governor~~ shall sell and issue bonds of the state in an amount up to \$370,972,200 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 64. Laws 1987, chapter 400, section 25, subdivision 5, is amended to read:

Subd. 5. [WATER POLLUTION CONTROL FUND.] To provide the money appropriated in this act from the water pollution control fund the commissioner of finance ~~on request of the governor~~ shall sell and issue bonds of the state in an amount up to \$66,747,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the water pollution control fund.

Sec. 65. Laws 1989, chapter 300, article 1, section 23, subdivision 1, is amended to read:

Subdivision 1. [BUILDING FUND.] To provide the money appropriated in this act from the state building fund the commissioner of finance ~~on request of the governor~~ shall sell and issue bonds of the state in an amount up to \$142,585,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Sec. 66. Laws 1990, chapter 610, article 1, section 30, is amended to read:

Sec. 30. [BOND SALE.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the state bond proceeds fund the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$109,525,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [INFRASTRUCTURE DEVELOPMENT FUND.] To provide the money appropriated in this act from the infrastructure development fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$243,665,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 3. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$11,200,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 67. Laws 1991, chapter 354, article 11, section 2, subdivision 1, is amended to read:

Subdivision 1. (a) To provide the money appropriated from the bond proceeds fund in 1991 S. F. No. 1533, the commissioner of finance ~~on request of the governor~~ shall sell and issue bonds of the state in an amount up to \$16,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI.

(b) To provide the money appropriated from the bond proceeds fund in this act, the commissioner of finance ~~on request of the governor~~ shall sell and issue bonds of the state in an amount up to \$12,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI.

Sec. 68. Laws 1992, chapter 558, section 28, is amended to read:

Sec. 28. [BOND SALE.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$231,695,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [MAXIMUM EFFORT SCHOOL LOAN FUND.] To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$12,130,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Subd. 3. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$17,500,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 69. Laws 1994, chapter 639, article 3, section 5, is amended to read:

Sec. 5. [BOND SALE.]

(a) To provide the money appropriated in this act from the state bond proceeds fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$90,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, the Minnesota Constitution, article XI, sections 4 to 7, and paragraph (b).

(b) Bonds may not be issued under this section in total amounts exceeding the following:

(1) by June 30, 1996, \$10,000,000;

(2) by June 30, 1998, \$35,000,000;

(3) by June 30, 2000, \$55,000,000; and

(4) by June 30, 2002, \$75,000,000.

Sec. 70. Laws 1994, chapter 643, section 31, is amended to read:

Sec. 31. [BOND SALE AUTHORIZATION.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$573,385,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue general obligation bonds of the state in an amount up to \$45,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Subd. 3. [MAXIMUM EFFORT SCHOOL LOAN FUND.] To provide the money appropriated in this act from the maximum effort school loan fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$2,970,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Sec. 71. Laws 1995, First Special Session chapter 2, article 1, section 14, is amended to read:

Sec. 14. [BOND SALE AUTHORIZATION.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$5,630,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this article from the state transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue general obligation bonds of the state in an amount up to \$4,500,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Subd. 3. [MAXIMUM EFFORT SCHOOL LOAN FUND.] To provide the money appropriated by this article from the maximum effort school loan fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$23,670,000 in the manner, on the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the maximum effort school loan fund.

Sec. 72. Laws 1996, chapter 463, section 27, is amended to read:

Sec. 27. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$597,110,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue general obligation bonds of the state in an amount up to \$10,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 73. Laws 1997, chapter 246, section 10, is amended to read:

Sec. 10. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$86,625,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the state transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue general obligation bonds of the state in an amount up to \$3,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 74. Laws 1998, chapter 404, section 3, subdivision 24, is amended to read:

Subd. 24. St. Cloud Technical College 1,000,000

To design and construct an addition and remodeling of graphic arts and dental space, including classrooms, and ~~design~~ pre-design remodeling of most of the remaining space.

Sec. 75. Laws 1998, chapter 404, section 5, subdivision 11, as amended by Laws 1999, chapter 26, section 1, is amended to read:

Subd. 11. McLeod West School District No. 2887 500,000

For a grant to the McLeod West school district No. 2887, to ~~design and acquire land for a new grade 7 through 12~~ remodel an educational facility.

Sec. 76. Laws 1998, chapter 404, section 7, subdivision 23, as amended by Laws 1999, chapter 231, section 194, and Laws 1999, chapter 240, article 1, section 20, is amended to read:

Subd. 23. Metro Regional Trails 5,000,000

For grants to the metropolitan council for acquisition and development of a capital nature of trail connections in the metropolitan area as specified in this subdivision. The purpose of the grants is to improve trails in the metropolitan park and open space system and connect them with existing state and regional trails. Priority shall be given to matching funds for an ISTEAA grant.

The funds shall be allocated by the council as follows:

(1) \$1,050,000 is allocated to Ramsey county as follows:

(i) \$400,000 to complete six miles of trails between the Burlington Northern Regional Trail and Bald Eagle-Otter Lake Regional Park;

(ii) \$150,000 to complete a one-mile connection between Birch Lake and the Lake Tamarack segment of Bald Eagle-Otter Lake Regional Park;

(iii) \$500,000 to acquire real property and design and construct or renovate recreation facilities along the Mississippi River in cooperation with the city of St. Paul;

(2) \$1,050,000 is allocated to the city of St. Paul as follows:

(i) \$250,000 to construct a bridge over Lexington Parkway in Como Regional Park; and

(ii) \$800,000 to enhance amenities for the trailhead at the Lilydale-Harriet Island Regional Park pavilion;

(3) \$1,400,000 is allocated to Anoka county to construct:

(i) a pedestrian tunnel under Highway 65 on the Rice Creek West Regional Trail in the city of Fridley; ~~and~~

(ii) restrooms, trailhead, signs, and amenities at the trailhead to the Rice Creek West Regional Trail; and

(iii) a pedestrian bridge on the Mississippi River Regional Trail crossing over Mississippi Street in the city of Fridley; and

(4) \$1,500,000 is allocated to the suburban Hennepin regional park district as follows:

(i) \$1,000,000 to connect North Hennepin Regional Trail to Luce Line State Trail and Medicine Lake; and

(ii) \$500,000 is for the cost of development and acquisition of the Southwest regional trail in the city of St. Louis Park. The trail must connect the Minneapolis regional trail system at Cedar Lake park to the Hennepin parks regional trail system at the Hopkins trail head.

Sec. 77. Laws 1998, chapter 404, section 23, subdivision 13, is amended to read:

Subd. 13. Hutchinson Community Civic Center

1,000,000

For a grant of up to \$1,000,000 to the city of Hutchinson to design, construct, furnish, and equip ~~design, construct, furnish, and equip~~ acquire and remodel facilities for a community civic center, subject to the requirements of Minnesota Statutes, section 16A.695. This appropriation is not available until the commissioner has determined that an equal amount has been committed from nonstate sources.

Sec. 78. Laws 1998, chapter 404, section 27, is amended to read:

Sec. 27. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this act from the bond proceeds fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$463,795,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this act from the transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$34,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 79. Laws 1999, chapter 223, article 1, section 2, subdivision 2, is amended to read:

Subd. 2. Business and Community Development		38,488,000	28,186,000
Summary by Fund			
General	25,338,000	15,486,000	
TANF	1,500,000	1,500,000	
Environmental Fund	700,000	700,000	
Workforce Development Fund	10,950,000	10,500,000	

\$5,017,000 the first year and \$4,017,000 the second year are for Minnesota investment fund grants. Of this amount, \$1,000,000 in the first year is a one-time appropriation and is not added to the agency's budget base.

\$400,000 the first year is for a one-time grant to Advantage Minnesota, Inc. The funds are available only if matched on at least a dollar-for-dollar basis from other sources. The commissioner may release the funds only upon:

(1) certification that matching funds from each participating organization are available; and

(2) review and approval by the commissioner of the proposed operations plan of Advantage Minnesota, Inc. for the biennium.

\$14,067,000 the first year and \$14,073,000 the second year are for the job skills partnership program. If the appropriation for either year is insufficient, the appropriation for the other year is available. Of this appropriation, \$10,000,000 in each year is a one-time appropriation from the workforce development fund. It is the intention of the legislature that this program base funding be \$5,931,000 per year in the 2002-2003 biennium. This appropriation does not cancel.

\$500,000 the first year and \$500,000 the second year are one-time appropriations from the workforce development fund for the pathways program.

\$1,500,000 the first year and \$1,500,000 the second year are appropriated from the state's federal TANF block grant under Title I of Public Law Number 104-193 to the commissioner of human services, to be transferred to the commissioner of trade and economic development for the pathways program under Minnesota Statutes, section 116L.04, subdivision 1a. It is the intention of the legislature that the general fund base funding to the pathways program be \$1,500,000 per year in the 2002-2003 biennium.

\$500,000 the first year is for a one-time grant to the city of Fridley for costs of the design and construction of infrastructure improvements required by a large business campus development in the Moore lakes area of the city.

\$551,000 the first year and \$565,000 the second year are from fees collected under Minnesota Statutes, section 446A.04, subdivision 5, to administer the programs of the public facilities authority.

\$500,000 in the first year is for a one-time grant to the community resources program under Minnesota Statutes, chapter 466A.

\$200,000 the first year is for a one-time grant to the board of the rural policy and development center for operation of the center. This appropriation is available as matched in cash on a dollar-for-dollar basis from nonstate sources.

\$155,000 the first year and \$155,000 the second year are for grants to the metropolitan economic development association. This is a one-time appropriation and is not added to the agency's budget base.

\$265,000 the first year and \$265,000 the second year are for grants to WomenVenture. WomenVenture must implement a program to encourage and assist women to enter nontraditional careers in the trades and technical occupations. The program shall consist of outreach to women and girls and training, job placement, and job retention support that meet women's specific needs. The program must be accessible to low-income working mothers, including MFIP recipients.

\$450,000 the first year is for a one-time grant to the St. Paul rehabilitation center for its current programs, including those related to developing job-seeking skills and workplace orientation, intensive job development, functional work English, and on-site job coaching. This appropriation is from the workforce development fund.

\$250,000 is for a grant to the city of Windom to provide loans to assist an expanding business. This is a one-time appropriation and is not added to the agency's budget base.

\$350,000 is for the biennium ending June 30, 2001, for a grant to the Camp Heartland center. The grant may be used for phase II capital expenditures including, without limitation, a septic system upgrade and bath/shower house construction, construction of a family lodge, renovation of a medical facility, construction of staff housing and offices, or expansion and upgrade of the dining room and kitchen. This is a one-time appropriation and is not added to the agency's budget base.

\$4,800,000 the first year and \$2,800,000 the second year are for purposes of the contamination cleanup and development grant program under Minnesota Statutes, sections 116J.551 to 116J.558. Of this appropriation, \$2,000,000 is a one-time appropriation and is not added to the agency's budget base.

\$75,000 is for a grant to the city of Lake Benton for planning and construction costs associated with a new visitor center and railroad depot building. The appropriation is available until June 30, 2001. This is a one-time appropriation and is not added to the agency's budget base.

\$220,000 the first year and \$220,000 the second year are for microenterprise technical assistance under Minnesota Statutes, section 116J.8745. This is a one-time appropriation and is not added to the agency's budget base.

\$50,000 in 2000 is for a grant to the Chatfield brass band music lending library. The money must be used for computer hardware and software to catalog the music collection and create a Web site. This is a one-time appropriation and must not be added to the agency's budget base.

\$50,000 in fiscal year 2000 is for a one-time grant to the Duluth Economic Development Authority for the purchase and installation of railroad ties to improve the Lake Superior Mississippi Railroad scenic railway along the St. Louis Bay in Duluth.

\$100,000 is appropriated for a grant to the city of Lanesboro for predevelopment costs for the Root River Regional Arts Center. This is a one-time appropriation and is not added to the agency's budget base.

\$50,000 the first year is for a one-time grant to county and district agricultural societies and associations that are eligible to receive aid under Minnesota Statutes, section 38.02. The commissioner shall administer this appropriation pursuant to a need-based competitive grant process.

\$216,000 in the first year is for one-time rural job creation grants under Minnesota Statutes, section 469.309.

\$450,000 is for a grant to the city of Duluth to support the development of the Duluth Technology Village. The grant shall be used to establish international partnerships, attract software businesses, recruit and train workers for the software industry, and support a software business incubator facility. This is a one-time appropriation and is not part of the agency base budget. This appropriation is not available unless matched by nonstate money.

\$150,000 the first year is for a grant to the suburban Hennepin regional park district for restoration of the Grimm farmstead.

\$150,000 in the first year is for a one-time grant to the city of Ely for rehabilitation of the Ely technical building.

\$50,000 in the first year is for a one-time grant to the Highland Park district council for the enhancement of the West Seventh Street/Gateway area, which serves as a major transportation and commercial corridor for visitors from the Minneapolis-St. Paul International Airport, Mall of America, and other destinations. The appropriation may be used to make improvements to the public right-of-way including, but not limited to, landscaping, lighting, signage, and roadway improvements. This appropriation must be matched one-for-one by nonstate funds.

\$3,000,000 in the first year is for the redevelopment account under Minnesota Statutes, sections 116J.561 to 116J.567. The appropriation is available for the biennium ending June 30, 2001. This is a one-time appropriation and is not added to the agency's budget base.

\$75,000 in the first year is for a one-time grant to Perham Business Technology Center to equip the training center with interactive television and for program funds to implement the business plan.

Sec. 80. Laws 1999, chapter 240, article 1, section 8, subdivision 2, is amended to read:

Subd. 2. Capital Asset Preservation and Replacement (CAPRA)

3,000,000

To be spent in accordance with Minnesota Statutes, section 16A.632.

None of this appropriation may be used for renovation of the Minnesota Veterans Home - Luverne campus.

~~Of this amount, \$190,000 is for capital repair and betterment of roofs on buildings 1, 2, and 4, at the Hastings Veterans Home. This amount is available when the commissioner of finance determines that the Veterans Home Board is in compliance with Minnesota Statutes, sections 16A.695 and 198.31, with respect to the Hastings Veterans Home.~~

Sec. 81. Laws 1999, chapter 240, article 1, section 12, is amended to read:

Sec. 12. BOND SALE SCHEDULE

The commissioner of finance shall schedule the sale of state general obligation bonds so that, during the biennium ending June 30, 2001, no more than ~~\$590,663,000~~ \$570,513,000 will need to be transferred from the general fund to the state bond fund to pay principal and interest due and to become due on outstanding state general obligation bonds. During the biennium, before each sale of state general obligation bonds, the commissioner of finance shall calculate the amount of debt service payments needed on bonds previously issued and shall estimate the amount of debt service payments that will be needed on the bonds scheduled to be sold. The commissioner shall adjust the amount of bonds scheduled to be sold so as to remain within the limit set by this section. The amount needed to make the debt service payments is appropriated from the general fund as provided in Minnesota Statutes, section 16A.641.

Sec. 82. Laws 1999, chapter 240, article 1, section 13, is amended to read:

Sec. 13. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$139,510,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this article from the transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$10,440,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 83. Laws 1999, chapter 240, article 2, section 16, is amended to read:

Sec. 16. [BOND SALE AUTHORIZATIONS.]

Subdivision 1. [BOND PROCEEDS FUND.] To provide the money appropriated in this article from the bond proceeds fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$372,400,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7.

Subd. 2. [TRANSPORTATION FUND.] To provide the money appropriated in this article from the transportation fund, the commissioner of finance, ~~on request of the governor,~~ shall sell and issue bonds of the state in an amount up to \$28,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, sections 16A.631 to 16A.675, and by the Minnesota Constitution, article XI, sections 4 to 7. The proceeds of the bonds, except accrued interest and any premium received on the sale of the bonds, must be credited to a bond proceeds account in the state transportation fund.

Sec. 84. [INFRASTRUCTURE REPORTING STANDARDS.]

The commissioner of finance must implement the infrastructure reporting requirements of the Governmental Accounting Standards Board statement 34 as follows:

(1) following completion of the comprehensive annual financial report for fiscal year 2001 in the current format, an unaudited restatement of the financial statements must be prepared following statement 34; and

(2) the comprehensive annual financial report for fiscal year 2002 must implement all of the requirements of statement 34, including the retroactive reporting of infrastructure assets.

Sec. 85. [REPORT ON WASTEWATER TREATMENT SYSTEM EVALUATION PROCESS.]

By January 15, 2001, the public facilities authority, in conjunction with other interested state agencies, shall recommend and report to the chairs of the legislative committees with jurisdiction over environmental policy and finance issues which agency, if any, should be responsible for: evaluating wastewater treatment alternatives in unsewered areas, including regional alternatives to assure cost-effective alternatives have been evaluated; when in the process should the evaluation and recommendation be made; and to what extent state grant funding should be used as an incentive and/or disincentive, for municipalities seeking financial assistance. The report must recommend the factors to be considered in the evaluation of alternatives, level of technical assistance that should be provided, and must include a cost estimate for performing the tasks.

Sec. 86. [CONVEYANCE OF STATE LAND TO CITY OF ST. PAUL.]

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of administration shall convey by quit claim deed the real property described in paragraph (b) from the state of Minnesota to the city of St. Paul for no consideration other than the agreement of the city to relocate the building to an alternative site to preserve it.

(b) The land to be conveyed is recorded as follows: Lots 6-10, Block 55, Rice and Irvines Addition, according to the plat thereof on file and of record in the office of the county recorder in and for Ramsey county, Minnesota.

(c) The conveyance must be in a form approved by the attorney general. The attorney general may require a survey, at the expense of the city of St. Paul. The legal description set forth in the instrument of conveyance may vary from the description set forth in paragraph (b) as reasonably necessary to correct errors, deficiencies, or ambiguities in the description.

Sec. 87. [RENAMING VISITORS' CENTER; LAKE BRONSON STATE PARK.]

The visitors' center at Lake Bronson state park is renamed the Victor Johnson visitors' center.

Sec. 88. [REPEALER.]

Minnesota Statutes 1999 Supplement, section 16C.065, is repealed.

Sec. 89. [EFFECTIVE DATE; APPLICATION.]

(a) This article is effective the day after its final enactment.

(b) Section 42 applies only to new permit applications submitted on and after its effective date.

(c) Section 44 applies only to projects placed on the intended use plan prepared by the public facilities authority on and after its effective date.

ARTICLE 2

METROPOLITAN COUNCIL TRANSIT

Section 1. [METROPOLITAN COUNCIL TRANSIT APPROPRIATION.]

(a) \$25,000,000 in fiscal year 2001 and \$19,000,000 in fiscal year 2002 is appropriated from the general fund to the metropolitan council for public improvements of a capital nature for engineering, design, and construction of an exclusive bus transitway including, but not limited to, acquisition of land and right-of-way.

(b) None of the money appropriated in this section may be spent for light rail transit or commuter rail purposes. The appropriation in paragraph (a), split between the two fiscal years, is nonrecurring, for one-time only, and does not commit the state to make any additional appropriations for the activities described in paragraph (a).

(c) The money necessary to complete the project described in paragraph (a) must come from nonstate sources. A property tax levied by or for the metropolitan council must not be one of those nonstate sources."

Delete the title and insert:

"A bill for an act relating to capital improvements; authorizing spending for public purposes, including but not limited to, acquiring and bettering public land and buildings and other public improvements of a capital nature with certain conditions; requiring certain studies and reports; establishing state recreation areas; imposing accounting standards for infrastructure; authorizing acquisition and conveyance of state land; renaming certain state facilities; repealing requirement for cost-benefit analysis on certain state projects; authorizing and changing procedures for the sale of state bonds; appropriating money; amending Minnesota Statutes 1998, sections 16A.641, subdivision 1; 16A.642; 16A.67, subdivisions 1 and 5; 16A.6701, subdivision 2; 16A.671, subdivisions 1 and 2; 85.015, by adding a subdivision; 103F.161, by adding a subdivision; 116.182, subdivision 1; 116J.561; 134.45, by adding a subdivision; 135A.034; 136F.36, subdivisions 1, 3, and by adding a subdivision; 136F.60, by adding a subdivision; 136F.64, subdivision 1; 136F.98, subdivision 1; 193.143; 246.18, subdivision 7; 349A.10, subdivision 5; and 462A.202, subdivision 2; Minnesota Statutes 1999 Supplement, sections 16B.616, subdivisions 3 and 4, as amended; 85.019, subdivision 4b; 116J.567; 119A.45, as amended; 124D.88, subdivision 3; and 446A.072, subdivision 4; Laws 1984, chapter 597, section 22; Laws 1987, chapter 400, section 25, subdivisions 1 and 5; Laws 1989, chapter 300, article 1, section 23, subdivision 1; Laws 1990, chapter 610, article 1, section 30; Laws 1991, chapter 354, article 11, section 2, subdivision 1; Laws 1992, chapter 558, section 28; Laws 1994, chapter 639, article 3, section 5; chapter 643, section 31; Laws 1995, First Special Session chapter 2, article 1, section 14; Laws 1996, chapter 463, section 27; Laws 1997, chapter 246, section 10; Laws 1998, chapter 404, sections 3, subdivision 24; 5, subdivision 11, as amended; 7, subdivision 23, as amended; 23, subdivision 13; and 27; Laws 1999, chapter 223, article 1, section 2, subdivision 2; and chapter 240, article 1, sections 8, subdivision 2; 12; 13; and 16; proposing coding for new law in Minnesota Statutes, chapter 115."

We request adoption of this report and repassage of the bill.

House Conferees: JIM KNOBLACH, DAVE BISHOP, PEGGY LEPPIK, HENRY J. KALIS AND TOM OSTHOFF.

Senate Conferees: LINDA BERGLIN, RICHARD J. COHEN, KEITH LANGSETH, LEROY A. STUMPF AND KENRIC J. SCHEEVEL.

Knoblach moved that the report of the Conference Committee on H. F. No. 4078 be adopted and that the bill be repassed as amended by the Conference Committee.

The Speaker resumed the Chair.

POINTS OF ORDER

Krinkie raised points of order pursuant to Joint Rule 2.06, relating to Conference Committees and to House Rule 6.40, relating to Reports of Conference Committees. The Speaker ruled the points of order not well taken.

Krinkie moved that the House refuse to adopt the Conference Committee report on H. F. No. 4078, and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Krinkie motion and the roll was called. There were 24 yeas and 105 nays as follows:

Those who voted in the affirmative were:

Abrams	Hasskamp	Lenczewski	Paulsen	Schumacher	Vandever
Anderson, B.	Holberg	Lindner	Peterson	Smith	Wilkin
Buesgens	Krinkie	Milbert	Reuter	Tomassoni	Winter
Gerlach	Larsen, P.	Molnau	Rukavina	Van Dellen	Workman

Those who voted in the negative were:

Abeler	Dorman	Hilty	Leppik	Otremba	Storm
Bakk	Dorn	Holsten	Lieder	Ozment	Swapinski
Biernat	Entenza	Howes	Luther	Pawlenty	Swenson
Bishop	Erhardt	Huntley	Mahoney	Paymar	Sykora
Boudreau	Erickson	Jaros	Mares	Pelowski	Tingelstad
Bradley	Finseth	Jennings	Mariani	Pugh	Trimble
Broecker	Folliard	Johnson	McCollum	Rest	Tuma
Carlson	Fuller	Juhnke	McElroy	Rhodes	Tunheim
Carruthers	Gleason	Kahn	McGuire	Rifenberg	Wagenius
Cassell	Goodno	Kalis	Mulder	Rostberg	Wejzman
Chaudhary	Gray	Kelliher	Mullery	Seagren	Wenzel
Clark, J.	Greenfield	Kielkucki	Murphy	Seifert, J.	Westerberg
Clark, K.	Greiling	Knoblach	Ness	Seifert, M.	Westfall
Daggett	Gunther	Koskinen	Nornes	Skoe	Westrom
Davids	Haake	Kubly	Olson	Skoglund	Spk. Sviggum
Dawkins	Haas	Kuisle	Opatz	Solberg	
Dehler	Hackbarth	Larson, D.	Osskopp	Stanek	
Dempsey	Harder	Leighton	Osthoff	Stang	

The motion did not prevail.

The question recurred on the Knoblach motion that the report of the Conference Committee on H. F. No. 4078 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 4078, A bill for an act relating to capital improvements; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions and directions; establishing the Red River State Recreation Area and the Mill Towns Trail; establishing a working group on effects of increased activity in the DM&E railroad corridor; providing for certain surcharge forgiveness for a time for Gillette Children's Hospital, with certain conditions; authorizing the sale of state bonds; appropriating money; amending Minnesota Statutes 1998, sections 85.015, by adding a subdivision; 136F.36, subdivisions 1, 3, and by adding a subdivision; 136F.60, by adding a subdivision; and 136F.64, subdivision 1; Minnesota Statutes 1999 Supplement, sections 119A.45; and 124D.88, subdivision 3; Laws 1998, chapter 404, sections 3, subdivision 24; 5, subdivision 11, as amended; 7, subdivision 23, as amended; and 23, subdivision 13; proposing coding for new law in Minnesota Statutes, chapter 240A.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 102 yeas and 29 nays as follows:

Those who voted in the affirmative were:

Abeler	Dorman	Hasskamp	Larson, D.	Otremba	Stang
Anderson, I.	Dorn	Hilty	Leighton	Ozment	Storm
Bakk	Entenza	Holsten	Leppik	Pawlenty	Swapinski
Biernat	Erhardt	Howes	Lieder	Paymar	Swenson
Bishop	Erickson	Huntley	Luther	Pelowski	Sykora
Boudreau	Finseth	Jaros	Mahoney	Peterson	Tingelstad
Bradley	Folliard	Jennings	Mares	Pugh	Trimble
Carlson	Fuller	Johnson	Mariani	Rhodes	Tuma
Carruthers	Gleason	Kahn	McCollum	Rifenberg	Tunheim
Cassell	Goodno	Kalis	McElroy	Rostberg	Wagenius
Clark, J.	Gray	Kelliher	McGuire	Schumacher	Wejman
Clark, K.	Greenfield	Kielkucki	Mulder	Seagren	Wenzel
Daggett	Greiling	Knoblach	Mullery	Seifert, M.	Westerberg
Davids	Gunther	Koskinen	Murphy	Skoe	Westfall
Dawkins	Haas	Kubly	Ness	Skoglund	Westrom
Dehler	Hackbarth	Kuise	Nornes	Solberg	Winter
Dempsey	Harder	Larsen, P.	Osthoff	Stanek	Spk. Sviggum

Those who voted in the negative were:

Abrams	Gerlach	Lenczewski	Olson	Reuter	Van Dellen
Anderson, B.	Haake	Lindner	Opatz	Rukavina	Vandever
Broecker	Holberg	Marko	Osskopp	Seifert, J.	Wilkin
Buesgens	Juhnke	Milbert	Paulsen	Smith	Workman
Chaudhary	Krinkie	Molnau	Rest	Tomassoni	

Having received the constitutionally required three-fifths vote, the bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 849, A bill for an act relating to metropolitan government; modifying the authority to expand or upgrade minor use airports; amending Minnesota Statutes 1998, section 473.641, subdivision 4.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2699, A bill for an act relating to public administration; appropriating money for health and human services, agriculture, environment and natural resources, criminal justice, state government, and economic development; establishing and modifying certain programs; providing for regulation of certain activities and practices; providing for accounts, assessments, and fees; providing penalties; amending Minnesota Statutes 1998, sections 13.82, subdivision 3b; 15.0591, subdivision 2; 15A.0815, subdivisions 2 and 3; 16A.10, by adding a subdivision; 16A.11, subdivision 3; 16A.124, by adding a subdivision; 16A.126, subdivision 2; 16B.052; 16B.31, by adding a subdivision; 16B.335, subdivision 5; 16B.42, subdivisions 2 and 3; 16B.48, subdivision 4; 16B.485; 17A.03, subdivision 5; 18E.04, subdivision 4; 41A.09, subdivision 3a; 41B.03, subdivisions 1 and 2; 41B.039, subdivision 2; 41B.04, subdivision 8; 41B.042, subdivision 4; 41B.043, subdivision 2; 41B.045, subdivision 2; 43A.38, subdivision 1; 60H.03, by adding a subdivision; 80A.122, by adding a subdivision; 80A.28, subdivision 1; 85A.02, subdivision 5a; 103E.011, by adding a subdivision; 115B.17, subdivision 19; 119A.05, subdivision 1; 119A.37, subdivision 4; 120B.22, subdivision 1; 121A.15, subdivisions 4 and 10; 125A.74, subdivisions 1 and 2; 138.17, subdivision 10; 144.551, subdivision 1; 144A.071, by adding a subdivision; 169.01, subdivision 37; 169.121, subdivision 3b; 169.129, by adding a subdivision; 169.21, subdivisions 2 and 3; 169.89, subdivision 2; 179A.18, subdivision 1; 181.932, subdivision 1; 182.661, subdivision 1; 182.666, subdivision 2, and by adding a subdivision; 193.143; 198.03, subdivision 1; 221.173; 242.41; 242.43; 242.44; 254B.03, subdivision 1; 256.01, by adding a subdivision; 256.011, subdivision 3; 256.741, by adding a subdivision; 256.955, subdivisions 1 and 2; 256.9753, subdivision 3; 256.995, subdivision 1; 256B.431, by adding subdivisions; 256B.69, subdivision 5d; 256J.08, by adding a subdivision; 256J.15, by adding a subdivision; 256J.32, by adding a subdivision; 256J.40; 256J.45, subdivision 3; 256J.46, by adding subdivisions; 256J.47, subdivision 1; 256J.49, subdivision 13; 256J.50, subdivisions 5 and 7; 256J.52, by adding a subdivision; 256L.05, subdivision 5; 257.75, subdivision 6; 268.362, subdivision 2; 345.31, by adding a subdivision; 345.39, subdivision 1; 349A.02, subdivision 1; 352.91, subdivision 3c, and by adding subdivisions; 352D.02, subdivision 1; 352D.04, subdivision 2; 356.30, subdivision 1; 383B.225, subdivision 2; 390.005, subdivision 3; 390.33, subdivision 1; 422A.101, subdivision 3; 471.345, by adding a subdivision; 490.121, subdivision 4, and by adding a subdivision; 490.123, subdivisions 1a and 1b; 490.124, subdivision 1; 518B.01, subdivision 21; 609.02, subdivisions 3 and 4a; 609.03; 609.033; 609.0331; 609.0332, subdivision 1; 609.034; 609.135, by adding a subdivision; 609.2231, subdivision 1; 609.378, subdivision 1; 611A.07, subdivision 1; 611A.32, subdivisions 1, 2, 3, and 5; 611A.33; 611A.34, subdivisions 1, 2, and 3; 611A.345; 611A.35; 611A.36, subdivisions 1 and 2; 626.556, by adding a subdivision; 629.342, subdivision 2; and 629.72, subdivision 6; Minnesota Statutes 1999 Supplement, sections 3.971, subdivision 8; 10A.01, subdivisions 2 and 21; 13.99, subdivision 108, and by adding a subdivision; 15.059, subdivision 5a; 16A.103, subdivision 1; 16A.129, subdivision 3; 16B.616, subdivisions 3 and 4; 62J.535, subdivision 2; 62J.694, subdivision 2; 116.073, subdivision 1; 116J.421, subdivision 2; 119B.011, subdivision 15; 119B.02, subdivision 1; 125B.21, subdivision 1; 144.395, by adding a

subdivision; 144.396, subdivisions 11 and 12; 144A.04, subdivision 5; 147.09; 169.121, subdivisions 3, 3d, and 3f; 169.1217, subdivision 7; 169.129, subdivision 1; 179A.04, subdivision 3; 181.932, subdivision 2; 214.01, subdivision 2; 241.272, subdivision 6; 242.192; 256.01, subdivision 2; 256.019; 256.955, subdivisions 4, 8, and 9; 256B.0916, subdivision 1; 256B.69, subdivision 5b; 256D.03, subdivision 4; 256J.02, subdivision 2; 256J.08, subdivision 86; 256J.21, subdivision 2; 256J.26, subdivision 1; 256J.33, subdivision 4; 256J.34, subdivisions 1 and 4; 256J.46, subdivisions 1, 2, and 2a; 256J.52, subdivisions 3 and 5; 256J.56; 256L.07, subdivision 1; 326.105; 473.3993, subdivision 3; 609.135, subdivision 2; 626.556, subdivision 2; and 626.558, subdivision 1; Laws 1997, chapter 200, article 1, section 5, subdivision 3; Laws 1997, chapter 225, article 4, section 4, as amended; Laws 1998, chapter 389, article 16, section 31, subdivision 2, as amended; Laws 1999, chapter 216, article 1, sections 2, subdivision 3; 9; 14; Laws 1999, chapter 223, article 1, section 6, subdivision 1; article 2, section 81, as amended; article 3, section 8; Laws 1999, chapter 231, sections 2, subdivision 2; 6, as amended; 11, subdivision 3; Laws 1999, chapter 245, article 1, section 2, subdivisions 3, 5, and 10; article 4, section 121; and Laws 1999, chapter 250, article 1, sections 11; 14, subdivision 3; 18; and 116; proposing coding for new law in Minnesota Statutes, chapters 3; 5; 10A; 16A; 41B; 43A; 85; 136F; 144; 145; 169; 181; 182; 198; 242; 252; 256J; 256K; 260B; 326; 345; 473; and 611A; proposing coding for new law as Minnesota Statutes, chapter 146A; repealing Minnesota Statutes 1998, sections 16B.37, subdivisions 1, 2, and 3; 16B.88; 16E.01, subdivisions 2 and 3; 16E.03, subdivisions 1 and 3; 16E.04, subdivision 1; 16E.05; 16E.06; 16E.07, subdivisions 1, 2, 3, 5, 6, 7, 8, 9, 10, and 11; 136F.59, subdivision 3; 168A.40, subdivisions 1 and 3; 184A.01; 184A.02; 184A.03; 184A.04; 184A.05; 184A.06; 184A.07; 184A.08; 184A.09; 184A.10; 184A.11; 184A.12; 184A.13; 184A.14; 184A.15; 184A.16; 184A.17; 184A.18; 184A.19; 184A.20; 241.41; 241.42; 241.43; 241.44; 241.441; 241.45; 256J.46, subdivision 1a; 352.91, subdivision 4; 465.795; 465.796; 465.797, subdivisions 2, 3, 4, 5, 6, and 7; 465.7971; 465.798; 465.799; 465.801; 465.802; 465.803; 465.81; 465.82, subdivisions 1, 2, and 3; 465.83; 465.84; 465.85; 465.86; 465.87; and 465.88; Minnesota Statutes 1999 Supplement, sections 16E.01, subdivision 1; 16E.02; 16E.03, subdivisions 2, 4, 5, 6, 7, and 8; 16E.04, subdivision 2; 16E.07, subdivision 4; 16E.08; 43A.318; 144.396, subdivision 13; 168A.40, subdivision 2; 465.797, subdivisions 1 and 5a; and 465.82, subdivision 4; Laws 1997, chapter 203, article 7, section 27; Laws 1999, chapter 135, section 9; Laws 1999, chapter 245, article 5, section 24; and Laws 1999, chapter 250, article 1, section 15, subdivision 4; Minnesota Rules, parts 3800.3810; 7672.0100; 7672.0200; 7672.0300; 7672.0400; 7672.0500; 7672.0600; 7672.0700; 7672.0800; 7672.0900; 7672.1000; 7672.1100; 7672.1200; 7672.1300; 7674.0100; 7674.0200; 7674.0300; 7674.0400; 7674.0500; 7674.0600; 7674.0700; 7674.0800; 7674.0900; 7674.1000; 7674.1100; and 7674.1200.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 3800, A bill for an act relating to education; providing for family and early childhood education; making changes to adult basic education programs; modifying child care licensing and inservice training requirements; transferring energy assistance programs; changing eligibility for individual development accounts; changing requirements for child care assistance; providing for kindergarten through grade 12 general education, special programs, employment and transitions, facilities and technology, educational excellence and other policy, nutrition, fund transfers, libraries, and technical, conforming, and clarifying amendments; providing for higher education; modifying salary and compensation procedures for the chancellor and other personnel of the Minnesota state colleges and universities; requiring board of regents and board of trustees to maintain certain data to be eligible for capital funding; modifying and making technical changes for state designer selection board, student residency, and child care grant provisions; increasing aggregate principal amount of revenue bonds issued by board of trustees; requiring a study and report; modifying state graduation requirements; providing for the North Star Standard alternative to

the profile of learning; requiring board of trustees to plan and coordinate programs with certain intermediate school districts and to provide relief to campuses experiencing increased health care costs; transferring certain programs from the higher education services office to the department of children, families, and learning; appropriating money to Minnesota state colleges and universities to fund increased enrollment; appropriating money; amending Minnesota Statutes 1998, sections 15A.081, subdivision 7b, and by adding a subdivision; 16B.33, subdivisions 2 and 3a; 120A.22, subdivision 3; 120A.41; 120B.03, subdivisions 1 and 3; 121A.61, subdivision 3; 122A.18, subdivision 2; 122A.31, subdivision 4; 123A.06, by adding a subdivision; 123A.485, subdivision 4; 123B.02, by adding a subdivision; 123B.51, subdivision 6; 123B.52, by adding a subdivision; 123B.53, by adding subdivisions; 123B.59, subdivision 6, and by adding subdivisions; 123B.71, subdivisions 3 and 10; 123B.75, subdivision 5; 123B.79, subdivision 7; 123B.85, subdivision 1; 123B.86, subdivision 1; 123B.88, subdivision 3; 124D.081, subdivision 6; 124D.111, subdivision 1; 124D.128, subdivision 4; 124D.44; 124D.454, subdivisions 2 and 10; 124D.52, subdivisions 1, 2, 3, and by adding subdivisions; 124D.86, subdivision 6, and by adding subdivisions; 125A.76, subdivision 7; 126C.10, by adding a subdivision; 126C.12, subdivision 2; 126C.40, subdivision 1, and by adding a subdivision; 126C.69, subdivision 3; 127A.05, subdivision 4; 127A.41, subdivisions 8 and 9; 127A.48, subdivision 1; 135A.031, subdivision 2; 136A.125, by adding a subdivision; 136D.281, subdivision 4; 136D.741, subdivision 4; 136D.88, subdivision 4; 136F.40; 136F.98, subdivision 1; 245A.14, subdivision 4, and by adding subdivisions; 471.15; and 475.53, subdivision 4; Minnesota Statutes 1999 Supplement, sections 119B.011, subdivision 20; 120B.02; 120B.30, subdivision 1; 122A.09, subdivision 4; 123B.53, subdivisions 4, 6, and by adding subdivisions; 123B.54; 123B.59, subdivision 6, and by adding subdivisions; 124D.10, subdivisions 3, 4, 6, 8, 10, 11, 14, 15, and 23; 124D.11, subdivisions 1, 4, and 6; 124D.1155, subdivision 2; 124D.128, subdivision 2; 124D.453, subdivision 3; 124D.53, subdivision 3; 124D.84, subdivision 1; 124D.86, subdivisions 1 and 3; 124D.87; 125A.023, subdivisions 3 and 5; 125A.08; 125A.15; 125A.76, subdivision 2; 125A.79, subdivision 8; 125A.80; 125B.21, subdivision 3; 126C.052; 126C.10, subdivisions 1, 2, 14, 23, 24, 25, and 26; 126C.12, subdivision 1; 126C.17, subdivision 9; 126C.40, subdivision 6; 126C.44; 126C.63, subdivision 8; 126C.69, subdivision 9; 127A.45, subdivision 12a; 127A.51; 181A.04, subdivision 6; 260C.143, subdivision 4; and 290.0674, subdivision 1; Laws 1997, First Special Session chapter 4, article 8, section 4, as amended; Laws 1998, First Special Session chapter 1, article 1, sections 10, subdivision 1, as amended; 11, subdivision 2, as amended; Laws 1999, chapter 205, article 1, sections 65; 71, subdivisions 3, 7, and 9; article 2, section 4, subdivisions 2, 3, and 4; article 3, section 5, subdivision 9; article 4, section 12, subdivisions 5, 6, and 7; chapter 241, article 1, sections 66; 68, subdivisions 4 and 5; 69; and 70; article 2, section 60, subdivisions 7, 9, 12, 13, 14, 17, and 19; article 3, sections 3, subdivisions 2 and 4; 5; article 4, sections 27, subdivisions 2, 3, 4, 5, 7, 10, and 11; and 29; article 5, section 18, subdivisions 5 and 6; article 6, section 14, subdivisions 2, 3, 4, and 5; article 8, section 4, subdivision 5; article 9, section 49; article 10, section 6; proposing coding for new law in Minnesota Statutes, chapters 16A; 120B; 121A; 122A; 123B; 124D; 125B; 134; repealing Minnesota Statutes 1998, sections 120B.03, subdivision 2; 120B.04; 123B.59, subdivision 7; 124D.453; 124D.53; 126C.30; 126C.31; 126C.32; 126C.33; 126C.34; 126C.35; 126C.36; 136D.281, subdivision 8; 136D.741, subdivision 8; and 136D.88, subdivision 8; Laws 1998, First Special Session chapter 1, article 1, section 10, subdivision 2, as amended; Laws 1999, chapters 216, article 4, section 12; 241, article 1, section 64; article 9, sections 35 and 36; article 10, section 5; and 245, article 4, section 3; Minnesota Rules, parts 3501.0300; 3501.0310; 3501.0320, subpart 2, items E and F; 3501.0330; 3501.0340; 3501.0350; 3501.0360; 3501.0370; 3501.0380; 3501.0390; 3501.0400; 3501.0410; 3501.0420; 3501.0430, items A to D; 3501.0440; 3501.0441; 3501.0442; 3501.0443; 3501.0444; 3501.0445; 3501.0446; 3501.0447; 3501.0448; 3501.0449; 3501.0450; 3501.0460; 3501.0461; 3501.0462; 3501.0463; 3501.0464; 3501.0465; 3501.0466; 3501.0467; 3501.0468; 3501.0469; 3535.9920; and 4830.9005 to 4830.9030.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 4127, A bill for an act relating to financing state and local government; providing a sales tax rebate; extending the time to qualify for and making certain other changes to the 1999 sales tax rebate; providing agricultural assistance; reducing individual income tax rates; making changes to income, franchise, withholding, sales and use, property, motor vehicle sales and registration, mortgage registry, health care provider, motor fuels, cigarette and tobacco, liquor, insurance premiums, lawful gambling, taconite production, solid waste, estate, and special taxes; changing and allowing tax credits, subtractions, and exemptions; conforming with changes in federal income tax provisions; providing for allocation and apportionment of income; changing property tax valuation, assessment, levy, classification, homestead, credit, aid, exemption, deferral, review, appeal, abatement, and distribution provisions; extending levy limits and changing levy authority; authorizing certain light rail transit spending if approved by the voters; reducing rates of health care provider taxes; reducing rates on lawful gambling and solid waste management taxes; changing tax increment financing provisions; providing special authority for certain political subdivisions; changing and clarifying tax administration, collection, enforcement, interest, and penalty provisions; changing revenue recapture provisions; freezing the taconite production tax; regulating state and local business subsidies; modifying certain aids to local units of government; recodifying sales and use taxes; recodifying insurance tax laws; establishing a legislative budget office; validating corporations established by political subdivisions and regulating their financing; changing county reporting requirements; providing certain duties and powers to the commissioner of revenue, the state auditor, and to the attorney general; defining terms; classifying data; requiring studies; providing for the transfer of excess surplus in the workers' compensation assigned risk plan; appropriating money; amending Minnesota Statutes 1998, sections 3.98, subdivision 3; 8.30; 16A.46; 37.13; 43A.316, subdivision 9; 43A.317, subdivision 8; 60A.15, subdivision 1; 60A.19, subdivision 8; 60A.198, subdivision 3; 60A.208, subdivision 8; 60A.209, subdivision 3; 60C.17; 60E.04, subdivision 4; 60E.095; 61B.30, subdivision 1; 62C.01, subdivision 3; 62E.10, subdivision 1; 62E.13, subdivision 10; 62L.13, subdivision 3; 62T.10; 64B.24; 71A.04, subdivision 1; 79.252, subdivision 4; 79.34, subdivision 1a; 115A.557, subdivision 3; 115A.69, subdivision 6; 116A.25; 126C.01, by adding a subdivision; 126C.17, subdivision 10; 176A.08; 238.08, subdivision 3; 270.063, by adding a subdivision; 270.072, subdivision 2, and by adding a subdivision; 270A.03, subdivision 7; 270A.07, subdivision 1; 273.111, subdivision 3; 273.124, by adding a subdivision; 273.125, subdivision 8; 273.37, subdivision 3; 275.065, subdivisions 3, 6, 8, and by adding a subdivision; 275.07, subdivision 1; 275.08, subdivision 1b; 275.70, by adding a subdivision; 275.72, subdivisions 1 and 3; 276.19, subdivision 1; 289A.08, by adding a subdivision; 289A.20, subdivision 2; 289A.26, subdivision 1; 289A.31, subdivision 7; 289A.35; 289A.60, subdivisions 1 and 14; 290.01, subdivisions 19c and 19d; 290.015, subdivisions 1, 3, and 4; 290.06, subdivision 22, and by adding subdivisions; 290.0671, subdivision 6; 290.0672, subdivisions 1 and 2; 290.0673, subdivision 8; 290.17, subdivision 2; 290.35, subdivisions 2, 3, and 6; 290.92, subdivisions 3, 28, and 29; 290B.04, by adding a subdivision; 290B.05, subdivision 3; 290B.07; 290B.08, subdivisions 1 and 2; 290B.09, subdivision 2; 295.50, subdivision 9b; 295.58; 296A.03, subdivision 5; 296A.21, subdivisions 2 and 3; 296A.22, subdivision 6; 297A.01, subdivisions 13, 15, 16, and by adding a subdivision; 297A.15, by adding a subdivision; 297A.25, subdivisions 5, 16, 34, 62, 76, and by adding subdivisions; 297B.01, subdivision 7; 297B.03; 297E.02, by adding a subdivision; 297F.01, subdivisions 7, 14, 17, and by adding subdivisions; 297F.08, subdivisions 2, 5, 8, and 9; 297F.13, subdivision 4; 297F.21, subdivisions 1 and 3; 297G.01, by adding a subdivision; 297G.03, subdivision 1; 297H.02, subdivision 2; 297H.03, subdivision 2; 297H.04, subdivision 2; 297H.13, subdivisions 2, 4, and by adding a subdivision; 360.035; 424.165; 429.011, subdivisions 2a and 5; 429.021, subdivision 1; 429.031, subdivision 1; 458A.09; 458A.30; 458D.23; 469.040, by adding a subdivision; 469.115; 469.127; 469.1734, subdivision 4; 469.174, subdivisions 9, 10, 11, 12, 14, and 22; 469.175, subdivisions 1a, 2, 2a, 3, 4, 5, and 6; 469.176, subdivisions 1b and 4d; 469.1761, subdivision 4; 469.1763, subdivision 2, and by adding a subdivision; 469.177, subdivision 1; 469.1813, subdivision 4; 473.388, subdivisions 4 and 7; 473.446, subdivision 1, and by adding a subdivision; 473.448; 473.545; 473.608, subdivision 2; and 477A.06, subdivision 3; Minnesota Statutes 1999 Supplement, sections 16D.09, subdivision 2; 43A.23, subdivision 1; 60A.19, subdivision 6; 116J.993, subdivision 3; 116J.994, subdivisions 1, 3, 4, 5, 6, 7, 8, and 9; 116J.995; 168.012, subdivision 1; 270.65; 270A.03, subdivision 2; 270A.07, subdivision 2; 272.02, subdivision 39, and by adding a subdivision; 273.11, subdivision 1a; 273.124, subdivisions

1, 8, and 14; 273.13, subdivisions 22, 23, 24, 25, and 31; 273.1382, subdivisions 1, 1a, and 1b; 273.1398, subdivisions 1a and 4a; 275.065, subdivision 5a; 275.70, subdivision 5; 275.71, subdivisions 2, 3, and 4; 287.01, subdivision 2; 289A.02, subdivision 7; 289A.20, subdivision 4; 289A.55, subdivision 9; 290.01, subdivisions 19, 19b, and 31; 290.06, subdivisions 2c and 2d; 290.0671, subdivision 1; 290.0674, subdivision 2; 290.0675, subdivisions 1, 2, and 3; 290.091, subdivisions 1, 2, and 6; 290.191, subdivisions 2 and 3; 290.9725; 290A.03, subdivision 15; 290B.03, subdivision 1; 290B.05, subdivision 1; 291.005, subdivision 1; 295.52, subdivision 7; 295.53, subdivision 1; 297A.25, subdivisions 9 and 11; 297E.02, subdivisions 1, 4, and 6; 297F.08, subdivision 8a; 297H.05; 298.24, subdivision 1; 383D.74, subdivision 2; 469.101, subdivision 2; 469.1771, subdivision 1; 469.1813, subdivisions 1 and 6; 477A.011, subdivision 36; 477A.03, subdivision 2; 477A.06, subdivision 1; and 505.08, subdivision 3; Laws 1987, chapter 402, section 2, subdivisions 1, 4, and 5; Laws 1988, chapter 645, section 3, as amended; Laws 1995, First Special Session chapter 3, article 15, section 25; Laws 1997, chapter 231, article 1, section 19, subdivisions 1, as amended, and 3, as amended; Laws 1999, chapter 112, section 1, subdivision 1; Laws 1999, chapter 243, article 1, section 2; article 6, section 18; proposing coding for new law in Minnesota Statutes, chapters 3; 273; 278; 297A; 465; and 473; proposing coding for new law as Minnesota Statutes, chapter 297I; repealing Minnesota Statutes 1998, sections 60A.15; 60A.152; 60A.198, subdivision 6; 60A.199, subdivisions 2, 3, 4, 5, 6, 6a, 7, 8, 9, 10, and 11; 60A.209, subdivisions 4 and 5; 69.54; 69.55; 69.56; 69.57; 69.58; 69.59; 69.60; 69.61; 71A.04, subdivision 2; 270.072, subdivision 5; 270.075, subdivisions 3 and 4; 270.083; 273.127; 273.13, subdivision 24a; 273.1316; 297A.01; 297A.02; 297A.022; 297A.023; 297A.03; 297A.04; 297A.041; 297A.06; 297A.065; 297A.07; 297A.09; 297A.10; 297A.11; 297A.12; 297A.13; 297A.135; 297A.14; 297A.141; 297A.15; 297A.16; 297A.17; 297A.18; 297A.21; 297A.211; 297A.213; 297A.22; 297A.23; 297A.24; 297A.25; 297A.2531; 297A.2545; 297A.255; 297A.256; 297A.2571; 297A.2572; 297A.2573; 297A.259; 297A.26; 297A.28; 297A.33, subdivision 2; 297A.44, subdivision 1; 297A.46; 297A.47; 297A.48; 299F.21; 299F.22; 299F.23; 299F.24; 299F.25; 299F.26; 465.715, subdivisions 1, 2, and 3; 469.055, subdivision 5; 469.101, subdivision 21; 469.135; 469.136; 469.137; 469.138; 469.139; 469.140; 469.174, subdivision 13; 469.175, subdivision 6a; and 469.176, subdivision 4a; Minnesota Statutes 1999 Supplement, sections 290.06, subdivision 26; 290.9726, subdivision 7; and 465.715, subdivision 1a; Minnesota Rules, parts 2765.1500, subpart 6; and 8160.0300, subpart 4.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 4078, A bill for an act relating to capital improvements; authorizing spending to acquire and to better public land and buildings and other public improvements of a capital nature with certain conditions and directions; establishing the Red River State Recreation Area and the Mill Towns Trail; establishing a working group on effects of increased activity in the DM&E railroad corridor; providing for certain surcharge forgiveness for a time for Gillette Children's Hospital, with certain conditions; authorizing the sale of state bonds; appropriating money; amending Minnesota Statutes 1998, sections 85.015, by adding a subdivision; 136F.36, subdivisions 1, 3, and by adding a subdivision; 136F.60, by adding a subdivision; and 136F.64, subdivision 1; Minnesota Statutes 1999 Supplement, sections 119A.45; and 124D.88, subdivision 3; Laws 1998, chapter 404, sections 3, subdivision 24; 5, subdivision 11, as amended; 7, subdivision 23, as amended; and 23, subdivision 13; proposing coding for new law in Minnesota Statutes, chapter 240A.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the adoption by the Senate of the following Senate Concurrent Resolution, herewith transmitted:

Senate Concurrent Resolution No. 13, A senate concurrent resolution relating to adjournment for more than three days.

PATRICK E. FLAHAVEN, Secretary of the Senate

SUSPENSION OF RULES

Pawlenty moved that the rules be so far suspended that Senate Concurrent Resolution No. 13 be now considered and be placed upon its adoption. The motion prevailed.

SENATE CONCURRENT RESOLUTION NO. 13

A senate concurrent resolution relating to adjournment for more than three days.

Be It Resolved, by the Senate of the State of Minnesota, the House of Representatives concurring:

1. Upon their adjournments on May 9, 2000, the Senate and House of Representatives may each set its next day of meeting for May 17, 2000.

2. Each house consents to adjournment of the other house for more than three days.

Pawlenty moved that Senate Concurrent Resolution No. 13 be now adopted. The motion prevailed and Senate Concurrent Resolution No. 13 was adopted.

ADJOURNMENT

Pawlenty moved that when the House adjourns today it adjourn until 11:00 a.m., Wednesday, May 17, 2000. The motion prevailed.

Pawlenty moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 11:00 a.m., Wednesday, May 17, 2000.

EDWARD A. BURDICK, Chief Clerk, House of Representatives